

Self-Storage Facility Acquisition Analysis - Summary of Major Assumptions

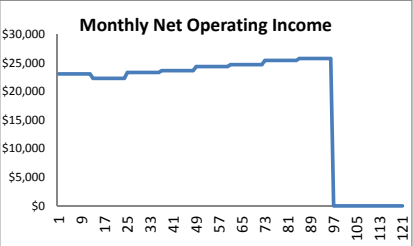
| GENERAL AND TIMING | | | | |
|---------------------------------------------|----------------------------------|------------|-----------------------|----------------------|
| Property | XYZ Storage, 123 Main Street, NY | | | |
| Facility Characteristics | | 18,000 RSF | | 155 Units |
| Transaction Timing | | | | |
| Acquisition Closing Date | 03/01/2013 | (Month 0) | Operations Start Date | 03/01/2013 (Month 1) |
| Asset Hold Period (Measured in whole years) | | | | 8 Years |
| Disposition of Asset | | Month # 96 | | 02/28/2021 |

| UNIT MIX | | | | | | |
|---------------|------------|---------|------------|--------------------------|----------|--------|
| Unit Type | # of Units | RSF | | Ave. Monthly Market Rent | | |
| | | Average | Total | \$/Unit | \$/Month | \$/SF |
| 5 x 5 | 15 units | 25 RSF | 375 RSF | \$60 | \$900 | \$2.40 |
| 5 x 5 CC | 10 units | 25 RSF | 250 RSF | \$75 | \$750 | \$3.00 |
| 5 x 10 | 30 units | 50 RSF | 1,500 RSF | \$110 | \$3,300 | \$2.20 |
| 5 x 10 CC | 20 units | 50 RSF | 1,000 RSF | \$140 | \$2,800 | \$2.80 |
| 10 x 10 | 15 units | 100 RSF | 1,500 RSF | \$200 | \$3,000 | \$2.00 |
| 10 x 10 CC | 10 units | 100 RSF | 1,000 RSF | \$245 | \$2,450 | \$2.45 |
| 10 x 15 | 15 units | 150 RSF | 2,250 RSF | \$280 | \$4,200 | \$1.87 |
| 10 x 15 CC | 10 units | 150 RSF | 1,500 RSF | \$315 | \$3,150 | \$2.10 |
| 10 x 20 | 10 units | 200 RSF | 2,000 RSF | \$375 | \$3,750 | \$1.88 |
| 10 x 20 CC | 5 units | 200 RSF | 1,000 RSF | \$405 | \$2,025 | \$2.03 |
| 15 x 25 | 10 units | 375 RSF | 3,750 RSF | \$600 | \$6,000 | \$1.60 |
| 15 x 25 CC | 5 units | 375 RSF | 1,875 RSF | \$640 | \$3,200 | \$1.71 |
| Average/Total | 155 units | 116 RSF | 18,000 RSF | \$229 | \$35,525 | \$1.97 |

| ESTIMATED ANNUAL OTHER INCOME AND PASSTHROUGHS FOR 2013 | | | | |
|---------------------------------------------------------|-------------|-------------------|---------|----------|
| Escalation from TTM Data | | 1.00% | | |
| Other Income (2013) | TTM Actuals | | \$/Year | |
| Late Fees | \$1,000 | | \$1,010 | |
| Termination Fees | \$1,250 | | \$1,263 | |
| Supplies/Point of Sale Retail | \$5,000 | | \$5,050 | |
| Application Fee | \$0 | | \$0 | |
| Other/Misc. | \$3,780 | | \$3,818 | |
| Total | \$11,030 | Per Unit Per Year | \$71.87 | \$11,140 |

| ESTIMATED ANNUAL EXPENSES FOR 2013 | | | | |
|------------------------------------|-------------------------|----------|-------------------|-------|
| Escalation from TTM Data | | 0.00% | | |
| Operating Expenses | \$/Year | Per Unit | % of EGI | |
| Utilities | \$17,177 | \$111 | 4.29% | |
| Payroll Expenses | \$14,700 | \$95 | 3.67% | |
| General & Administrative | \$1,500 | \$10 | 0.37% | |
| Marketing and Advertising | \$500 | \$3 | 0.12% | |
| Contract Maintenance | \$6,300 | \$41 | 1.57% | |
| Turnover Costs | \$4,725 | \$30 | 1.18% | |
| Repairs and Maintenance | \$6,825 | \$44 | 1.70% | |
| Insurance | \$4,614 | \$30 | 1.15% | |
| Licenses/Permits/Other | \$500 | \$3 | 0.12% | |
| Total Oper. Expenses | \$56,841 | \$367 | 14.19% | |
| Taxes | \$45,972 | \$297 | 11.48% | |
| Management Fees | \$16,521 | \$107 | 4.12% | |
| Replacement Reserve | \$4,200 | \$27 | 1.05% | |
| Total Expenses | \$123,534 | \$797 | 30.84% | |
| Asset Management Fee (% of EGI) | | | 1.00% | |
| Annual Growth Rates | OpEx, Fees and Reserves | 3.00% | Real Estate Taxes | 3.00% |

| GROSS RENT DEDUCTIONS AND NON-REVENUE UNITS | | | | | | | | | | | | | |
|---------------------------------------------|-------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| Year | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | Average |
| Gross Rent Deductions | TTM | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | |
| Loss to Lease (New Leases) | 3.65% | 3.65% | 5% | 5% | 6% | 6% | 7% | 7% | 8% | 8% | 9% | 9% | 7% |
| Vacancy Loss | 4.18% | 4.18% | 4% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% |
| Rent Concessions (Existing Tenants) | 0.00% | 0.00% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% |
| Write Off | 0.37% | 0.37% | 0.37% | 0.37% | 0.37% | 0.37% | 0.37% | 0.37% | 0.37% | 0.37% | 0.37% | 0.37% | 0% |
| Total | 8.21% | 8.21% | 12.37% | 11.37% | 12.37% | 12.37% | 13.37% | 13.37% | 14.37% | 14.37% | 15.37% | 15.37% | 13% |
| Non-Revenue Unit(s) | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

| RENT GROWTH SCHEDULE | | | | |
|--------------------------|-------------|--------|-------------------------------------------------------------------------------------------------------------------------|--|
| Elapsed Yr / Start Month | Rent Growth | CAGR |  <p>Monthly Net Operating Income</p> | |
| 0 TTM | | 0.00% | | |
| 1 Mar-13 | 3.00% | 3.00% | | |
| 2 Mar-14 | 3.00% | 6.09% | | |
| 3 Mar-15 | 3.00% | 9.27% | | |
| 4 Mar-16 | 3.00% | 12.55% | | |
| 5 Mar-17 | 3.00% | 15.93% | | |
| 6 Mar-18 | 3.00% | 19.41% | | |
| 7 Mar-19 | 3.00% | 22.99% | | |
| 8 Mar-20 | 3.00% | 26.68% | | |
| 9 Mar-21 | 3.00% | 30.48% | | |
| 10 Mar-22 | 3.00% | 34.39% | | |
| 11 Mar-23 | 3.00% | 38.42% | | |

| ACQUISITION, REFINANCING & DISPOSITION | | | | |
|----------------------------------------------------------|--------------------------|--------------------|-------------|--|
| Acquisition Price | | Going-In Cap Rate: | 14.85% | |
| Current NOI | \$296,909 | Purchase Price | \$2,000,000 | |
| Closing Costs (Incl. Settlement, Feasibility, and Legal) | | | \$40,000 | |
| Acquisition Fee | 1.00% of Purchase Price | | \$20,000 | |
| Broker Fee | 0.00% of Purchase Price | | \$0 | |
| Recording Fees/Misc. | 0.05% of Purchase Price | | \$1,000 | |
| Transfer Tax | 0.550% of Purchase Price | | \$11,000 | |
| Total Unleveraged Uses | | | \$2,072,000 | |
| Loan Fee | 0.50% of Loan Balance | | \$7,252 | |
| Total Leveraged Uses | | | \$2,079,252 | |

| | | | | |
|------------------------|-------------|----------------------|------------|--|
| Debt: Acquisition Loan | 70% LTC | Interest-Only Period | 1 Years | |
| Loan Principal Amount | \$1,450,400 | Amortization Period | 30 Years | |
| Annual Interest Rate | 4.75% | Monthly Payment | (\$7,566) | |
| | | Annual Debt Service | (\$90,792) | |

| | | | | |
|------------------------------|----------------------|-----------|----------|-----------|
| Equity | 30% Acquisition Cost | Initial | Deficits | Total |
| Owner / Sponsor/Owner Equity | 25.00% | \$157,213 | \$7,001 | \$164,214 |
| Third Party Investor | 75.00% | \$471,639 | \$21,004 | \$492,643 |
| Total Equity Contribution | 100.00% | \$628,852 | \$28,006 | \$656,858 |

| | | | | |
|--------------------------------------|-------------|--------------------------------|-------------|----------|
| Permanent Loan (Refinancing) | | | | |
| Refinancing Timing (Enter 0 if none) | Month 36 | Year # 3 | | 3/1/2015 |
| Interest Rate | 5.75% | Interest-Only Period | 1 Years | |
| Loan Amount * | \$2,800,526 | Amortization Period | 30 Years | |
| Monthly Payment | (\$16,343) | Loan/Broker Fees/Closing Costs | 1.00% | |
| | | Annual Debt Service | (\$196,117) | |

| | | | | |
|-------------|---------------------|-------------|---------------|-------|
| Disposition | Capitalization Rate | 7.00% | Selling Costs | 2.00% |
| | Gross Valuation | \$4,553,449 | | |
| | Net Proceeds | \$4,462,380 | | |

| INVESTMENT SUMMARY | |
|--------------------|-------------|
| Purchase Cap Rate | 14.85% |
| GRM | 4.69x |
| Per Unit | \$12,903.23 |
| Per RSF | \$111.11 |
| Levered Cash Flow | \$2,233,169 |
| Levered IRR | 34.99% |
| Total Equity | \$628,852 |
| Multiple on Equity | 1.29x |

XYZ Storage, 123 Main Street, NY

Capital Structure For Acquisition and Operation

(Bar heights are not to scale.)

| | Acquisition | | | | Operation | Total Equity |
|-----------------------------|------------------|------------------------------------|----------|-------------------------------|---------------------------------|--------------------|
| | Acquisition Debt | Acquisition Equity Amount ** | % Equity | Total Acquisition Costs | % Total Acquisition Costs | Deficits, pro-rata |
| Sponsor/Owner Equity | | \$157,213 | 25.00% | | 7.56% | \$7,001 |
| Third Party Investor Equity | | \$471,639 | 75.00% | | 22.68% | \$21,004 |
| Acquisition Loan * | \$1,450,400 | | | | 69.76% | |
| Total | \$1,450,400 | \$628,852 | | \$2,079,252 | 100% | \$28,006 |
| | | | | | | \$656,858 |

* The Loan total is calculated off of all uses of funds excluding the Loan Fee, which is funded by Equity.

** Equity amounts in this column do not include the pro-rata portion of any Deficits to be funded by the Equity investors. See Column N for adjusted totals.

Unit Mix

[illegible]

XYZ Storage, 123 Main Street, NY

Equity Joint Venture Partnership Structure

| | | | |
|----------------------------------------------|---------------|------------------|--------------------------------|
| Total Required Equity (Purchase + Operation) | | \$628,852 | (Includes any Deficit Funding) |
| Sponsor/Owner | 25.00% | \$157,213 | 100.00% |
| Third Party Investor | <u>75.00%</u> | <u>\$471,639</u> | |
| | 100.00% | \$628,852 | |

| <u>Profit Sharing</u> | | IRR-based Preferred Return | | Residual Split |
|-----------------------|---------------|----------------------------|-----------------------|----------------|
| | | 8.00% | | |
| Partnership Structure | % Equity | | | |
| Sponsor/Owner Equity | 25.00% | Profit >> | Sponsor/Owner Equity | 25.00% |
| Third Party Investor | <u>75.00%</u> | Sharing >> | Sponsor/Owner Promote | 50.00% |
| Total | 100.00% | Splits >> | Investor Equity | <u>75.00%</u> |
| | | | | <u>50.00%</u> |
| | | | | 100.00% |

Note: By its nature, the Preferred Return includes the Return of Capital.

2/28/21

Annual Cash Flow Forecast, Including the Year After the Year of Disposition

[illegible]

XYZ Storage, 123 Main Street, NY

Joint Venture Return Detail

| | Sponsor/ Owner | Third Party Investor | Total Project |
|------------------------------------------------------|-------------------|-------------------------|---------------|
| Equity Investment | \$157,213 | \$471,639 | \$628,852 |
| Share of Equity Investment | 25.00% | 75.00% | 100.00% |
| Gross Return | \$1,246,610 | \$1,615,411 | \$2,862,021 |
| Net Profit (Return on Equity) | \$1,089,397 | \$1,143,772 | \$2,233,169 |
| Multiple on Equity | 7.93x | 3.43x | 4.55x |
| Internal Rate of Return | 44.31% | 30.25% | 34.99% |
| Time from Equity Investment to Final Return (months) | 96 | 96 | 96 |

| Profit Sharing Summary | | | | | |
|-------------------------------|-------------------------------|--------------------|-------------------------------------|-------------------------------|----------------|
| Tier | Sponsor/ Owner Cashflow | Developer Share | Third Party Investor Cashflow | Third Party Investor Share | Total Cashflow |
| ROC and Pref Return | \$191,402 | 26% | \$553,201 | 74% | \$744,603 |
| Tier 1 | \$1,062,210 | 50% | \$1,062,210 | 50% | \$2,124,419 |
| Total | \$1,253,612 | 44% | \$1,615,411 | 56% | \$2,869,023 |
| Less Equity Investment | (\$157,213) | 25% | (\$471,639) | 75% | (\$628,852) |
| Net Profit (Return on Equity) | \$1,096,399 | 49% | \$1,143,772 | 51% | \$2,240,171 |

| Profit Sharing Structure | | | | | | | | |
|--------------------------|------|----|---------|------------------------------|-------------------------------------|--------------------------|-------------------------|------|
| IRR Hurdle Ranges | | | | Sponsor/ Owner Promote | Partner Equity Pro-Rata Share | Investor Profit Share | Total (must be 100%) | |
| Preferred Return | From | 0% | through | 8% | 0% | 25% | 75% | 100% |
| Residual Split | | | Above | 8% | 25% | 25% | 50% | 100% |

