

Self-Storage Facility Development Assumptions - 7/11/2012

123 Main Street, Anytown, NY 12345

PROPERTY PROFILE

Property Address	123 Main Street, Anytown, NY 12345	
Land Owner	Jones Family Trust	
Zoning	Industrial	
Existing Improvements on Property	None	

Lot and Above-Grade Building Description

Maximum Allowable Storage Units	480 Units	
Lot Square Footage	20,000 SF	
Lot Coverage / Building Footprint	75.00%	15,000 SF
Maximum FAR / Total FAR	3.0 FAR	60,000 FAR
Maximum Story Count	3 stories	
Average Slab-to-Slab Height	10.50 feet	
Building Height (Feet)/ Height Max (Feet)	45.00 feet	
Storage Facility GSF		60,000 GSF
SF Efficiency Factor / Net RSF	80.00%	48,000 RSF
Climate-Controlled Units	50.00%	240 Units / 24,000 RSF
Non Climate-Controlled Units	50.00%	<u>240 Units</u> / 24,000 RSF
Total Number of Storage Units	480 Units	
Average Unit Size	100 RSF	
Cost Per Gross SF	\$25.47 PSF	
Cost Per Net SF	\$31.83 PSF	

PROJECT TIMING

<u>General Project Timing Schedule</u>	Month or Date/Duration
Analysis Start Date	Month 1 5/1/2012
Pre-Construction Duration	8 months
Construction Start Month / Duration	Month 9 10 months
First Unit Rent Received	Month 17 / 10/1/2013
Construction End	Month 18
Total Number of Months of Leasing	12 months
Start-Up Operating Cost Schedule	Start Date: Month 19 12 months End Date: Month 31
Land Deposit Date	9/1/2012
Land Closing Date	2/1/2013

Unit Timing Absorption Schedule

	<u>Climate-Controlled</u>	<u>Non Climate-Controlled</u>
Units to Lease / Post-Const. Leasing Duration	240 Units 10 months	240 Units 12 months
Monthly Absorption Rate	20/month	20/month
Last Unit Leased	Month 28	Month 30

DEVELOPMENT USES OF FUNDS

		<u>% Total</u>	<u>Per Unit</u>	<u>Total</u>
Land & Acquisition Costs	5.00% Deposit	31.41%	\$1,000	\$480,000
Total Hard Costs		42.54%	\$1,354	\$650,000
Storage Building Hard Costs			\$1,250	\$600,000
FF&E Costs			\$42	\$20,000
Contingency	5.00% of Base Building Hard Costs		\$63	\$30,000
Total Soft Costs and Fees		10.60%	\$338	\$162,000
Soft Costs	20.00% of Base Building Hard Costs		\$250	\$120,000
Developer Fee	5.00% of Base Building Hard Costs		\$63	\$30,000
CM Fee	2.00% of Base Building Hard Costs		\$25	\$12,000
Financing Costs Incl. Cash and Capitalized Int./Fees (Less Func		3.53%		\$53,999
Total Development Costs (TDC) / Total Uses of Funds				\$1,345,999
Operating Deficit (funded by Equity)		<u>11.91%</u>		<u>\$182,068</u>
TDC Including Operating Deficit		100.00%	\$3,183	\$1,528,068

DEVELOPMENT SOURCES OF FUNDS

Equity	% of Total Equity	Initial Amount	Deficit Share	% of Cost	Total Equity
Developer Sponsor	10%	\$100,000	\$18,885	7.78%	\$118,885
Third Party Investor	90%	\$900,000	\$169,967	70.02%	\$1,069,967
Equity Total	100%	\$1,000,000	\$188,853	77.80%	\$1,188,853
Senior Loan	5.00% Interest	% Loan		22.20%	\$339,215
Mortgage Recording Tax		2.00%			
Loan Fees - Front End		4.00%			
Loan Fees - At Draws		0.50%			
			Debt Total	22.20%	\$339,215
			Property Cash Flow	0.00%	(\$0)
			Total Sources of Funds	100.00%	\$1,528,068

PERMANENT LOAN RE-FINANCING

Amount to Refinance	Only Construction Debt Outstanding	Principal	\$339,215
Annual NOI at Point of Refinancing	\$653,033	Month of Stabilization	Month 31
Maximum Loan Amount *	\$5,441,941	Refinancing Month (Enter 0 if None)	Month 40
Construction Debt Outstanding	\$339,215	Year of Refinancing	Year 4
Amortization Period	25 Years	Date of Refinancing	08/01/2015
Interest Rate	6.50%	Loan/Broker Fees/Closing Costs	1.00%
Monthly Payment	(\$36,744)	Interest Only Period (# of Years)	0

Self-Storage Facility Operating Assumptions and Returns - 7/11/2012
123 Main Street, Anytown, NY 12345

CASHFLOW ASSUMPTIONS

Gross Rent Deductions

Vacancy		
Climate Controlled Units	3.00%	
Non-Climate Controlled Units	5.00%	
Credit & Collection Loss	1.00%	
Rent Concessions	9 months	
CapEx Reserve/unit/year	\$20	

Annual Inflation Assumptions

Income		3.00%
Operating Expenses and CapEx		2.75%

Other Income

	Per Unit/Year		Annual
Late Fees	\$10		\$57,600
Storage Supplies/Boxes			\$2,000
Rent Escalates Prior to Delivery?	No		
Unleased Storage Unit O&M			\$150/Unit/Year

Annual Operating Expenses

	Per Unit/Year	PSF		Annual
Direct Property Payroll				\$65,000
Repairs & Maintenance				\$2,500
Real Estate Taxes/unit/year	\$0.10			\$576
Advertising and Promotion/year	\$0.43			\$2,500
Utilities		\$0.52		\$25,000
Property Insurance				\$10,000
Management Fee				\$15,000
Rental Unit Tracking Software Fee				\$1,500
Call Center Fee				\$900
Total Operating Expenses	\$21.35			\$122,976
Downtime	0.50 mos.		% of Leases Renewed	80.0%

DISPOSITION

Timing	Month 56	12/1/2016
Annualized NOI 12 mo. after Sale		\$735,656
Capitalization Rate		10.00%
Gross Valuation		\$7,356,562
Selling Costs		1.50%
Net Sales Proceeds		\$7,246,213

RETURNS SUMMARY

Levered Cash Flow (Net Profit)	\$7,496,823
Equity Investment *	\$1,188,853
Multiple on Equity **	7.31x
Internal Rate of Return on Equity	81.66%
Total Development Cost	\$1,323,999
NPV at 9% Rate	\$4,892,210

* Includes funding of Operating Deficits
 ** Does not take Time Value of Money into account

UNIT MIX

Climate-Controlled

Unit Type	Unit Size	# of Units	% of Total RSF	Monthly Rent/SF	Monthly Rent/Unit
5 x 5 ft. CC	25 RSF	76	4%	\$2.20	\$55.00
5 x 10 ft. CC	50 RSF	50	5%	\$2.00	\$100.00
5 x 15 ft. CC	75 RSF	30	5%	\$1.80	\$135.00
10 x 10 ft. CC	100 RSF	25	5%	\$1.70	\$170.00
10 x 15 ft. CC	150 RSF	15	5%	\$1.60	\$240.00
10 x 20 ft. CC	200 RSF	12	5%	\$1.60	\$320.00
15 x 15 ft. CC	225 RSF	12	6%	\$1.60	\$360.00
15 x 20 ft. CC	300 RSF	10	6%	\$1.60	\$480.00
20 x 20 ft. CC	400 RSF	5	4%	\$1.50	\$600.00
20 x 25 ft. CC	500 RSF	5	5%	\$1.50	\$750.00
0 x	0 RSF	0	0%	\$0.00	\$0.00
Average/Total	24,000 RSF	240	50%	\$1.90	\$169.96

Non Climate-Controlled

Unit Type	Unit Size	# of Units	% of Total RSF	Monthly Rent/SF	Monthly Rent/Unit
5 x 5 ft.	25 RSF	76	4%	\$1.50	\$37.50
5 x 10 ft.	50 RSF	50	5%	\$1.40	\$70.00
5 x 15 ft.	75 RSF	30	5%	\$1.40	\$105.00
10 x 10 ft.	100 RSF	25	5%	\$1.40	\$140.00
10 x 15 ft.	150 RSF	15	5%	\$1.30	\$195.00
10 x 20 ft.	200 RSF	12	5%	\$1.30	\$260.00
15 x 15 ft.	225 RSF	12	6%	\$1.30	\$292.50
15 x 20 ft.	300 RSF	10	6%	\$1.25	\$375.00
20 x 20 ft.	400 RSF	5	4%	\$1.25	\$500.00
20 x 25 ft.	500 RSF	5	5%	\$1.25	\$625.00
0 x	0 RSF	240	0%	\$0.00	\$0.00
Average /Total	24,000 RSF	240	50%	\$1.40	\$133.04

OK

OK

Capital Structure (bar heights are not to scale)

123 Main Street, Anytown, NY 12345

	% Equity	% TDC	Equity % TDC	Debt % TDC	Amount *	Total Equity ^	Total Debt *	Deficits Funded by Equity	Equity Investment including Operating Deficit Liabilities	% TDC - Actual %s	
Developer Sponsor Equity +	10%	6.54%			\$100,000				\$118,885	Sponsor/Developer Equity + 7.78%	
Third Party Investor Equity +	90%	58.90%	77.80%		\$900,000	\$1,000,000		\$188,853	\$1,069,967	Third Party Investor Equity + 70.02%	
Senior Loan **		22.20%		22.20%	\$339,215		\$339,215			Senior Loan ** 22.20%	
Total Sources of Funds (TDC)	100%	88%			\$1,528,068						
Sources of Funds from Above		\$1,528,068									
Property Cash Flow As Source of Funds		\$0								Property Cash Flow as Source of Funds 0.00%	
Total Sources of Funds		\$1,528,068								100.00%	
					Check on Sources and Uses of Funds Tab (must be \$0)						
					\$0	OK					

+ While the equity slices are shown stacked vertically, note that this is simply the graphic representation and does not imply that there is any Preferred equity in the transaction.

* The Senior Loan Amount on a residual basis after designating the dollar amounts of the other sources of funds.

** Principal Amount includes Funded Interest Reserve and Funded Loan Fees.

^ Equity amounts in this column do not include the pro-rata portion of the Operating and Financing Deficits to be funded by the Equity investors. See Column S for adjusted totals.

Climate Controlled Units

Number of Units		240						
Unit Type	# of Units	Average Unit Size	Average Rent / Month	% of Total RSF	RSF	Monthly Rent PSF	Monthly Revenues by Unit Type	Share of Revenues by Unit Type
5.5.1	76.0	25 RSF	\$55	4%	1,900 RSF	\$2.20	\$4,180	10%
5.10.1	50.0	50 RSF	\$100	5%	2,500 RSF	\$2.00	\$5,000	12%
5.15.1	30.0	75 RSF	\$135	5%	2,250 RSF	\$1.80	\$4,050	10%
10.10.1	25.0	100 RSF	\$170	5%	2,500 RSF	\$1.70	\$4,250	10%
10.15.1	15.0	150 RSF	\$240	5%	2,250 RSF	\$1.60	\$3,600	9%
10.20.1	12.0	200 RSF	\$320	5%	2,400 RSF	\$1.60	\$3,840	9%
15.15.1	12.0	225 RSF	\$360	6%	2,700 RSF	\$1.60	\$4,320	11%
15.20.1	10.0	300 RSF	\$480	6%	3,000 RSF	\$1.60	\$4,800	12%
20.20.1	5.0	400 RSF	\$600	4%	2,000 RSF	\$1.50	\$3,000	7%
20.25.1	5.0	500 RSF	\$750	5%	2,500 RSF	\$1.50	\$3,750	9%
240.0			\$3,210		24,000 RSF		\$40,790	100%

Building-wide Averages
 Unit Size 100 RSF
 Monthly Rent PSF \$1.70
 Annual Rent PSF \$20.40

Non-Climate Controlled Units

Number of Units		240						
Unit Type	# of Units	Average Unit Size	Average Rent / Month	% of Total RSF	RSF	Monthly Rent PSF	Monthly Revenues by Unit Type	Share of Revenues by Unit Type
5.5.0	76.0	25 RSF	\$38	4%	1,900 RSF	\$1.50	\$2,850	9%
5.10.0	50.0	50 RSF	\$70	5%	2,500 RSF	\$1.40	\$3,500	11%
5.15.0	30.0	75 RSF	\$105	5%	2,250 RSF	\$1.40	\$3,150	10%
10.10.0	25.0	100 RSF	\$140	5%	2,500 RSF	\$1.40	\$3,500	11%
10.15.0	15.0	150 RSF	\$195	5%	2,250 RSF	\$1.30	\$2,925	9%
10.20.0	12.0	200 RSF	\$260	5%	2,400 RSF	\$1.30	\$3,120	10%
15.15.0	12.0	225 RSF	\$293	6%	2,700 RSF	\$1.30	\$3,510	11%
15.20.0	10.0	300 RSF	\$375	6%	3,000 RSF	\$1.25	\$3,750	12%
20.20.0	5.0	400 RSF	\$500	4%	2,000 RSF	\$1.25	\$2,500	8%
20.25.0	5.0	500 RSF	\$625	5%	2,500 RSF	\$1.25	\$3,125	10%
240.0					24,000 RSF		\$31,930	100%

Building-wide Averages
 Unit Size 100 RSF
 Monthly Rent PSF \$1.33
 Annual Rent PSF \$15.97

Grand Total 48,000 RSF 480.0 \$72,720

Partnership Structure

123 Main Street, Anytown, NY 12345

Total Required Equity (Purchase + Operation) \$1,188,853 (Includes Operating Deficit Funding)

Sponsor/Developer	10.00%	\$118,885
Third Party Investor	90.00%	\$1,069,967
	<u>100.00%</u>	<u>\$1,188,853</u>

Profit Sharing

Waterfall #1

Partnership Structure

	% Total Equity
Sponsor/Developer Equity	10.00%
Investor	90.00%
<u>Total</u>	<u>100.00%</u>

Profit >>
Sharing >>
Splits >>

Sponsor/Developer Equity
Sponsor/Developer Promote
Investor Equity

Preferred Return	Residual Split
8.00%	
10.00%	50.00%
10.00%	
80.00%	50.00%
<u>100.00%</u>	<u>100.00%</u>

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

Joint Venture Return Detail

123 Main Street, Anytown, NY 12345

	Sponsor/ Developer	Third Party Investor	Total Project
Equity Investment	\$118,885	\$1,069,967	\$1,188,853
<i>Share of Equity Investment</i>	<i>10.00%</i>	<i>90.00%</i>	<i>100.00%</i>
Gross Return	\$1,027,544	\$7,658,131	\$8,685,675
Net Profit (Return on Equity)	\$908,659	\$6,588,164	\$7,496,823
Multiple on Equity	8.64x	7.16x	7.31x
Internal Rate of Return	84.29%	81.24%	81.66%
Time from Equity Investment to Final Return (months)	56	56	56

Profit Sharing Summary - Sponsor/ Developer and Third Party Investor					
Tier	Sponsor/ Developer Cashflow	Sponsor/ Developer Share	Third Party Investor Cashflow	Third Party Investor Share	Total Cashflow
ROC and Pref Return	\$317,953	20%	\$1,271,814	80%	\$1,589,767
Tier 1	\$709,591	10%	\$6,386,317	90%	\$7,095,908
Total	\$1,027,544	12%	\$7,658,131	88%	\$8,685,675
Less Equity Investment	(\$118,885)	10%	(\$1,069,967)	90%	(\$1,188,853)
Net Profit (Return on Equity)	\$908,659	12%	\$6,588,164	88%	\$7,496,823

Profit Sharing Structure - Sponsor/ Developer and Third Party Investor							
	IRR Hurdle Ranges		Sponsor/ Developer Promote	Sponsor/ Developer Equity Pro- Rata Share	Investor Profit Share	Total (must be 100%)	
	Preferred Return	0%	through	8%	10%	10%	80%
Residual Split	Above		8%	0%	10%	90%	100%

