



AKA PARTNERS

# MUESCHKE BOAT & RV STORAGE

16326 Mueschke Rd, Cypress, TX

Sponsored by AKA Partners

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For investors only

## INVESTOR UPDATE

October 2019 – November 2019

Confidential

Not for Distribution

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## FINANCIAL RESULTS

### Income:

- **Occupancy:** Management has made progress increasing unit move-ins with a net gain while performing a unit audit. The net gain is especially positive given all of the ongoing capital improvements on the property which make it difficult for the leasing staff to market the property.
- **Marketing:** Much of the capital improvements and repair work was completed in December and first half of January which along with the remaining work to be done over the next two months will position the property for improving occupancy and rent growth in the 2<sup>nd</sup> quarter.
- **Rents to Market:** The manager is also moving rents to market in small blocks of units over several months which may keep occupancy in the low 70s but will provide ongoing improved rental income as the property is repositioned.

**Expense:** Expenses during this first reporting period are temporarily higher due to start-up costs. The expense ratio should move back down to the mid-30s in early 2020.

**Distribution:** The investor distribution for the first 45 days (October 17 through November 30) is a total of \$8,500. Stabilizing the property should result in improving income and lower expenses. Distributions during the 2<sup>nd</sup> quarter will then be more in line with proforma expectations.

### Financial Results

	10/17/19	Nov 2019	YTD
<b>Income</b>			
Rent	32,643	55,155	87,798
Other Income	0	209	209
Prepaid rents converted to actual		2,530	
<b>Total Income</b>	<b>32,643</b>	<b>57,894</b>	<b>88,007</b>
<b>Expense</b>			
Contract Services	1,068	284	1,352
Management Fees	5,226	2,000	7,226
AKA Asset Management Fees	2,409	5,333	
Real Estate Taxes	1,907	4,222	6,129
Property Insurance	1,073	1,533	2,606
Payroll & Benefits	2,924	6,754	9,678
Utilities	0	161	161
General & Administrative	3,082	1,985	5,067
Advertising & Marketing	222	109	331
Professional Fees	17	0	17
<b>Total Expense</b>	<b>17,928</b>	<b>22,382</b>	<b>32,568</b>
<b>NOI</b>	<b>14,715</b>	<b>35,512</b>	<b>55,439</b>
Debt Service	10,780	19,250	30,030
<b>NOI After Debt Service</b>	<b>3,935</b>	<b>16,262</b>	<b>25,409</b>
Capital Expenditures	629		629
<b>Cash Flow</b>	<b>3,307</b>	<b>16,262</b>	<b>24,781</b>
<b>Expense Ratio</b>	<b>54.9%</b>	<b>38.7%</b>	<b>37.0%</b>
Distributions		8,500	8,500
Equity Investment	3,388,866	3,388,866	3,388,866
<b>Annualized Return</b>		<b>3.0%</b>	<b>2.1%</b>



## PROPERTY MANAGEMENT ACTIVITY

**Property Management Transition:** We are excited to report that the transition has proceeded as expected. We completed an audit of all units to ensure that tenants are in compliance with their individual contracts. Day-to-day operations have been established in the old leasing office while the remodel plans are progressing.

Argus Professional Storage Management (APSM) has been performed onsite since closing. APSM offers the best-in-class property management and marketing services to the self-storage industry, and currently manages over 100+ self-storage properties in 11 states.

**Rebranding:** AKA has begun branding for “GreenFill” for a chain of similar properties like Mueschke Boat & RV Storage to take advantage of the “Green” tax advantaged technologies. These arrays will also shade tenant RVs providing an additional source of value-add revenue to increase NOI. AKA Partners is the Manager for all GreenFill Storage properties.

**Raising Rents to Market:** We have identified that 25% of our tenants are paying less than the market rate. The strategy for raising rents is to increase to market 100-125 units at a time to maintain occupancy.

### Key Rental Metrics/Results

- Occupancy 77.9%
- Pct. units below market 25%
- Move-Ins are greater than move-outs.

### Management Activities

- On site managers to visit and make introductions to identified comparable self-storage properties in the area.
- Management to maintain a photo log of all issues and improvements.
- Management has sent out new Ownership/Management emails outlining changes to the property and lease prices.
- Establish relationships with nearby



## Rental Activity

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Thursday, October 17, 2019 - Saturday, November 30, 2019

L121 - GreenFill Storage, 16326 Mueschke Road Suite #15, Cypress TX 7733

Type: Covered Parking			Standard					Net	Net	Rented	Vacant	Total	Gross	Rented	Rent	Gross	Vacant	Net	
Size	Area	Rate	Total	Rented	Vacant	In	Out	Transfers	Leases	%	%	Area	Pot/Area	Area	/Area	Potential	Area	Area	
12x35	420.0	130.00	300	266	34	4	5	0	-1	0.0	0.0	126,000.0	130.00	111,720.0	27,657.50	39,000	14,280.0	-420.0	
<b>Subtotal</b>			300	266	34	4	5	0	-1	88.7	11.3	126,000.0	0.31	111,720.00	0.250	39,000	14,280.0	-420.0	
Type: Parking			Standard					Net	Net	Rented	Vacant	Total	Gross	Rented	Rent	Gross	Vacant	Net	
Size	Area	Rate	Total	Rented	Vacant	In	Out	Transfers	Leases	%	%	Area	Pot/Area	Area	/Area	Potential	Area	Area	
12x35	420.0	58.00	60	24	36	4	2	0	2	0.0	0.0	25,200.0	58.00	10,080.0	1,857.00	3,480	15,120.0	840.0	
<b>Subtotal</b>			60	24	36	4	2	0	2	40.0	60.0	25,200.0	0.14	10,080.00	0.180	3,480	15,120.0	840.0	
Type: Self Storage			Standard					Net	Net	Rented	Vacant	Total	Gross	Rented	Rent	Gross	Vacant	Net	
Size	Area	Rate	Total	Rented	Vacant	In	Out	Transfers	Leases	%	%	Area	Pot/Area	Area	/Area	Potential	Area	Area	
10x10	100.0	59.00	50	11	39	0	1	0	-1	0.0	0.0	5,000.0	59.00	1,100.0	505.00	2,950	3,900.0	-100.0	
10x20	200.0	129.00	45	38	7	1	0	0	1	0.0	0.0	9,000.0	129.00	7,600.0	3,477.00	5,805	1,400.0	200.0	
12x35	420.0	215.00	41	40	1	1	0	0	1	0.0	0.0	17,220.0	215.00	16,800.0	6,770.00	8,815	420.0	420.0	
12x40	480.0	295.00	13	13	0	0	0	0	0	100.0	0.0	6,240.0	295.00	6,240.0	2,655.00	3,835	0.0	0.0	
14x50	700.0	375.00	10	10	0	0	0	0	0	100.0	0.0	7,000.0	375.00	7,000.0	2,895.00	3,750	0.0	0.0	
15x50	750.0	395.00	10	10	0	0	0	0	0	100.0	0.0	7,500.0	395.00	7,500.0	2,725.00	3,950	0.0	0.0	
<b>Subtotal</b>			169	122	47	2	1	0	1	72.2	27.8	51,960.0	0.56	46,240.00	0.410	29,105	5,720.0	520.0	
<b>Report Total (*)</b>			529	412	117	10	8	0	2	77.9	22.1	203,160.0	0.35	168,040.00	0.290	71,585	35,120.0	940.0	
<b>Total Transfers</b>								0											

### Report Explanatio

(1) Net Transfers - net number of transfers. A positive number means net transfers into a unit size, and a negative number means net transfers out.

Note that Move-Ins and Move-Outs do not include transfers. The Net change in occupancy = (Moved Ins + Transferred - Moved Outs).

(2) Total Transfers - the total number of transfers that took place during the report period.

Note that this value corresponds to the Transfers value on other SiteLink reports. Individual transfers are itemized on the Move-Outs & Transfers report.

(3) Net Leases = Moved In units + Net Transfers - Moved Out units

(4) Total \$/Area = the Gross Potential rent / Total Area for all units.

(5) Rented \$/Area = the current actual rental rate of the rented units / Rental Area.

(6) Gross Potential rent is calculated from the Standard Rental Rate for all rentable and unrentable units.

(7) All deleted units within the selection period are included in this report.

(\*) All rentable and unrentable units are included in this report. Units with future move-ins scheduled are not considered vacant.

## CAPITAL IMPROVEMENT ACTIVITY

**Capital Improvements Budget:** Project is on schedule and is being completed on budget. Solar design, engineering and electrical upgrades for solar installation are complete and the bill of materials is approved. Solar installation will commence within two weeks upon material delivery. Engineering on septic system is complete and permitted. RV dump is completed. RV/Car Wash should be permitted and work commenced within 2 weeks.

### Recent Improvement Activity:

Capital Improvements Summary			
	10/17/19	Nov 2019	YTD
Beginning Reserves Balance	610,000	609,371	610,000
Capital Expenditures	629	0	629
Remaining Reserves Balance	609,371	609,371	609,371



Electrical completed including drops to each covered RV space for trickle charging.



Distributing Portland Cement to mix in on top of road base. This will control wear and ensure proper drainage.



Grading is complete for areas between self-storage buildings





All fencing has been completed, including chain link on east side of property, around the retention pond. The iron fence around the gate will provide parking area for leasing office.



Spray foam insulation installed in climatized units. To be covered with metal sheeting for protection.



Concrete pads installed for HVAC units.

## NEW AKA OPPORTUNITIES

**Coming Soon: Wilmot I-10 Storage, Tucson, AZ:** 32 Acre development in Tucson, AZ. Mixed use with self-storage to be owned by AKA as well as retail and multifamily to be built by other sponsors.

**100% Committed: Storage Depot, West Memphis, AR:** The Storage Depot was built in 2004 with some renovation in 2016. It features 718 units with 475 drive-up storage units from 5' x 5' to 15' x 30' in size, 23 RV parking spaces and 220 climatized self-storage units. Storage Depot has a robust track record of high occupancy (95.5% as of 9/18/2019), strong truck rentals and ancillary sales. The property also includes individual door alarms. There are 10 buildings including 1,456 SF of office space.

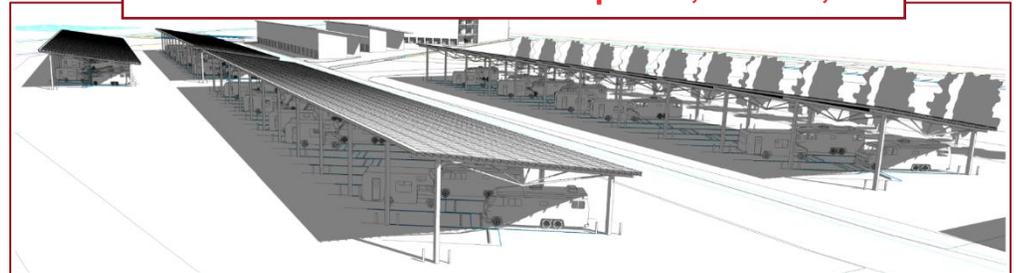
An additional 3.06 acres is included in the \$9.25 MM purchase price which will be used to add 50 solar covered RV parking spaces, and 100 climatized self-storage units. The location of these new improvements are shown in the lower right and the initial architectural drawings of these additions are shown on the following page. You may view all current drawings by clicking the link to the right. These additional units are projected to add \$287.2K in potential annual income. Using a conservative 90% occupancy factor, this is projected to increase total rental revenue by 31% and NOI by \$164,192K or 27.3% using a 37.2% expense ratio. Capitalizing this at the 6.7% acquisition cap rate, this is projected to add \$3.9 MM in value, which is an attractive payback on \$3.93 MM in invested equity.

- 28.3% annualized 5-yr. total projected return
- 8% yr. 1 c/c
- 17.8% avg 5-yr. c/c

[Click here to view more details on available AKA Offerings`](#)



Wilmot I-10 Mixed Use Development, Tucson, AZ



Storage Depot, West Memphis,