

Prior to completing the acquisition, our internal due-diligence included the following activities:

- Competitive Financing Quotes from 7 Lenders
- Conversations with local Self Storage Operators
- Meeting with County and City officials to research property compliance
- Walking the Property with Vendors
- Structural Inspections

Through the due-diligence period, we determined that the overall market fundamentals, and property condition were sound. We also discovered additional income that the Seller was not reporting on the financial statements. Thorough due-diligence also empowered us to also obtain a \$5,100 credit from the Seller to address one compliance issue: the Septic/Sewer System.

The Following Represents a Partial List of Physical Improvements which were completed after Acquisition:

- Pressure Washing and Painting of all Exterior Buildings
- Metal Repair to Damaged Buildings
- Decommissioned Septic Tank and Connected to City Sewer System
- Resealed Driveway and Patched Holes in Asphalt
- Extensive Repairs and Replacement of Fencing
- Inefficient Unit Sizes (always Vacant) Re-sized into more desirable Unit Sizes
- Office Remodeled: More Customer Friendly, Cleaner, with Supply Showroom
- Increased Exterior Lighting
- Security Camera System Installed
- New Office Computer, Management Software, and Access Control Software

Future Planned Improvements Include:

- Adding Climate-Control To Building DD
- Paving an Open Area for Additional Parking
- "Online" Management and Remote Video Access
- Potential Acquisition of Adjacent Land Parcel



Office: Prior to Renovations



Our approach toward management focused on improving efficiency, customer relations, and communications between on-site management/staff and Velocity Management Group. In addition to the physical improvements at the property, the following policy and management changes were implemented:

- New SyraSoft Self-Storage Management Software
- Adjusted Late-Fee Policy to 48 Hour Lock-Out (Ensure timely payments)
- Increased Administrative Fee to \$15/unit at time of rental
- Instituted Cleaning Fees for Units vacated with trash in the unit
- Weekly Management Reports Submitted to Velocity Management Group
- Traffic Assessment Reports to Determine Success of Marketing Channels
- Focus on Shifting Customer Payments to Credit Card-especially for late payers
- Selection of low-bid contract vendors: lawn, pest control, and HVAC
- Uniform Polo Shirts for On-Site Management
- Adjustment to On-Site Managers' Performance Compensation to maintain focus on Performance and Key Metrics
- Weekly Conference Call with Partners and Manager

At Velocity Management Group, we take pride in operating each one of our storage facilities as a highly focused, results-oriented business. The day we close on a new facility, we work closely with the onsite manager to establish a clear set of goals and objectives as well as standardized operational guidelines. We believe in empowering our onsite personnel to make the necessary day-to-day decisions in order to achieve our collective operational and financial goals, as well as a positive presence in each community that we do business in.

The self-storage industry continues to evolve and consolidate. With more and more institutional capital in the marketplace, the traditional "Mom & Pop" investors are increasingly forced to compete, or operate at below market capacity. Velocity Management Group is proud to be at the forefront of the private investor market in the self storage industry. We participate and attend industry events, as well as closely monitor market trends in each of the markets that we track and operate in.

As we transform an asset from a "Mom & Pop" to a true business, we implement the following programs in order to capitalize on the opportunity, as well as maximize efficiency:

- Performance Compensation Plan for Onsite Employees
- State-of-the-Art Management Software with Remote Access
- Weekly Trend Reports and Visitor Logs for Management/Ownership Review
- Unique "Look and Feel" at the Property, and Online