

KEYSTONE STORAGE



133 Units | Built 1983

CONTACT

Marty Cleckler
806.438.8500 cell
817.438.0808 office
marty@covereglobal.com

Reagan Bruce
806.577.6508 cell
817.438.0808 office
reagan@covereglobal.com

COVERE Global Real Estate Investment Services

4408 Brownfield Drive
Lubbock, TX 79410

201 American Concourse
Fort Worth, TX 76106

17 Corporate Plaza Drive
Newport Beach, CA 92660

COVERE Global Investment Procurement Offices

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COVERE Global
Marty H Cleckler
Principal & Managing Director
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THE OPPORTUNITY

Keystone Self Storage is a 132-unit plus office storage facility built in 1983. It features a market attractive unit mix with below market rents.

The seller is occupying 29 units (22%) long term for construction projects/renovations at apartment properties owned. The seller will sign a lease for 2 years at market. All other tenants are month to month allowing the purchaser to raise rents quickly to market.



This well-located asset is positioned along South Loop 289 across the loop from the South Plains Mall. The South Plains Mall is the largest shopping center between Fort Worth and Albuquerque at 1.2 million square feet. As such, it is the only super regional mall in West Texas.

This desirable west Lubbock location provides easy access to all major employers and all major shopping areas within the city.

The current rents are well below market and offer an opportunity to quickly improve investor returns.

Market Rent vs Current Rent by Unit Type

Unit Description	Market Rent	Current Rent	Upside/Unit/Mo.
10x4	\$1.25	\$1.00	\$10.00
10x9	\$0.78	\$0.60	\$16.00
10x14	\$0.71	\$0.50	\$30.00
10x18	\$0.78	\$0.54	\$42.00
20x18	\$0.63	\$0.37	\$100.00

KEYSTONE STORAGE

LOCATION

Address: 5710 41st Street

Primary Frontage: 41st

Secondary Frontage: None

Market MSA: Lubbock

IMPROVEMENT DETAILS

Year Built: 1983

Number of Units: 133

Number of Buildings: 6

Stories: 1

Style: Self Storage/Mini-Storage Facility

Construction: Prefabricated Metal

Exterior: Metal

Roof: Flat

Roof Covering: Metal



KEYSTONE STORAGE

SITE DETAILS

Zoning: M-1, Light Manufacturing District

Site Size: 0.8500 acres

In Flood Plain: is not

FEMA Map#: 48303C0290G & 48303C0295G



14/28	42	56	70	84	98	126/140	154	168
13/27	41	55	69	83	97	125	153	167
12	26	40	54	68	82		152	166
11	25	39/53	67	81	96	123, 124/137, 138	151	165
10	24	38/52	66	80	95	109	150	164
9/23	37	51	65/79	94/108	93/107	122/136	149	163
8/22	36	50	64	78	92	106	148	162
7	21	35	49	63	77	91/105	147	161
6	20	34	48	62	76	90	104	146
5/19	33	47	61	75	89	103	118/132	145
4/18	32	46	60	74	88/102	119	133	144
	31/45					117/131	116	130
	30	44	58, 59/72, 73		87	101		143
	29/43				86	100	114, 115/128, 129	142
					85	99		141
							113	127
								155

KEYSTONE STORAGE

Lubbock is the largest city between Fort Worth and El Paso serving a regional population of over

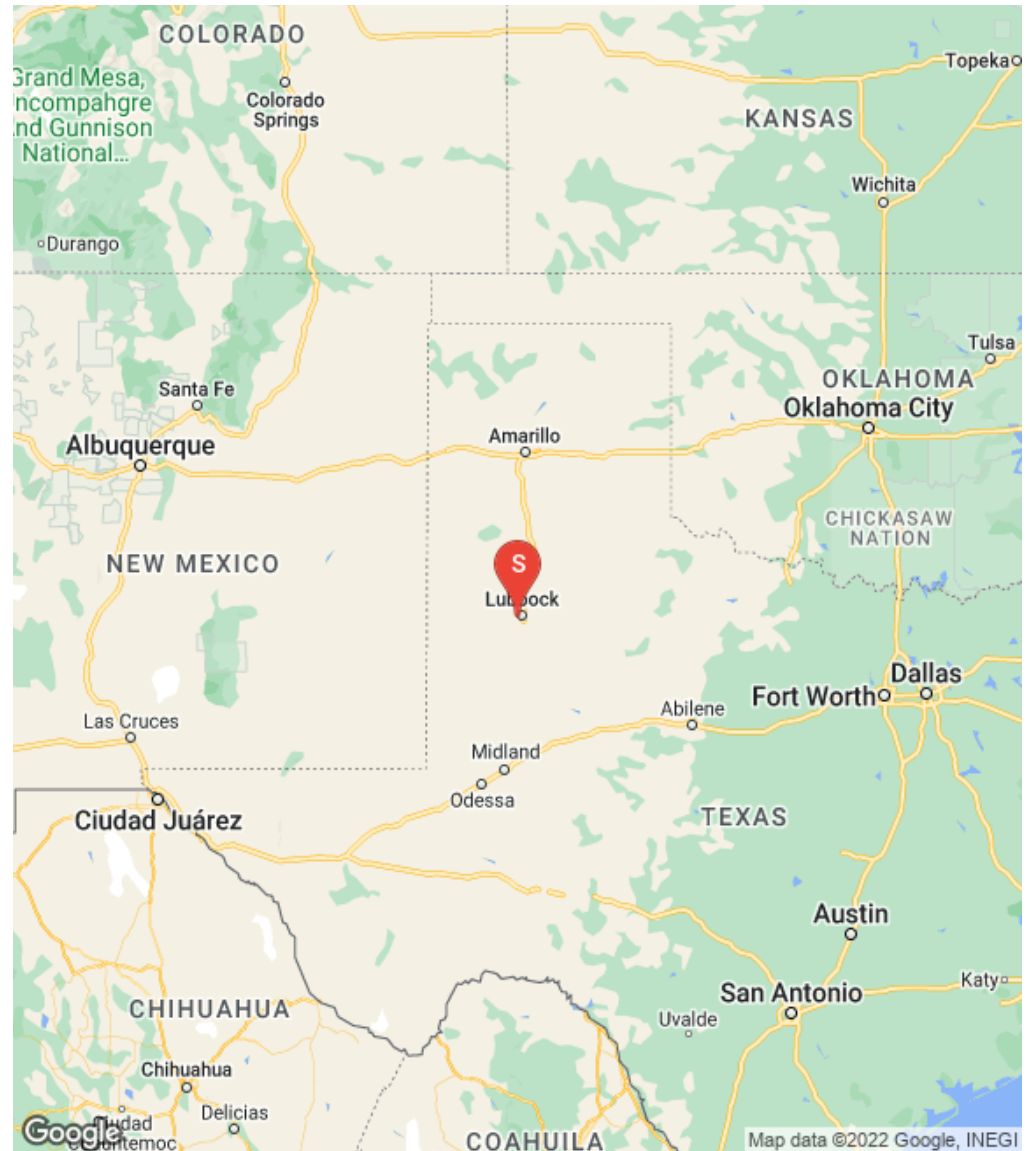
650,000.

Lubbock serves as the center point for retail, medical, education, and agriculture for the region.

As home to Texas Tech University, Texas Tech Health Sciences Center & Medical School, University Medical Center, and Covenant Medical Center, Lubbock's economic base is foundationally equipped to weather economic ups and downs.

The Lubbock market is currently seeing rents increase at slightly less than inflation with very little addition to supply. This puts the market in position for high value growth over the next few years.

The following graph illustrates Lubbock's current market position.



Employment Center Distance		
Employer		Distance from Subject
South Plains Mall	Super Regional Mall (1.2 million SF)	1.44 (Miles)
Texas Tech University	Carnegie Tier 1 Research University	3.85 (Miles)
Texas Tech Health Sciences	Tier 1 Health and Educational Center	3.43 (Miles)
University Medical Center	County Hospital & Level 1 Trauma	3.32 (Miles)
Covenant Health System	Largest Regional Hospital	2.33 (Miles)
West End	Largest Outdoor Shopping Center	0.65 (Miles)

Major Employer Details	
1.	Texas Tech University (6,635 employees and 41,000 students)
2.	Covenant Health System (5,570 employees)
3.	Texas Tech Health Science Center & Medical School (5,017 employees and 1,844 students)
4.	University Medical Center (4,375 employees)
5.	United Supermarkets Headquarters (4,199 employees)

Source: [Lubbock Economic Development Corporation](#)



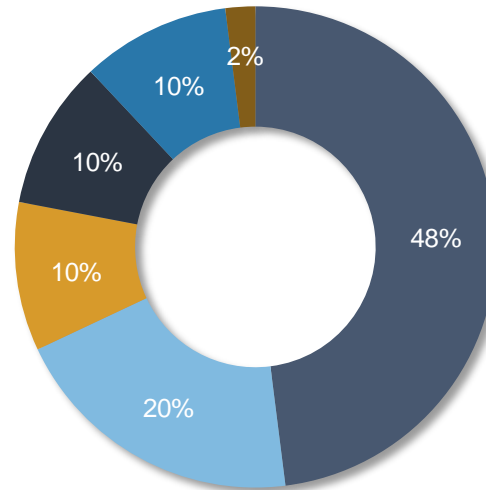
Area Land Use Trends

Area Land Use

Single-Family	48%
Retail	20%
Multifamily	10%
Office	10%
Industrial	10%
Vacant	2%
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	100%

Subject Land Use

Area Land Use



Area Vacancy

Single-Family	6%
Retail	8%
Multifamily	8%
Office	12%
Industrial	3%
Vacant	2%

Supply/Demand

	Under	In Bal.	Over
Single-Family	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Retail	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Multifamily	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Office	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Industrial	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vacant	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Single-Family
 Retail
 Multifamily

Office
 Industrial
 Vacant

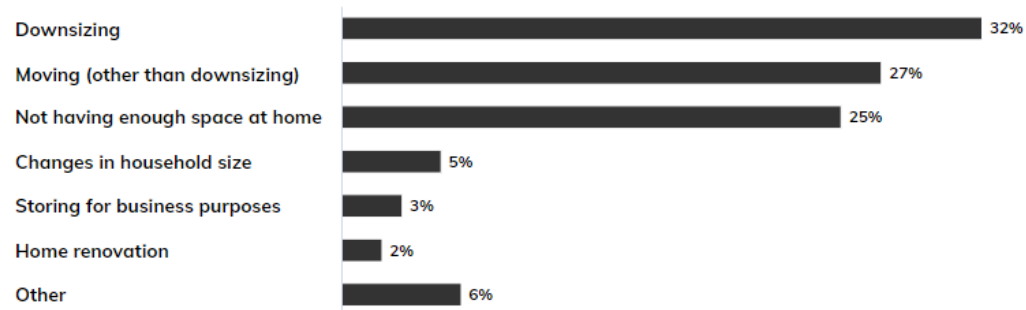
Change in Land Use

Not Likely

Age Range for Industrial 1970 to 2020
 Rent Range for Industrial \$0.90 to \$1.45 / square foot

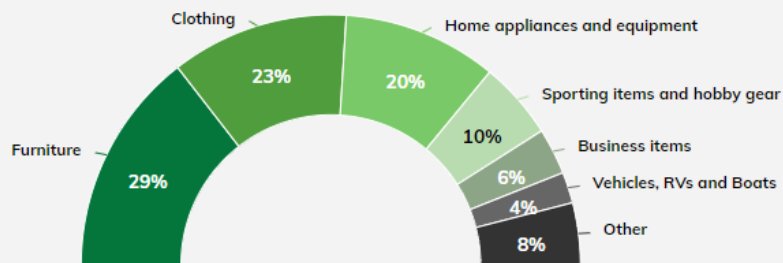
Self storage customer profile

Top Reasons for Renting



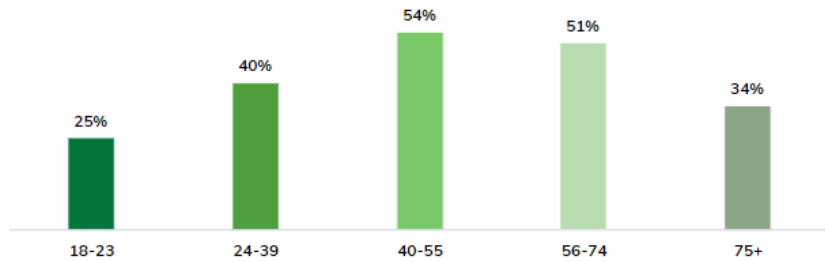
Self storage responds to various storage needs that arise from life changes and events. Whether moving, downsizing or adopting a more flexible lifestyle, people increasingly use self storage. About 1 in 3 Americans now turn to self storage when home space is not enough.

Items Stored

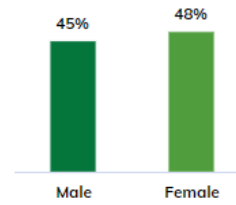


The most popular item put in self storage is furniture, followed by clothing and home appliances. About 10% of self storage users rent a unit to keep sporting items and hobby gears. Moreover, business items are the most common item placed in storage by 6% of self storage users.

Age



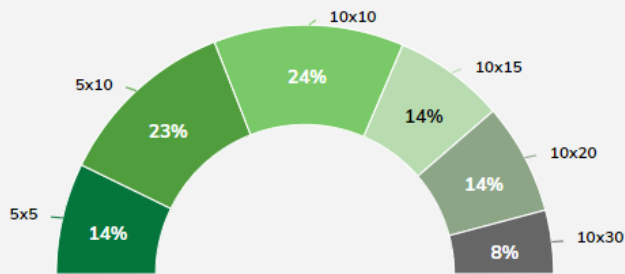
Gender



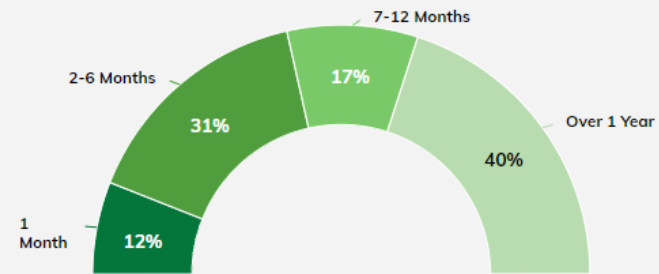
More Gen Xers than any other generation turn to self storage, with 54% of them keeping their items in a storage unit compared to 40% of millennials and 25% of Gen Zers who do so. Close to half of the women (48%) and 45% of the men among our respondents rent self storage for various purposes.

The most popular storage unit size is 10'x10', followed by 5'x10'.

Most Popular Unit Sizes



Duration of Rentals



REAL ESTATE MARKET CYCLE CHARACTERISTICS

Understanding the Real Estate Cycle is paramount in making solid investment decisions. At COVERE Global we not only monitor the real estate cycle, we teach it and advise our clients with it. By understanding the current status of a market, investors can see into the future and know what to expect. This knowledge reduces risk improving returns. *Source: Glenn Mueller, Ph.D., Real Estate Finance, 1996.*

PHASE 2 EXPANSION

Markets Exhibiting Phase 6 thru 11

PHASE 3 HYPERSUPPLY

Markets Exhibiting Phase 11 thru 14



PHASE 1 RECOVERY

Markets Exhibiting Phase 1 thru 6

PHASE 4 RECESSION

Markets Exhibiting Phase 14 thru 1

Mini-Storage Rent Roll

Unit Description	Total			SF	Avg Current PGI	PGI Market	Current	Market	Rent
	Units	Occupied	Vacant		Rent/Month	Rent/Month	Per SF	Rent/SF	Upside
10x4	17	17	0	40	\$40	\$50	\$1.00	\$1.25	\$10.00
10x9	75	75	0	90	\$54	\$70	\$0.60	\$0.78	\$16.00
10x14	17	17	0	140	\$70	\$100	\$0.50	\$0.71	\$30.00
10x18	20	20	0	180	\$98	\$140	\$0.54	\$0.78	\$42.00
20x18	3	3	0	380	\$140	\$240	\$0.37	\$0.63	\$100.00
Office	1	0	1	600	\$0	\$0.00	\$0.00	\$0.00	\$0.00
Totals	133	99.2%	0.8%	15,150	\$8,300	\$11,320			
Occupied	132			14,550					
Vacant	1			600					



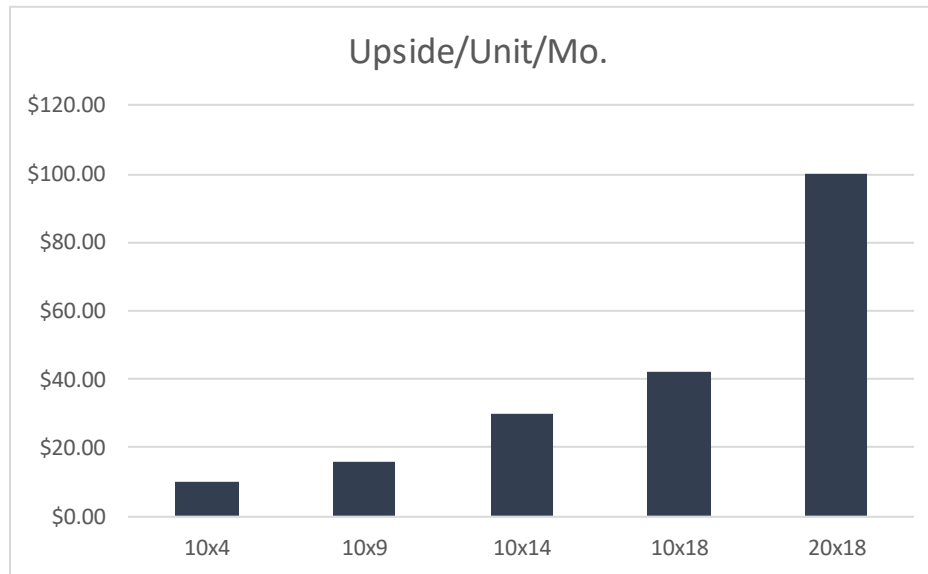
1 in 3

Americans use self storage

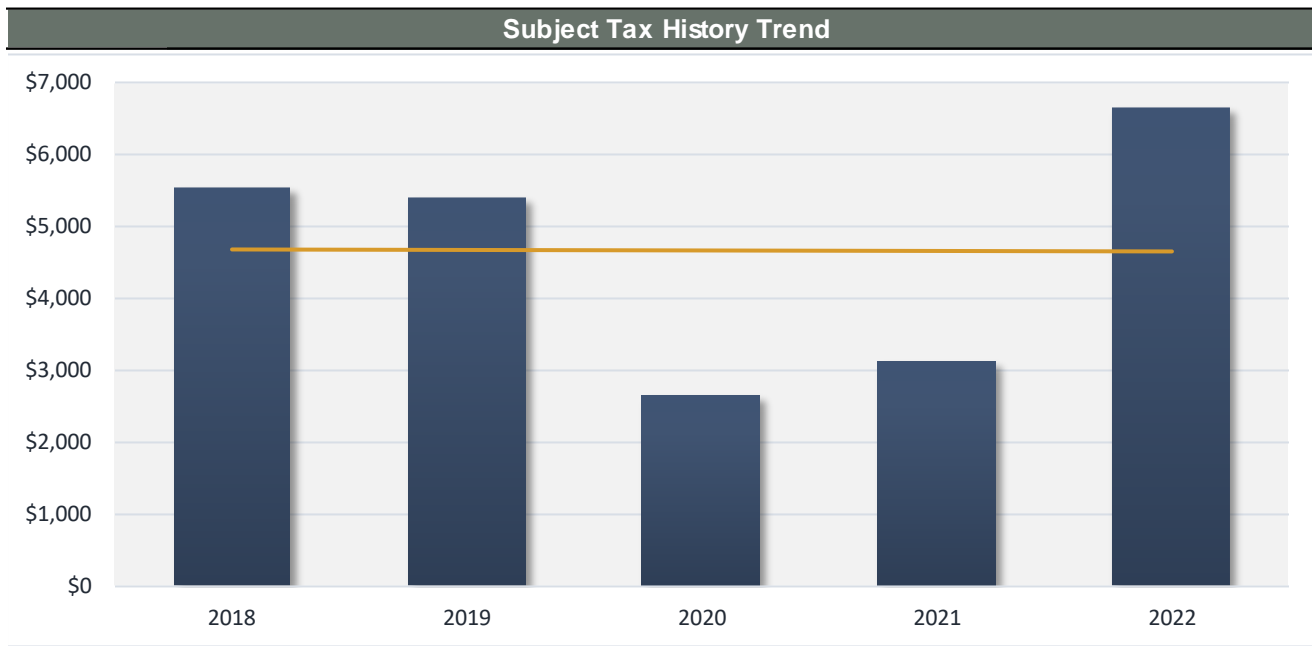


KEYSTONE
SELF STORAGE

Market Rent vs Current Rent by Unit Type			
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Tax History						
Assessed Year	Land Assessment	Improvements Assessment	Total Assessment	% Improved	Taxes	% Change
2018	\$37,200	\$204,120	\$241,320	84.6%	\$5,545	
2019	\$37,200	\$211,248	\$248,448	85.0%	\$5,402	-2.6%
2020	\$37,200	\$86,994	\$124,194	70.0%	\$2,660	-50.8%
2021	\$37,200	\$109,545	\$146,745	74.6%	\$3,121	17.4%
2022	\$148,800	\$163,567	\$312,367	52.4%	\$6,644	112.9%



Source: Lubbock CAD

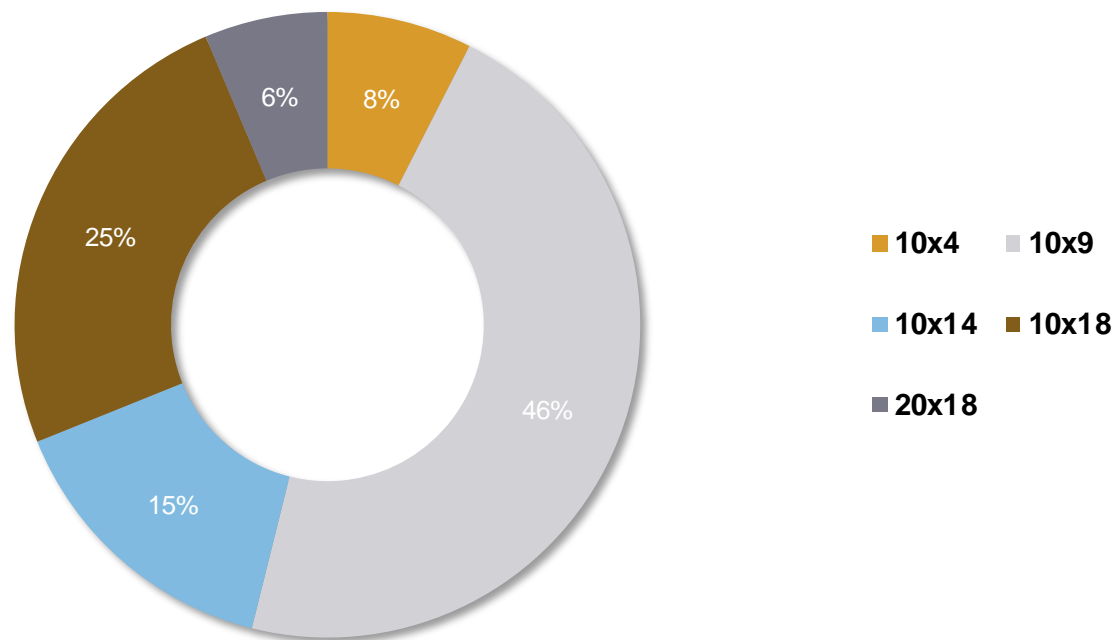
Note: Typical tax assessed value to real value is 50-60% in the market. Currently, Keystone is roughly 30%.

Market Rent & Expense Operating Statement

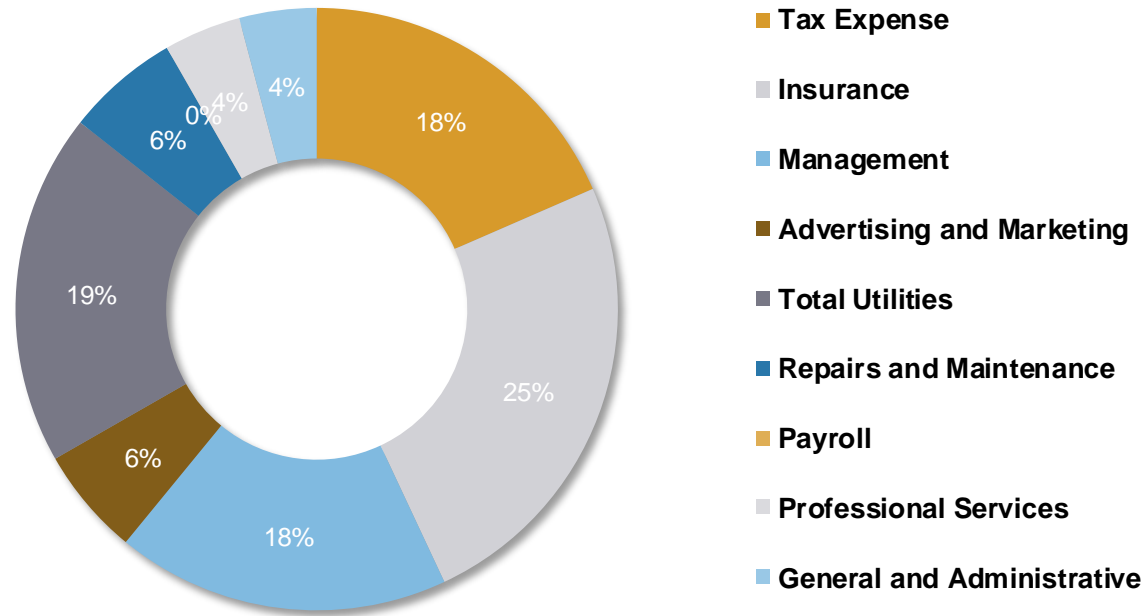
Market Rent & Expenses					
Unit/Space Type	Rent/Mo.	Method	No. of Units	Annual	% of PGI
10x4	\$50	\$/Month	17	\$10,200	7.2%
10x9	\$70	\$/Month	75	\$63,000	44.7%
10x14	\$100	\$/Month	17	\$20,400	14.5%
10x18	\$140	\$/Month	20	\$33,600	23.9%
20x18	\$240	\$/Month	3	\$8,640	6.1%
Total Rental Income:				\$135,840	96.4%
Expense Reimburse (RUBS):				\$0	0.0%
Other Income:				\$5,000	3.6%
Potential Gross Income:				\$140,840	100%
- Vacancy & Collection Loss:				\$11,267	8.00%
Effective Gross Income (EGI):				\$129,573	92.0%
Effective Gross Rental Income (EGRI):				\$124,973	88.7%

Expense	Amount	Method	Annual	\$/Unit
Tax Expense	\$6,685	\$/Year	\$6,685	\$50
Insurance	\$8,892	\$/Year	\$8,892	\$67
Management	5.0%	% of EGI	\$6,479	\$49
Advertising and Marketing	\$2,100	\$/Year	\$2,100	\$16
Total Utilities	\$6,844	\$/Year	\$6,844	\$51
Repairs and Maintenance	\$2,200	\$/Year	\$2,200	\$17
Payroll	\$0	\$/Year	\$0	\$0
Professional Services	\$1,500	\$/Year	\$1,500	\$11
General and Administrative	\$1,500	\$/Year	\$1,500	\$11
Total Expenses:			\$36,199	\$272
Expense Ratio (Expenses/EGI):			27.94%	
Net Operating Income (NOI):			\$93,374	\$702

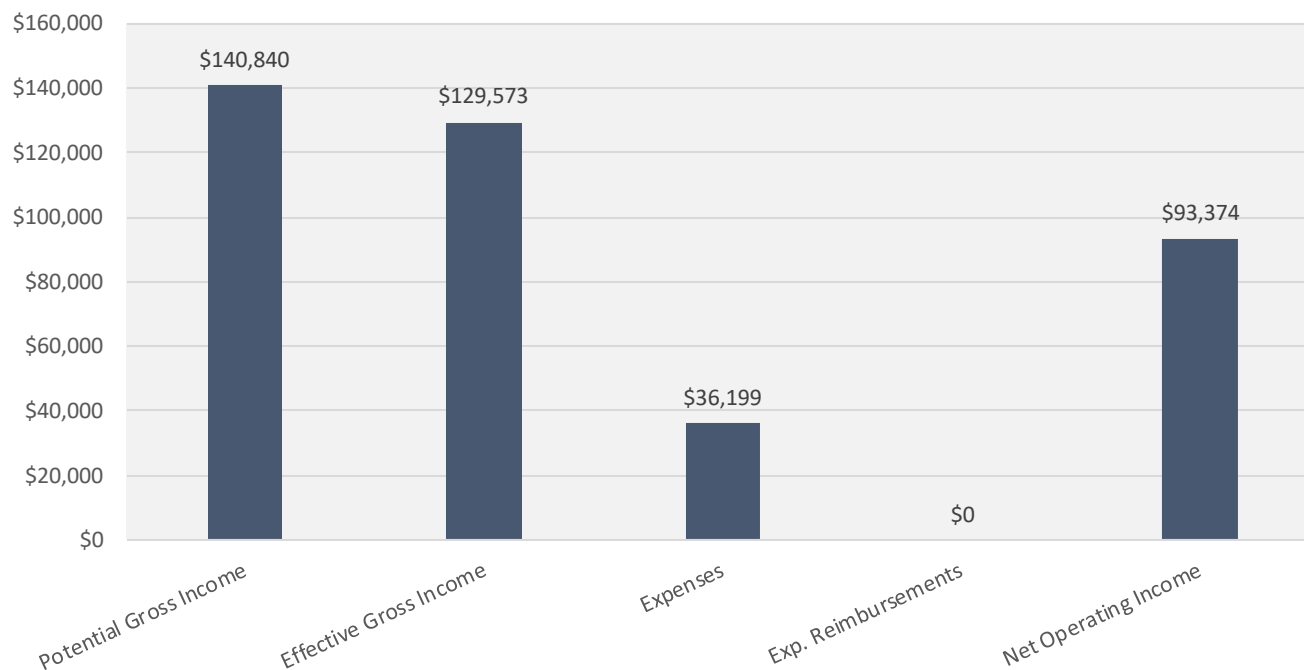
Gross Income by Unit Type











Expenses



NOI Profile



	Potential Gross Income	Gross Income	Expenses	Exp. Reimbursements	NOI
Amount	\$140,840	\$129,573	\$36,199	\$0	\$93,374

Lease Comparables	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Comp 7	
								
Name	Keystone Storage	Easy Stop Storage	Affordable Storage Lubbock	Securcare self storage	AAA Tech State Storage	A Plus Super Storage - 82nd & University	A Plus Super Storage - 38th & Milwaukee	Monterey Self Storage
Address	5710 41st Street	4602 Englewood	3110 Frankford Ave	131 W Loop 289	222 N Avenue U	2415 82nd Street	3802 Milwaukee	5201 Indiana Ave
City	Lubbock	Lubbock	Lubbock	Lubbock	Lubbock	Lubbock	Lubbock	Lubbock
State	TX	TX	TX	TX	TX	TX	TX	TX
Unit Size	162	120	133	125	117	180	180	85
Rent/Mo.	\$62.87	\$77.00	\$84.00	\$84.00	\$71.00	\$106.00	\$107.00	\$59.00
Rent/SF/Mo.	\$0.39	\$0.64	\$0.63	\$0.67	\$0.61	\$0.59	\$0.59	\$0.69

National Average Rent Change - Non Climate Controlled		
Unit Size	Price	Y-o-Y Change
5x5	\$ 58	3.6%
5x10	\$ 83	3.8%
10x10	\$ 132	3.9%
10x15	\$ 172	3.0%
10x20	\$ 210	2.9%
10x30	\$ 275	3.0%
Average (all sizes)	\$ 149	3.5%

Source: Storage Café

Discounted Cash Flow Analysis

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
FINANCIAL HOLD						
Potential Gross Income (PGI):	\$ 140,840	\$ 145,065	\$ 149,417	\$ 153,900	\$ 158,517	\$ 163,272
Vacancy/Loss to Old Lease/Concess	7.7%	7.8%	8.0%	8.0%	8.0%	8.0%
Effective Gross Income (EGI):	\$ 130,044	\$ 133,798	\$ 137,464	\$ 141,588	\$ 145,835	\$ 150,210
Total Expenses:	\$ 36,199	\$ 37,104	\$ 38,032	\$ 38,983	\$ 39,957	\$ 40,956
Net Operating Income (NOI):	\$ 93,845	\$ 96,694	\$ 99,432	\$ 102,605	\$ 105,878	\$ 109,254
Debt Service:	\$ 63,800	\$ 63,800	\$ 63,800	\$ 63,800	\$ 63,800	\$ 63,800
Capital Expenditures:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cashflow:	\$ 30,045	\$ 32,894	\$ 35,632	\$ 38,805	\$ 42,078	\$ 45,455

CORE METRICS

	Total	/ Unit	/ SF	EGIM	Exp Ratio	Market Rent
Pricing	\$1,182,957	\$8,894	\$78.08	9.13 x	27.94%	\$85.11
Cash-on-Cash Return	10.16%	11.12%	12.05%	13.12%	14.23%	15.37%
Cap Rate	7.93%	8.17%	8.41%	8.67%	8.95%	9.24%
Loan Constant	7.19%	7.19%	7.19%	7.19%	7.19%	7.19%
Debt Service Coverage Ratio	1.47	1.52	1.56	1.61	1.66	1.71
Internal Rate of Return (IRR)		16.7%	18.4%	19.0%	19.2%	

YIELD ANALYSIS

Internal Rate of Return

19.2%

Equity Multiple

2.15 x

Equity

\$ 295,739

Profit

\$ 634,864

ASSUMPTIONS

Income Growth Rate	3.00%	3.50% Market (Storage Café)
Expense Growth Rate	2.50%	2.00% Market (Storage Cafe)

Forward-Looking Statements

This document includes forward-looking statements that involve risks and uncertainties. Forward-looking statements are statements that are not historical facts. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from the forward-looking statements. These forward-looking statements and factors that may cause such differences include, without limitation, uncertainties relating to market rent growth, market employment and population growth, interest rates, construction costs, labor market shortages, management expertise. Readers are cautioned not to place undue reliance upon any forward-looking statements, which speak only as of the date made. COVERE Global expressly disclaims any obligations or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations with respect thereto or any change in events, conditions or circumstances on which any statement is based.



Information About Brokerage Services

Texas law requires all real estate licensees to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

TYPES OF REAL ESTATE LICENSE HOLDERS:

- **A BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- **A SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

AS AGENT FOR BOTH - INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of each party to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
 - that the owner will accept a price less than the written asking price;
 - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

COVERE Global, LLC	9012391		(817)438-0808
Licensed Broker /Broker Firm Name or Primary Assumed Business Name	License No.	Email	Phone
Marty Cleckler	421600	marty@covereglobal.com	(806)438-8500
Designated Broker of Firm	License No.	Email	Phone
Marty Cleckler	421600	marty@covereglobal.com	(806)438-8500
Licensed Supervisor of Sales Agent/ Associate	License No.	Email	Phone
Reagan Bruce	724681	reagan@covereglobal.com	(806)577-6508
Sales Agent/Associate's Name	License No.	Email	Phone

Buyer/Tenant/Seller/Landlord Initials

Date

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TXR-2501

IABS 1-0 Date

CovereGlobal, 4408 Brownfield Dr. Lubbock TX 79410
Reagan Bruce

Phone: 8065776508

Fax:

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Sydney

Procuring 15,000+ Texas-focused global investors.

COVEREkō-věr
(verb) to magically unite...