Fund V Acquisition: Rockland Storage & Industrial

265 Pleasant Street, Rockland, MA (Boston MSA) • Closed July 17, 2026 • Prepared July 27, 2026

We are pleased to confirm that Fund V has **closed on Rockland Storage & Industrial**, a 45,510 SF mixed-use asset combining **29,150 SF of self-storage** and **16,360 SF of small-bay industrial** on ~4.7 acres in Rockland, Massachusetts, inside the Boston MSA on the South Shore. The Fund acquired the property off-market, direct from the seller, for **$4.5 million (~$99/SF)**, the culmination of a relationship we cultivated for more than six years.

Why We Like It

Strong basis. Verified mark-to-market on both income streams. Below-market seller financing and a day-one credit that pull returns forward. Conservative rent and exit assumptions. And a location inside the Boston MSA (3-mile median household income of ~$112,000 and median home values of ~$549,000) where storage and small-bay demand is historically durable and new supply is structurally constrained. Rockland is a strong asset and a great foundation: cash-flowing from day one, with a clear, executable path to further mark rents to market over the hold.

DEAL SNAPSHOT: AS CLOSED *(per final DD model)*			
Purchase Price	$4,500,000 (~$99/SF)	**Going-In Cap Rate**	6.25%
Total Capitalization	$5,095,252 (~$112/SF)	**Yield on Cost Today (T12)**	8.87%
Equity at Close (purchase only)	$375,000*	**Pro-Forma Yield on Cost (Yr 3)**	9.35%
Total Equity (fully loaded)	$970,252 (~19% of cost)	**Day-1 DSCR**	~1.65x
Total Debt	$4,125,000 (~81% of cost)	**Day-1 Seller / Tenant Credits**	~$180,000
Blended Debt Rate	~6.2% fixed	**Projected IRR / Equity Multiple**	~29.6% / ~2.1x
Projected Hold	~3.5 years	**Year-1 Cash-on-Cash**	~13.9%

** Day-one equity against the raw purchase price only ($4.5M price less $4.125M of debt). Total equity is fully loaded per the DD model: purchase equity plus closing costs, CapEx, TI/LC, and reserves. Actual closing costs per the settlement statement were $274,682, modestly above the $251,620 modeled, and are expected to be offset by lower leasing commissions and/or reserve requirements, so the modeled totals and return metrics remain the operative basis.*

Six Years in the Making: Relationships Create Returns

This property was never listed. We first approached the owner more than six years ago and stayed close through every market cycle since: periodic visits, consistent follow-up, and a reputation for closing on the terms we commit to. When the seller was finally ready, there was no broker process, no auction, and no competing bids: the deal came directly to us. That patience shows up in the numbers: a **$4.5M basis (~$99/SF against ~$112/SF all-in)** for a 2003-built asset in a supply-constrained Boston-metro submarket, at a **6.25% going-in cap rate** that steps to an **8.87% yield on cost today** under our operations and the deal structure we negotiated at close. It is a working example of the sourcing edge we underwrite for across Fund V: relationships create returns.

Seller Alignment: Below-Market Financing and a Day-One Credit

The same relationship carried through to the capital structure. The seller holds a **$750,000 second mortgage at 5.00% fixed, interest-only for its full five-year term**, well below market, behind a **$3.375M bank first mortgage at 6.45% fixed** (75% LTV, 10-year term, 24 months interest-only, 25-year amortization). The blended cost of debt is **~6.2% fixed**, with day-one debt service covered **~1.65x** by in-place income.

In addition, we negotiated approximately **$180,000 of day-one credits**: a **$150,000 credit representing roughly three years of rent support on the commercial component**, plus a **$30,000 prepaid industrial tenant payment**. Together they materially enhance early cash flow and bridge in-place small-bay income to an effective **~$11.75/SF** from day one, against a verified market of **$18.00/SF**. The credits compensate the Fund while legacy leases roll to market, rather than waiting years to capture that income.

A note on equity basis: the Fund's **$970,252 of total equity is fully loaded**: it funds not only the purchase but also closing costs, the CapEx program ($222,870), tenant improvements and leasing costs ($78,252), and operating reserves ($42,510). Actual closing costs per the settlement statement came in at $274,682, modestly above the $251,620 modeled, a difference expected to be balanced by lower leasing commissions and reserve requirements, keeping the total equity basis in line with the model. Day-one equity against the raw purchase price alone was just **$375,000** (the $4.5M price less $4.125M of debt), meaning a meaningful amount of the equity commitment is invested in the value-add program itself, not the entry price.

The Value-Add: Clean, Clear, Defensible Mark-to-Market

Both components of the asset carry in-place rents meaningfully **below market**: the legacy of long-term private ownership that prioritized occupancy and tenant relationships over pushing rate, not a symptom of weakness in the asset or its market. Because the gap is verified against strong, current comparables within a 3-, 5-, and 10-mile radius, the mark-to-market opportunity is **clean, clear, and defensible**: no speculative growth assumptions required, simply moving existing rents toward what the surrounding market already pays today:

- **Self-storage:** in-place rents of $11.70/SF versus a $16.00/SF verified market (a ~37% mark-to-market opportunity) at 85% physical occupancy, leaving a further lease-up lever to our 90% underwritten stabilization.
- **Small-bay industrial:** effective day-one rents of ~$11.75/SF versus an $18.00/SF verified market, captured through a structured program as leases turn. Small-bay product of this kind is scarce and rarely built new in the Boston MSA.

Critically, our underwriting is deliberately conservative: even at the end of the hold we do not mark rents to today's verified market. Storage is modeled to reach only **$14.99/SF by Year 5** (vs. $16.00 today) and small-bay only **$17.05/SF** (vs. $18.00 today). Every dollar between our projections and today's market (before any future market growth) is unpriced upside, and a future owner still inherits a mark-to-market story. The dual asset classes also hedge one another: two demand drivers, one basis.

Projected Cash Flow and Returns

Net operating income is projected to grow from the seller's adjusted **$281,060** to **~$402,000 in Year 1** (+43%), producing a **~13.9% Year-1 cash-on-cash return** on the Fund's $970,252 of fully loaded equity (purchase equity plus closing costs, CapEx, TI/LC, and reserves). To be specific about the driver: the **$150,000 commercial rent credit is recognized in Year 1 of the model**, which is why the first-year cash-on-cash is as strong as it is. By design, the credit front-loads cash flow the Fund would otherwise wait years to capture as legacy leases roll to market. Importantly, that step-up begins at closing, and we are the reason it does. On our current basis, with the negotiated day-one seller credit in effect, the asset **already produces an 8.87% yield on cost (T12)** against the 6.25% going-in cap: roughly 260 basis points of in-place yield expansion engineered at the closing table through the structure we negotiated, not growth we are waiting on the market to deliver. From there, yield on cost is projected to reach **9.35%** over the next three years as leases roll toward market. The model assumes a sale at approximately month 41 at a **6.75% exit cap rate** (50 bps wider than our entry cap, another layer of conservatism), generating projected total distributions of ~$2.06M, a **~2.1x targeted equity multiple**, **~29.6% targeted IRR**, and **~$1.09M of projected profit**. Holding longer only extends the mark-to-market runway.
