

# MANAGEMENT MEETING

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Wednesday, January 13, 2016



ASHLAND  
CAPITAL PARTNERS



# AGENDA

**INTRODUCTIONS**

**MANAGEMENT PRESENTATION**

**Q&A**

**NEXT STEPS/PROCESS**



# TOPICS

## COMPANY OVERVIEW

Market Opportunity

Financial Update

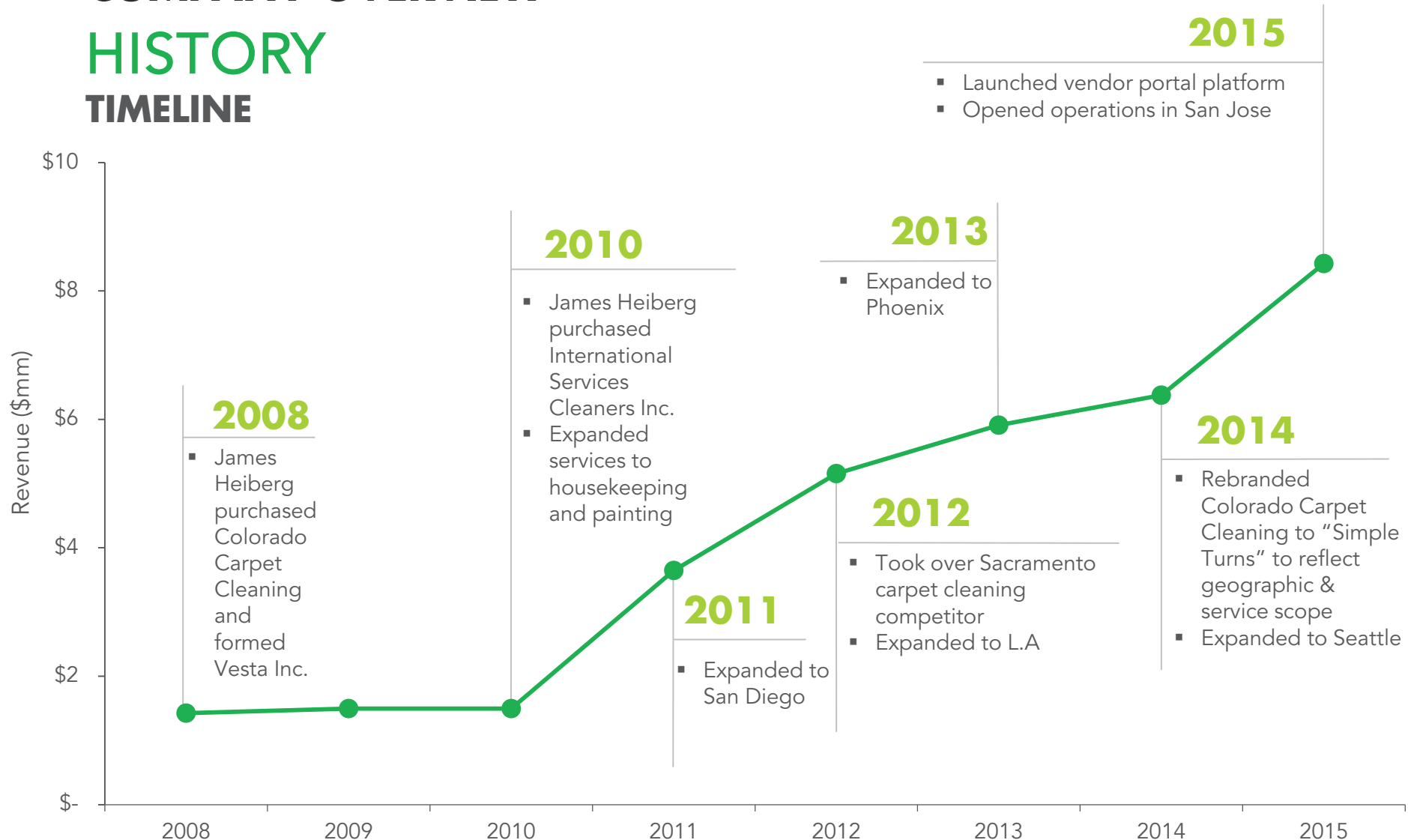
Growth Opportunities

Goals



# COMPANY OVERVIEW

## HISTORY TIMELINE

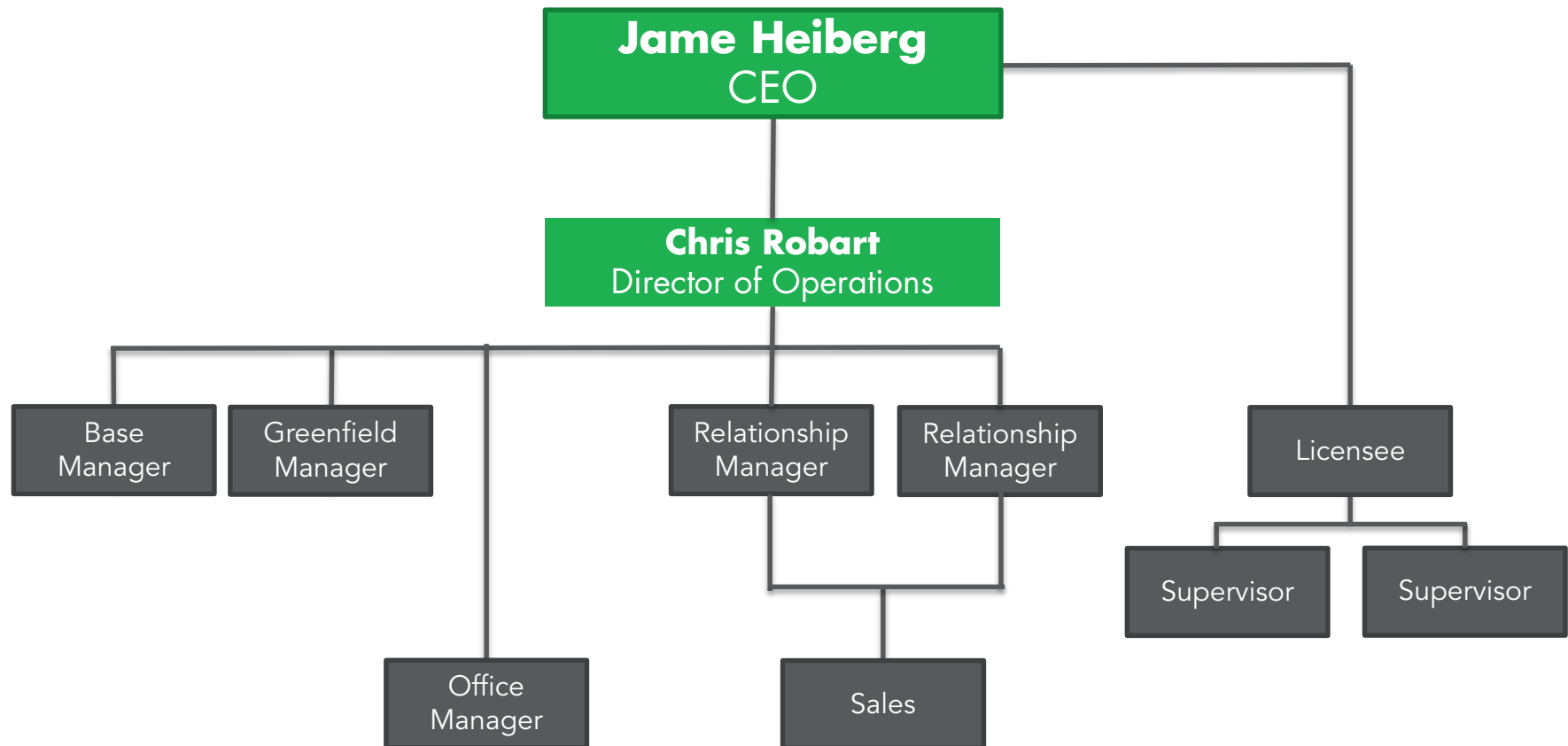




## COMPANY OVERVIEW

# ORGANIZATIONAL CHART

**JAMES HEIBERG & CHRIS ROBART**



# COMPANY OVERVIEW

## GO-TO-MARKET STRATEGY



**CONTINUOUS MARKET  
EVALUATION**



**PROFESSIONAL  
APPROACH**



**ONE-STOP SHOP**



**PROMPT SCHEDULING**



**ACCESS TO TRADESMEN  
NETWORK**



**PRICES VS QUALITY**

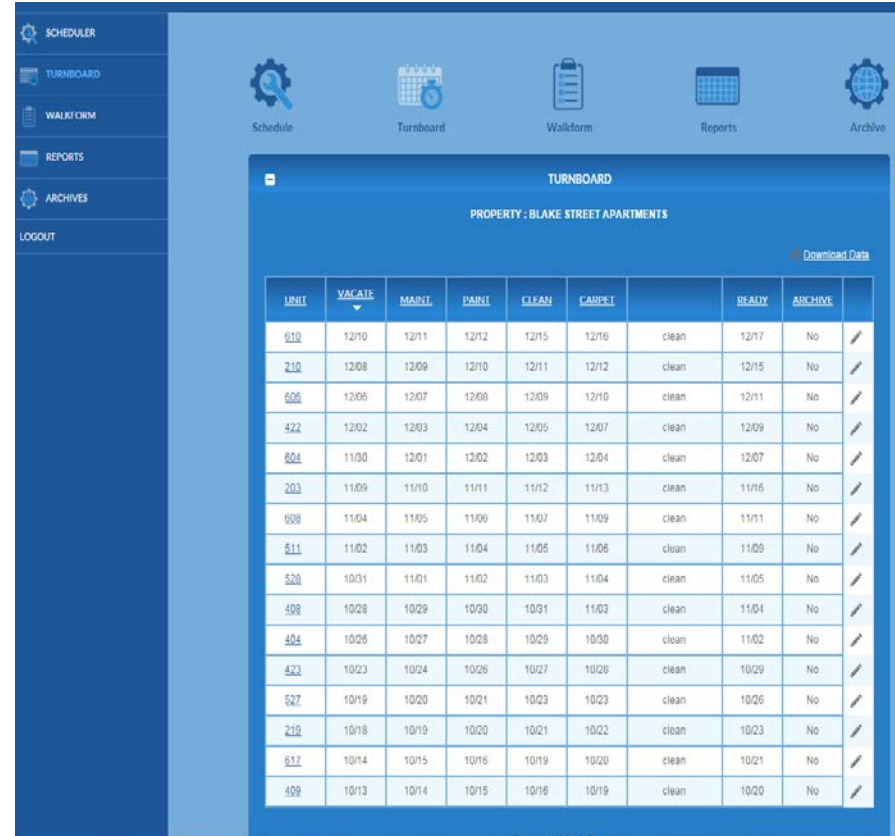


# COMPANY OVERVIEW

## TECHNOLOGY

### DIGITAL TURNBOARD

- ❑ Used by 10 properties
- ❑ Still in Beta (Developed Nov. 14)
- ❑ Limited resources to expand
  - Competitive advantage moving forward



The screenshot displays the 'Digital Turnboard' interface. On the left is a sidebar with navigation links: SCHEDULER, TURNBOARD, WALKFORM, REPORTS, ARCHIVES, and LOGOUT. The main area features a top navigation bar with icons for Schedule, Turnboard, Walkform, Reports, and Archive. Below this, the 'TURNBOARD' section is titled 'PROPERTY: BLAKE STREET APARTMENTS' and includes a 'Download Data' link. The central table lists units with columns for UNIT, VACAT, MAINT, PAINT, CLEAN, CARPET, and READY, along with an 'ARCHIVE' column and an edit icon. The table contains 20 rows of unit data.

UNIT	VACAT	MAINT	PAINT	CLEAN	CARPET		READY	ARCHIVE	
610	12/10	12/11	12/12	12/15	12/16	clean	12/17	No	
210	12/08	12/09	12/10	12/11	12/12	clean	12/15	No	
606	12/06	12/07	12/08	12/09	12/10	clean	12/11	No	
622	12/02	12/03	12/04	12/05	12/07	clean	12/09	No	
604	11/30	12/01	12/02	12/03	12/04	clean	12/07	No	
203	11/09	11/10	11/11	11/12	11/13	clean	11/16	No	
608	11/04	11/05	11/06	11/07	11/09	clean	11/11	No	
611	11/02	11/03	11/04	11/05	11/06	clean	11/09	No	
520	10/31	11/01	11/02	11/03	11/04	clean	11/05	No	
408	10/28	10/29	10/30	10/31	11/03	clean	11/04	No	
604	10/26	10/27	10/28	10/29	10/30	clean	11/02	No	
623	10/23	10/24	10/26	10/27	10/28	clean	10/29	No	
627	10/19	10/20	10/21	10/23	10/23	clean	10/26	No	
210	10/18	10/19	10/20	10/21	10/22	clean	10/23	No	
617	10/14	10/15	10/16	10/19	10/20	clean	10/21	No	
609	10/13	10/14	10/15	10/16	10/19	clean	10/20	No	



# COMPANY OVERVIEW

## "TECHNOLOGY"

UNIT	W/INT	PAINT	MAINT	CLEAN	CARPET	MOVE IN	LEAD
4-103	5-14	X	X	X	X		
4-316	3-15	X	X	X	X		
4-312	3-12	X	X	X	X		
4-233	2-12	X	X	X	X		
5-214	12-0	X	X	X	X		
4-318	3-4	X	X	X	X		
5-211	1-20	X	X	X	X		
5-116	3-19	X	X	X	X		
2-210	9-30	X	X	X	X		
4-310	2-10	X	X	X	X		
4-311	3-26	X	X	X	X		
1-109	3-1	X	X	X	X		
4-213	3-12	X	X	X	X		
2-202	3-26	X	X	X	X		
4-210	2-19	X	X	X	X		
4-214	3-29	X	X	X	X		
5-214	4-6	X	X	X	X		
1-312	3-21	X	X	X	X		
5-315	4-14	X	X	X	X		
5-214	3-28	X	X	X	X		
5-210	4-22	500A					
3-210	4-21	500A					
3-210	4-22	500A					
1-214	4-22	500A					
3-316	4-25		3			5-2	
5-210	4-14	X	X	X	X	4-23	
5-210	5-30	X	X	X	X	4-22	
5-307	3-30	X	5	X	X	5-18	
4-113	4-4	X	1	X	X	4-29	
4-103	4-23	X	4	X	X	5-15	
5-314	4-7	X	2	X	X	5-1	
5-304	4-15	X	X	X	X	4-22	
1-210	3-31	X	X	X	X	4-21	
1-112	3-14	X	X	X	X	4-21	
3-114	3-14	X	X	X	X	4-21	

APT	W/INT	PAINT	MAINT	CLEAN	CARPET	KEYS	NOTES	W/INT	PAINT	MAINT	CLEAN	CARPET	KEYS	NOTES
4-106	0	4-7	X	X	X	X		4-20	4-20	4-20	4-20	4-20	4-20	
16-207	T	4-6	X	X	X	X		4-20	4-20	4-20	4-20	4-20	4-20	
2-206	2	4-6	X	X	X	X		4-20	4-20	4-20	4-20	4-20	4-20	
27-207	V	4-3	X	X	X	X		4-20	4-20	4-20	4-20	4-20	4-20	
18-308	E	4-24	X	X	X	X		4-20	4-20	4-20	4-20	4-20	4-20	
5-202	E	4-11	X	X	X	X		4-20	4-20	4-20	4-20	4-20	4-20	
3-103	BL	4-12	X	X	X	X		4-20	4-20	4-20	4-20	4-20	4-20	
21-305	BL	4-12	X	X	X	X		4-20	4-20	4-20	4-20	4-20	4-20	
2-300	BL	4-11	X	X	X	X		4-20	4-20	4-20	4-20	4-20	4-20	
24-304	D	4-11	X	X	X	X		4-20	4-20	4-20	4-20	4-20	4-20	
19-302	E	4-11	X	X	X	X		4-20	4-20	4-20	4-20	4-20	4-20	
10-206	D	4-9	X	X	X	X		4-20	4-20	4-20	4-20	4-20	4-20	
12-303	BL	4-11	X	X	X	X		4-20	4-20	4-20	4-20	4-20	4-20	
4-306	BL	4-11	X	X	X	X		4-20	4-20	4-20	4-20	4-20	4-20	
4-105	2	4-11	X	X	X	X		4-20	4-20	4-20	4-20	4-20	4-20	
4-302	E	4-11	X	X	X	X		4-20	4-20	4-20	4-20	4-20	4-20	
2-107	2	4-11	X	X	X	X		4-20	4-20	4-20	4-20	4-20	4-20	
18-103	6	4-11	X	X	X	X		4-20	4-20	4-20	4-20	4-20	4-20	
2-201								4-20	4-20	4-20	4-20	4-20	4-20	
17-205								4-20	4-20	4-20	4-20	4-20	4-20	



# COMPANY OVERVIEW

## TECHNOLOGY

Vendor Portal

Log off

COMP

Pending-0







INVOICING

Accepted-3

Show All-3

Completed-0

Accepted Jobs for 10/16/2015

Property Name	Unit #	AM PM	Unit Size	Status
Property 1	2609	AM	1X1 ▾	 
Property 2	702	ANY	2X1 ▾	 
Property 3	106	PM	2X1 ▾	 

## VENDOR PORTAL

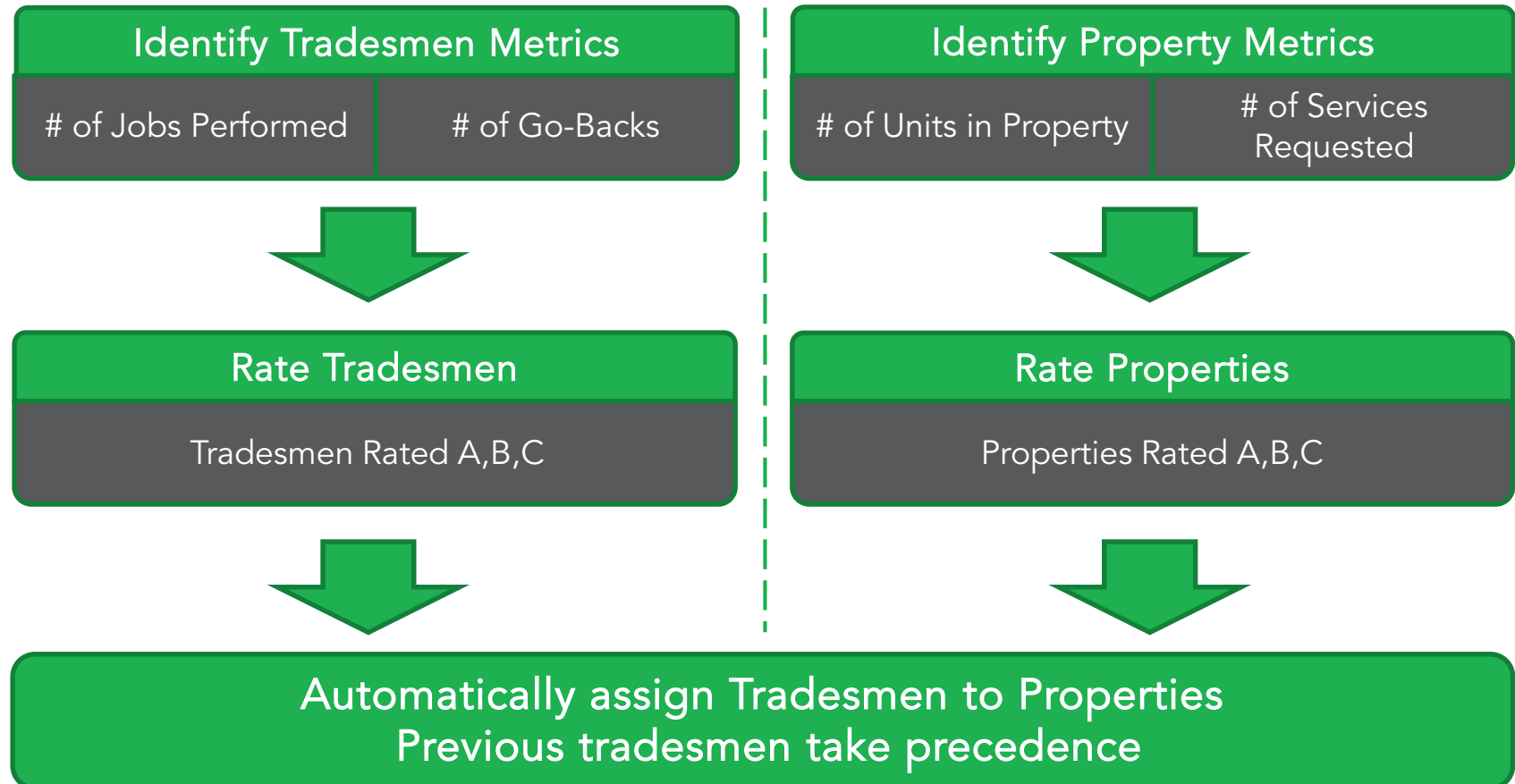
- ❑ Launched Nov. 2015
- ❑ Over 95% of tradesmen on portal
- ❑ Main focus of technology roll-out
- ❑ Incorporated vendor feedback



# COMPANY OVERVIEW

## QUALITY ASSURANCE

### INTERNAL DASHBOARD





# COMPANY OVERVIEW

## INTERNAL DASHBOARD

Properties w &gt;10% Go Backs

36

GoBackToday

10

GoBackYesterday

16

Total Go-Back by Period

243

Number of  
Properties >3 Techs

151

Count Companies >  
7days since last service

85

New Services/Properties

121

Category	Total Jobs	Go Backs	GoBack%	
CARPET	3,959	38	1%	
CLEANING	2,459	134	5%	
PAINTING	1,483	70	5%	

Counts A/B Error Prop MaxGB Prop TTL GB Unit Go Back Property Consistency Prop Consistency Prop no Service New Prop

### Qry Company vs Tech Level

Customer List

Tech Level A/C




StartDate	CompanyName	Tech	Subject	Company Level	Tech Level	Tech GoBack%	Tech Job Count	FLAG
1/8/2016	DN- FAIRWAYS @ RACCOON CREEK	DPA- 1323 VORTEX PAINT LLC	611 PA GO BACK - REPAINT (BASEBOARDS MISSED.	A	B	5%	40	A ERROR
1/8/2016	DN- FAIRWAYS @ RACCOON CREEK	DPA- 1323 VORTEX PAINT LLC	611 PA GO BACK - REPAINT (BASEBOARDS MISSED.	A	B	5%	40	A ERROR
1/8/2016	DN- SANDPIPER APARTMENTS	DCL- 1002 COLORADO CLEANING	2506 CL 21 - 2x1 CLEAN Anytime	A	B	0%	49	A ERROR
1/8/2016	DN- CAMDEN BELLEVUE STATION	DCL- RINA DIANA	217 CL GUEST SUITE Anytime	A	B	6%	35	A ERROR
1/8/2016	DN- SANCTUARY @ TALLYN'S REACH	DPA- 0966 FCJR PAINTING	26-307 PA 00 NEEDS SIZE - TALL GRASS Anytime	A	B	7%	59	A ERROR
1/8/2016	DN- 2101 MARKET	DPA- 1318 JOSMIL PAINTING LLC	206 PA 22 2X2 APT. FULL PAINT+ CHANGING GREEN	A	B	9%	55	A ERROR
1/8/2016	DN- VILLAGE CREEK	DCL- 1002 COLORADO CLEANING	8-306 CL 11 - 1x1 CLEAN Anytime	A	B	0%	49	A ERROR
1/7/2016	DN- HAMPTONS	DCL- 1233 CRISTALS CLEANING SERVICE, LLC	16-201 CL 22 - 2x2 CLEAN Anytime	A	B	10%	115	A ERROR
1/7/2016	DN- LOWRY PARK	DPA- 1323 VORTEX PAINT LLC	1339 PA 00 STUDIO APT. FULL PAINT Anytime	A	B	5%	40	A ERROR
1/7/2016	DN- LOWRY PARK	DPA- 1323 VORTEX PAINT LLC	1339 PA 00 STUDIO APT. FULL PAINT Anytime	A	B	5%	40	A ERROR
1/7/2016	DN- LOWRY PARK	DPA- 1077 JIREH'S PAINTING LLC	2512 PA 32 3X2 APT. FULL PAINT TH Anytime	A	B	9%	46	A ERROR
1/7/2016	DN- HAMPTONS	DPA- 1346 ALFA PAINTING LLC	17-303 PA 11 1X1 APT. FULL PAINT Anytime	A	C	11%	9	A ERROR
1/7/2016	DN- HAMPTONS	DCL- 1233 CRISTALS CLEANING SERVICE, LLC	7-207 CL 22 - 2x2 CLEAN **FIRST AM** START THIS	A	B	10%	115	A ERROR
1/7/2016	DN- HAMPTONS	DCL- 1233 CRISTALS CLEANING SERVICE, LLC	17-303 CL 11 - 1x1 CLEAN CP IN PM am	A	B	10%	115	A ERROR
1/7/2016	DN- BELLA TERRA	DPA- 1336 THE BEST PAINTERS LLC	442-304 PA DRYWALL REPAIR - KEY #228 Anytime	A	C	11%	112	A ERROR
1/7/2016	DN- BELLA TERRA	DPA- 1336 THE BEST	472-305 PA DRYWALL	A	C	11%	112	A ERROR

Record: 14 1 of 791 No Filter Search

## COMPANY OVERVIEW

## PRICING

**SIMPLE TURNS HAS MARKET SPECIFIC PRICING FOR EACH REGION**

	LA & SD	DENVER	SAC	SAN JOSE
 <b>CARPET</b>	N/A	\$85	\$100	\$90
 <b>HOUSEKEEPING</b>	\$95	\$90	\$135	\$170
 <b>PAINTING</b>	\$225	\$200	\$270	\$350

\*Simple Turns Estimate



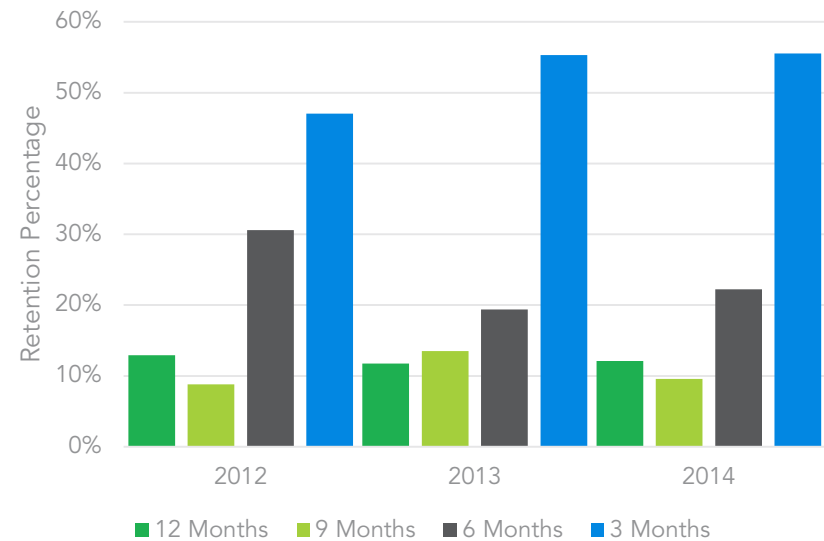
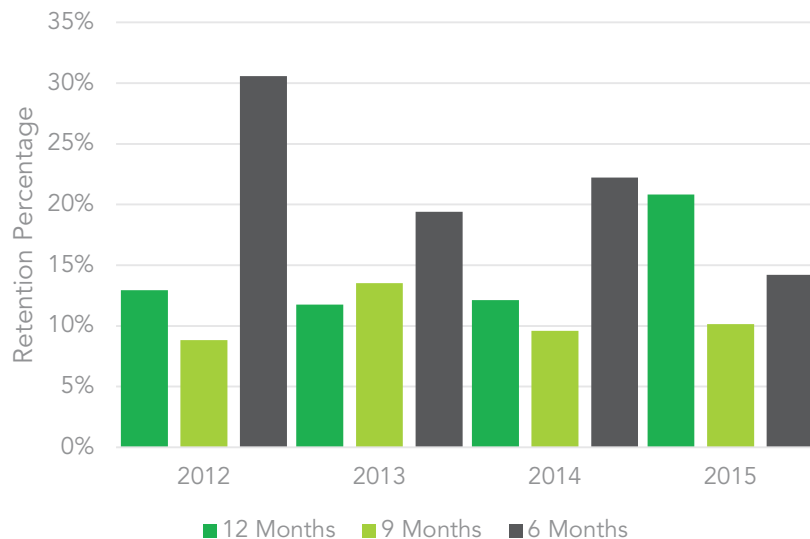
## COMPANY OVERVIEW

## TRADESMEN

### MAINTAINING TRADE RELATIONS

- 1 On-boarding process is easy and simple
- 2 Always pay tradesmen on-time and quicker than industry average

### DENVER RETENTION RATES 3 AND 4 QUARTER ANALYSIS





## COMPANY OVERVIEW

# SUBCONTRACTOR VS. EMPLOYEE

### PROCEDURES IN PLACE

### PROOF OF CONCEPT

- 1 General 10 item "statement of work"
- 2 Does not dictate timing or procedures
- 3 Must have a W9
- 4 Must have their own insurance
- 5 Subcontractors can accept or decline any project

- ☐ DOL Inquiries
  - Typically happen every 1.5 years
  - Passed each inquiring including extensive audit in 2013
- ☐ Recent settlement
  - EPLI paid out \$30,000.
  - Paperwork stating opposing party is revoking claim
- ☐ \$24-30/hour, well above minimum wage



# TOPICS

Company Overview

## **MARKET OPPORTUNITY**

Financial Update

Growth Opportunities

Goals

# MARKET OPPORTUNITY

## ADDRESSABLE MARKET



**TOTAL  
ADDRESSABLE  
MARKET:  
19.7M UNITS**



**51% TURN RATE**



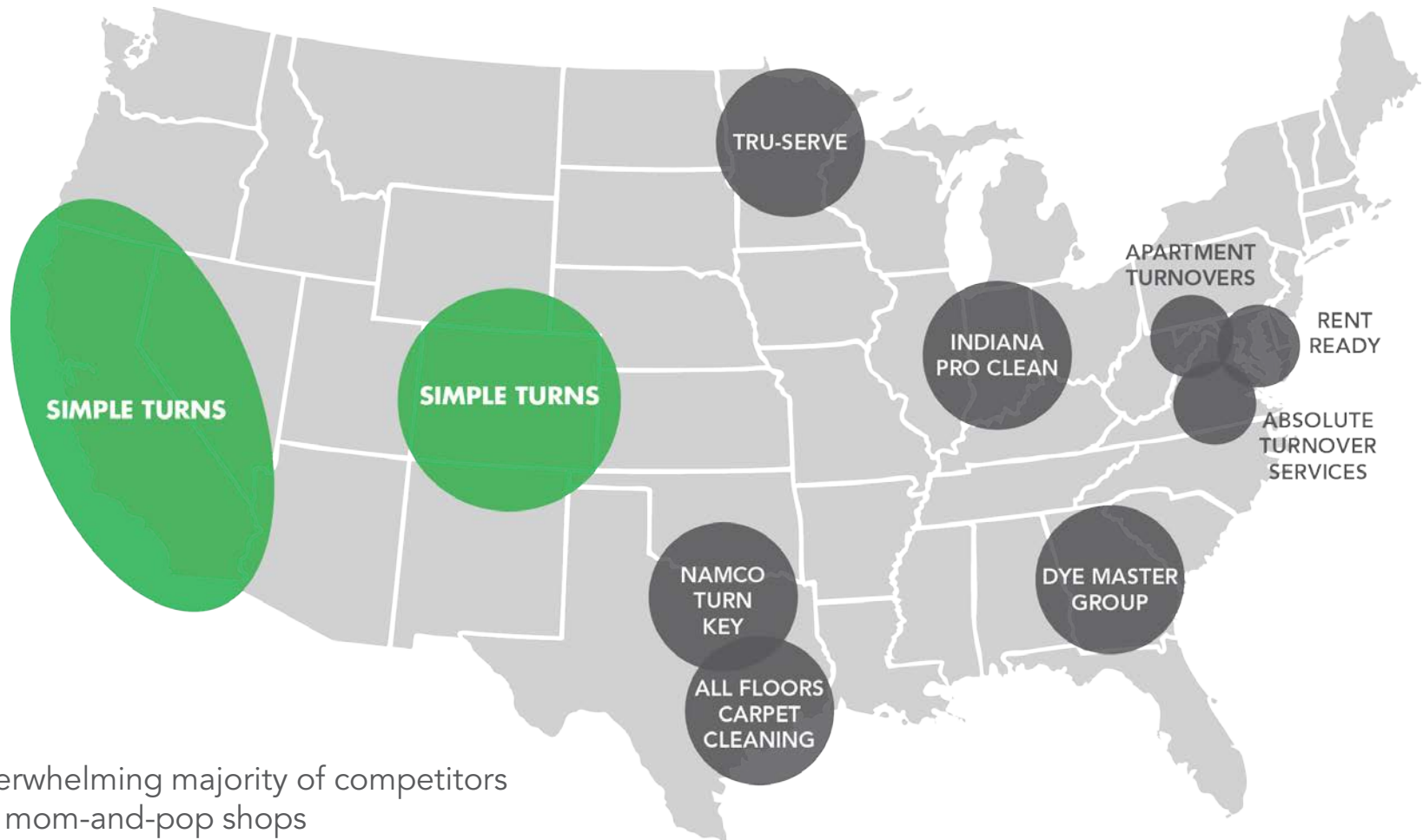
**\$308 AVERAGE  
COST PER TURN \***

\* Conservative estimate from Simple Turns based on current market knowledge.  
Source: National Multifamily Housing Council, National Apartment Association



# MARKET OPPORTUNITY

## CURRENT REACH VS. COMPETITORS



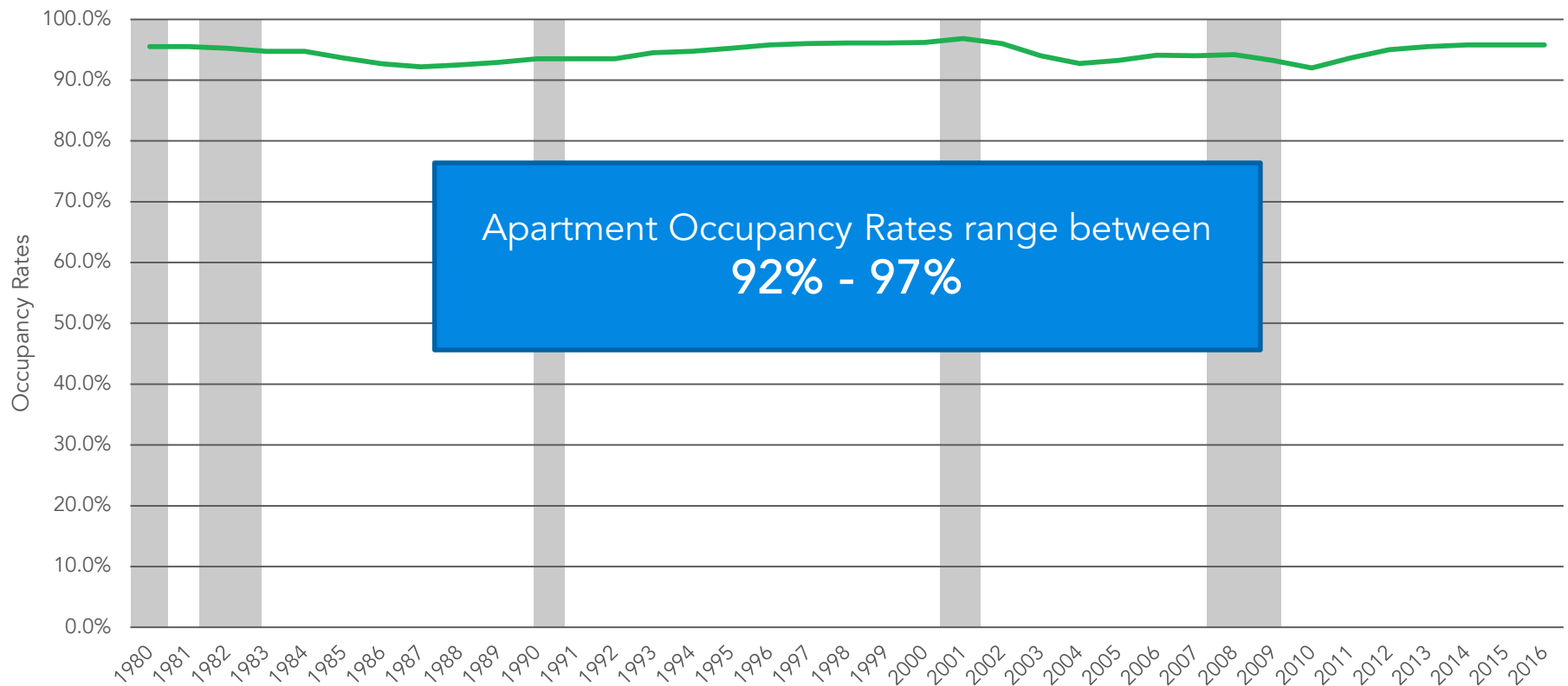
- ❑ Overwhelming majority of competitors are mom-and-pop shops



# MARKET OPPORTUNITY

## CONSISTENT PERFORMANCE IN MULTI-FAMILY MARKET

### APARTMENT OCCUPANCY RATES OVER TIME



Source: Reis



# TOPICS

Company Overview

Market Opportunity

**FINANCIAL UPDATE**

Growth Opportunities

Goals



# FINANCIAL UPDATE

## YTD VS. ESTIMATED

	November	November	CIM	Estimated
	YTD 2014	YTD 2015	2015	2015
<b>Total Revenue</b>	<b>5,810,926</b>	<b>7,647,967</b>	<b>8,427,583</b>	<b>8,220,000</b>
Cost of Goods Sold	4,263,390	5,669,075	6,152,136	6,071,276
<b>Gross Profit</b>	<b>1,547,536</b>	<b>1,978,892</b>	<b>2,275,447</b>	<b>2,148,723</b>
Gross Margin %	26.6%	25.9%	27.0%	26.1%
<b>Expense</b>				
Marketing / Advertising	16,659	26,267	22,510	28,493
Wages	386,825	609,917	597,332	625,443
Insurance	52,934	19,298	55,749	19,298
Professional Fees	137,205	98,444	143,088	132,028
Rent	78,228	84,565	97,291	91,133
Utilities	34,954	30,431	37,785	33,163
Supplies	46,734	107,376	80,000	112,409
Miscellaneous Expenses	81,775	65,994	136,551	67,159
Amortization / Depreciation	112,641	111,837	122,004	122,004
Interest Expense	53,390	35,606	61,871	39,398
Total Expense	1,001,346	1,189,734	1,354,180	1,270,527
<b>Net Ordinary Income</b>	<b>546,191</b>	<b>789,157</b>	<b>921,267</b>	<b>878,197</b>
Total Other Income	13,750	15,750	(1,018)	15,750
<b>Net Other Income</b>	<b>13,750</b>	<b>15,750</b>	<b>(1,018)</b>	<b>15,750</b>
<b>Net Income</b>	<b>559,941</b>	<b>804,907</b>	<b>920,250</b>	<b>893,947</b>
Profit Margin %	9.6%	10.5%	10.9%	10.9%
<b>Add-Backs</b>				
Interest Expense	53,390	35,606	61,871	39,398
Depreciation Expense	109,409	109,409	119,355	119,355
Amortization Expense	3,233	2,428	2,649	2,649
<b>EBITDA</b>	<b>725,972</b>	<b>952,350</b>	<b>1,104,124</b>	<b>1,055,348</b>
EBITDA Margin %	12.5%	12.5%	13.1%	12.8%
<b>Total Add-Backs</b>			<b>148,530</b>	<b>199,716</b>
<b>Licensee EBITDA</b>			<b>141,924</b>	<b>141,924</b>
<b>Adjusted EBITDA</b>			<b>1,394,578</b>	<b>1,396,988</b>
Adjusted EBITDA Margin %			16.5%	17.0%



# FINANCIAL UPDATE

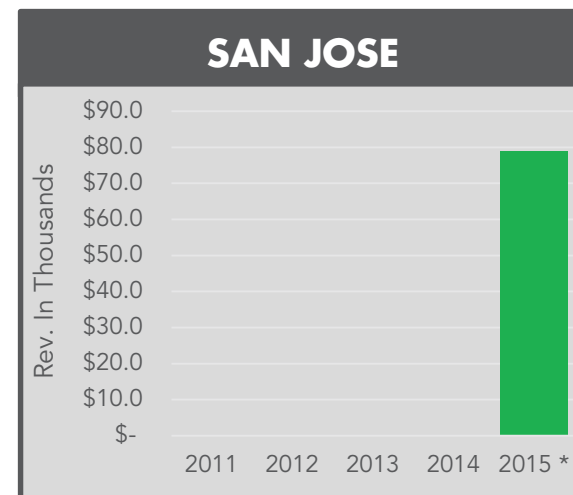
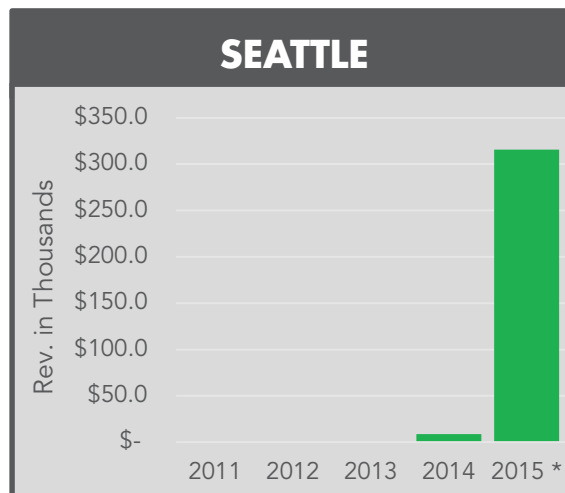
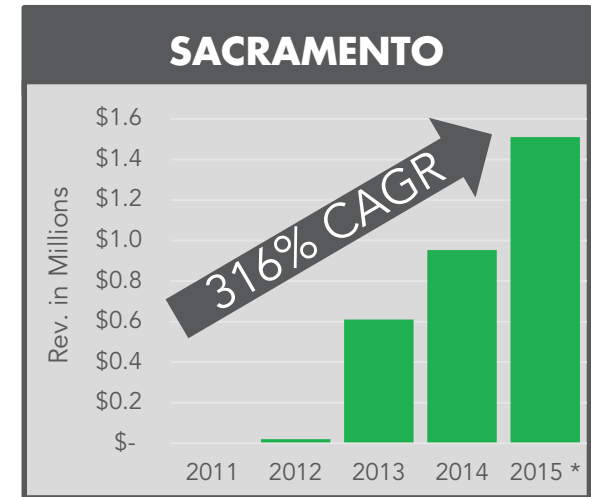
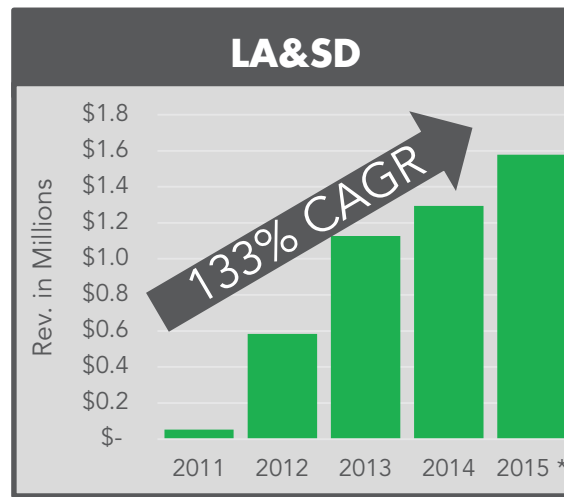
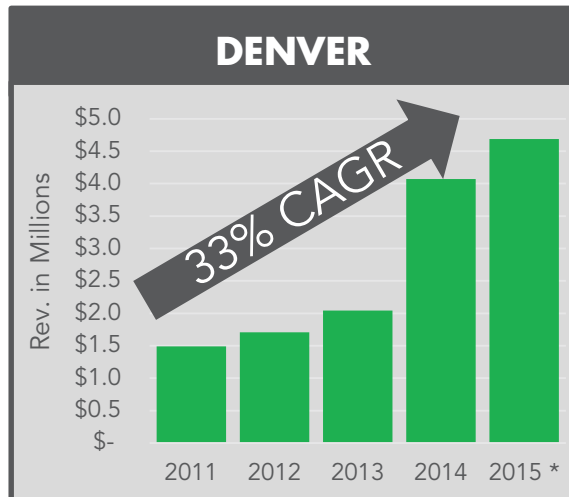
## PROJECTED 2016

	Actual	Estimated	Projected
	2014	2015	2016
Denver	\$ 4,070,531	\$ 4,684,994	\$ 5,584,195
Sacramento	952,977	1,510,431	1,637,890
LA & SD	1,294,445	1,578,641	2,083,694
San Jose	-	78,999	685,000
Washington	8,633	315,508	-
Other	50,017	51,426	50,000
<b>Total Revenue</b>	<b>\$6,376,604</b>	<b>\$8,220,000</b>	<b>\$10,040,779</b>
		28.9%	22.2%
Cost Of Goods Sold	4,593,537	6,071,276	7,329,769
<b>Gross Profit</b>	<b>1,783,067</b>	<b>2,148,723</b>	<b>2,711,010</b>
<i>Gross Margin %</i>	28.0%	26.1%	27.0%
Expense (Net)	1,120,895	1,254,777	1,346,849
<b>Net Ordinary Income</b>	<b>662,172</b>	<b>893,947</b>	<b>1,364,161</b>
Licensee Income	71,114	141,924	201,062
Depreciation	119,355	119,355	119,355
Amortization	3,527	2,649	2,649
Interest Expense	71,484	39,398	61,871
Add Backs	152,127	199,716	-
<b>EBITDA</b>	<b>\$1,079,779</b>	<b>\$1,396,988</b>	<b>\$1,749,097</b>
<i>EBITDA Margin %</i>	16.9%	17.0%	17.4%



# FINANCIAL UPDATE

## REVENUE BY LOCATION

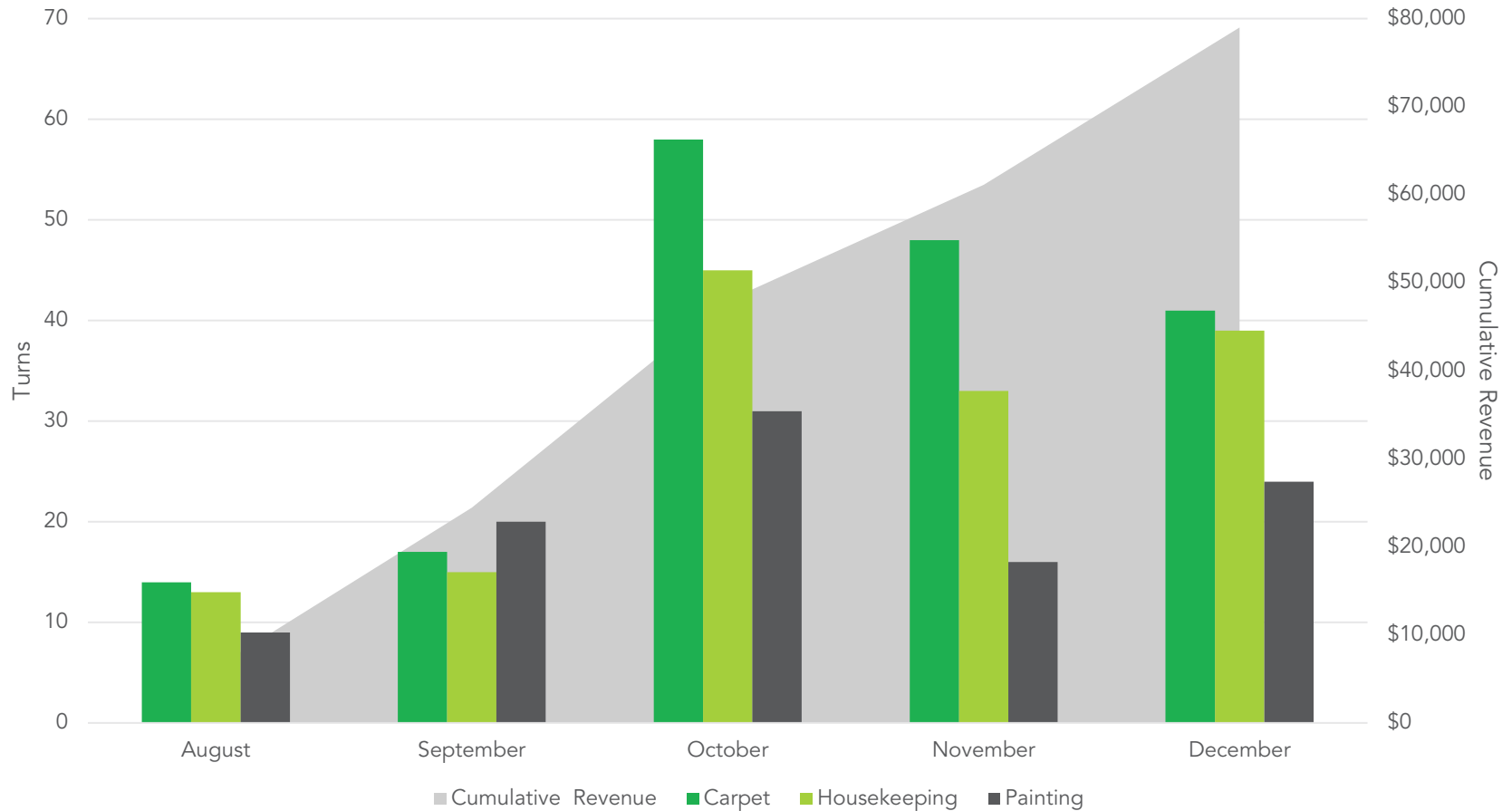


\* Estimated



# FINANCIAL UPDATE

## SAN JOSE CASE STUDY





# TOPICS

Company Overview

Market Opportunity

Financial Update

## **GROWTH OPPORTUNITIES**

Goals





# GROWTH OPPORTUNITIES

## ALGORITHM

### KEY METRICS IN IDENTIFYING NEW MARKETS

**1**

Growth Rate for Rental Prices

**2**

Net Migration

**3**

Total Apartment Units

**4**

Apartment Unit Growth

**5**

Occupancy Rates

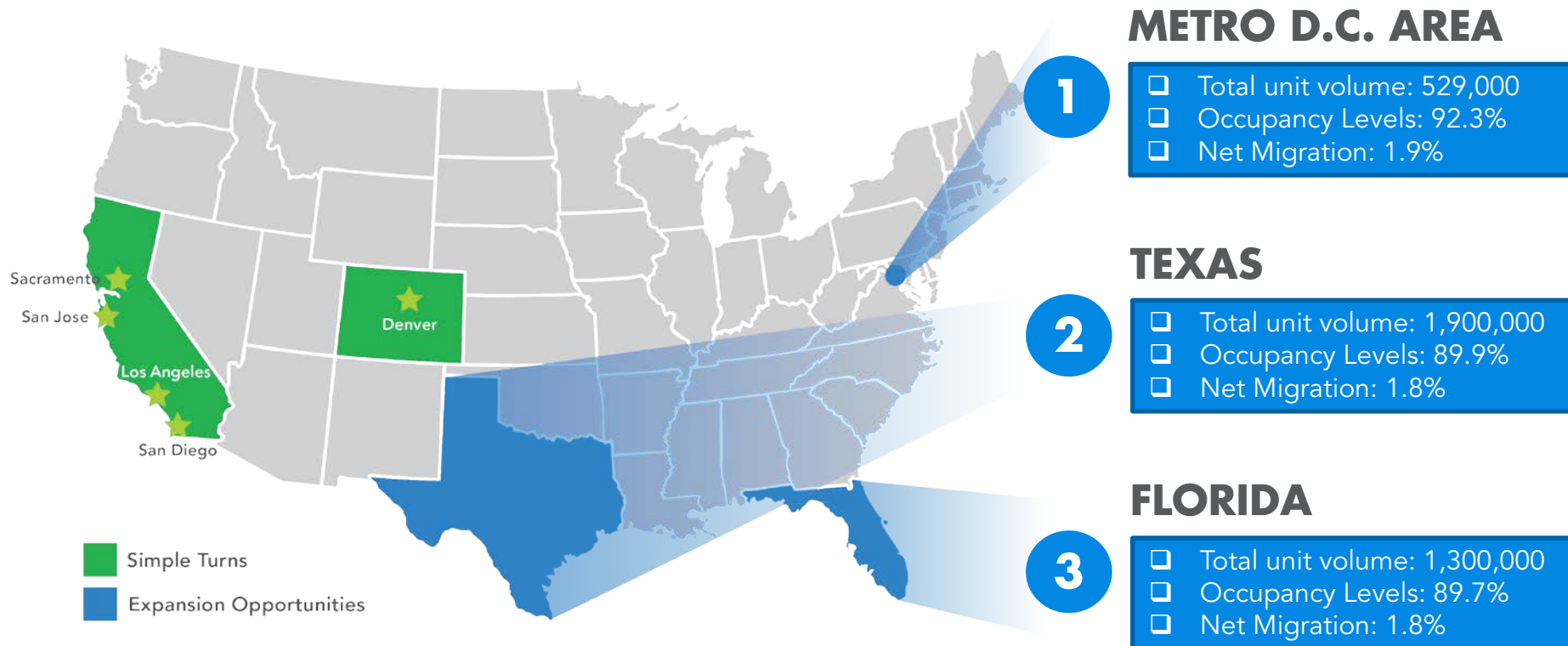
**6**

Traffic Density



# GROWTH OPPORTUNITIES

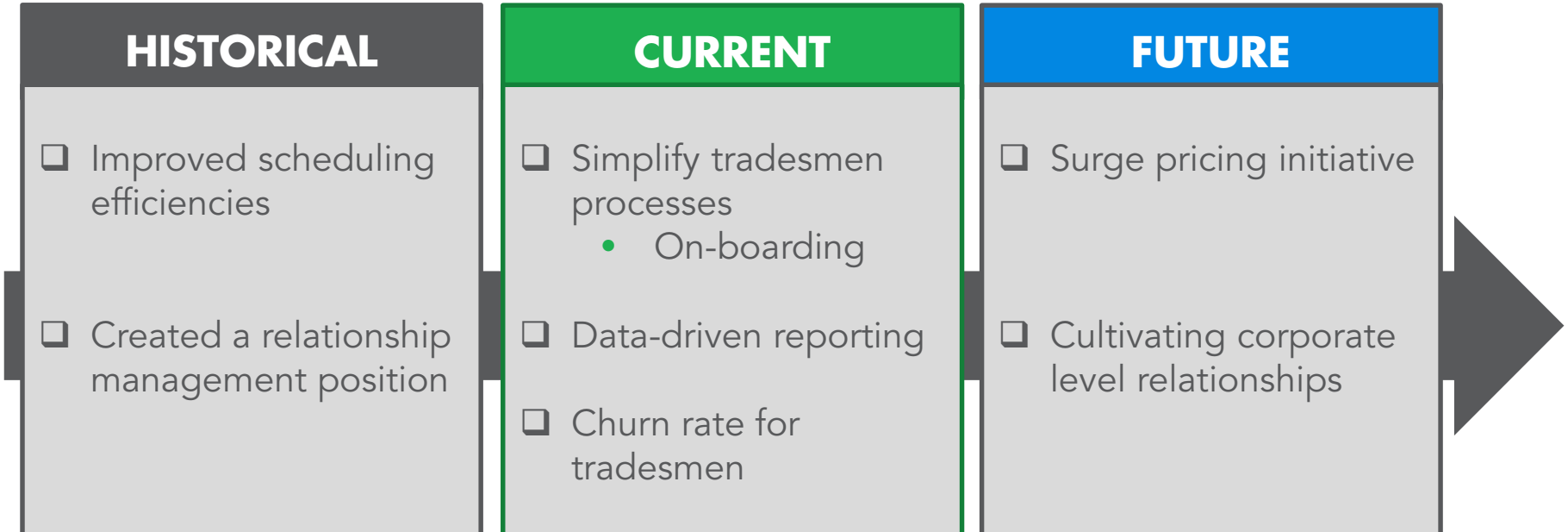
## TOP 3 MARKET EXPANSION OPPORTUNITIES





# GROWTH OPPORTUNITIES

## CONTINUOUS PROCESS IMPROVEMENTS



## GROWTH OPPORTUNITIES

### ANNUALIZED PRICING MODEL

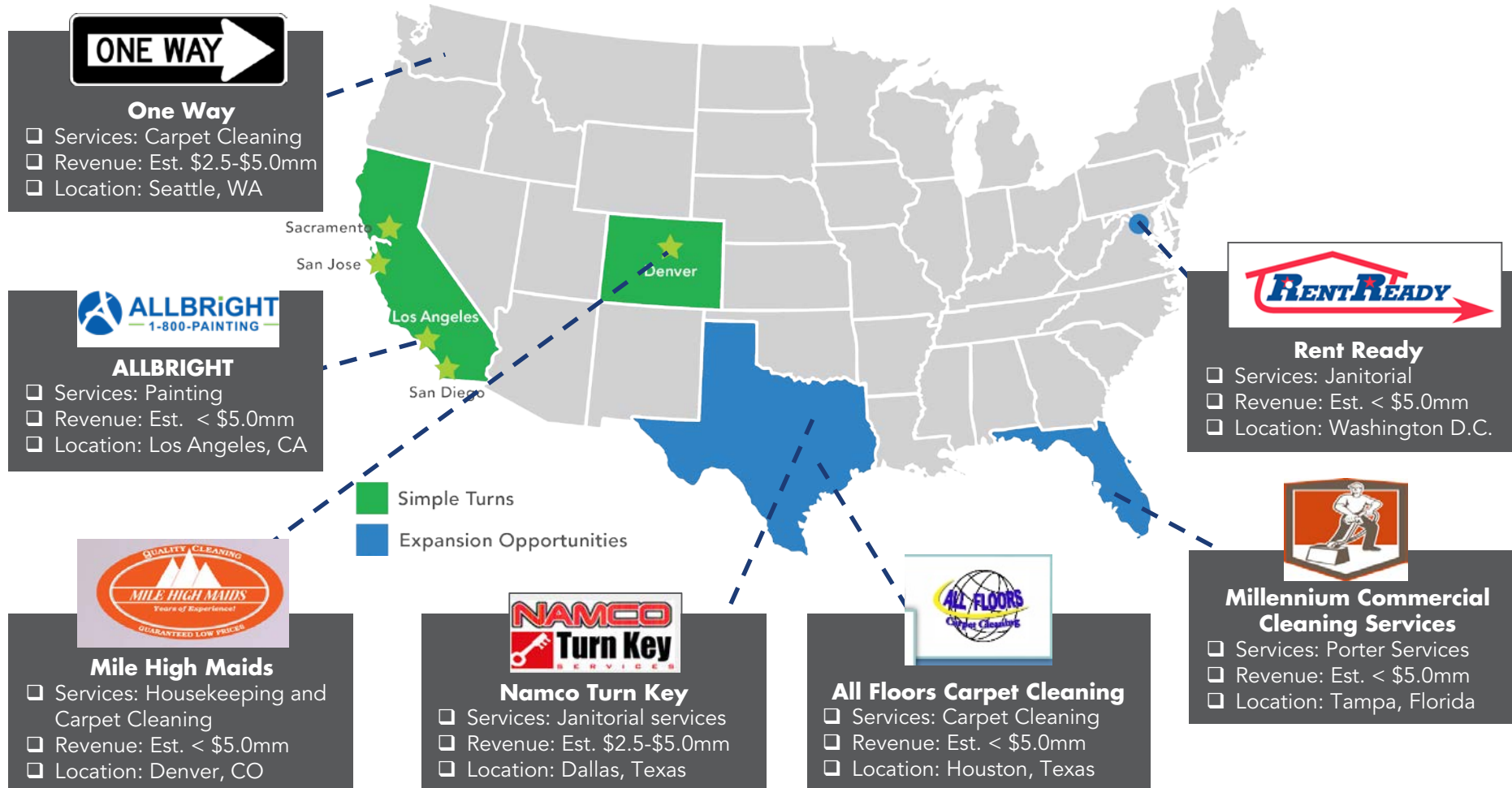
#### MONTHLY FEE FOR UNLIMITED TURNS FOR A PROPERTY

- ❑ 10 Properties use the model currently
- ❑ Have not actively marketed to other properties and property managers



# GROWTH OPPORTUNITIES

## ACQUISITIONS + CROSS-SELLING OPPORTUNITIES





# TOPICS

Company Overview

Market Opportunity

Financial Update

Growth Opportunities

**GOALS**



## GOALS

## STAKEHOLDERS

☐ Roles

☐ Structure

☐ Vision for Company



# QUESTIONS AND ANSWERS