



**NationWide  
Self Storage**

# VANCOUVER

1223 EAST PENDER STREET



**20  
21**

**OPERATIONS  
Year-in-Review**

# NATIONWIDE SELF STORAGE

# 12/2019

Opened for Partial Occupancy

We are pleased to provide you this annual summary of events and operations review as at December 31, 2021.

# 559

Total Lockers, Opening Day

As you are probably aware, NationWide Self Storage (the “Property”) is a 58,500 sq. ft., four-story, state-of-the-art facility that features modern architecture and design, enterprise-level built-in security, and a keyless smart access system controlled via an app on your phone.

When it comes to storage in Vancouver, convenience is key and our Property is favorably situated a mere 5 minutes from central downtown Vancouver and grants easy access to East Hasting Street, Clark Drive, and Pender Street.

Our initial development permit allowed for 559 lockers of varied sizes with the intention of installing an additional 250+ second level sky lockers later as stage 2 of our original business initiatives.

We are pleased to report that in September 2021, we finally received our build permit for 281 sky lockers and in December we commenced construction of them. These are now being finalized for market launch and lease-up commencing in March 2022. The addition of these sky lockers brings the total number of lockers at the facility to 840. Based on earlier expressions of interest, we expect these sky lockers to rent out relatively quickly due to their affordable price point.



# Riding out the Pandemic wave(s)

Self storage is known to be resilient in all sorts of economic environments which is a good thing because since opening in Spring 2020 we have been put through 3 states of emergency.

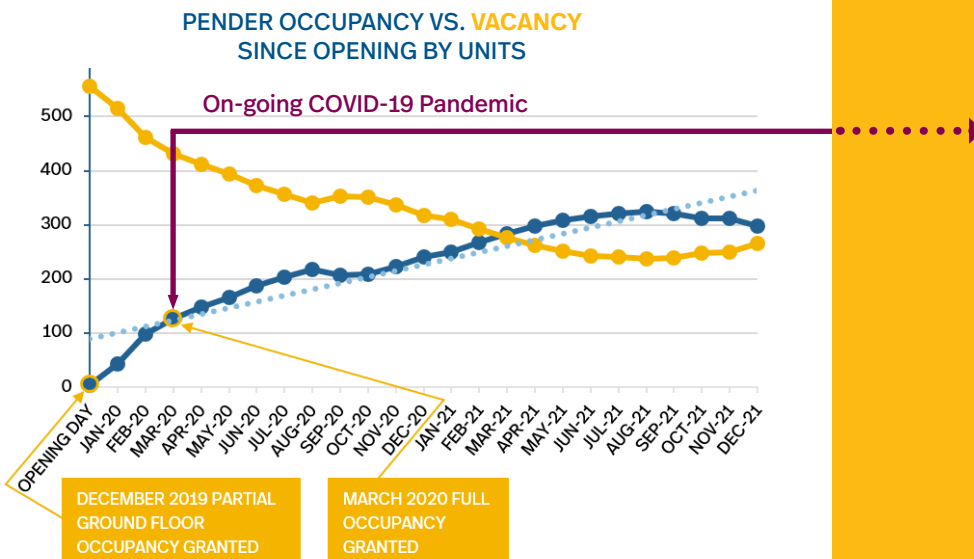
## COVID-10 PANDEMIC

Shortly after opening, the world declared a state of emergency due to the COVID-19 Pandemic. This announcement came with many orders and travel and distancing restrictions that impacted businesses around the globe.

While we were permitted to remain open in the initial COVID-19 lock-down phase, there were many restrictions and people were not very active and not moving as much.

Interestingly, lease-up rates were initially still relatively strong and by August 2020 we reached an occupancy of 44%. Much of this strong initial lease-up rate was due to significant move-in incentives.

Throughout 2020, we saw a slow but steady occupancy rise as shown in the following chart.



# 3

States of Emergency Declared in 2021

# 281

**NEW!** Sky Lockers Installed, December 31, 2021

# 840

Total Lockers, December 31, 2021

# 295

Occupied Lockers, December 31, 2021



As the Pandemic rattled on in 2021, many people had transitioned to permanently working remotely from home or flocked to the burbs for cheaper housing.

As well, many businesses in the catchment area were eventually temporarily or permanently closed which resulted in a slower than expected lease-up rate in the Fall of 2021. That said, we still managed to achieve a peak occupancy of about 64%<sup>1</sup> (excluding sky lockers) in August 2021 - which was excellent.

We ended the 2021 year with a total occupancy of approximately 58%<sup>1</sup> (excluding sky lockers) which is ahead of industry standards (30% per annum) in normal economic conditions. But we all know 2020 and 2021 were not normal.

### WILDFIRES, FLOODS & BC HOUSING MARKET

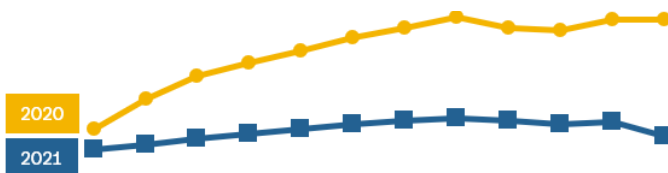
Aside from the ongoing Pandemic, BC also suffered 2 additional states of emergency in 2021.

The 2021 wildfire season in BC's Okanagan was the third-worst season on record in terms of area burned and left many people stranded around the province. And then in November 2021, a rare weather system called an "Atmospheric River" flowed across the southwest corner of the province which brought near-record amounts of rain causing widespread flooding, landslides and highway closures.

Another noteworthy environmental issue is a different type of storm - the BC Housing Market. A large proportion of storage rentals directly correlates to the amount of activity in the real estate market and in Vancouver, the market was very slow.

Currently, in the catchment area surrounding the Property, real estate prices have risen dramatically and as a result, the volume of listings and sales slowed. This reduction in sales has directly affected the 2021 lease-up rates at our self-storage when compared to 2020 lease-up rate in as shown in the chart below.

PENDER OCCUPANCY GROWTH  
2020 VS. 2021



“ Occupancy rates of self-storage facilities range from 70% to 95%.

With a facility that is newly constructed or that's being repositioned, a new owner often will face a lease-up period of 18 to 36 months before a facility reaches occupancy stabilization.”

[www.Storable.com](http://www.Storable.com)  
July 26, 2021

<sup>1</sup> Not including new sky lockers, installed December 2021.

Even though we saw an over 10% decline in occupancy at certain points of Q3 and Q4, we still exited 2021 year with 58%<sup>1</sup> occupancy as at December 31, 2021 (not including sky lockers) which is in line with industry standard lease up rates – especially considering the headwinds that the Pandemic delivered.

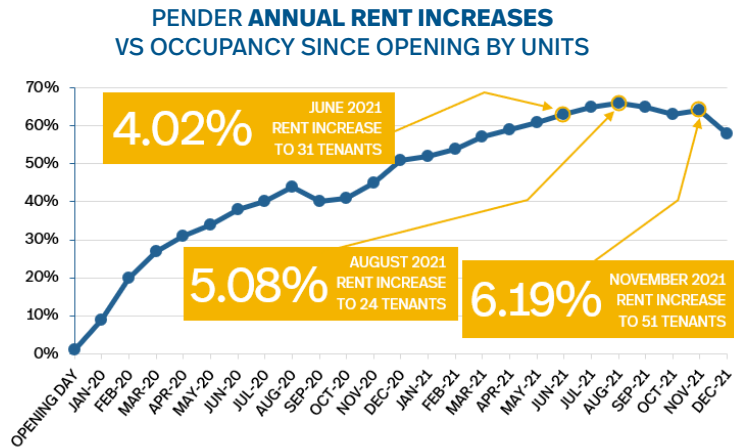
It is important to note that this dip in occupancy has been consistent with the storage industry in Vancouver as a whole throughout the Pandemic.

### ANNUAL RENT INCREASES 2021

January 2022 will mark the completion of the first 2 years of operations and customer loyalty is strong.

More than 60% of tenants have been renting with us for over 6 months and over 29.5% of tenants had reached 1 year of tenancy with us which is an excellent retention rate.

While the Pandemic held us back in giving rent raises at the beginning of the year, we were able to complete 3 rounds of significant rent increases in 2021 as indicated below.



To-date, we have had little to no resistance to rent increases and the next round of increases were enacted on January 1, 2022 with no issues reported.

Please note, that rent increases are determined by many factors such as the economic atmosphere, the season (i.e. Q2 and Q3 are typically peak rental season so we can afford to be more aggressive), typical rack rates amongst the community, how well the previous rent increase was received, and other factors.

<sup>1</sup> Not including new sky lockers, installed December 2021.

# 58%

Occupancy as at December 31, 2021<sup>1</sup>  
(excluding sky lockers)

# 3

Tenant Rent Raises, 2021

## CONTINUED DEVELOPMENT OF PROPERTY

The Property has been open for approximately 2 years and there continues to be ongoing development and site improvements to fine-tune operational efficiency and maximize value.

As previously mentioned, the initial development of the Property included 559 lockers of varied sizes with the intention of installing an additional 250+ sky lockers later as part of the original phase 2 business initiatives.

In November 2021, we finally received the approval for the installation of sky lockers after an arduous 20+month period of building permit application and reviews by the City of Vancouver.

In December 2021, we started to install the sky lockers and are now finalizing them for the market launch in March 2022. The addition of these sky lockers brings the total lockers at the facility to 840 lockers.

Sky lockers are smaller second level lockers typically used for lighter items such as business records, retail inventory or seasonal sporting goods that can be carried by one person up a secure platform ladder. Our new sky lockers come in 5x5 and 10x10 and we will initially rent them out at a very affordable \$69 per month and \$99 per month respectively. Once they all fill up we will then commence rent increases on an annual basis.

We anticipate these sky lockers will add significant cash flow and value to our building once leased up.

Other smaller developments also continue as we make improvements to our signage, retail space, and HVAC efficiency while streamlining our overall business model.

# 281

**NEW!** Sky Lockers Installed



# CHAIRMAN'S CONCLUSION

NationWide Self Storage has remained strong, calm, and resilient despite the many challenges newly opened and existing businesses have faced due to the Pandemic and other provincial states of emergency, and we are pleased with the performance of our Property to-date.

Industry standards, in a normal economic environment, dictate that it takes 3 years on average to reach 85% occupancy.

The 2021 year finished with 58%<sup>1</sup> occupancy, (excluding sky lockers) as at December 31st, and we consider this excellent growth given the restricted activities and business closures brought on by the Pandemic.

We are confident that we will see continued growth and profit with the launch of our 281 new sky lockers and while we may not get to 85% by year-end 2022, we are hopeful that we will be close.

Typically, income distributions for a self storage facility would begin at 65% occupancy, including our new sky lockers.

As our sky lockers start leasing-up we will be getting closer to achieving an occupancy level that can support cash distributions for investors. This remains our top priority.

In other news, we are please to report that capitalization rates have continued to compress and as such, the value of the Property, at stabilized occupancy, appears to be greater than originally targeted or appraised.

We thank our investors for their continued support as we watch this business become a solid, essential fixture in a bustling Vancouver community.

<sup>1</sup> Not including new sky lockers, installed December 2021.

# 07/2022

Please note, going forward all investor updates will be provided as at June 30<sup>th</sup> and December 31<sup>st</sup> each year.

The next June 30th update will be provided on or before July 31, 2022.