



NationWide
SELF STORAGE & AUTO WASH

BOUNDARY

3680 EAST 4TH AVENUE, VANCOUVER



20

CONSTRUCTION

23

Semi-Annual Review

NATIONWIDE II SELF STORAGE & AUTO WASH

We are pleased to provide this semi-annual update and review of operations for NationWide II Self Storage & Auto Wash as of June 30, 2023.

NationWide II Self Storage & Auto Wash (the “Property” or “Boundary”) is a high profile and prominently located, 0.66-acre site situated at 3680 East 4th Avenue, Vancouver off Boundary Road and Lougheed Hwy. The project comprises a self-storage facility and an indoor ground-level car wash tunnel.

The carbon-neutral self-storage building is an impressive 86,700 sq. ft., 5-storey structure that features modern architecture and design, enterprise-level built-in security, and a keyless smart access system controlled via an app on your phone.

This building is very noticeable as you drive by on Highway 1, Lougheed Hwy, or Boundary Road. It is also the first storage facility that is easily accessible from the main arterial roadways of Boundary Road and Lougheed Highway.

Location and convenience are everything when it comes to essential services like self-storage and a car wash. Our Vancouver and Burnaby neighbors and surrounding businesses have expressed excitement about having these services in their community.

Construction began in Summer 2020, and we were finally issued a preliminary Occupancy Permit for the storage facility on December 7, 2022. We received our full occupancy permit in March 2023.

04/2018

Property Purchased

06/2020

Development Permit Received

12/2022

Preliminary Occupancy Granted

03/2023

Full Occupancy Granted



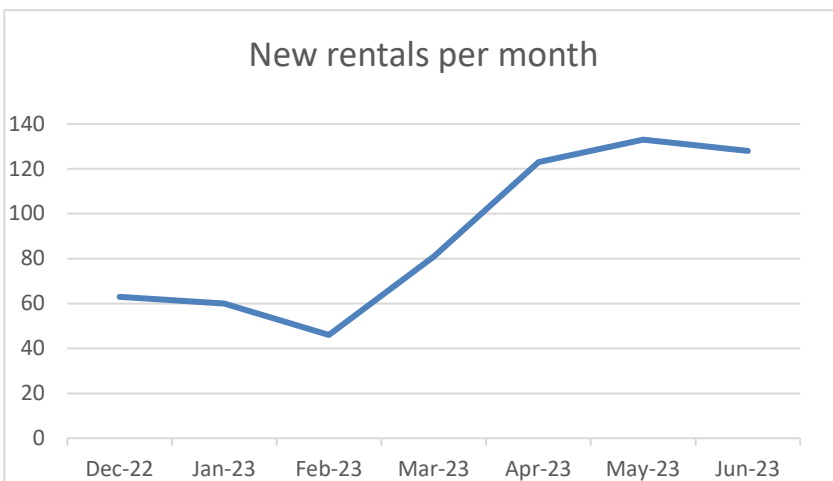
CARBON-NEUTRAL SELF STORAGE

Despite the industry wide delays due to COVID-19 our contractors made solid progress completing all 5 levels of the building and rooftop before the end of 2022. As previously stated, we were granted partial occupancy on December 7, 2022, and were granted full occupancy in March 2023.

Partial occupancy was granted for the 1st of 4 storage levels. There were a total number of 279 lockers available as of opening day. As of March 2023, there are now a total of 1,346 lockers available for rent. This total is a mix of 704 main lockers and 642 sky lockers.

Sky lockers are smaller, affordably priced second-level lockers that can be accessed via a secure rolling staircase. Offering sky lockers enables the facility to add a popular storage unit segment size, more commonly known in the market as mini storage units. Unlike our Pender and Kamloops facilities, the Property was permitted to open with sky lockers already approved and installed.

Marketing and promotional efforts have paid off in leaps and bounds in terms of new tenants. There has been a total of 571 move-ins between January 2022 and June 2023. As seen below, new move-ins increased steadily from March 2023 when we were granted full occupancy.



39%

Total Occupancy, as of June 30, 2023

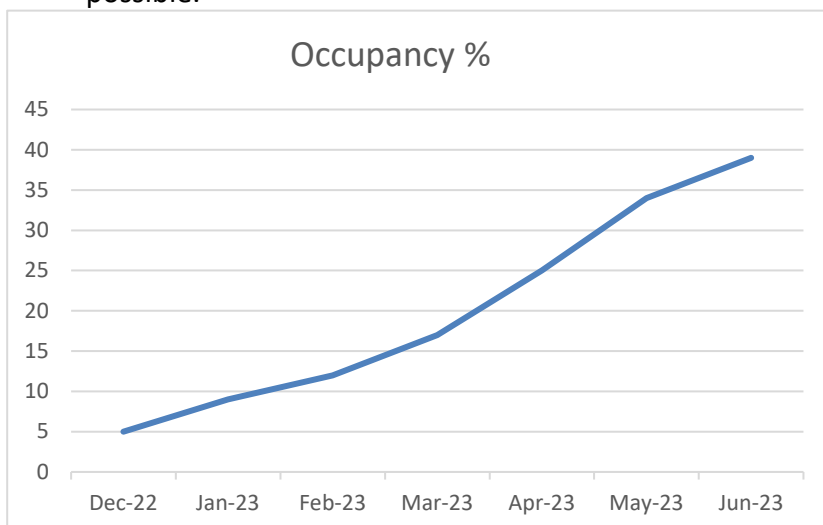
REPORT ON SELF STORAGE

The Boundary occupancy has very quickly surpassed expectations and industry standards. Occupancy has grown from 9% in January to 39%, as of June 30, 2023, which is a remarkable rate rarely seen in the industry on either side of the border.

The lease up has varied over the different locker types. As of June 30, 2023, the occupancy of the 642 available Sky lockers was 26.5%. From our analysis of the Sky locker rentals at our Pender facility, we have noted that standard lockers are more transactional in nature. In contrast, Sky Lockers are more oriented towards seasonal lifestyle items like seasonal decorations, camping equipment, sporting equipment like skis and hockey gear and business records storage. They are typically used to store excess household items that are used periodically and therefore have proven to be suited to more long-term tenants.

Customer feedback has been amazing regarding the facility and staff, with over 65 5-star Google reviews. Tenants are especially impressed by the state-of-the-art building along with the remarkable Noke keyless technology.

We look forward to continuing this upward trajectory and achieving stabilized occupancy as soon as possible.



“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.”

Storable.com
July 26, 2021

SOPHISTICATED AUTO WASH TUNNEL

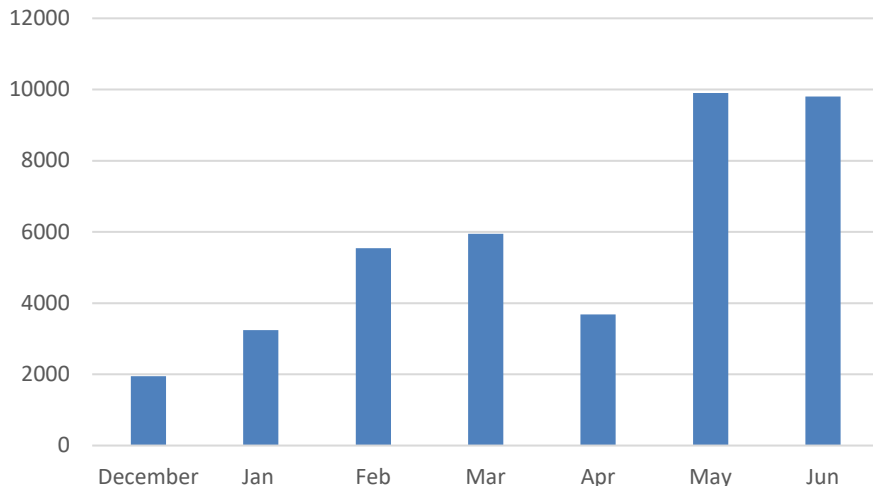
Our Express Auto Wash tunnel is housed within the ground floor level of our 5-storey self-storage facility making it one of the first of its kind in Canada. With a dynamic car wash light show that can be seen from the street, we expect customers will enjoy this experience and be back for more.

The car wash is a sophisticated 80' EDT (80 ft. Exterior Detail Tunnel) system called Express Auto Wash. This environmentally friendly tunnel car wash can wash, wax, shine and dry up to 85 cars per hour with each wash being under 3-minutes.

The car wash also opened on December 7, 2022. The winter months tend to be quieter for car washes with the colder weather in Vancouver and this held true for this facility.

We did see the expected seasonal increase with more than double the number of cars washed in April compared to May. During the months of May and June car wash numbers were almost at 10,000 for the month, which is a significant achievement.

Cars per Month



80' EDT

80 ft. Exterior Detail Tunnel

1/3

1/3 less water used than a home car wash

100%

We recycle 100% of our water

3

3-minute time efficient car wash



REPORT ON CAR WASH OPERATIONS

Our Boundary Road car wash, like our Kamloops facility, has launched an Unlimited Car Wash membership program. The membership program was launched in June 2023. Our initial goal for the first month was 250 signups, but the results far surpassed this goal, with 636 signed-up accounts.

The Unlimited Wash Club memberships have been implemented and structured with a view to retaining customers and providing reliable recurring income. The program provides a recurring revenue that is not dependent on seasonal changes like a classic pay by use model.

Our aim before Q4 is to reach a milestone of 1200 members - delivering a potential monthly \$48,000+ in recurring revenues.

On average, members only use the wash 3 times a month making this model extremely profitable. We have signed up 2 new fleet business accounts which are actively bringing in over \$500 on average a month. With promotional materials and offers in place, we are currently targeting larger business fleet accounts in the area.

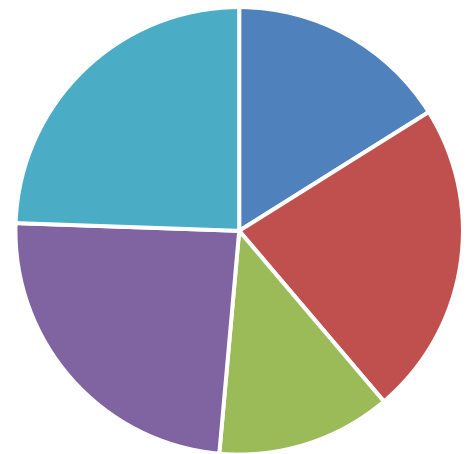
The vacuums and mat washer are now fully operational and will be bringing in additional revenue. We will use this as a tool to also drive membership sales as we plan to offer free vacuums and mat washer services to all Unlimited Wash Club members.

The car wash has already hit over 100 positive Google reviews, with an impressive 4.5-star rating. Customers are particularly happy about our service team and quality of wash vs. our competitors!

636

Unlimited Car Wash
Memberships, June 30, 2023

Wash Club Memberships



■ Bronze \$34.95 ■ Silver \$39.95
■ Gold \$49.95 ■ Platinum \$59.95
■ Platinum + \$64.95

PROJECT RECAP & REVIEW

We are very happy to report meaningful progress and good news to investors in relation to the Boundary property.

Over the last number of years, we have faced several very big challenges in bringing the Boundary project to fruition.

The first hurdles were delays by the City of Vancouver during COVID. Our permit issuance was delayed due to The City of Vancouver getting shut down at the start of COVID. Even after the City went remote, this caused major delays for our project permit and all construction permits in Vancouver. The City became notoriously slow at reviewing and issuing all BP's. Nevertheless, we succeeded in getting the project's BP in October 2020. We then completed construction of both the car wash and the storage building in just over 2 years. This is an impressive achievement considering many other projects in Vancouver can now take and have taken 5+ years to complete.

Another huge challenge we faced was construction started in the first year of COVID. Building costs rocketed up during the pandemic due to supply chain bottlenecks. As the supply chain snags linked to COVID eased, completing construction in November 2022 was a huge achievement given the persistent labor shortages and rising material costs. Additionally, rising interest rates have escalated financing costs for developers and remain at record levels today, as industry watchers note.

Like construction cost inflation outlined above, interest rates have also increased significantly. Bank of Canada Prime interest rates increased from 2.70% on July 13, 2017, all the way to 6.95% on June 8, 2023, an increase of over 157% in 6 years. (see: [historicaleffective-prime-rate.pdf](#) (gov.bc.ca))

Bank of Canada's overnight interest rate vs. inflation rate (%)

Current overnight rate is 4.75% as of June 27, 2023. May 2023 inflation rate is 3.4%

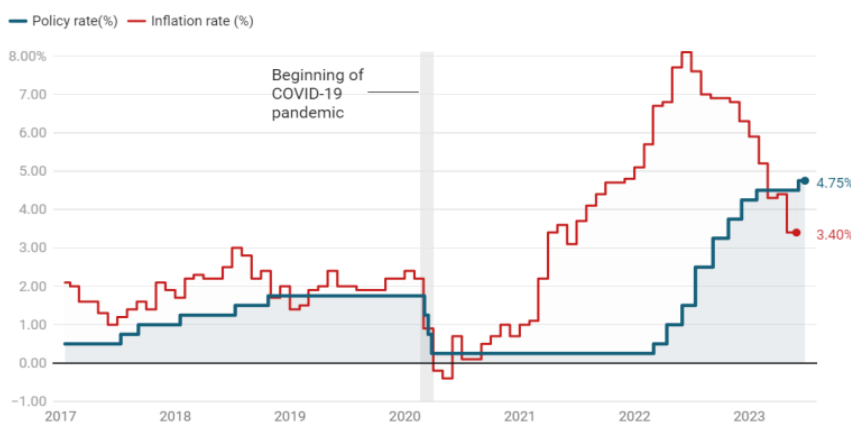
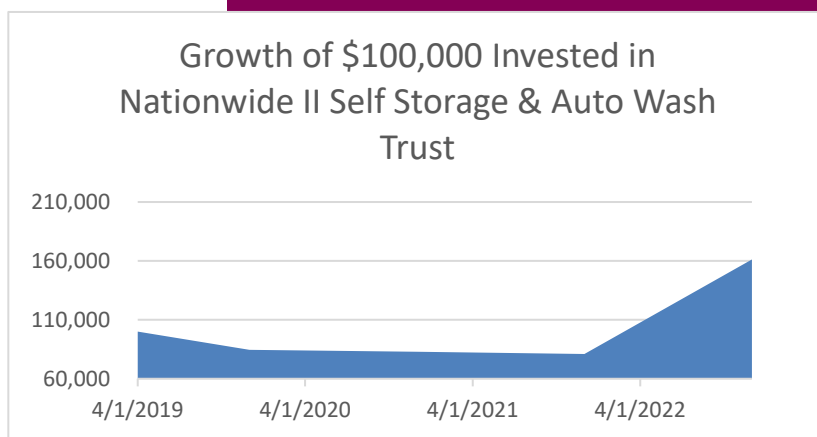


Chart: CTVNews.ca • Source: Bank of Canada and Statistics Canada • Created with Datawrapper

NAV OF TRUST UNIT

Most recently, the Property received an estimated fair market value of \$55.6mm (before any brokerage commissions). This estimated property value was provided by Western Canada’s leading self-storage real estate brokerage firm, based on comparable historical believe sales in the Boundary area. Using this value, the current NAV per Trust Unit is \$161.23.



CONCLUSION

Leading economists say we will likely see more rate hikes before inflation is tamed. The bond market, being a key indicator of future rates, also appears to have 2 more rate increases already priced in.

The current rate environment has a dramatic impact on operating business cash flows required for debt serving. Newly built and opened storage facilities can typically only term out their construction financing once they achieve mature occupancy, which is typically about 85%. Achieving mature occupancy normally takes, on average, 3 years in Canada. Currently Boundary has \$17.7million Bank Financing at 7.85%. The loan to value ratios is a very fiscally responsible .24:1.

Looking ahead at the competitive landscape, the City of Vancouver has recently placed a moratorium on storage facilities in certain areas which will restrict future competition. Additionally, with current building costs and interest rates being so high, and the moratorium in place, Management is not aware of, any new competition entering the market. This should translate into greater occupancy, lower marketing costs, higher rents and returns for investors in the Boundary property.

Despite all the above challenges we have deftly brought to opening a thriving business, in an amazing state-of-the-art building in a highly coveted location in Vancouver.

We thank all investors for their patience during the period it has taken to get this project to completion and operational. We look forward to providing a review of our first year of operations in our December 31, 2023, update.

Calendar Returns	2019 ⁽¹⁾	2020	2021	2022
NWSS	-15%	-2%	-2%	99%

⁽¹⁾ For partial year from April 30, 2019 to December 31, 2019