



NationWide
SELF STORAGE & AUTO WASH

BOUNDARY

3680 EAST 4TH AVENUE, VANCOUVER



20

| **Boundary Rd.**

23

| **Semi-Annual Update**

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 December 31, 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 of a brand new modern 5 storey institutional grade a self-storage facility and an indoor ground-level express EDT car wash.

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



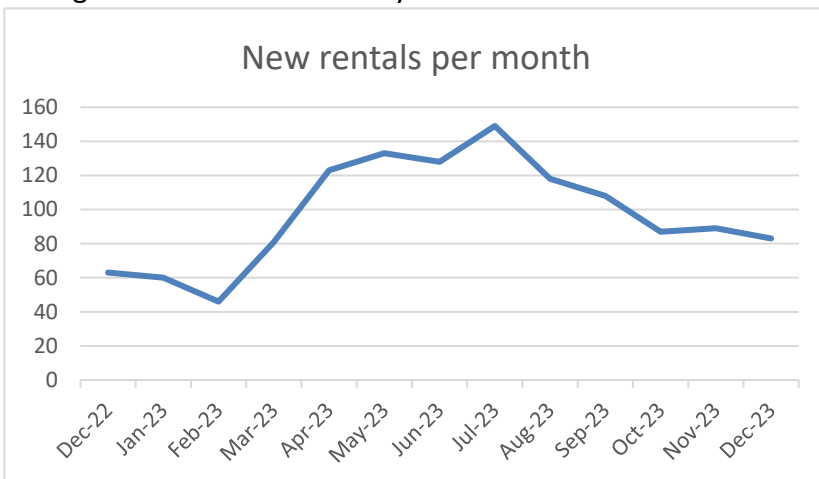
CARBON-NEUTRAL SELF STORAGE

The industry wide delays due to COVID-19 had a significant impact on construction duration as well as inspections however we managed to complete all 5 levels of the building and rooftop before the end of 2022. As previously stated, we were granted partial occupancy on December 7, 2023, 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 were 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 1205 move-ins between January 2022 and December 2023. As seen below, new move-ins increased steadily from March 2023, hitting a record high of 149 move-ins in July 2023.



50%

Total Occupancy, as of December 30, 2023

704

Total Main Level Lockers

642

Total Sky Lockers

672

Total Lockers rented, as of December 31, 2023

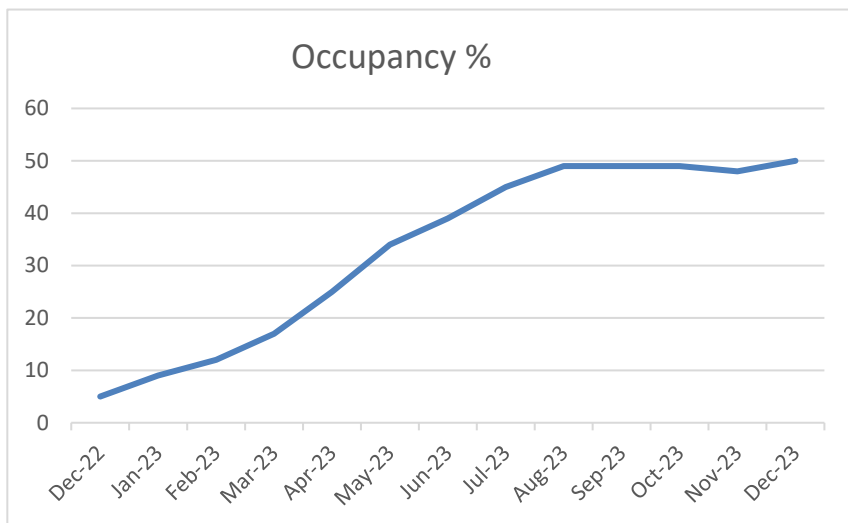
REPORT ON SELF STORAGE

The Boundary occupancy has very quickly surpassed expectations and industry standards. Occupancy has grown from 9% in January to 50%, as of December 31, 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 December 31, 2023, the occupancy of the 642 available Sky lockers was 30%. 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. In the period of January - December 2023 there were a total of 350 move-ins.

Customer feedback has been amazing regarding the facility and staff, with over 160 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. We did see the expected seasonal increase during the spring/summer months. We hit a record number 15,376 cars washed in the month of July. During the month of July at our peak we washed 67 cars per hour. Our goal for 2024 is to wash at peak 85 cars per hour.

We expect to break some volume records this coming spring/summer as we become the destination car wash for people in Vancouver & Burnaby.

95,336

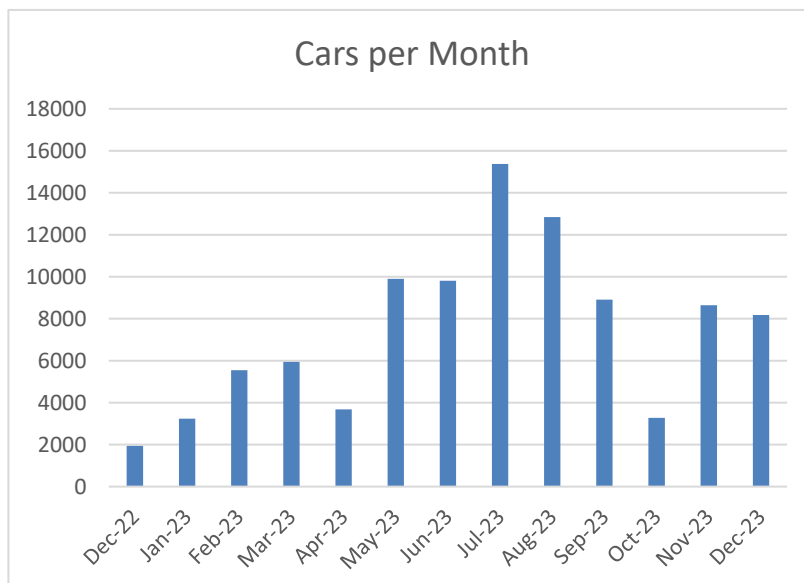
Cars Washed in 2023

15,376

Cars Washed in July, 2023

67

Record Number of Cars per Hour



REPORT ON CAR WASH OPERATIONS

Our Boundary Road car wash, like our Kamloops facility, launched an Unlimited Car Wash membership program. The membership program was launched in June 2023.

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.

Industry data (mostly in the US) suggested that on average, members only use the wash 3 times a month making this model extremely profitable. We found this to not be the case for some of our membership programs where during the summer people were washing their car on basic memberships very frequently making it less profitable and adding to long line ups, which in turn negatively affected sales. The decision was made to streamline the memberships into two family plans and a corporate plan.

The car wash has already hit over 390 Google reviews, with an impressive 4.6-star rating and the feedback from the community has been amazing.

Looking forward to the 2024 year our main aims are:

- To achieve our goal of 85 cars per hour to keep up with the demand in the summer months and ensure we are not turning away business due to line ups during the peak months. We have invested time in tweaking the chain speed, staff training and our tunnel timing to help us achieve this goal.
- To continue to grow the corporate and fleet car wash membership program.

1,160

Unlimited Car Wash
Memberships, December 31,
2023

4.6★

Rating on Google

390

Google Reviews

"Best **staff** and best **service** and **prices** are reasonable compared to others ."



"Plenty of **DIY interior** cleaning **space** and equipment."



"Great **place** the **owner** even came out to check to see if my car was clean enough 🙌"



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 increased more than 60% 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 from sub 3% to over 11% for construction financing for developers.

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. Construction loans are typically prime + 4-5%. (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%

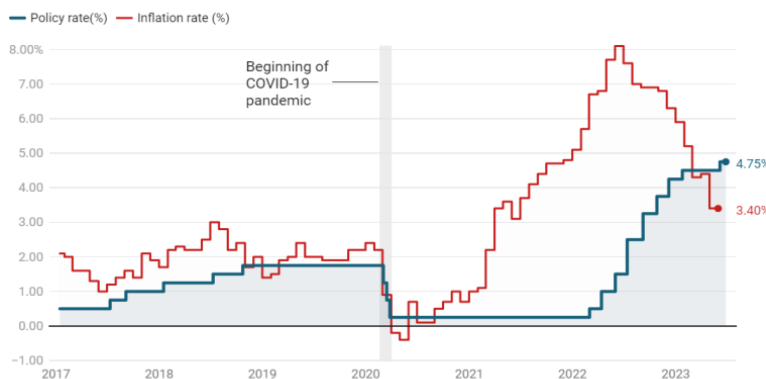


Chart: CTVNews.ca • Source: Bank of Canada and Statistics Canada • Created with Datawrapper

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. There will be an updated valuation provided for the December 31, 2023 NAV in the next update.

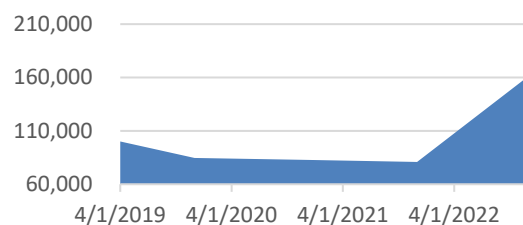
CONCLUSION

As of early 2024, the inflation rate in Canada, is expected to remain a challenging aspect of the economy. The Bank of Canada's decision to maintain its key overnight rate at a 22-year high of 5% reflects ongoing concerns about stubborn inflation. This decision is based on the inflation rate rising to 3.4% in December 2023, up from 3.1% in November, indicating that inflation is proving more resilient than expected. Although the headline inflation has slowed from its peak of 8.1% in June 2022, it still remains above the central bank's target of 2%.

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 good news is that the City of Vancouver has recently placed a moratorium on storage facilities in certain areas which will restrict future competition- storage or car wash. 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 strong returns for investors in the Boundary property.

Growth of \$100,000 Invested in Nationwide II Self Storage & Auto Wash Trust



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

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



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 continued capital appreciation for your investment and dividends once we achieve 85% occupancy, term out our construction loans and meet the bank lending covenants. Our next update will be July 2024.

