

KAMLOOPS PROPERTY INVESTOR UPDATE NO. 10 / 2021

April 30, 2021

INCREASE IN CASH DISTRIBUTIONS

Due to the instant cash flow from the car wash operation, the cash distributions for NationWide Self Storage & Auto Wash Trust (the “Kamloops Property”) started on September 30, 2020, just 2 months after opening. The distributions were shortly thereafter increased by 50% i.e. from \$0.10 to \$0.15 per unit. These cash distributions are 100% from car wash operations, as the self-storage business will take some time (typically 15-18 months) to lease up and generate positive cash flow particularly during COVID restrictions.

STORAGE UPDATE

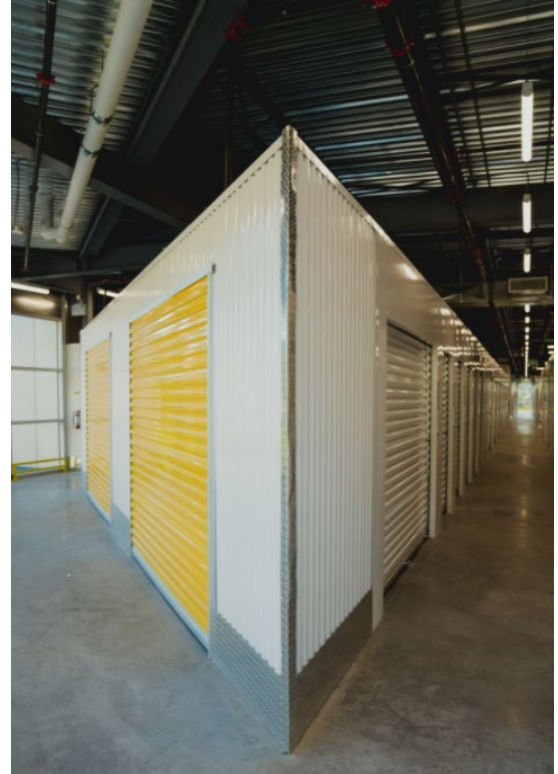
The lease up rate at Kamloops is continuing to grow and is meeting expectations. That said, due to challenging COVID-19 restrictions in 2020 and spring 2021, and with a view to ensuring strong lease-up and occupancy levels, we proactively implemented incentive programs to, due to the difficult COVID market conditions, attract tenants into what was an empty, new, self-storage building.

Modelled from our Operations Directors’ (Chedwick Schultz aka the “Lease-up King”) 20+ years’ experience in opening and leasing-up self-storage buildings, we offered new tenants BOGO (Buy One, Get One) for 1 month all the way up to 6 month terms.

As Mr. Schultz advised, these BOGO programs will, in the short term, defer revenue but in the long term accelerate the lease-up rates and the revenue realized.

There are of course benefits and drawbacks to such incentive programs. The drawback being that revenues have been deferred i.e. we have only been getting half of the revenues during the BOGO term, but the benefit is that many tenants end up staying much longer than anticipated and so at the end of the day, when all of the BOGO incentives expire, we will start realizing the positive impact of stronger occupancy levels paying full board rates which equate to long-term accelerated revenues levels.

Current occupancy since opening mid-July is 49%. In quarter one, which is typically the slowest self-storage period Kamloops has continued its growth with 35 new rentals per month and an occupancy growth of 3.2% each month.



We have applied for a Building Permit approval from the City of Kamloops to begin installation of the sky lockers which, if approved, will prove to be beneficial as it will give clients more storage options and in turn generate more income.

The Kamloops self storage facility currently has a 5 star google rating and tenants love the new state-of-the-art building.

AUTO WASH UPDATE

The auto wash has had an amazing start and so far we are outperforming expectations. Customer feedback has also been fantastic and enthusiastic.

Our car per day ("cpd") volumes steadily grew throughout the Fall, Winter and early Spring when the roads were snowy, icy and sanded and graveled. Since commencement of operations last August we have averaged 407cpd. Our original feasibility study targeted a range of 250cpd (the "Conservative Target") to 300cpd (the "Probable Target") to 350cpd (the "Optimistic target") for our 1st full year of operations that will end July 31st 2021. Based on current statistics, we are on track to meet or exceed the Optimistic target for cpd.

Recently we have installed some new car wash equipment (excess mud blasters and bug removal) to assist with improving wash time as we have had some long line-ups during mid-day weekend hours and we would like to reduce these line-ups as much as possible.

We now have over 750 Unlimited Wash Club members! The membership program provides monthly recurring revenue (Unlimited Bronze and/or Platinum car wash for \$29.95 and \$44.95 respectively). On average, we estimate that members use the wash 2.5 times a month making this model very effective. We will be increasing prices to \$34.95 and \$49.95 this coming September and will include free unlimited Vacuums for all members.

DON'T MISS OUR UPDATES!

Please visit our [Kamloops Property page](#) on our website to view this update and other updates as well as pictures.

Email info@nationwideselfstorage.ca to be added to our email list and be sure to add our email address to your contacts so you don't miss an update.

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