



NationWide
Self Storage

VANCOUVER

1223 EAST PENDER STREET



20 | Semi-Annual
24 | Update

NATIONWIDE SELF STORAGE

We have good news all around and are pleased to provide you with this semi-annual summary update and review of events and operational progress for Nationwide Self Storage Trust Pender, for the period ending December 31, 2023.

NationWide Self Storage Trust Pender (“Pender” or the “Property”) is a AAA, Institutional Grade 58,500 sq. ft., highly visible four-story state-of-the-art self-storage facility. It 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, location, access and convenience are key. This Property is strategically situated a mere 5 minutes from central downtown Vancouver. Its location also provides easy access from main traffic arteries such as East Hastings Street, Clark Drive, Pender Street and the Trans-Canada Highway.

The initial development permit allowed for 560+ lockers of various sizes with the intention of installing an additional 260+ second level sky lockers later as part of phase II development.

Since opening in 2020, we have successfully grown revenues rapidly. Our revenue grew from \$0 in January 2020 to **\$334,642** by the end 2020. Our 2021 revenue effectively doubled over the opening year’s result and reached **\$696,342**. Revenues for 2022 jumped up an impressive 67% over 2021 to approximately **\$1,163,089**. 2023 revenue is estimated to be approximately **\$1.6 million** which equates to a jump of approximately 37% over 2022. We estimate 2024 revenue will be in the \$1,750,000 range.

Adjusted EBITDA for 2020 was (-\$175,102), for 2021 EBITDA was \$47,270 for 2022 was \$389,663 and for 2023 we are projecting approximately \$627,000 representing an approximate 61% increase. We anticipate adjusted EBITDA to be in the \$750,000 range for 2024.

03/2020

Received Full Occupancy Permit

562

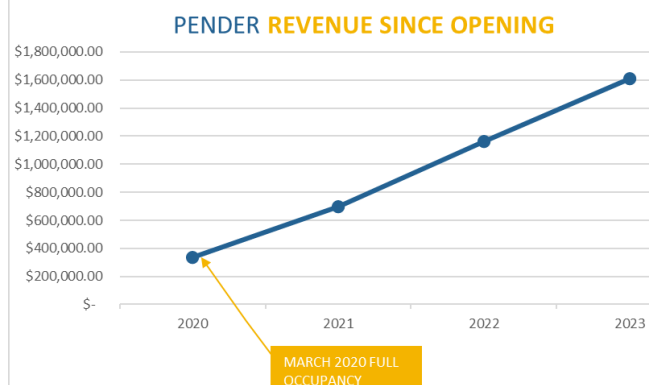
Total Main Level Lockers

+268

Sky lockers, March 2022

=830

Total Lockers, December 2023



Sky Lockers Installed & Leasing

In March 2022, after a 2-year battle with the City of Vancouver, the additional sky lockers were finally permitted and installed. As anticipated, the sky lockers have proven to be popular with tenants and occupancy has been steadily increasing. As of December 31, 2023, the occupancy of the sky lockers is at 58% with a total number of 156 sky lockers currently rented. This represents an increase of 26% since December 31, 2022.

Sky locker rentals are NationWide's affordably priced mini storage lockers. These mini storage lockers are half the size (height) of the average self-storage unit. They are typically 4' high but have the same length and width as a full-size self-storage unit.

While standard lockers are more transactional in nature, in contrast the 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. The addition of sky lockers provides a further competitive opportunity, increased revenues, and has been marketed to customers extremely effectively.

In March 2022 with the addition of sky lockers, overall occupancy changed from approximately 65% down to 45%. Since this point the total occupancy rate for December 31, 2023, has risen to 80%. The sky lockers added over \$19,000 in monthly revenue in the 2023 year.

156

Occupied Sky lockers
December 31, 2023

26%

Increase in occupancy of sky
lockers over the 2023 year

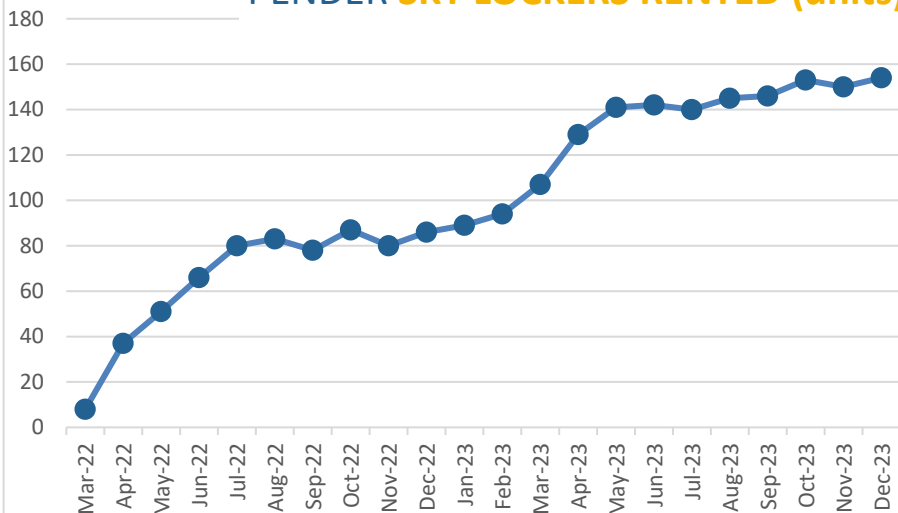
506

Occupied Regular Lockers
June 30, 2023

662

Total Occupied Lockers,
December 31, 2023

PENDER SKY LOCKERS RENTED (units)



Rental Activity

Since December 31, 2022, the occupancy at the facility has increased by 16% to 80%. This is a significant step towards achieving stabilized occupancy at the facility.

Marketing efforts have paid off in leaps and bounds in terms of new tenants. There has been a total of 726 move-ins and 592 move outs during 2023.

As previously stated, the sky lockers have a lower move out rate than the medium to large size lockers.

Rent rate increases of 5% - 7% to existing customers were completed in January, Q1 2023. Furthermore, with a dynamic pricing strategy, rates are expected to increase on vacant units, as occupancy rates tighten. Looking ahead to 2024, we anticipate another rent increase at the beginning of the new year.

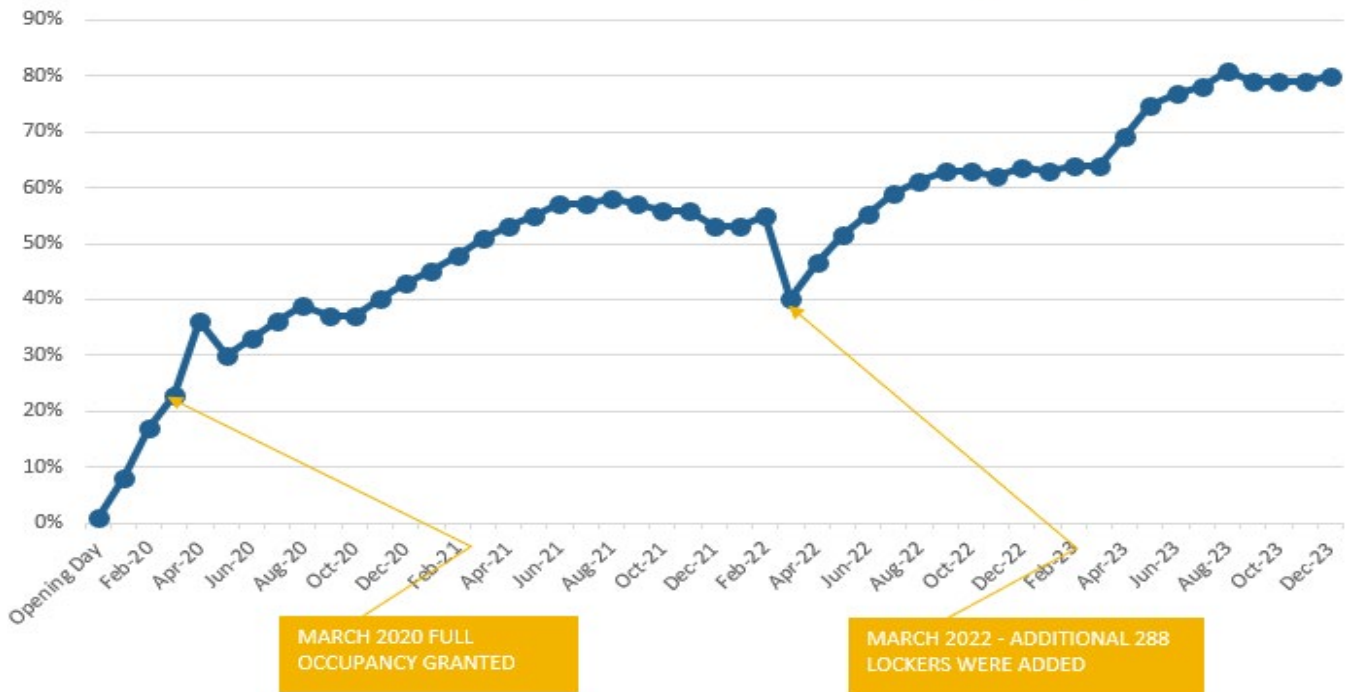
80%

Occupancy as of December 31, 2023

5-7%

Tenant Rent Raises, Q1 2023

PENDER OCCUPANCY SINCE OPENING (units)



Construction Cost & Inflation

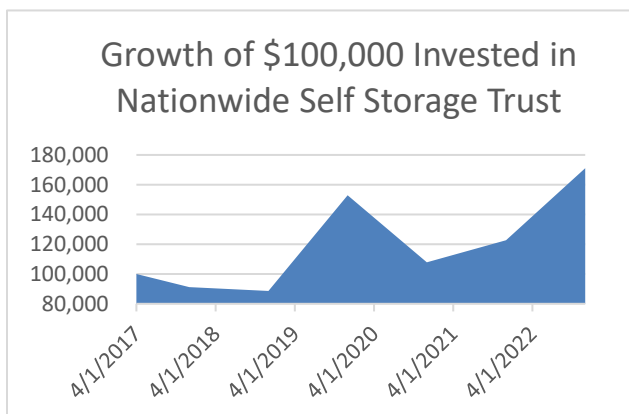
The initial construction budget for the Pender development was prepared in the fall of 2016. Based on that 2016 construction budget, the equity portion of the financing was then fixed and completed in the spring of 2017.

The industrial construction sector in Vancouver experienced significant inflation and construction costs increased significantly over our construction phase. A key driver was the surge in demand for industrial spaces, spurred by the growth of e-commerce, logistics, and technology industries. The need for state-of-the-art facilities to accommodate evolving business requirements contributed to an increase in construction costs. The rising material costs affected industrial construction. Vancouver's reliance on imported materials, coupled with global market fluctuations and supply chain issues, impacted the prices of steel, concrete, and specialized equipment.

Over the 3.5-year period after preparing the construction budget, obtaining the development permit and building permit and then completing construction, it is estimated that construction costs increased 65% - 80%. Adding to project costs, municipal fees are estimated to have increased 35% over that period. This rapid increase in construction and permitting costs is estimated to have added approx. \$5mm+ to the overall building costs.

NAV Of Trust Units

Pender received an estimated fair market value of \$38mm (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 sales in the Pender area. Using this value, the current NAV per Trust Unit is \$163.75, which equates to an average annualized rate of return of 7.59%.



Interest Rates & Debt

Bank of Canada Prime interest rates increased from 2.70% on July 13, 2017, all the way to 7.20% on July 13, 2023 (see: [historical-effective-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%.

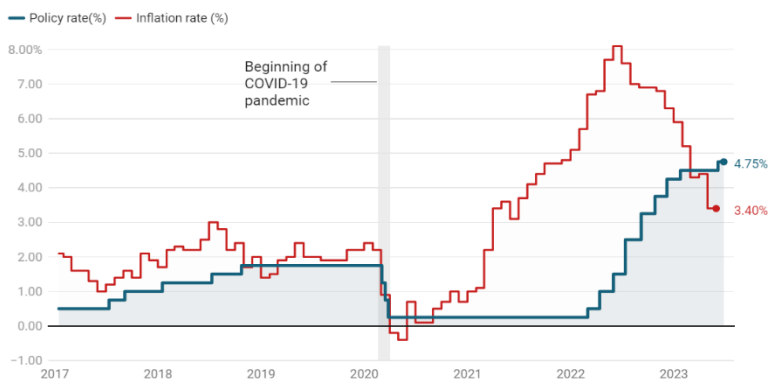
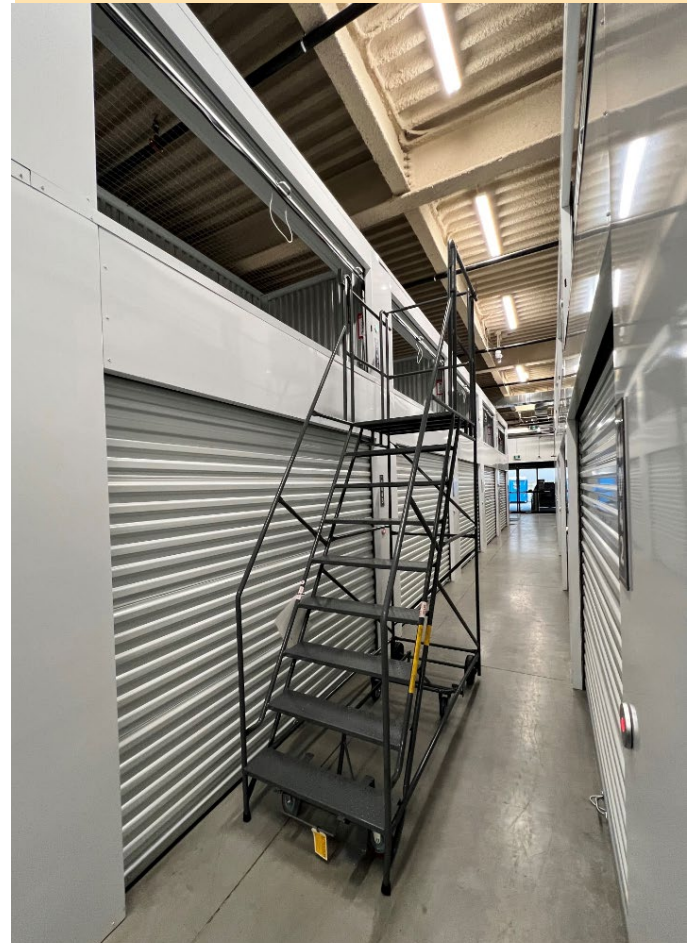


Chart: CTVNews.ca • Source: Bank of Canada and Statistics Canada • Created with [Datawrapper](#)

Economists are predicting a significant change in the Canadian inflation rate for 2024. The Bank of Canada's projections indicate that inflation is expected to decline, reaching around 3% by late-2023 and then tapering off to 2% in 2024. This forecast represents a notable decrease from the rate of approximately 5.9% as of January 2023 and rates around 7%-8% during 2022. These projections are in line with the central bank's target for inflation, reflecting an anticipated easing of price pressures.

The current interest rate environment has a dramatic impact on operating business cash flows required for debt serving. Newly built and opened self-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. With the Pender location opening in Jan. 2020, and us adding the sky lockers in the spring of 2022, our 3-year period will end spring, 2025.

Pender currently has \$9.3mm of bank financing with an average interest rate of around 6%. The loan to value ratios is a very fiscally responsible .25:1. Revenue from operations is now covering all current debt service costs.



Conclusion

Firstly, we want to express our sincere appreciation for your ongoing support and commitment to this development. We would like to thank all investors for their patience in waiting for occupancy to reach a stabilized level at the facility and are working hard to achieve strong returns for investors.

Over the past years, our team has been diligently navigating a complex business landscape marked by unforeseen challenges and market dynamics. Management is pleased with the overall progress and the impressive investor value generated by the Pender property to date, especially when considering the economic (construction cost inflation of 80% and a massive spike in interest rates) conditions and project timing factors.

Regrettably, the anticipated timeline for returns on your investment has experienced a delay beyond our initial projections. Several factors have contributed to this delay.

When the raw land was acquired in 2017, interest rates were historically low (sub 3%) and construction costs were a very reasonable \$135 sq/ft. Construction costs quickly escalated to over \$220 per sq/ft by the time the project was completed in 2020. Further, the City of Vancouver was inundated with a huge volume of residential and commercial building permit (BP) applications. The City became notoriously slow at reviewing and issuing BP's. Nevertheless, we succeeded in getting the project's BP and completing construction, all within a 3-year period. This is an impressive achievement considering many other projects have taken 5+ years to complete.

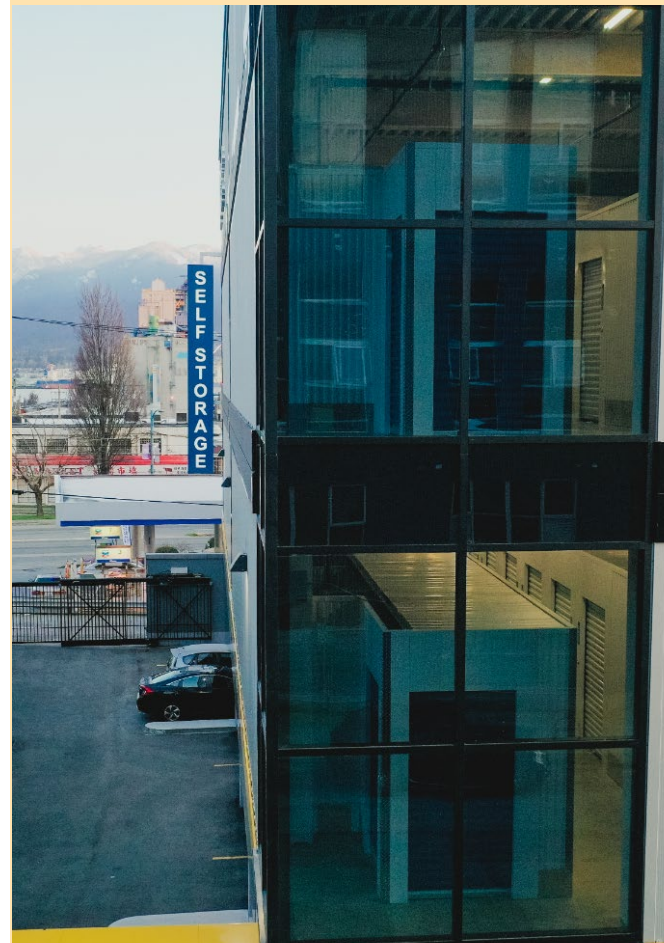
Looking ahead at the competitive landscape, the City of Vancouver has recently placed a moratorium on self-storage in certain areas which will restrict future competition. Additionally, with current building costs and interest rates being so high, and the moratorium in place, Management is not aware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

Over the next few years, we see occupancy growing to more than 90% and rental rates jumping by 30+%, combining to generate more value for investors. We anticipate commencing dividend distributions as soon as approved by our Bank.

“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**



While the timeline for returns has been extended, it is important to underscore that our long-term vision for the investment remains resolute, despite the above delays and constraints. The property is currently leasing up at a steady pace and is looking very promising for the 2024 year. Our EBITDA growth is strong.

We would like to thank all investors for their patience, we are committed to keeping the lines of communication open and ensuring that you are informed about the progress of your investment and we remain dedicated to maximizing the potential of your investment and delivering the returns you rightfully expect.

