

STOREWEST CHESTERMERE SELF-STORAGE LP

2019 Winter Update



Update Summary

For the first three quarters of 2019 the StoreWest Chestermere Self-Storage LP has performed very well. As with any new facility, the primary focus has been on lease-up, particularly for the self-storage side. With our first full year of operation almost complete, management is pleased with the results. The actual numbers can be found in our operational update on how this asset has been performing over the past 12 months.

Operational Update

As of our last update, Chestermere was entering the Summer season – which traditionally is a very strong season for both storage and RV. Although the second year for new storage facilities is typically marked by increased turnover, Chestermere continued to see solid net gains. In fact, every single month since opening has seen net gains for storage, resulting in 20 months of net positive results. Such prolonged gains are rare in self-storage, and management views this as evidence of the strength of the Chestermere location, along with the grass roots marketing done both in 2018 and 2019.

	Oct 2019	Sep 2019	Aug 2019	Jul 2019	Jun 2019	May 2019	Apr 2019	Mar 2019	Feb 2019	Jan 2019	Dec 2018	Nov 2018	Oct 2018	Sep 2018
Occupied: Start of Month	409	396	367	361	351	333	317	310	300	294	281	275	258	224
Rented During Month	87	90	59	40	57	63	46	25	18	18	20	24	48	45
Vacated During Month	81	76	30	34	47	45	30	18	8	12	7	18	31	11
Net Change	6	14	29	6	10	18	16	7	10	6	13	6	17	34
Occupied: End of Month	415	409	396	367	361	351	333	317	310	300	294	281	275	258

As you can see above, our stabilization continues. This trend is positive news for this investment, and we anticipate it to continue for the near future. That said, the Canadian Self-Storage Association is concerned with the current Alberta market. Although most facilities have seen a recovery since the low points of 2016, storage, like other businesses, is still facing headwind from a weakened Alberta Economy. So far, Store&More Chestermere has bucked this trend, however it continues to be a point of concern for everyone involved in storage.

U-Haul as well as FedEx are both now operational in our Store and More office. Uhaul has been offering rentals through Chestermere as of May 1st, 2019. Fed-Ex, is also up and rolling as of this fall. Management believes that partnering with both brands provides great brand association for Store&More while also driving traffic to the facility.



Store and More Chestermere currently has 19 reviews with a 4.8 average star rating. Our GP is proud of this rating after our first 20 months of operations. To read the reviews please click below.

[Click Here](#)

THE **Chestermere Anchor** City news

Chestermere's paper "The Anchor" wrote an article on Store and More below: To read the article: [Click Here](#)

Marketing Update



The core of any self-storage market plan is community involvement and participation. Accordingly, we have been very active at the community level. From participation in parades, to hosting our second annual Client Appreciation BBQ and RV Winterization Special, we continue to work hard to market Store&More to the local market.

Additionally, our facility manager, StoreVault has been spending a great deal of money on advertising and brand awareness in the Calgary market this past year to support their Sentinel brand. Their sponsorship of the CFL, Grey Cup, and the Calgary Stampede have been great for brand awareness.

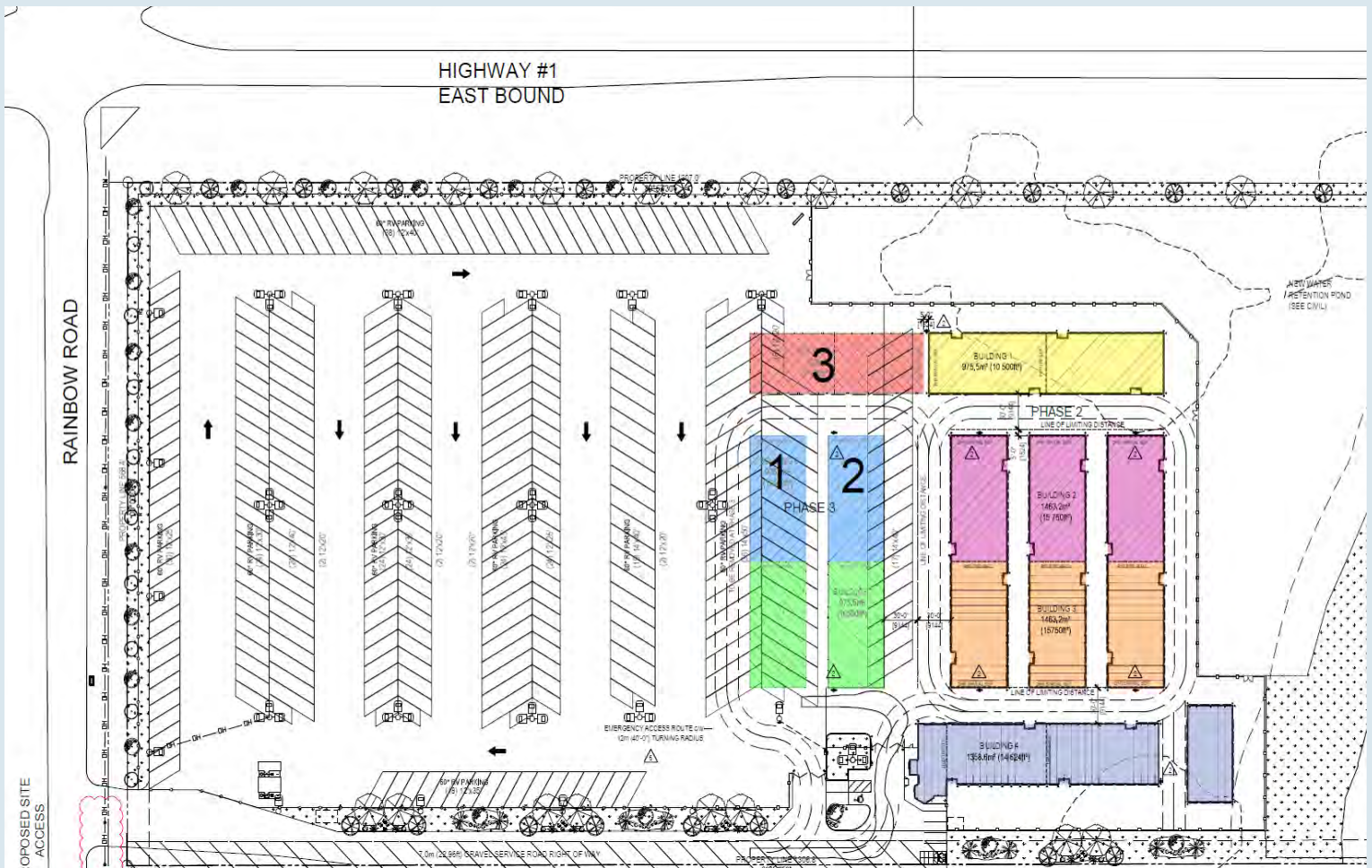


Expansion Plans

As previously indicated, part of management's strategy was to build the storage facility in two phases. We knew that there would be a large amount of front-loaded costs associated with developing such a large site and that an expansion would be required to maximize exit value.

Our group engaged Patrick Wood of Canadian Self-Storage evaluators to give us two appraisals. The first appraisal was for today's value. While the second appraisal was to give us an approximation of the full build out value after expansion. The appraisals have indicated that significant value should be added by the proposed expansion.

As of this update, we have engaged Create Construction to provide a scope of work and budget. We have also begun permitting discussions with the City of Chestermere. The expansion plans are expected to include 3 additional buildings and add roughly 28,000 SqFt net rentable space to the facility. Currently, we are targeting a spring 2020 start date.



Financial Update

With the storage facility at over 40% occupancy and RV/Boat storage at over 80% occupancy, the property is now operationally profitable. The focus going forward will be towards increasing revenue per square foot on the storage side and attaining full profitability. This should in turn drive distributions for our investors – something management understands is important.

Additionally, management has entered into preliminary discussions with some larger storage companies about the potential of selling Chestermere Store&More along with another project – Dufferin Storage – which is currently under development. Meetings are being held this month and a full marketing campaign is being prepared for Q1-2020 to solicit potential offers for the two projects.

While there is no guarantee of success here, management is aware that the market for self-storage acquisition in Canada is quite strong right now and has been approached by several potential buyers expressing interest in the two facilities. Thus, management believes it is appropriate to explore these opportunities and determine if the value is currently there to support a potential 2020 exit.



StoreWest Info

StoreWest is a partnership group whose vision is to be disruptive in becoming the premier developer of storage facilities and complementary cash flowing businesses within the markets we choose to serve. Our mission as an investment group is to enjoy delivering risk managed returns through integrity, passion, and operational excellence.

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