

StorageVault Canada Inc.

(the "Corporation")

Form 51-102F1

Management's Discussion and Analysis

For the Year ended December 31, 2010

This management's discussion and analysis ("MD&A") should be read in conjunction with the Corporation's audited financial statements and notes to the financial statements for the year ended December 31, 2010. The following discussion and analysis provides information that management believes is relevant to the assessment and understanding of the Corporation's results of operations and financial condition.

This MD&A contains forward-looking information. All statements, other than statements of historical fact, included in this MD&A may be forward-looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "proposed", "is expected", "budgets", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. In particular, forward-looking information included in this MD&A includes statements with respect to: the Corporation's outlook as to the market for self-storage, the economic recession, the availability of credit and the general outlook for the Corporation contained in the "Outlook" section of this MD&A; the expectation of cash flows discussed in the "Nature of Business" and "Liquidity and Capital Resources" sections; and expected inventory levels of PUPS units contained in the "Revenue from Income Producing Properties" section of this MD&A.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Corporation to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: the early stage development of the Corporation; capital market conditions; general business and economic uncertainties; competition; delay or failure to receive board or regulatory approvals; changes in legislation including environmental legislation affecting the Corporation; timing and availability of external financing on acceptable terms; conclusions of economic evaluations; and lack of qualified, skilled labour or loss of key individuals. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The factors identified above are not intended to represent a complete list of the factors that could affect the Corporation.

The forward-looking information in this MD&A should not be relied upon as representing the Corporation's views as of any date subsequent to the date of this MD&A. Such forward-looking information is based on a number of assumptions which may prove to be incorrect, including, but not limited to: the ability of the Corporation to obtain necessary financing, satisfy conditions under previously announced acquisition agreements, or satisfy any requirements of the TSX Venture Exchange (the "TSXV") with respect to these acquisitions and any related private placement; the level of activity in the self-storage business and the economy generally; consumer interest in the Corporation's services and products; competition; and anticipated and unanticipated costs. The Corporation undertakes no obligation to publicly update or review any forward-looking information, except in accordance with applicable securities laws. Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations.

All amounts included in this MD&A are in Canadian dollars.

Additional information relating to StorageVault Canada Inc. can be found at www.sedar.com.

This MD&A is dated March 30, 2011 and is in respect of the period from January 1, 2010 to December 31, 2010. The discussion in the MD&A focuses on this period.

NON-GAAP FINANCIAL MEASURES

The Corporation uses non-GAAP financial measures to assess its operating performance. Securities regulators require that companies caution readers that earnings and other measures adjusted to a basis other than Canadian generally accepted accounting principles ("GAAP") do not have a standardized meaning and may not be comparable to similar measures used by other companies. Such non-GAAP measures include:

- a) Funds from Operations ("FFO") – FFO is defined as net income (loss) excluding gains or losses from the sale of depreciable real estate and extraordinary items, plus depreciation, amortization, stock based compensation expenses, and future income taxes; and after adjustments for equity accounted entities and non-controlling interests. FFO should not be viewed as an alternative to cash from operating activities, net income, or other measures calculated in accordance with GAAP. The Corporation believes that FFO can be a beneficial measure, when combined with primary GAAP measures, to assist in the evaluation of the Corporation's ability to generate cash and evaluate its return on investments as it excludes the effects of real estate amortization and gains and losses from the sale of real estate, all of which are based on historical cost accounting and which may be of limited significance in evaluating current performance.
- b) Property Net Operating Income ("NOI") – NOI is defined as rent from income producing properties less property operating costs. NOI does not include interest expense or income, depreciation and amortization, corporate administrative costs, stock based compensation costs or taxes. NOI assists management by assessing profitability from principal business activities without regard to the manner in which these activities are financed or amortized. "NOI Margin" is the NOI for a given time period, divided by the revenue from income producing properties for that same time period.

NATURE OF BUSINESS

Business Overview

The Corporation was incorporated on May 31, 2007. It is publicly traded on the TSXV under the symbol SVI. It owns and operates storage facilities in five Canadian cities:

- Trans Can Mini Stor ("Trans Can") and PUPS – Portable Units for Portable Storage in Regina, SK
- Kenaston Self-Storage ("Kenaston") and PUPS – Portable Units for Portable Storage in Winnipeg MB
- PUPS – Portable Units for Portable Storage in Saskatoon SK
- B&B Mini Storage in Cambridge, ON ("B&B")
- Parksville Mini Storage in Parksville/Nanaimo BC ("Parksville")

As at December 31, 2010, PUPS – Portable Units for Portable Storage ("PUPS") operations are being planned for B&B and Parksville. Management intends to have PUPS operational at both of these locations in the first half of 2011.

In addition to the above, the Corporation manages six self-storage locations and one portable storage location in Ontario on behalf of a third party owner.

The Corporation provides both "fixed" and "portable" self storage. Fixed self-storage is sometimes referred to as mini-storage. Under this model, a customer rents a storage space in the operator's premises to store personal or commercial possessions. Rental agreements are usually on a month-to-month basis. Tenants can vacate with as little as one month notice. The storage facility usually consists of one or more buildings, each partitioned into individual storage units with separate doors. Depending on the construction, storage units are accessed by drive-up to each unit, or through an interior hallway. Units can be climate controlled or simple cold storage. The tenant provides his or her own lock for the door, and is the only person with access to the unit when it is rented. Often, fixed storage facilities also provide uncovered, outdoor parking spaces for boats, cars and recreational vehicles.

Through its Canadian Master Franchise agreement with Canadian PUPS Franchises Inc., the Corporation also provides portable storage services. The PUPS system uses galvanized steel storage containers ranging from 2.3 meters to 6 meters in length. This premium priced service delivers the storage unit to the customer, as opposed to the customer having to transport his or her possessions to a traditional fixed storage location. Once loaded, the PUPS container can stay at the customer's location, or be transported to the Corporation's compound for longer term storage. The PUPS model generates revenue through both the rental of the storage container and the fees to deliver the container to and from the customer's location.

Management believes that the PUPS storage model is complementary to the fixed storage operations. It appeals to customers that:

- would not normally use a traditional fixed storage facility because they do not have the means to transport their possessions.
- are moving between locations and need temporary storage, but do not want to move their possessions to a fixed storage unit, only to move them to their new location in a few days or weeks. The PUPS container allows them to pack and unpack only once.
- are moving between locations and do not want to pay the high costs of a moving company. This do-it-yourself customer appreciates the lower cost afforded by the PUPS model.
- are renovating an existing location. They need to remove their possessions from their building, but want to keep the possessions at their location for easy access. PUPS will place a container at their residence or business, and that container can stay there until the renovation is complete.

When paired with a traditional fixed storage facility, the PUPS model also offers benefits in cost savings and promotion:

- Often, fixed storage facilities have surplus land that is undeveloped, or utilized for low return outdoor parking spaces. Redeploying some of this land for PUPS storage significantly increases the revenue per square foot earned from that surplus land.
- Many of the overhead costs required to run a PUPS facility, such as labor, telephone, and some occupancy costs, are already being covered by the existing fixed storage facility.
- The basic premise behind renting fixed or portable storage units is similar, so existing staff at a fixed storage facility can easily learn and integrate the PUPS systems into day-to-day operations.
- On-site staff has the ability to cross sell. Customers who may not be able to afford the premium price of a PUPS container can be offered a lower cost fixed storage unit. Or customers looking for fixed storage who did not know about the existence of portable storage can be up-sold to a premium product.

On May 10, 2010, the Corporation acquired from an arm's length vendor the assets and operations of B&B, a self-storage facility located at 1316 Industrial Drive Cambridge, ON. The aggregate purchase price was \$2,367,500 subject to customary adjustments. The purchase price was paid by \$1,495,000 of bank mortgage financing and the remainder in cash. The B&B acquisition included approximately 4.76 acres, with 4 storage buildings comprising a total of 25,830 rentable square feet. Approximately 2 acres of the property is undeveloped and is used for rental parking spaces for vehicles. It is the Corporation's intention to deploy a portion of the undeveloped property toward a portable storage operation in the first half of 2011.

On November 1, 2010 the Corporation acquired from an arm's length vendor the assets and operations of Parksville, a self-storage facility located at 1020 Herring Gull Way Parksville, BC. The aggregate purchase price was \$2,800,000 subject to customary adjustments. The purchase price was paid by \$1,400,000 of vendor mortgage financing, \$250,000 of bank mortgage financing and the remainder in cash. It is approximately 3.0 acres, with 13 storage buildings comprising a total of 27,912 rentable square feet. Approximately 1.5 acres of the property is undeveloped. It is the Corporation's intention to deploy a portion of the undeveloped property toward a portable storage operation in the first half of 2011.

On August 1, 2010, the Corporation entered into an agreement to manage, on behalf of Conundrum Management Corporation (“Conundrum”), a portfolio of six self-storage properties located in the province of Ontario. During the five year term of the agreement, the Corporation will receive a management fee of 5% of gross revenue of the six properties plus an additional amount as a contribution towards general administrative expenses. The managed facilities are situated in Kanata, Kitchener, Brampton, Uxbridge, and two in Peterborough. By entering into this agreement, management of the Corporation expects to further expand its PUPS network, as well as leverage its knowledge of the self-storage industry to generate positive cash flows through management fee revenues. As at December 31, 2010, the Corporation is managing a PUPS operation at the Kanata location. The Corporation expects to start a PUPS operation in one of the Peterborough sites in the first half of 2011.

The Corporation’s strategic objective is to own, acquire and operate self-storage facilities across Canada as well as develop a portable storage business to access an untapped market in the Canadian storage industry. The Corporation will focus on acquiring and operating self-storage facilities with proven cash flows, superior location in relationship to markets, and excess physical space to allow rapid deployment of portable storage operations. Financing for this growth is intended to come from a combination of cash from operations, mortgage financing, the assumption of debt, and the issuance of additional common shares or other securities.

Highlights for the Year Ended December 31, 2010

Selected financial highlights for the Corporation:

	Year Ended December 31	
	<u>2010</u>	<u>2009</u>
Total Revenue	2,543,663	1,755,711
<i>Year over Year change \$</i>	787,952	
<i>Year over Year change %</i>	44.9%	
Net Loss and Comprehensive Loss	(429,835)	(766,543)
<i>Year over Year change \$</i>	336,708	
<i>Year over Year change %</i>	43.9%	
Funds from Operations		
From operating properties	911,700	748,469
From non-operating activities	(391,718)	(329,136)
Total	<u>519,982</u>	<u>419,333</u>
<i>Year over Year change \$</i>	100,649	
<i>Year over Year change %</i>	24.0%	

The increase in year over year revenue was from a combination of organic growth and the addition of new operations in the year. The addition of B&B and Parksville noted above contributed \$247,549 of the increased revenue. Fees from the Conundrum management agreement added a further \$92,975. The remaining growth came from increased rental activity in existing sites, particularly the PUPS operations.

The Net Loss and Comprehensive Loss of the Corporation improved by \$366,708 year over year. A significant portion of the change is attributable to \$343,958 of expensed stock options granted in the 2009 period. No stock options have been granted to date in 2010.

Funds from Operations are used by management to assess financial results without the effects of amortization based on historical costs. The FFO from self-storage and PUPS operations increased by \$163,231 or 21.8% to \$911,700 in 2010 compared to 2009. Because the Corporation is still in a growth mode, the reasons for changes in FFO are many. A significant portion of the growth arose from self-storage and PUPS facilities in Regina and Winnipeg which were owned for only part of the 2009 fiscal year, or experienced continued growth in the PUPS business. This growth was offset somewhat by PUPS operations in Saskatoon where operating costs meet or exceed revenues while the site continues its expansion toward a profitable rental level.

Portfolio

As at December 31, 2010, the Corporation owned and operated the following fixed storage facilities and PUPS portable storage operations:

	<u>Acquired</u>	<u>Units</u>	<u>Rentable Square Feet</u>
FIXED STORAGE			
Trans Can Mini Stor, Regina, SK	May 1, 2008	342	39,332
Kenaston Self Storage, Winnipeg, MB	March 2, 2009	543	47,125
B & B Mini Storage, Cambridge, ON	May 10, 2010	213	27,512
Parksville Mini Storage, Parksville, BC	November 1, 2010	<u>141</u>	<u>20,800</u>
Total		1,239	134,769
PORTABLE STORAGE			
Trans Can Mini Stor, Regina, SK	December 31, 2008	298	27,181
Kenaston Self Storage, Winnipeg, MB		183	17,244
Saskatoon, SK		<u>125</u>	<u>11,802</u>
Total		606	56,227

Outlook

When considering existing facilities, the future prosperity of the Corporation is dictated to a large extent by the level of occupancy in those facilities. One of management's primary and continuing focuses is to attract and retain tenants to keep occupancy at acceptable levels.

The level of occupancy of a given facility is generally dependent on the local economy near that facility. Most self-storage tenants will not travel more than 10 or 20 kilometers to rent a storage unit. PUPS customers may live farther from the PUPS facility, but because of delivery costs, most are within 100 kilometers of the PUPS facility. In addition to location, the physical condition of the facility, the rental rates compared to local competitors, and level of service from on-site staff all factor into the facility's ability to attract and retain tenants.

A number of factors in the larger economy can also impact self-storage rentals. Like many business, self-storage can feel the effects of changes in employment and levels of disposable income in the economy. Certainly storage facilities in locations where new and used housing sales are strong, or money is available for renovations to homes and businesses, tend to experience higher levels of occupancy than those where the economy is not as robust. However, self-storage operators in many regions of Canada have noticed that while occupancies generally declined after the economic recession and credit crisis of 2008, they did not fall at a rate comparable to the loss in revenues of other businesses. It seems that even in declining economies people still need a place to store their possessions.

In Saskatchewan and Manitoba, the economy did not suffer as much as other regions of Canada subsequent to the “meltdown”. Occupancies are down compared to the highs that were experienced in the overheated economy in 2007 and early 2008. Management believes that with continued regular maintenance of the facilities, periodic focused advertising and strategic pricing, these locations will continue to see modest improvements in occupancies in the coming months.

The Canadian economy as a whole continues its recovery, but it is slow and tenuous. Management expects occupancies at existing facilities in Ontario and British Columbia to remain flat through much of 2011 as their economies were hit harder than Saskatchewan or Manitoba. However, both the housing market and the job market in any given locale are strong determinants of demand. Should either of these rebound, we can expect to see growth in existing store occupancy. In the near term, management will focus on improving occupancy through better sales techniques, implementing small rate increases where feasible, and improving the general appearance of facilities by targeted maintenance projects.

One positive result of the recession and the tightening of credit from banks and other lenders, from the perspective of a self-storage operator, was the slowdown in new builds. Without cheap debt financing, very few developers have attempted to build new self-storage facilities in Canada in the last two years. There have been virtually no new competitors in the markets served by the Corporation. This has allowed pricing to remain steady and has precluded the need for large price discounts. However, management still provides select discounts - usually in the winter months when customers tend to avoid moving possessions or renovating homes – or when required to match certain competitive situations.

A major focus for the Corporation in 2011 will be the growth of PUPS operations. Each new PUPS location typically requires 2 to 3 years to reach a mature size of 250 to 300 PUPS containers. Regina achieved this level in 2009. Both Saskatoon and Winnipeg have had one full year of operations. We expect these sites will add another 50 to 100 PUPS each to their rental fleets in 2011, thereby augmenting revenue and net operating income. PUPS operations are expected to commence in Parksville and Cambridge in 2011. Local advertising and customer service representative training are expected to help both of these sites take occupancy to between 50 to 100 units in their first summers of operation.

Also important in 2011 will be the growth of the Corporation through acquisitions. At the end of 2010, the Corporation had \$1,259,495 of cash and short term investments on hand. Some of these funds are intended to be used in 2011 to acquire assets for new PUPS operations (as noted above). Management will also consider further acquisition of self-storage facilities if target facilities are available, if they provide accretive value to the Corporation, and if they fit within the Corporation’s strategic goals.

Subsequent Events

On January 18, 2011 the Corporation announced that it had entered into an Agreement of Purchase and Sale to sell to PepsiCo Foods Canada ("PepsiCo"), a business unit of PepsiCo Canada ULC, approximately 2.16 acres of land (the "Sale Property") located in Cambridge, Ontario currently being used as storage for recreational vehicles as part of the Corporation's B&B Mini Storage facility. The aggregate sale price is \$760,000 (subject to customary adjustments) comprised of \$350,000 cash and the conveyance by PepsiCo to the Corporation of a property at closing consisting of approximately 1.45 acres of land situated adjacent to B&B Mini Storage. In addition, the Corporation shall lease back the Sale Property for a two year term rent free. The Sale Agreement is subject to a number of conditions, including but not limited to: (i) the completion of due diligence and environmental investigations with respect to the Exchanged Property that must be satisfactory to the Corporation in its sole discretion; (ii) the completion of due diligence and environmental investigations with respect to the Sale Property that must be satisfactory to PepsiCo in its sole discretion; and (iii) legal severance of the Sale Property from the Corporation's B&B Mini Storage lands in order to convey the Sale Property to PepsiCo.

Pursuant to the Sale Agreement, the terms of payment to the Corporation by PepsiCo for the Sale Property will be: (i) a \$50,000 first refundable deposit upon acceptance of the Sale Agreement; (ii) a second \$75,000 deposit upon removal of due diligence conditions; (iii) a final cash payment of \$225,000 and the conveyance of the 1.45 acre property at closing.

The completion of the transaction is expected on or before April 29, 2011.

SELECTED ANNUAL INFORMATION

The Corporation was incorporated on May 31, 2007. A summary of selected financial information for the Corporation's fiscal years ended December 31, 2010, 2009 and 2008 is as follows:

	<u>Fiscal Year Ended December 31, 2010</u>	<u>Fiscal Year Ended December 31, 2009</u>	<u>Fiscal Year Ended December 31, 2008</u>
Total Revenue	\$2,543,663	\$1,755,711	\$332,706
Net Income / (Loss)			
Total	(\$ 429,853)	(\$ 766,543)	(\$ 252,198)
Per share, basic and diluted	(\$ 0.013)	(\$ 0.023)	(\$ 0.019)
Total Assets	\$ 18,222,140	\$ 12,063,399	\$ 7,787,203
Long Term Financial Liabilities	\$ 11,502,807	\$ 6,209,775	\$ 2,004,657
Dividends declared-common shares	nil	nil	nil
Dividends declared-preferred shares*	\$36,915	nil	nil

*Pursuant to CICA Handbook section 3861, issuers of financial instruments that contain both a liability and equity element must classify the instrument's component parts separately. Due to a conversion privilege, the Preferred Shares issued by the Corporation in 2010 have both a liability and an equity component. Payments related to the liability component have been classified as interest expense. Payments related to the equity component have been classified as dividends (above). The gross amount of Preferred Shares outstanding at December 31, 2010 was \$4,046,068. The amount of payments in the fiscal year ended December 31, 2010 related to the liability component was \$55,221.

RESULTS OF OPERATIONS

Property Operations

The storage industry in Canada tends to be seasonal. A significant portion of demand is generated from residential customers who are either moving to a new residence or renovating an existing home. Demand wanes in winter months as cold temperatures discourage this type of activity. At the same time, operating costs increase in the winter. Heating costs (for those facilities with heated storage) and snow removal costs are at their peak. The result is a historically higher operating cost percentage, and lower revenue and NOI margin in Q1 and Q4 of each year.

The Corporation's quarterly results are also affected by the timing of acquisitions and the start-up of PUPS operations. Certain expenses, including some due diligence and professional fees cannot be capitalized. These are instead expensed in the weeks surrounding a related acquisition. The Corporation also incurs some start-up expenses when a PUPS location is opened and is in lease-up. These costs may include labor, training, travel, advertising or office expenses.

A summary of the results of operations is as follows:

	2010 Fiscal Year ('000 omitted)					2009 Fiscal Year ('000 omitted)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Fixed Storage										
Property Revenue**	328	399	456	488	1,671	164	337	357	345	1,203
Operating Costs	118	140	159	183	600	56	106	110	112	384
NOI	210	259	297	305	1,071	108	231	247	233	819
NOI Margin	64.0%	64.9%	65.1%	62.5%	64.1%	65.7%	68.6%	69.2%	67.5%	68.1%
PUPS Portable Storage										
Property Revenue	125	236	289	213	863	87	127	165	156	534
Operating Costs	102	121	148	155	526	28	63	102	103	296
NOI	23	115	141	58	337	58	65	62	53	239
NOI Margin	18.4%	48.7%	48.8%	27.2%	39.0%	67.6%	50.8%	37.9%	34.0%	44.6%
Combined										
Property Revenue	453	635	745	701	2,534	251	464	522	501	1,738
Operating Costs	220	261	307	338	1,126	84	169	212	215	680
NOI	233	374	438	363	1,407	166	296	309	286	1,058
NOI Margin	51.4%	58.9%	58.8%	51.8%	55.5%	66.4%	63.7%	59.3%	57.1%	60.9%

** including management fees from the Conundrum management agreement

Revenue from Income Producing Properties

Total revenue from fixed storage properties and fixed storage property management for the year ended December 31, 2010 was \$1,670,452 compared to \$1,203,476 for the same period last year. The largest part of the increase of \$466,976 or 38.8% can be attributed to the addition of B&B (\$204,358) and Parksville (\$43,191) during the calendar year and the addition of management fees from the Conundrum properties (\$92,934). The remaining variance is attributable to existing operations in Regina and Winnipeg. Operating costs for fixed storage have increased commensurate with the changes in revenue noted above. The NOI margin for the 2010 calendar year was 64.1%. On a quarterly basis, it was lowest in the fourth quarter when heating, electrical and snow removal costs are often their highest.

The revenue from PUPS operations was \$862,476 in 2010, an increase of \$327,985 (61.4%) over the \$534,491 earned from PUPS in 2009. This growth is reflective of the maturing of the PUPS operations in Regina, and the progression of operations in Saskatoon and Winnipeg. The development of a PUPS operation typically takes 2 to 3 years from inception to maturity. This time is necessary for the local market to not only learn of the PUPS operation through advertising and promotion, but also to understand the concept of portable storage, which is still a new concept in many markets. Both Saskatoon and Winnipeg locations are growing at rates which were expected by management. The overall level of PUPS revenue inside the Corporation generally correlates with the number of PUPS containers in the rental fleet. At December 31, 2010, the Corporation had 606 containers in circulation – an increase of 46.7% over the 413 on hand at December 31, 2009.

A summary of unit occupancy rates at the end of each fiscal quarter is as follows:

	2010 Fiscal Year				2009 Fiscal Year			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Fixed Storage								
Trans Can Mini Stor, Regina, SK	79.5%	84.3%	77.0%	71.6%	78.9%	81.2%	81.8%	80.1%
Kenaston Self Storage, Winnipeg, MB	86.7%	96.9%	93.4%	85.8%	73.5%	86.0%	90.6%	84.7%
B&B Mini Storage, Cambridge, ON	*	96.2%	81.0%	76.1%	*	*	*	*
Parksville Mini Storage, Parksville, BC	*	*	*	75.9%	*	*	*	*
Portable Storage								
Trans Can Mini Stor, Regina, SK	73.3%	89.6%	91.7%	63.1%	76.7%	94.4%	91.7%	73.2%
Kenaston Self Storage, Winnipeg, MB	57.4%	74.0%	64.2%	35.5%	*	39.0%	60.0%	50.5%
Saskatoon, SK	27.4%	98.8%	81.9%	40.8%	*	*	-	55.3%

* property not owned by the Corporation at this time

Occupancy rates in Trans Can declined to 71.6% at the end of 2010. Some of this decline is attributed to a particularly cold winter in Regina. However, some is also attributable to customer service issues. In early 2011 management made changes to the customer service staff at Trans Can to address the declining occupancies. Early indications are that this change will result in benefits. By the end of February 2011, occupancy at Trans Can had increased to 75.1%.

The occupancy rate at Kenaston was 85.8% at the end of 2010. As is apparent from the comparisons above, Kenaston historically shows lower occupancies in the winter months. Its declines are not as pronounced as Trans Can, because unlike Trans Can, this property has the advantage of having approximately half of its storage space heated. This supports demand in the winter months and reduces the seasonal effects on occupancy rates. Kenaston Self Storage is also on a highly visible intersection in a growing neighborhood in Winnipeg which should help this site retain its high level of occupancy.

Occupancies at B&B and Parksville are both lower than management's target of 85% at the end of 2010. Seasonal effects are believed to be the major cause of this in both locations. Management will monitor these relatively new locations through the spring and summer to determine if other factors are affecting occupancy, and to take appropriate steps to surpass the 85% target.

Occupancy rates at all PUPS locations have varied through the past 8 fiscal quarters. However, occupancy percentages alone do not tell the whole story when it comes to PUPS. This is because number of PUPS containers available for rent changes (increases) over time as the locations grow toward maturity. An alternative to occupancy rate comparisons for PUPS is simply a comparison of the number of units rented at a given date. As can be seen by the following table, rented PUPS units increased from 271 at the end of 2009 to 304 by the end of 2010. The number of rented units is even higher in the summer months, with the peak occurring at the end of Q3 2010 at 481 PUPS containers on rent.

	<u>2010 Fiscal Year</u>				<u>2009 Fiscal Year</u>			
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
PUPS Units Rented								
Trans Can Mini Stor, Regina, SK	195	258	275	188	191	237	242	194
Kenaston Self Storage, Winnipeg, MB	58	111	111	65	-	39	60	51
Saskatoon, SK	17	79	95	51	-	-	-	26
Total	270	448	481	304	191	276	302	271

Property Net Operating Income (NOI)

Combined NOI from properties for the year ended December 31, 2010 was \$1,406,835 compared to \$1,057,667 for the previous year. The increase is due to the new properties and operations added to the portfolio.

The combined NOI margin in 2010 was a 55.5% compared to 60.9% in 2009. The decrease is related to the continued lease up period of PUPS in Saskatoon and Winnipeg. The startup of a PUPS operation incurs costs for items like rent, advertising and salaries which are not commensurate with revenues in the early months of operations. As these PUPS locations continue to mature, the NOI margin is expected to improve.

Interest income

Interest income for the year ended December 31, 2010 was \$4,091 compared to \$3,452 for the December 31, 2009 fiscal year. Interest income was generated by the temporary investment of cash raised from equity issuances in the periods between raising the cash and investing it into operating properties or capital additions. In 2010, the Corporation held minimal cash balances, instead opting to use the cash for capital expansion wherever possible.

Corporate selling, general and administrative (S, G & A) costs

S, G & A expenses for the year ended December 31, 2010 were \$409,768, compared to \$331,346 for the same period last year. As the Corporation has matured, its S, G & A expenses have stabilized. As a percentage of revenue, S, G, & A costs were down to 16.1% in 2010 compared to 18.9% in 2009. The largest drivers of these costs are new facility acquisitions, which incur a number of professional fees that cannot be capitalized, and salaries.

The three largest S, G & A items in the year ended December 31, 2010 were as follows:

- Management fees paid to Detteson Management Inc. of \$125,737 (December 31, 2009 - \$101,083). See discussion of "Related Party Transactions" below.
- Professional fees of \$77,091 (December 31, 2009 - \$111,686). In 2009, a significant portion of the professional fees related to costs incurred to complete the Kenaston acquisition. Some of these costs were necessary to satisfy TSXV requirements. As the Corporation has grown, and each successive acquisition is smaller in relation to the Corporation's total assets, many of these regulatory requirements are no longer necessary. In 2010, the Corporation was also successful in its negotiations for the Cambridge facility such that the vendor assumed many of due diligence costs, thereby reducing professional fees even further.
- Salaries of \$71,098 (December 31, 2009 - \$9,715). This category reflects the hiring of a Supervisor of Operations and an Accounting Technician in 2010. Both were necessary as the number of cities where the Corporation operated increased from 4 at the end of 2009 (Regina, Saskatoon, Winnipeg and Kanata) to 10 with the acquisitions of Cambridge and Parksville/Nanaimo, BC, and the remaining sites under the aforementioned management contract.

Summary of Quarterly Results (unaudited)

Period	Net Revenue	Net Income / (Loss)	Net Income / (Loss) per share	Fully diluted Net Income / (Loss) per share	Total Assets	Total Long Term Liabilities	Dividends
2010- Q4	\$702,752	(\$173,268)	(\$0.006)	(\$0.006)	\$18,222,140	\$11,502,807	\$15,025
2010- Q3	\$751,997	(\$9,232)	(\$0.000)	(\$0.000)	\$14,888,807	\$8,465,983	\$10,979
2010- Q2	\$635,826	(\$47,877)	(\$0.001)	(\$0.001)	\$14,975,503	\$8,537,957	\$10,911
2010- Q1	\$453,088	(\$199,476)	(\$0.006)	(\$0.006)	\$13,585,199	\$6,569,584	-
Total 2010	\$2,543,663	(\$429,853)	(\$0.013)	(\$0.013)	N/A	N/A	\$36,915
2009- Q4	\$509,444	(\$81,359)	(\$0.002)	(\$0.002)	\$12,063,399	\$6,209,775	-
2009- Q3	\$526,999	(\$80,369)	(\$0.002)	(\$0.002)	\$11,944,446	\$6,009,463	-
2009- Q2	\$464,668	(\$430,280)	(\$0.013)	(\$0.013)	\$12,091,233	\$6,075,881	-
2009- Q1	\$254,600	(\$174,535)	(\$0.005)	(\$0.005)	\$11,839,487	\$5,737,813	-
Total 2009	\$1,755,711	(\$766,543)	(\$0.023)	(\$0.023)	N/A	N/A	-
2008- Q4	\$127,580	(\$38,340)	(\$0.002)	(\$0.002)	\$7,787,023	\$2,004,657	-
2008- Q3	\$120,033	(\$28,192)	(\$0.003)	(\$0.003)	\$2,892,717	\$1,680,232	-
2008- Q2	\$76,285	(\$106,349)	(\$0.011)	(\$0.011)	\$2,949,893	\$1,693,060	-
2008- Q1	\$8,808	(\$79,317)	(\$0.008)	(\$0.008)	\$1,269,873	-	-
Total 2008	\$332,706	(\$252,198)	(\$0.019)	(\$0.019)	N/A	N/A	-

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2010, the Corporation had \$1,259,495 of cash and short term investments compared to \$311,885 at December 31, 2009. The primary reason for the increase in cash is the issuance of preferred shares in October 2010 less the cash used to acquire Parksville in November, 2010.

The Corporation's principal sources of liquidity are its ability to generate cash flow from operations, arranging new debt financing, and offering shares to the public. With the cash flow being generated from operations (see "Highlights for the Year Ended December 31, 2010" above), management has been able to fund a portion of its capital acquisition from operating cash flows. This has lessened the need for external financing.

The Corporation is not in default or arrears on any of its debt obligations. There is no long term debt maturing in 2011. As at December 31, 2010, the Corporation had total mortgage debt outstanding of \$8,217,822 at interest rates ranging from 5.00% to 6.45%. The Corporation also had term debt totaling \$126,933 and unsecured convertible debentures totaling \$320,000 at December 31, 2010 with interest rates ranging from 6.15% to 9.50% and maturities ranging from January 2011 to August 2016. The following chart summarizes the Corporation's financial commitments for debt principal and interest payments for the next five years:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$388,868	\$513,626	\$902,494
2012	\$369,954	\$488,204	\$858,158
2013	\$346,486	\$466,815	\$813,301
2014	\$687,958	\$430,143	\$1,118,101
2015	\$390,772	\$392,129	\$782,901

Management believes that the Corporation has sufficient working capital to meet its future commitments. The Corporation may have capital requirements in excess of its currently available resources. In the event the Corporation's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Corporation may be required to seek additional financing. There can be no assurance that the Corporation will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Corporation in the future.

Funds from Operations (FFO)

FFO is a non-GAAP measure. It allows management and investors to evaluate the financial results of an entity without taking into consideration the impact of amortization which may vary between real estate investments based on when the assets were acquired. Also excluded are stock based compensation costs and future income tax expenses (recoveries), if any.

The FFO for the year ended December 31, 2010 was \$519,982. This is \$101,649 or 24.0% higher than 2009 as the new operations in Winnipeg and Saskatoon added to overall cash flow. The Corporation has generated positive Funds From Operations in seven of the previous eight fiscal quarters. This validates the business model which includes matching proven cash flow positive self-storage properties with organically grown portable storage operations. The self-storage facilities bring long term, stable cash flow to the Corporation, while the portable storage diversifies product offering and provides long term growth opportunity.

A summary of FFO by fiscal quarter is as follows:

	2010 Fiscal Year					2009 Fiscal Year				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Net Income/(Loss)	(199,476)	(47,877)	(9,232)	(173,267)	(429,852)	(174,535)	(430,280)	(80,369)	(81,359)	(766,543)
Add:										
Amortization	246,374	231,290	209,751	262,419	949,834	172,543	218,466	235,142	215,767	841,918
Stock based comp.	-	-	-	-	-	-	343,958	-	-	343,958
Future inc. taxes	-	-	-	-	-	-	-	-	-	-
FFO	46,898	183,413	200,519	89,152	519,982	(1,992)	132,144	154,773	134,408	419,333

Contractual Obligations and Off-Balance Sheet Arrangements

The Corporation is not party to any industry contracts or arrangements other than the contractual arrangement noted in "Related Party Transactions" below. There are no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Management Agreement

The Corporation has entered into a management agreement (the "Agreement") with Detteson Management Inc. ("Detteson") which is owned and controlled by Alan Simpson, President and Chief Executive Officer of the Corporation, and Glenn Fradette, Chief Financial Officer of the Corporation. Pursuant to the Agreement, Detteson provides the management individuals to serve as officers of the Corporation as well as asset management, administrative and other services to the Corporation. The remuneration to be paid to Detteson under the Agreement consists of:

- an annual advisory fee equal to 0.225% per annum of the Gross Book Value of the Corporation's assets (0.150% if assets exceed \$150,000,000), payable monthly, and prorated to take into account any acquisitions or dispositions during any month. Gross Book Value is defined as the book value of consolidated assets plus accumulated depreciation on buildings and excluding the amount of any receivable reflecting interest rate subsidies on any debt assumed by the Corporation, subject to a minimum annual advisory fee of \$100,000 (\$48,000 prior to September 1, 2009).
- An acquisition fee equal to 0.5% of the cost of any property acquired or disposed including, without limitation, real estate commissions, finder's fees and any acquisition costs (excluding the fees payable to Detteson pursuant to this provision) and all out-of-pocket costs including legal fees and disbursements, registration and filing fees, land transfer and sales taxes, all calculated in accordance with Canadian generally accepted accounting principles and applied on a consistent basis.

The Corporation also reimburses Detteson for all expenses incurred in connection with the operation of the Corporation, including third party costs, which are reasonably incurred by Detteson on behalf of the Corporation.

During the year ended December 31, 2010 the Corporation paid management fees of \$125,737 (December 31, 2009 - \$101,083) to Detteson.

During the year ended December 31, 2010, the Corporation reimbursed travel and related expenses of \$29,858 (December 31, 2009 - \$135,978) to Detteson. These expenses, which were reimbursed at cost, were undertaken exclusively for the benefit of the Corporation.

During the year ended December 31, 2010, the Corporation paid loan guarantee fees of \$8,400 (December 31, 2009 - \$8,592) to Alan A. Simpson and loan guarantee fees of \$8,400 (December 31, 2009 - \$8,592) to Glenn E. Fradette, both of whom are directors and officers of the Corporation. As a condition of the assumption of the mortgage on T. C. Mini Storage Ltd., both Alan A. Simpson and Glenn E. Fradette were required to provide personal guarantees for the entire outstanding principal balance of the mortgage. The loan guarantee fees are compensation for the provision of these guarantees, and are paid on a monthly basis at the rate of 0.5% of the outstanding mortgage principal, per person.

The Corporation holds a Master Franchise from Canadian PUPS Franchises Inc. ("CPFI") which provides the Corporation with the exclusive Canadian franchise rights for the development and operation of PUPS portable storage franchises throughout Canada. CPFI is a corporation controlled by Alan A. Simpson and Glenn E. Fradette, who are directors and officers of the Corporation. Pursuant to the Master Franchise Agreement, the Corporation is obligated to develop 20 franchises by December 1, 2012 or pay a onetime non-development fee of \$15,000 for each undeveloped franchise. The Corporation also pays a continuing monthly royalty of 3.5% of the gross sales in relation to the Franchise Rights and PUPS and purchases storage containers and certain PUPS related equipment from CPFI. During the year ended December 31, 2010, the Corporation paid \$29,999 (December 31, 2009 - \$26,525) for royalties and \$961,766 (December 31- \$358,630) for storage containers and other equipment under the Master Franchise Agreement.

During the year ended December 31, 2010, the Corporation paid fees for maintenance of shareholder records of \$9,377 (December 31, 2009 - \$9,708) to a financial trust company of which one director and executive officer is also a director of the Corporation.

During the year ended December 31, 2009, the Corporation issued convertible, unsecured debentures in the amount of \$210,000 to officers, directors and spouses of directors of the Corporation. During the year ended December 31, 2010, interest paid on the debentures to officers, directors and spouses of directors of the Corporation was \$19,950 (December 31, 2009 - \$9,975).

Included in accounts payable, relating to the previously noted transactions, at December 31, 2010 was \$6,646 (December 31, 2009 - \$66,156) payable to CPFI.

OUTSTANDING SHARE DATA

On March 17, 2010, the Corporation completed a preferred share financing wherein it would issue up to 4,000,000 Series I convertible, retractable preferred shares for total gross proceeds of \$4,000,000. On that same date, 2,000,000 Series I preferred shares were issued for gross proceeds of \$2,000,000. On October 15, 2010 the remaining 2,000,000 Series I preferred shares were issued for gross proceeds of \$2,000,000. The Series I preferred shares may be converted at any time within 3 years of the date of issuance in common shares of the Corporation at a rate of \$0.30 per common share.

A summary of the outstanding shares and convertible securities as at the date of this MD&A is as follows:

	Expiry Date	Exercise Price	Securities Outstanding	Common Shares on Exercise
<u>Common Shares:</u>				
Seed capital (subject to escrow agreement - August 27, 2007)			5,000,000	
Initial public offering – November 5, 2007			5,000,000	
Private placement – October 31, 2008			18,391,304	
Agency fee – October 31, 2008			678,696	
Issued to vendor – Canadian PUPS acquisition			2,466,798	
Issued to vendor – Kenaston acquisition			<u>2,173,913</u>	
Outstanding Common Shares			<u>33,710,711</u>	
<u>Preferred Shares:</u>				
Series I- tranche 1	March 17, 2013	\$0.30	2,000,000	6,666,667
Series I- tranche 2	October 15, 2013	\$0.30	2,000,000	6,666,667
Stock Dividends	March 17, 2013	\$0.30	<u>46,068</u>	<u>153,493</u>
Outstanding Preferred Shares			<u>2,046,048</u>	13,486,827
<u>Options and Warrants:</u>				
Director's options	November 5, 2012	\$0.20	1,000,000	1,000,000
Director's options	May 6, 2014	\$0.23	<u>2,200,000</u>	<u>2,200,000</u>
Outstanding options and warrants			<u>3,200,000</u>	3,200,000
<u>Convertible Debt</u>				
Unsecured debentures	May 13, 2014	\$0.32	-	1,000,000
				<u>17,686,827</u>

RISKS AND UNCERTAINTIES

The following is a brief review of some of the potential risks and the potential impacts these risks and uncertainties may have on the operations of the Corporation:

Real Estate Industry

Real estate investments are subject to varying degrees of risk depending on the nature of each property. Such investments are affected by general economic conditions, local real estate markets, supply and demand for rental space, competition from others with similar developments, the perceived “attractiveness” of a given property, and various other factors.

There is no certainty that financing will be available upon the maturity of any existing mortgage at terms that are as favorable as the expiring mortgage, or at all. If the Corporation is ever unable to refinance an existing indebtedness on favorable terms, the Corporation may need to dispose of one or more properties upon disadvantageous terms. Prevailing interest rates, limited availability of credit or other factors at the time of refinancing could increase interest expense and ultimately decrease the return to investors.

Economic Conditions

The storage industry in Canada can be cyclical. Due to the climate, demand for self-storage is generally weaker in the winter months. Self-storage is less susceptible to changes in the local economy, as storage space is often needed during times of both growth and recession. However, downturns in a local economy could negatively affect self-storage rentals due to the decrease in consumer discretionary spending. A significant portion of self-storage tenants use self-storage during periods of moving from one residence to another, or when a residence is being renovated. In times of economic downturn, the level of activity in housing sales and housing renovation could decrease, thereby decreasing self-storage rental demand.

Credit Risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their financial obligations to the Corporation. The risk of incurring bad debts often arises if self-storage tenants relocate and cannot be found to enforce payment, or if self-storage tenants abandon their possessions. The extent of bad debts can be mitigated by quickly following up on any unpaid amounts shortly after the due date, enforcing late fees, denying access to any tenants with delinquent accounts, and ultimately seizing the possessions of the tenant. Additionally the Corporation typically rents to numerous tenants, each of which constitutes significantly less than 5% of the Corporation’s monthly revenue. This diversification in the tenant base reduces credit risk from any given tenant.

Competition

The Corporation competes with other individuals, corporations and institutions which currently own, or are anticipating owning a similar property in a given region. Competitive forces could have a negative effect on rental rates or certain costs such as advertising.

Competition also exists when the Corporation attempts to grow through acquisitions of storage facilities. Some investors may have greater financial resources than those of the Corporation. An increase in the availability of investment funds in the general market, and a subsequent increase in demand for self-storage facilities would have a tendency to increase the price for future acquisitions of self-storage facilities and reduce the yields thereon. In addition, the Corporation may require additional financing to complete future real estate acquisitions which may not be available on terms acceptable to the Corporation.

Environmental Risks

Environmental risk is inherent in the ownership of property. Various municipal, provincial and federal regulations can result in penalties or potential liability for remediation should hazardous materials enter the environment. The presence of hazardous substances could also impair the Corporation's ability to sell the property, or it might expose the Corporation to civil law suits. To mitigate such risk, the Corporation will obtain a recent Phase I environmental report for all material acquisitions. It also prohibits the storage of hazardous substances as a condition of the rental contract signed by tenants.

CHANGES IN ACCOUNTING POLICIES

Recent accounting pronouncements not yet applied:

International Financial Reporting Standards:

In January 2006, the Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. On February 13, 2008, the AcSB confirmed that effective for interim and annual financial statements related to fiscal years beginning on or after January 1, 2011, International Financial Reporting Standards ("IFRS") will replace Canada's current Generally Accepted Accounting Principles ("Canadian GAAP") for all publicly accountable profit-oriented enterprises.

The Corporation has developed a conversion plan to complete the transition to IFRS, including the preparation of required comparative information relating to 2010. The conversion project consists of three phases:

Phase 1 Preliminary Impact Assessment – This phase involves the high-level identification and assessment of the differences between IFRS and Canadian GAAP that will impact the Corporation.

Phase 2 Detailed Evaluation – This phase involves performing a detailed impact assessment of the differences between IFRS and Canadian GAAP, reviewing and approving accounting policy choices, undertaking IFRS training, identifying impact on systems and business processes, quantifying IFRS conversion adjustments and drafting IFRS compliant consolidated financial statements.

Phase 3 Implementation – This phase involves embedding changes to systems, processes and internal controls, drafting the transitional opening balance sheet and preparing pro-forma IFRS compliant consolidated interim and annual financial statements for the 2011 fiscal year including comparatives. The Corporation is currently in Phase 3.

As a result of the preliminary impact assessment, the impact of IFRS adoption is expected to be the greatest in the following areas:

First-time adoption of IFRS (“IFRS 1”)

IFRS 1 provides the framework for the first-time adoption of IFRS and outlines that, in general, an entity shall apply the principles under IFRS retrospectively and that adjustments arising on conversion to IFRS shall be directly recognized in retained earnings. However, IFRS 1 also provides a number of optional exemptions from retrospective application of certain IFRS requirements as well as mandatory exceptions which prohibit retrospective application of standards. There are currently fifteen elective exemptions and four mandatory exceptions that need to be considered. The Corporation currently expects to apply elective exemptions such that it will not restate the accounting of past business combinations. The remaining elective exemptions are thought to have limited or no applicability to the Corporation; however, further analysis is still required.

Property, plant and equipment

IFRS and Canadian GAAP contain the same basic principles for property, plant and equipment; however, there are some differences. Specifically, IFRS requires property, plant and equipment to be broken down into significant components and amortizing each one separately. In addition, unlike Canadian GAAP, IFRS permits property, plant and equipment to be measured at fair value or amortized cost. In this regard, the Corporation expects to continue to reflect property, plant and equipment at amortized cost.

Impairment of assets

Canadian GAAP impairment testing involves two steps, the first of which compares the asset carrying value with undiscounted future cash flows to determine whether impairment exists. If the carrying value exceeds the amount recoverable on an undiscounted basis, then the cash flows are discounted to calculate the amount of the impairment and the carrying value is written down to estimated fair value.

IAS 36 Impairment of Assets (“IAS 36”) uses a one-step approach for both testing for and measurement of impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use (which uses discounted future cash flows). This may result in more frequent write-downs where carrying values of assets were previously accepted under Canadian GAAP on an undiscounted cash flow basis, but could not be supported on a discounted cash flow basis. Furthermore, IAS 36 requires the reversal of an impairment loss for an asset other than goodwill (under the cost method by no more than what the depreciated amount of the asset would have been had the impairment not occurred) where there is an indication that circumstances have changed and that the impairment loss no longer exists or may have decreased. This is not allowed under Canadian GAAP.

Business Combinations

Both IFRS and Canadian GAAP require the acquisition method of accounting for all business combinations. However, differences exist between the two frameworks in other areas. The most significant difference is that transaction costs are expensed immediately under IFRS whereas under Canadian GAAP such costs are included in the cost of the asset acquired. The Corporation early adopted section 1582 Business Combinations under Canadian GAAP and as such there will be limited change upon adoption of IFRS 3.

Income taxes

IAS 12 Income Taxes is similar to Canadian GAAP in that the Corporation has to recognize deferred (future) taxes on temporary differences between the carrying value of assets and liabilities and their tax basis. The adoption of IFRS may have a significant impact on the Corporation's tax accounting in the period of adoption and in subsequent periods for new temporary differences arising on the conversion to IFRS as a result of changes in carrying values of assets, differences in depreciation expense, residual values, capitalization of borrowing and direct costs and impairment charges and reversals.

In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of adopting IFRS at the changeover date. The International Accounting Standards Board will also continue to issue new accounting standards during the conversion period, and as a result, the final impact on the Corporation's financial statements will only be measured once all the IFRS applicable at the conversion date are known.

The impact on information technology and controls over financial reporting and disclosure is not expected to be significant.