StorageVault Canada Inc.
Interim Consolidated Financial Statements

For the Three and Nine Months ended September 30, 2016 and 2015

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF UNAUDITED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, subsection 4.3(3)(a), if an auditor has not performed a review of the unaudited interim consolidated financial statements, they must be accompanied by a notice indicating that the consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the StorageVault Canada Inc. have been prepared by and are the responsibility of the Corporation's management.

The Corporation's independent auditor has not performed a review of these unaudited interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity's auditor.

StorageVault Canada Inc.
Unaudited Interim Consolidated Statements of Financial Position

	September 30 2016	December 31 2015
Assets		
Current		
Cash and short term deposits (Note 4)	**$ 14,762,469**	$ 2,381,390
Short term investments	**-**	1,384,253
Accounts receivable	**992,046**	560,828
Prepaid expenses and other current assets	**1,306,519**	270,590
	$ 17,061,034	$ 4,597,061
Property and equipment (Note 6)	**235,291,208**	165,284,002
Goodwill and intangible assets (Note 7)	**1,603,614**	1,605,414
	$ 253,955,856	$ 171,486,477
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	**$ 2,679,039**	$ 982,551
Unearned revenue	**1,001,350**	320,884
Current portion of long term debt (Note 8)	**3,614,328**	3,942,906
	7,294,717	5,246,341
Long term debt (Note 8)	**124,636,813**	107,676,218
	131,931,530	112,922,559
Shareholders' Equity		
Share capital (Note 9)	**133,930,675**	66,867,412
Dividends paid (Note 9)	**(1,070,707)**	-
Contributed surplus (Note 9)	**1,034,865**	1,034,865
Deficit	**(11,870,507)**	(9,338,359)
	122,024,326	58,563,918
	$ 253,955,856	$ 171,486,477

Commitments and Contingencies (Note 15)
Subsequent Events (Note 16)

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

StorageVault Canada Inc.

Unaudited Interim Consolidated Statements of Changes in Equity

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2016	2015	**2016**	2015
Common Share Capital				
Balance, beginning of the period	**$ 72,280,532**	$ 18,872,080	**$ 66,867,412**	$ 7,421,324
Common shares issued, net of issuance costs	**61,650,143**	10,000,000	**67,135,313**	21,450,756
Common shares repurchased	**-**	-	**(72,050)**	-
Balance, end of the period	**133,930,675**	28,872,080	**133,930,675**	28,872,080
Contributed Surplus				
Balance, beginning of the period	**$ 1,034,865**	$ 832,922	**$ 1,034,865**	$ 573,408
Stock based compensation (Note 9)	**-**	201,943	**-**	461,457
Balance, end of the period	**1,034,865**	1,034,865	**1,034,865**	1,034,865
Deficit				
Balance, beginning of the period	**$ (11,333,128)**	$ (5,814,748)	**$ (9,338,359)**	$ (4,763,149)
Net loss	**(537,379)**	(821,330)	**(2,532,148)**	(1,872,929)
Balance, end of the period	**(11,870,507)**	(6,636,078)	**(11,870,507)**	(6,636,078)

StorageVault Canada Inc.

Unaudited Interim Consolidated Statements of Income (Loss) & Comprehensive Income (Loss)

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2016	2015	**2016**	2015
Revenue				
Storage and related services	**$ 7,307,070**	$ 3,137,527	**$ 18,924,362**	$ 6,345,321
Expenses				
Operating costs	**2,827,158**	1,384,710	**7,612,167**	3,104,762
Acquisition and integration costs	**427,656**	542,010	**949,308**	734,171
Selling, general and administrative	**412,197**	116,251	**1,425,352**	566,412
Stock based compensation	**-**	201,943	**-**	461,457
Depreciation and amortization (Notes 6, 7)	**2,891,512**	1,199,712	**7,559,539**	2,186,357
Interest	**1,285,926**	514,231	**3,910,144**	1,165,091
	7,844,449	3,958,857	**21,456,510**	8,218,250
Net income (loss) and Comprehensive income (loss)	**$ (537,379)**	$ (821,330)	**$ (2,532,148)**	$ (1,872,929)

Net income (loss) per common share				
Basic	**$ (0.002)**	$ (0.012)	**$ (0.014)**	$ (0.034)
Diluted	**$ (0.002)**	$ (0.012)	**$ (0.014)**	$ (0.034)

Weighted average number of common shares outstanding				
Basic	**233,009,997**	71,031,008	**186,187,353**	55,234,051
Diluted	**233,009,997**	71,031,008	**186,187,353**	55,234,051

StorageVault Canada Inc.
Unaudited Interim Consolidated Statements of Cash Flows

	Nine months ended Sept. 30 **2016**	2015
Cash provided by (used for) the following activities:		
Operating activities		
Net income (loss)	**$ (2,532,148)**	$ (1,872,929)
Adjustment for non-cash items:		
Depreciation and amortization (Notes 6, 7)	**7,559,539**	2,186,357
Amortization of deferred financing costs	**187,886**	57,421
Amortization of bond premiums	**5,253**	8,590
Gain on disposal of property and equipment	**(196,063)**	-
Stock based compensation (Note 9)	**-**	461,457
Stock dividend classified as interest	**-**	84,341
Cash flow from operations before non-cash working capital balances	**5,024,467**	925,237
Net change in non-cash working capital balances		
Accounts receivable	**(107,152)**	(188,107)
Prepaid expenses and other current assets	**(1,035,929)**	(144,473)
Accounts payable and accrued liabilities	**1,697,488**	862,513
Unearned revenue	**680,466**	316,035
	6,259,340	1,771,205
Financing activities		
Common shares issued, net of issuance costs (Note 9)	**60,001,980**	20,909,223
Repurchase of common shares	**(72,050)**	-
Dividends paid	**(1,070,707)**	-
Advances from long term debt	**24,745,741**	82,100,000
Repayment of long term debt	**(8,301,611)**	(22,656,431)
Redemption of bond	**1,373,074**	-
	76,676,427	80,352,792
Investing activities		
Acquisition (Note 5)	**(71,603,000)**	(78,941,000)
Additions to property and equipment (Note 6)	**(2,195,997)**	(2,197,353)
Non-operating accounts receivable	**(319,140)**	-
Proceeds on disposal of property and equipment	**3,563,449**	20,775
Maturity of short term investments	**-**	106,000
	(70,554,688)	(81,011,578)
Increase (decrease) in cash and short term deposits	**12,381,079**	1,112,419
Cash and short term deposits balance, beginning of period	**2,381,390**	454,468
Cash and short term deposits balance, end of period	**14,762,469**	1,566,887

1. Description of Business

The interim consolidated financial statements of StorageVault Canada Inc. and its subsidiary (the "Corporation") as at and for the three and nine months ended September 30, 2016 were authorized for issuance by the Board of Directors of the Corporation on November 14, 2016. The Corporation is incorporated under the Business Corporations Act of Alberta and is domiciled in Canada. Its shares are publicly traded on the TSX Venture Exchange ("Exchange"). The address of its registered office is 1000 – 250 2nd Street SW, Calgary, AB, T2P 0C1.

The Corporation's primary business is owning, operating and renting self storage and portable storage to individual and commercial customers across Canada.

2. Basis of Presentation

These interim consolidated financial statements and the notes thereto present the Corporation's financial results of operations and financial position under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as at and for the three and nine months ended September 30, 2016, including 2015 comparative periods. They have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" and accordingly these interim consolidated financial statements do not include all the necessary annual disclosures in accordance with IFRS.

These interim consolidated financial statements should be read in conjunction with the Corporation's annual audited consolidated financial statements for the year ended December 31, 2015. The accounting policies and methods of computation followed in the preparation of these interim consolidated financial statements are consistent with those used in the preparation of the most recent annual report.

The interim consolidated financial statements have been prepared under the historical cost method, except for the revaluation of certain financial assets and financial liabilities to fair value. The interim consolidated financial statements were prepared on a going concern basis, and are presented in Canadian dollars, which is the Corporation's functional currency.

3. Accounting policies

Basis of Consolidation
The interim consolidated financial statements include the accounts of StorageVault Canada Inc. and the consolidated entity 1712066 Alberta Ltd. ("1712066"), both of which are headquartered in Toronto, ON. The financial statements for the consolidated entity are prepared for the same reporting period as StorageVault Canada Inc. using consistent accounting policies. All intercompany transactions and balances have been eliminated in the preparation of these interim consolidated financial statements.

Note 3 – Continued

Consolidated Entity
StorageVault Canada Inc. established 1712066 for the purpose of refinancing a mortgage on its Regina, SK property using a defeasance process. StorageVault Canada Inc. does not have any direct or indirect shareholdings in 1712066. An entity is consolidated if, based on an evaluation of the substance of its relationship with StorageVault Canada Inc. it is determined that StorageVault Canada Inc. has rights, either directly through ownership or indirectly through contractual arrangements, to direct the relevant activities of the other entity. 1712066 was established under terms that impose strict limitations on the decision making powers of its management and that result in StorageVault Canada Inc. receiving the majority of the benefits related to its operations and net assets, being exposed to the majority of the risks incident to its activities, and retaining the majority of the residual or ownership risks related to its assets.

Revenue Recognition
Revenue comprises all rendering of services and sales of goods at the fair value of consideration received or receivable after the deduction of any trade discounts and excluding sales taxes. Revenue is recognized when it can be measured reliably and the significant risks and rewards of ownership are transferred to the customer.

Storage units are rented to customers pursuant to rental agreements which provide for weekly or monthly rental terms with non-refundable rental payments. The rental agreements may be terminated by the customer without further obligation or cost upon vacating the storage unit. Revenue from rental agreements is recognized over the rental term pursuant to the rental agreement. Non-refundable customer deposits, which are received to hold a unit for rent at a future date, are deferred and recognized as revenue upon commencement of the rental agreement. Receipts of rental fees for future periods are deferred and recognized as revenue when each respective monthly period commences. Provision is made for expected allowances as necessary.

Revenue from the sale of merchandise, including locks, boxes, packing supplies and equipment, is recognized when the merchandise is delivered to the customer. Revenue from investments is recognized when earned.

Business Combinations
All business combinations are accounted for by applying the acquisition method. On acquisition, the assets (including intangible assets), liabilities and contingent liabilities of an acquired entity are measured at their fair value. The Corporation recognizes intangible assets as part of business combinations at fair value at the date of acquisition. The determination of these fair values is based upon management's judgment and includes assumptions on the timing and amount of future incremental cash flows generated by the assets acquired and the selection of an appropriate cost of capital. Acquisition costs are recognized in profit or loss as incurred.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Corporation's share of the net assets/net liabilities of the acquired entity at the date of acquisition. If the cost of acquisition is less than the fair value of the Corporation's share of the net assets/net liabilities of the acquired entity (i.e.

Note 3 – Continued

a discount on acquisition) the difference is credited to the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) in the period of acquisition. At the acquisition date, goodwill acquired is recognized as an asset and is allocated to each cash-generating unit ("CGU") expected to benefit from the business combination's synergies and to the lowest level at which management monitors the goodwill.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Corporation reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date. The measurement period is the period from the date of acquisition to the date the Corporation obtains complete information about facts and circumstances that existed as of the acquisition date up to a maximum of one year.

S*ignificant Accounting Estimates and Judgments*

The preparation of the interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include, but are not necessarily limited to:

- Property and equipment – The Corporation determines the carrying value of its property and equipment based on policies that incorporate estimates, assumptions and judgments relative to the useful lives and residual values of the assets. Estimates of future cash flows are based on the most recent available market and operating data at the time the estimate is made.
- Purchase price allocations – Estimates are made in determining the fair value of assets and liabilities, including the valuation of separately identifiable intangibles acquired as part of an acquisition. These estimates may be further based on management's best assessment of the related inputs used in valuation models, such as future cash flows and discount rates.
- Bad debts – The Corporation estimates potential bad debts based on an analysis of historical collection activity and specific identification of overdue accounts. Actual bad debts may differ from estimates made.
- Income taxes - Income taxes are subject to measurement uncertainty due to the possibility of changes in tax legislation or changes in the characterization of income sources.

Note 3 – Continued

- Compound financial instruments – Certain compound financial instruments contain both a liability component and an equity component pursuant to IFRS. The determination of the amount attributable to each component is subject to assumptions made, and valuation models used, at the time the financial instrument is issued.
- Stock based compensation – Compensation costs accrued for stock based compensation plans are subject to the estimation of the ultimate payout using pricing models such as the Black-Scholes model which is based on significant assumptions such as volatility, dividend yield and expected term.

Management judgments that may affect reported amounts of assets and liabilities, income and expenses include but are not necessarily limited to:

- For the purpose of assessing impairment of tangible and intangible assets, assets are grouped at the lowest level of separately identified cash inflows which make up the CGU. Determination of what constitutes a CGU is subject to management judgment. The asset composition of the CGU can directly impact the recoverability of the assets included within the CGU.
- The determination of which entities require consolidation is subject to management judgment regarding levels of control, assumptions of risk and other factors that may ultimately include or exclude an entity from the classification of a subsidiary or other entity requiring consolidation.
- For the purpose of recording asset acquisitions, management must exercise judgment to determine if the acquisition meets the definition of a Business Combination. Such determination may affect the recorded amounts of specific assets and liabilities, goodwill and/or transaction costs.

Cash and Short Term Deposits

Cash and short term deposits on these Interim Consolidated Statements of Financial Position are comprised of cash at bank and on hand, and short term, highly liquid deposits with an original maturity of 3 months or less. For the purpose of these Interim Consolidated Statements of Cash Flows, cash and short term deposits are defined as above, net of outstanding bank overdrafts, except where no right of set-off exists.

Short Term Investments

Short term investments consist of Government of Canada bonds with maturities greater than three months.

Property and Equipment

Property and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) during the financial period in which they are incurred. Once an asset is available for use in the location and condition intended by management, it is depreciated to its residual value using the appropriate depreciation rate set forth by management.

Note 3 – Continued

Land is not depreciated. Depreciation is calculated using the declining balance method to depreciate the cost of property and equipment to their residual values over their estimated useful lives, as follows:

Land, Yards, Buildings & Improvements -	Buildings	4%
	Leasehold improvements	20%
	Business operating equipment	10%
	Fences and parking lots	8%
Storage Containers –	Storage containers	10%
Vehicles -	Vehicles	30% to 40%
	Truck decks and cranes	20%
Office and Computer Equipment -	Furniture and equipment	20%
	Computer equipment	45%

The residual value and useful lives of property and equipment are reviewed, and adjusted if appropriate, at each Interim Consolidated Statement of Financial Position date. An asset's carrying value is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. These impairment losses are recognized in the Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss). Following the recognition of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Goodwill and Other Intangible Assets
Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable assets and liabilities of the acquiree at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses. Goodwill is reviewed for impairment at least annually by assessing the recoverable amount of each CGU to which the goodwill relates. The recoverable amount is the higher of fair value less costs to sell, and value in use. When the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognized. Any impairment is recognized immediately in the Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) and is not subsequently reversed.

Other intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Amortization begins when an asset is available for use and is calculated on a straight-line basis to allocate the cost of assets over their estimated useful lives as follows: Franchise Agreements - 10 years; Tenant Relationships - 15 months; Website Development Costs – 12 months. The cost of intangible assets acquired in a business combination is the fair value at acquisition date.

Note 3 – Continued

Leases
A lease is defined as an agreement whereby the lessor conveys to the lessee, in return for a payment or a series of payments, the right to use a specific asset for an agreed period of time. Where the Corporation is a lessee and has substantially all the risks and rewards of ownership of an asset, the arrangement is considered a finance lease. Assets held under a finance lease are recognized as assets of the Corporation within property and equipment at the inception of the lease at the lower of fair value and the present value of the minimum lease payments. Assets held under finance leases are amortized on a basis consistent with similar owned assets. Payments made under finance leases are apportioned between capital repayments and interest expense charged to the Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss). Other leases where the Corporation is a lessee are treated as operating leases. Payments made under operating leases are recognized in the Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) on a straight-line basis over the term of the lease.

Where the Corporation is a lessor and has transferred substantially all the risks and rewards of ownership of an asset to a lessee, the arrangement is considered a finance lease. For finance leases, capital amounts due from lessees are recognized as financial assets of the Corporation within trade and other receivables at the inception of the lease at the amount of the net investment in the lease after making provision for bad and doubtful debts. Payments received under finance leases are apportioned between capital repayments and interest income credited to the Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss). Other leases where the Corporation is a lessor are treated as operating leases. For operating leases, the asset is capitalized within property and equipment and amortized over its useful economic life. Payments received under operating leases are recognized in the Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) on a straight-line basis over the term of the lease.

Impairment of Non-Financial Assets
The carrying values of all non-current assets are reviewed for impairment when events or changes in circumstances indicate that their carrying amounts may not be recoverable. Additionally, goodwill and intangible assets with indefinite useful lives are tested for impairment annually. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is defined as the higher of fair value less costs of disposal or the present value of future cash flows expected to be derived from the asset. Any provision for impairment is charged to the Interim Consolidated Statement of Income (Loss) and Comprehensive Income (Loss) in the period concerned. Impairments of goodwill are not reversed. Impairment losses on other non-current assets are only reversed if there has been a change in estimates used to determine recoverable amounts and only to the extent that the revised recoverable amounts do not exceed the carrying values that would have existed, net of depreciation or amortization, had no impairments been recognized.

Note 3 – Continued

Income Taxes
Income tax is comprised of current tax and deferred tax. Income tax is recognized in the Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the tax expected to be payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Stock Based Compensation
The fair value of stock options issued to directors and consultants under the Corporation's stock option plan is estimated at the date of issue using the Black-Scholes option pricing model, and charged to operations and contributed surplus. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. On the exercise of options, the cash consideration received and the fair value of the option previously credited to contributed surplus are credited to share capital.

The fair value of agent options issued to advisors in conjunction with financing transactions is estimated at the date of issue using the fair value of the goods and services received first, if determinable, then by the Black-Scholes option pricing model, and charged to share capital and contributed surplus over the vesting period. On the exercise of agent options, the cash consideration received and the fair value of the option previously credited to contributed surplus are credited to share capital.

Where stock options are cancelled, it is treated as if the stock options had vested on the date of cancellation and any expense not yet recognized for the award is recognized immediately. However, if a new option is substituted for the cancelled option and is designated as a replacement option on the date

Note 3 – Continued

that it is granted, the cancelled and the new options are treated as if they were a modification of the original option.

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Corporation's share purchase options. Forfeitures are estimated for each reporting period and adjusted as required to reflect actual forfeitures that have occurred in the period.

Income (Loss) per Share
Basic income (loss) per common share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is calculated by dividing the net earnings by the weighted average number of shares outstanding as adjusted for the potential dilution that would occur if outstanding stock options, subordinated debentures, preferred shares or other potentially dilutive financial instruments were exercised or converted to common shares. The weighted average number of diluted shares is calculated in accordance with the treasury stock method. The treasury stock method assumes that the proceeds received from the exercise of all potentially dilutive instruments are used to repurchase common shares at the average market price.

Share Capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of shares are shown in equity as a deduction from the proceeds received.

Segment Reporting
An operating segment is a component of the Corporation that engages in business activities from which it may earn revenues and incur expenses. All operating segments' operating results are reviewed regularly by the Corporation's CEO in order to make decisions regarding the allocation of resources to the segment. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Financial Instruments
Financial assets can be classified as "fair value through profit or loss" ("FVTPL"), "loans and receivables", "available-for-sale" or "held-to-maturity". Financial liabilities can be classified as FVTPL or "other financial liabilities".

All financial instruments are initially measured at fair value plus transaction costs on initial recognition of the instrument with the exception of financial instruments classified at FVTPL, which are measured at fair value and any associated transaction costs are expensed as incurred.

Note 3 – Continued

Financial assets and liabilities are offset and the net amount is presented in the Consolidated Statements of Financial Position when, and only when, the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The effective interest method is used for financial instruments measured at amortized cost and allocates interest over the relevant period. The effective interest rate is the rate that discounts estimated future cash flows (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums and discounts) through the expected life of the instrument, to the net carrying amount on initial recognition.

Financial assets at FVTPL
Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management, or if they are derivative assets. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss).

The Corporation's FVTPL assets consist of cash and short term deposits.

Loans and receivables
Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Corporation's loans and receivables consist of accounts receivable.

Available for sale financial assets
Available for sale financial assets are non-derivative financial assets that are designated as available for sale and that are not classified in any other category. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an available for sale financial asset is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

The Corporation currently has no assets which are designated as available for sale.

Held to maturity financial assets
If the Corporation has the positive intent and ability to hold certain financial assets to maturity, then such financial assets are classified as held to maturity. Subsequent to initial recognition they are measured at amortized cost using the effective interest method, less any impairment losses.

Note 3 – Continued

The Corporation's held to maturity financial assets consist of short term investments. These investments are comprised of Government of Canada bonds and cash substituted for mortgage security under defeasance arrangements.

Financial liabilities at FVTPL
Financial assets are classified as FVTPL if they are designated as such by management, or they are derivatives. Financial liabilities classified as FVTPL are measured at fair value, with changes recognized in the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss).

The Corporation does not have any financial liabilities at FVTPL at the end of year.

Other financial liabilities
Other financial liabilities are financial liabilities that are not classified as FVTPL. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method. Financing fees and other costs incurred in connection with debt financing are deducted from the cost of the debt and amortized using the effective interest method.

The Corporation's other financial liabilities consist of accounts payable and accrued liabilities, and long term debt.

Adopted and Future Accounting Policies
The IASB or the International Financial Reporting Interpretations Committee have issued a number of new or revised standards or interpretations that will become effective for future periods and have a potential implication for the Corporation. There have been no pronouncements in addition to those disclosed in the December 31, 2015 annual audited financial statements.

4. Cash and Short Term Deposits

Cash represents balances on deposit at a Canadian Chartered Bank. Term deposits, when used, are short term, highly liquid deposits with an original maturity of 3 months or less.

5. Acquisition

During the nine months ended September 30, 2016, the Corporation completed the below transactions that met the definition of business combinations under *IFRS 3 – Business Combinations.* These acquisitions have been accounted for based on our Business Combinations policy (Note 3) and by using the acquisition method with the results of the operations being included in the interim consolidated financial statements of the Corporation since the date of acquisition. Details of the acquisitions are:

Acquisition 1:

On March 18, 2016 the Corporation completed the acquisition of one self storage location for $978,000 (subjected to customary adjustments). The acquisition was an arm's length transaction. The purchase price was paid for by cash on hand.

A summary of the assets and liabilities acquired are as follows:	
Buildings and related business operating equipment	$ 973,000
Chattels	5,000
Net Assets Acquired	978,000
Consideration paid for the net assets acquired was obtained from the following:	
Cash	978,000
	978,000
Selected information for the acquisition, since its acquisition date:	
Revenue	458,912
Operating costs	353,882
	105,030
Amortization	48,900
Interest	-
Net income (loss)	$ 56,130

Note 5 – Continued

Acquisition 2:

On June 17, 2016 the Corporation completed the acquisition of one self storage location for $8,240,000 (subjected to customary adjustments). The acquisition was an arm's length transaction. The purchase price was paid for by advances from long term debt and cash on hand.

A summary of the assets and liabilities acquired are as follows:

Land	$ 3,500,000
Buildings and related business operating equipment	4,715,000
Chattels	25,000
Net Assets Acquired	8,240,000

Consideration paid for the net assets acquired was obtained from the following:

Advances from long-term debt	5,360,000
Cash	2,880,000
	8,240,000

Selected information for the acquisition, since its acquisition date:

Revenue	294,037
Operating costs	113,931
	180,106
Amortization	91,667
Interest	54,164
Net income (loss)	$ 34,275

Note 5 – Continued

Acquisition 3:

On August 22, 2016 the Corporation completed the acquisition of one self storage location for $3,483,333 (subjected to customary adjustments). The acquisition was an arm's length transaction. The purchase price was paid for by an asset swap of 3425 Roe Street and the issuance of shares.

A summary of the assets and liabilities acquired are as follows:

Land	$ 1,062,000
Buildings and related business operating equipment	2,121,333
Chattels	300,000
Net Assets Acquired	3,483,333

Consideration paid for the net assets acquired was obtained from the following:

Asset Swap	3,350,000
Issuance of common shares	133,333
	3,483,333

Selected information for the acquisition, since its acquisition date:

Revenue	36,775
Operating costs	22,615
	14,160
Amortization	17,129
Interest	74
Net income (loss)	$ (3,043)

Note 5 – Continued

Acquisition 4:

On August 30, 2016 the Corporation completed the acquisition of one self-storage location for $14,950,000 (subjected to customary adjustments). The acquisition was an arm's length transaction. The purchase price was paid for by advances from long term debt and cash on hand.

A summary of the assets and liabilities acquired are as follows:

Land	$ 3,396,000
Buildings and related business operating equipment	11,504,000
Chattels	50,000
Net Assets Acquired	14,950,000

Consideration paid for the net assets acquired was obtained from the following:

Advances from long-term debt	9,717,500
Cash	5,232,500
	14,950,000

Selected information for the acquisition, since its acquisition date:

Revenue	171,133
Operating costs	27,842
	143,291
Amortization	78,566
Interest	32,161
Net income (loss)	$ 32,564

Note 5 – Continued

Acquisition 5:

On September 28, 2016 the Corporation completed the acquisition of one self storage location for $3,100,000 (subjected to customary adjustments). The acquisition was an arm's length transaction. The purchase price was paid for by cash on hand.

A summary of the assets and liabilities acquired are as follows:

Land	$ 520,000
Buildings and related business operating equipment	2,570,000
Chattels	10,000
Net Assets Acquired	3,100,000
Consideration paid for the net assets acquired was obtained from the following:	
Cash	3,100,000
	3,100,000

Selected information for the acquisition, since its acquisition date:

Revenue	3,010
Operating costs	2,307
	703
Amortization	-
Interest	-
Net income (loss)	$ 703

Note 5 – Continued

Acquisition 6:

On September 30, 2016 the Corporation completed the acquisition of four self storage properties and one portable storage business in Ontario and Quebec for $47,985,000. The acquisition is a non-arm's length transaction. The purchase price was paid for by advances from long term debt, issuance of common shares and cash on hand.

Land	$ 5,282,000
Buildings and related business operating equipment	42,678,000
Chattels	25,000
Net Assets Acquired	47,985,000
Consideration paid for the net assets acquired was obtained from the following:	
Advances from long-term debt	9,479,029
Issuance of common shares	7,000,000
Cash	31,505,971
	47,985,000

Selected information for the acquisition, since its acquisition date:	
Revenue	29,463
Operating costs	20,038
	9,425
Amortization	-
Interest	-
Net income (loss)	$ 9,425

6. Property and Equipment

	Land, Yards, Buildings & Improvements	Storage Containers	Vehicles	Office & Computer Equipment	Total
COST					
December 31, 2014	24,439,540	3,954,430	2,374,603	235,316	31,003,889
Additions	703,271	1,264,781	221,751	171,571	2,361,374
Business acquisitions	132,557,800	8,950,000	1,975,000	388,200	143,871,000
December 31, 2015	157,700,611	14,169,211	4,571,354	795,087	177,236,263
Additions	838,851	468,283	404,339	484,524	2,195,997
Disposals	(3,583,775)	(413,526)	(391,407)	(630)	(4,389,338)
Business acquisitions	77,458,671	1,277,662	-	-	78,736,333
September 30, 2016	232,414,358	15,501,630	4,584,286	1,278,981	253,779,255
ACCUMULATED DEPRECIATION					
December 31, 2014	2,821,883	2,307,096	1,191,230	148,512	6,468,721
Depreciation	4,289,281	502,845	604,396	87,018	5,483,540
December 31, 2015	7,111,164	2,809,941	1,795,626	235,530	11,952,261
Depreciation	5,926,287	852,807	671,494	107,151	7,557,739
Disposals	(252,066)	(429,605)	(340,241)	(41)	(1,021,953)
September 30, 2016	12,785,385	3,233,143	2,126,879	342,640	18,488,047
NET BOOK VALUE					
December 31, 2015	150,589,447	11,359,270	2,775,728	559,557	**165,284,002**
September 30, 2016	219,628,973	12,268,487	2,457,407	936,341	**235,291,208**

Included in Land, Yards, Buildings & Improvements is Land at a value of $60,365,511 (December 31, 2015 - $47,348,171).

7. Goodwill and Intangible Assets

		Other Intangible Assets			
	Goodwill	Franchise Agreements	Tenant Relationships	Website Development	Total
COST					
December 31, 2014	1,601,414	20,000	606,000	23,172	2,250,586
Capital expenditures	-	-	-	-	-
December 31, 2015	1,601,414	20,000	606,000	23,172	2,250,586
Capital expenditures	-	-	-	-	-
September 30, 2016	1,601,414	20,000	606,000	23,172	2,250,586
ACCUMULATED AMORTIZATION					
December 31, 2014	-	13,600	606,000	23,172	642,772
Amortization	-	2,400	-	-	2,400
December 31, 2015	-	16,000	606,000	23,172	645,172
Amortization	-	1,800	-	-	1,800
September 30, 2016	-	17,800	606,000	23,172	646,972
NET BOOK VALUE					
December 31, 2015	1,601,414	4,000	-	-	**1,605,414**
September 30, 2016	1,601,414	2,200	-	-	**1,603,614**

The goodwill asset relates to properties purchased in the prior year by the Corporation and is allocated to the individual properties. The value of goodwill was tested by means of comparing the recoverable amount of the asset to its carrying value. The recoverable amount is the greater of its value in use or its fair value less costs of disposal. Recoverable amount was estimated from the present value of future cash flows expected from the properties and capitalization rates observed for comparable assets. Values assigned to the key assumptions represent management's best estimates and have been based on data from both external and internal sources.

No impairment has been identified on goodwill as of September 30, 2016, and management considers reasonably foreseeable changes in key assumptions are unlikely to produce a goodwill impairment.

8. Long Term Debt

	September 30, 2016			December 31, 2015		
	Rate Range	**Weighted Average**	**Balance**	Rate Range	Weighted Average	Balance
Mortgages						
Fixed Rate	3.46% to 5.05%	4.09%	**110,376,613**	3.81% to 5.05%	4.21%	48,269,282
	Maturity: October 2017 to June 2021			*Maturity: March 2018 to August 2020*		
Variable Rate	Prime plus 1.00% or BA plus 2.75%	4.39%	**18,775,344**	Prime plus 1.00% or BA plus 2.75%	4.34%	62,999,553
	Maturity: October 2017 to July 2021			*Maturity: October 2017 to November 2020*		
Other						
Defeasance Obligation	1.09%	1.09%	**-**	1.09%	1.09%	1,438,991
	Matured in August 2016			*Maturity: August 2016*		
Deferred financing costs net of accretion of $533,959 (December 31, 2015 - $259,813)			**(900,816)**			(1,088,702)
			128,251,141			111,619,124
Less current portion			**3,614,328**			3,942,906
			124,636,813			107,676,218

The bank Prime rate at September 30, 2016 was 2.70% (December 31, 2015 - 2.70%). The weighted average cost of debt at September 30, 2016 is 4.14% (December 31, 2015 - 4.24%)

Mortgages are secured by a first mortgage charge on the property and equipment of the Corporation, general security agreements covering all assets of the Corporation, general assignment of rents and leases and assignments of insurance coverage over all assets of the Corporation. The Corporation must maintain certain financial ratios to comply with the facilities. These covenants include a fixed charge coverage ratio, a tangible net worth ratio, and a loan to value ratio. As of September 30, 2016, the Corporation is in compliance with all covenants.

The defeasance obligation matured in August 2016 and was fully paid off with the short term deposit initially set up.

The deferred financing costs are made up of fees and costs incurred to obtain the related mortgage financing, less accumulated amortization.

Note 8 – Continued

Principal repayments on long term debt in each of the next five years are estimated as follows:

Year 1	$	3,614,328
Year 2	$	3,743,883
Year 3	$	3,895,571
Year 4	$	4,006,485
Year 5	$	4,201,447
Thereafter	$	109,690,243

9. Share Capital

Authorized: Unlimited number of common, voting shares of no par value
Authorized: Unlimited number of preferred non-voting shares issuable in series at an issuance price of $1 per share

Common shares issued:

	Number of Shares	Amount
Balance, December 31, 2014	36,689,044	$ 7,421,324
Issued on asset acquisitions	89,696,085	38,395,282
Conversion of preferred shares	15,203,657	4,561,097
Private placement	26,337,034	17,119,072
Share issuance costs	-	(629,363)
Balance, December 31, 2015	167,925,820	$ 66,867,412
Bought deal	67,647,600	57,500,460
Issued on asset acquisitions	8,121,212	7,133,333
Private placement	8,333,332	5,499,999
Dividend reinvestment plan	195,833	149,244
Share issuance costs	-	(3,147,723)
Common shares repurchased	(100,000)	(72,050)
Balance, September 30, 2016	252,123,797	$ 133,930,675

Note 9 - Continued

Contributed surplus:

	September 30, 2016	December 31, 2015
Opening balance	**1,034,865**	573,408
Stock based compensation	**-**	461,457
Ending balance	**1,034,865**	1,034,865

Stock Options and Warrants

The Board of Directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants of the Corporation, non-transferable options to purchase common shares provided that i) the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares; ii) the options are exercisable for a period of up to 10 years from the date of grant; iii) the number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares; and iv) the number of common shares reserved for issuance to all technical consultants, if any, will not exceed 2% of the issued and outstanding shares. The exercise price for purchasing these shares cannot be less than the minimum exercise price as provided by Exchange rules. The following table summarizes information about stock options outstanding and exercisable as at:

	September 30, 2016		December 31, 2015	
	Options	**Weighted Average Exercise Price**	Options	Weighted Average Exercise Price
Opening	**8,561,000**	**$0.36**	3,600,000	$0.23
Granted	**-**	**-**	4,961,000	$0.45
Closing and Exercisable	**8,561,000**	**$0.36**	8,561,000	$0.36

Stock options exercisable and outstanding are as follows:

Exercise Price	Vesting Date	Expiry Date	Outstanding September 30, 2016	Outstanding December 31, 2015
$0.20	Nov 5, 2007	Nov 5, 2017	1,000,000	1,000,000
$0.23	May 6, 2009	May 6, 2019	2,200,000	2,200,000
$0.33	June 19, 2014	June 19, 2024	400,000	400,000
$0.40	Jan 27, 2015	Jan 27, 2025	60,000	60,000
$0.41	April 28, 2015	April 28, 2025	2,901,000	2,901,000
$0.50	Sept 14, 2015	Sept 14, 2025	2,000,000	2,000,000
			8,561,000	8,561,000

Note 9 - Continued

Warrants exercisable and outstanding are as follows:

Exercise Price	Expiry Date	Outstanding September 30, 2016	Outstanding December 31, 2015
$0.35	Feb 25, 2018	249,999	249,999
$0.37	Feb 25, 2018	2,833,334	2,833,334
		3,083,333	3,083,333

Dividends
A dividend of $0.0025 per share was declared on September 15, 2016.

10. Income Taxes

The Corporation has non-capital losses at December 31, 2015 that expire as follows:

2027	**63,854**
2028	**296,264**
2029	**272,049**
2030	**512,169**
2031 and thereafter	**11,178,416**
	$ 12,322,752

11. Financial Risk Management and Fair Value

The Corporation is required to disclose certain information concerning its financial instruments, which are defined as contractual rights to receive or deliver cash or other financial assets. The fair values of the Corporation's cash and short term deposits, accounts receivable, and accounts payable and accrued liabilities approximate their carrying amount because of short period to scheduled receipt or payment of cash. The fair value of the Corporation's debt obligations is estimated based on discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. Such fair value estimates are not necessarily indicative of the amounts the Corporation might pay or receive in actual market transactions. The fair value of financial assets and liabilities were as follows:

Note 11 - Continued

	As at September 30, 2016		As at December 31, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Fair Value through Profit or Loss				
Cash and short term deposits	**14,762,469**	**14,762,469**	2,381,390	2,381,390
Loans and Receivables				
Accounts receivable	**992,046**	**992,046**	560,828	560,828
Held to Maturity				
Short term investments	**-**	**-**	1,384,253	1,384,253
Financial Liabilities				
Other Financial Liabilities				
Accounts payable & accrued liabilities	**2,679,039**	**2,679,039**	982,551	982,551
Long term debt	**128,251,141**	**129,322,233**	111,619,124	112,584,218

IFRS establishes a three tier fair value hierarchy to reflect the significance of the inputs used in measuring the fair value of the Corporation's financial instruments. The three levels are:

Level 1 – This level includes assets and liabilities measured at fair market value based on unadjusted quoted prices for identical assets and liabilities in active markets that the Corporation can access on the measurement date.

Level 2 – This level includes measurements based on directly or indirectly observable inputs other than quoted prices included in Level 1. Financial instruments in this category are measured using valuation models or other standard valuation techniques that rely on observable market inputs.

Level 3 – The measurements used in this level rest on inputs that are unobservable, unavailable, or whose observable inputs do not justify the largest part of the fair value instrument.

The following table presents information on the Corporation's assets and liabilities measured at fair value and indicates the fair value hierarchy of the valuation techniques used to determine this fair value.

At September 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Cash and short term deposits	$14,762,469	-	-	$14,762,469
At December 31, 2015				
Assets				
Cash and short term deposits	$2,381,390	-		$2,381,390

Note 11 - Continued

Financial instruments may expose the Corporation to a number of financial risks including interest rate risk, credit risk and environmental risk.

a) Interest rate risk – Interest rate risk arises from changes in market interest rates that may affect the fair value of future cash flows from the Corporation's financial assets or liabilities. Interest rate risk may be partially mitigated by holding both fixed and floating rate debt, or by staggering the maturities of fixed rate debt. The Corporation is exposed to interest rate risk primarily relating to its long term debt. The Corporation will manage interest rate risk by utilizing fixed interest rates on its mortgages where possible, staggering maturities over a number of years to mitigate exposure to any single year, and by attempting to ensure access to diverse sources of funding.

   There is interest rate risk associated with variable rate mortgages as interest expense is impacted by changes in the prime rate. The impact on the interim net income (loss) and comprehensive income (loss) if interest rates on variable rate debt had been 1% higher or lower for the three and nine months ended September 30, 2016 would be approximately $46,938 and $140,815, respectively (September 30, 2015 - $28,100 and $142,300, respectively).

b) Credit risk - Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their financial obligations to the Corporation. The risk of incurring bad debts often arises if storage customers relocate and cannot be found to enforce payment, or if storage customers 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 customers with delinquent accounts, and ultimately seizing the possessions of the customer. Additionally the Corporation typically rents to numerous customers, each of which constitutes significantly less than 5% of the Corporation's monthly revenue. This diversification in the customer base reduces credit risk from any given tenant.

   The following table sets forth details of accounts receivable and related allowance for doubtful accounts:

	September 30, 2016	December 31, 2015
Trade Receivables		
Accounts receivable under 30 days aged	$291,721	$324,335
Accounts receivable over 30 days aged	230,946	86,248
Allowance for doubtful accounts	(62,119)	(62,119)
Non-Trade Receivables		
Accounts receivable over 30 days aged	531,498	212,364
	$992,046	$560,828

Note 11 – Continued

Change in the Corporation's allowance for doubtful accounts is as follows:

Balance December 31, 2014	$54,657
Charges or adjustments during the year	7,462
Receivables written off during the year as uncollectible	-
Balance December 31, 2015	$62,119
Charges or adjustments during the year	-
Receivables written off during the year as uncollectible	-
Balance September 30, 2016	$62,119

The creation and release of the allowance for doubtful accounts has been included in property operating costs in these Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

c) Liquidity risk – Liquidity risk is the risk that the Corporation will be unable to meet its financial obligations as they fall due. The Corporation manages liquidity risk through cash flow forecasting and regular monitoring of cash requirements including anticipated investing and financing activities. Typically the Corporation ensures that it has sufficient cash or liquid investments available to meet expected operating expenses for a period of 30 days, excluding the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. For the foreseeable future, the Corporation anticipates that cash flows from operations, working capital, and other sources of financing will be sufficient to meet its operating requirements, debt repayment obligations and will provide sufficient funding for anticipated capital expenditures. Maturities of long term financial liabilities are summarized in Note 8.

d) Environmental risk – 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 finance or sell the property, or it might expose the Corporation to civil law suits. To mitigate such risk, the Corporation will procure recent or updated environmental reports for all acquisitions. It also prohibits the storage of hazardous substances as a condition of the rental contract signed by customers.

Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant currency risk.

12. Related Party Transactions

During the three and nine months ended September 30, 2016, the Corporation paid total management fees of $231,039 and $608,180, respectively (September 30, 2015 - $47,271 and $78,785, respectively) to Access Results Management Services Inc. ("ARMS"), a corporation controlled by Access Self Storage Inc., the Corporations largest shareholder. Pursuant to a management agreement, ARMS is entitled to a base management fee of $189,086 for fiscal 2016, as well as an annual performance fee of 4% of net operating income (NOI), defined as storage and related services revenue less property operating costs, if the Corporation attains 85% or greater of its annual board-approved budgeted NOI for that fiscal year.

During the three and nine months ended September 30, 2016, the Corporation reimbursed operational wages of $1,050,899 and $2,933,126, respectively (September 30, 2015 - $717,077 and $1,014,058, respectively) and travel and related expenses of $67,093 and $196,210, respectively (September 30, 2015 - $19,691 and $38,995, respectively) to ARMS. These expenses, reimbursed at cost, were undertaken exclusively for the benefit of the Corporation.

During the three and nine months ended September 30, 2016, the Corporation paid loan guarantee fees of $43,952 and $133,308, respectively (September 30, 2015 - $2,178 and $6,534, respectively) to a director of the Corporation and to a related corporation. As a condition of two mortgages, the director and corporation were required to provide a guarantee for the entire outstanding principal balance of the mortgages. The loan guarantee fee is compensation for the provision of this guarantee. The ongoing guarantee fee is at an annual rate of 0.4% of the original mortgage principal balance.

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 portable storage throughout Canada. CPFI is a corporation related to two directors and officers of the Corporation. The Corporation pays a monthly royalty of 3.5% on the gross sales. During the three and nine months ended September 30, 2016, the Corporation paid $56,624 and $134,678, respectively (September 30, 2015 - $59,291 and $86,237, respectively) for royalties and $781,526 and $1,329,326, respectively (September 30, 2015- $1,476,713 and $1,476,713) for storage containers and other equipment under the Master Franchise Agreement.

Included in accounts payable and accrued liabilities, relating to the previously noted transactions, at September 30, 2016 was $41,518 (December 31, 2015 - $44,502) payable to CPFI and $549,690 (December 31, 2015 - $365,483) payable to ARMS.

Note 12 – Continued

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly and indirectly, and include directors. The remuneration of key management personnel for employment services rendered are as follows:

	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Wages, management fees, bonuses and directors fees	$ -	$ 261,468
Stock based compensation		406,292
	$ -	$ 667,760

13. Capital Risk Management

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Corporation defines capital as shareholders' equity excluding contributed surplus, and long term debt. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares, issue new debt, acquire or dispose of assets, and adjust the amount of cash and short term deposits. The Board of Directors does not establish a quantitative return on capital criteria, but rather promotes year over year sustainable growth.

On an ongoing basis, the Corporation reviews and assesses its capital structure. The Corporation determines the appropriate mortgage debt to be placed on properties at the time a particular property is acquired or when an existing mortgage financing matures. Consideration is given to various factors including, but not limited to, interest rates, financing costs, the term of the mortgage and the strength of cash flow arising from the underlying asset. Mortgage debt is usually only secured by the underlying asset. The Corporation monitors its capital using a debt to fair value ratio.

Except for the debt covenants described in Note 8, the Corporation is not subject to any externally imposed capital requirements.

14. Segmented Information

The Corporation operates two reportable business segments. Each segment is a component of the Corporation for which separate discrete financial information is available for evaluation by the chief decision makers of the Corporation.

- Self Storage – involves the customer renting space at the Corporation's property for short or long term storage. Self storage may also include space for storing vehicles and use for small commercial operations.

- Portable Storage – this segment involves delivering a portable storage unit to the customer. The customer can opt to keep the portable storage unit at their location or have it moved to another location for further storage.

The Corporation evaluates performance and allocates resources based on earnings before interest, taxes, depreciation, amortization and stock based compensation. Corporate costs are not allocated to the segments and are shown separately below.

For the Three Months Ended September 30, 2016

	Self Storage	Portable Storage	Corporate	Total
Revenue	$ 5,632,961	$ 1,674,109	$ -	$ 7,307,070
Operating expenses	1,892,235	934,923	-	2,827,158
Net operating income	3,740,726	739,186	-	4,479,912
Acquisition and integration	-	-	427,656	427,656
Selling, general & admin.	-	-	412,197	412,197
Interest expense	1,158,132	87,014	40,780	1,285,926
Stock based compensation	-	-	-	-
Depreciation & amortization	2,093,744	701,846	95,922	2,891,512
Net income/(loss)	488,850	(49,674)	(976,555)	(537,379)
Property & equip.	69,021,142	1,586,091	-	70,607,233

Note 14 – Continued

For the Three Months Ended September 30, 2015

	Self Storage	Portable Storage	Corporate	Total
Revenue	$ 1,490,083	$ 1,647,444	$ -	$ 3,137,527
Operating expenses	468,678	916,032	-	1,384,710
Net operating income	1,021,405	731,412	-	1,752,817
Acquisition and integration	-	-	542,010	542,010
Selling, general & admin.	-	-	116,251	116,251
Interest expense	369,728	68,661	75,842	514,231
Stock based compensation	-	-	201,943	201,943
Depreciation & amortization	756,278	412,547	30,887	1,199,712
Net income/(loss)	(104,601)	250,204	(966,933)	(821,330)
Additions:				
Property & equip.	52,441,439	1,570,715	367,584	54,379,738

For the Nine Months Ended September 30, 2016

	Self Storage	Portable Storage	Corporate	Total
Revenue	$ 15,000,285	$ 3,924,077	$ -	$ 18,924,362
Operating expenses	5,241,417	2,370,750	-	7,612,167
Net operating income	9,758,868	1,553,327	-	11,312,195
Acquisition and integration	-	-	949,308	949,308
Selling, general & admin.	-	-	1,425,352	1,425,352
Interest expense	3,473,117	296,094	140,933	3,910,144
Stock based compensation	-	-	-	-
Depreciation & amortization	5,899,026	1,527,693	132,820	7,559,539
Net income/(loss)	386,725	(270,460)	(2,648,413)	(2,532,148)
Additions:				
Property & equip.	79,147,385	1,784,945	-	80,932,330

Note 14 – Continued

For the Nine Months Ended September 30, 2015

	Self Storage	Portable Storage	Corporate	Total
Revenue	$ 3,045,111	$ 3,300,210	$ -	$ 6,345,321
Operating expenses	1,090,294	2,014,468	-	3,104,762
Net operating income	1,954,817	1,285,742	-	3,240,559
Acquisition and integration	-	-	734,171	734,171
Selling, general & admin.	-	-	566,412	566,412
Interest expense	837,690	155,566	171,835	1,165,091
Stock based compensation	-	-	461,457	461,457
Depreciation & amortization	1,231,354	921,342	33,661	2,186,357
Net income/(loss)	(114,227)	208,834	(1,967,536)	(1,872,929)
Additions:				
Property & equip.	68,173,410	12,596,674	368,269	81,138,353

Total Assets

	Self Storage	Portable Storage	Corporate	Total
As at September 30, 2016	$ 223,830,111	$ 16,239,535	$ 13,886,210	$ 253,955,856
As at December 31, 2015	$ 151,443,965	$ 15,105,555	$ 4,936,957	$ 171,486,477

15. Commitments and Contingencies

Operating Lease Commitments

The Corporation leases buildings and lands in Winnipeg, MB and Kamloops, BC. The leases do not contain any contingent rent clauses. It does not include any provisions for transfer of title, nor does the Corporation participate in the residual value of the land. Therefore, these leases are considered operating leases as the risk and reward of ownership of the lands remain with the landlords. The leases expire between 2027 and 2054, with the lease that is expiring in 2027 having up to 20 years of renewals at the option of the Corporation after that time.

Note 15 – Continued

The future minimum lease payments, excluding incidental costs for which the Corporation is responsible, are as follows:

Less than one year	$	546,642
Between one and five years		2,204,380
More than five years		13,458,324
	$	16,209,346

During the three and nine months ended September 30, 2016, the Corporation recognized as an expense $136,660 and $318,981, respectively (September 30, 2015 - $15,628 and $46,388, respectively) in operating lease payments.

Contingency
The Corporation has no legal contingency provisions at either September 30, 2016 or December 31, 2015.

16. Subsequent Events

On October 18, 2016 closed the acquisition of one self storage store in Calgary for $22.0 million, $10 million (12,500,000 common shares) of purchase price was funded in common shares.

On November 2, 2016 closed the acquisition of one self storage store in Ottawa for $4.1 million.

StorageVault Canada Inc.

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