StorageVault Canada Inc.

(the "Corporation")

Form 51-102F1
Management's Discussion and Analysis
For the Three and Six Months Ended June 30, 2020

The following Management's Discussion and Analysis ("MD&A") provides a review of corporate and market developments, results of operations and the financial position of StorageVault Canada Inc. ("SVI" or "the Corporation") for the three and six months ended June 30, 2020. This MD&A should be read in conjunction with the June 30, 2020 unaudited interim consolidated financial statements and accompanying notes contained therein, which have been prepared in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS"). This MD&A is based on information available to Management as of August 12, 2020.

FORWARD LOOKING STATEMENTS

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 and portable storage; economic conditions; the availability of credit; the expectation of cash flows; the Corporation's strategic objectives, growth strategies, goals and plans; potential sources of financing including issuing additional common shares as a source of financing, generally, and as a source of financing for potential acquisitions; future expansion of existing SVI Stores; the size of potential future acquisitions the Corporation may make in 2020; and the general outlook for the Corporation. This forward-looking information is contained in "Nature of Business", "Business and General Corporate Strategy", "Outlook", "Financial Results Overview" and "Working Capital, Long Term Debt and Share Capital" and other sections of this MD&A.

Forward-looking information is subject to known risks, such as the COVID-19 pandemic, 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. Several of these risks are discussed in the "Risks and Uncertainties" section of this MD&A.

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 to be not 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 sufficient or necessary financing, satisfy conditions under previously announced acquisition agreements, or satisfy any requirements of the TSX Venture Exchange with respect to these acquisitions and any related private placement; the level of activity in the storage business and the economy generally; consumer interest in the Corporation's services and products; competition and SVI's competitive advantages; trends in the storage industry, including, increased growth and growth in the portable storage business; the availability of attractive and financially competitive asset acquisitions in the future. A description of additional assumptions used to develop such forward-looking information and a description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in the Corporation's disclosure documents on the SEDAR website at www.sedar.com. 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.

The amount of potential future acquisitions by the Corporation in fiscal 2020 and revenue and NOI growth for 2020 may be considered a financial outlook, as defined by applicable securities legislation, contained in this MD&A and the accompanying news release. Such information and any other financial outlooks or future-oriented financial information has been approved by management of the Corporation as of the date hereof. Such financial outlook or future-oriented financial information is provided for the purpose of presenting information about management's current expectations and goals relating to the future business of the Corporation. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

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

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GLOSSARY OF TERMS

The following abbreviated terms are used in the Management Discussion & Analysis and have the following respective meanings:

"AFFO" means FFO plus acquisition and integration costs. Acquisition and integration costs are one time in nature to the specific assets purchased in the current period or pending and are expensed under IFRS. AFFO is a non-IFRS measure – see Accounting Policies Non-IFRS Measures;

"Existing Self Storage" means stores that the Corporation has owned or leased since the beginning of the previous fiscal year; Existing Self Storage is a non-IFRS measure – see Accounting Policies Non-IFRS Measures;

"FFO" means net income (loss) excluding gains or losses from the sale of depreciable real estate, plus depreciation and amortization, stock based compensation expenses, unrealized gains or losses on interest rate swaps, and deferred income taxes; and after adjustments for equity accounted entities and non-controlling interests;

"IFRS" means International Financial Reporting Standards;

"MD & A" means this management discussion and analysis disclosure document;

"New Self Storage" means stores that have not been owned or leased continuously since the beginning of the previous fiscal year; New Self Storage is a non-IFRS measure – see Accounting Policies Non-IFRS Measures;

"NOI" means net operating income, calculated as revenue from storage and related services less related property operating costs; NOI is a non-IFRS measure – see Accounting Policies Non-IFRS Measures;

"Non-IFRS Measures" means operating and performance metrics that are not always calculated with reference to IFRS, but are used commonly in the storage industry to measure operating results for assets owned or leased;

"Q1, Q2, Q3 or Q4" means a three month fiscal quarter of the Company, ending on March 31, June 30, September 30 and December 31 respectively;

"Revenue Management" means the operating principle of achieving optimal revenue through a combination of rental rate increases on existing customers (increases the existing revenue base and rent per square foot) and dynamic pricing of available inventory;

"Store" means self storage property or location or facility or site;

"Subsequent Events" means material transactions that have occurred from July 1, 2020 to August 12, 2020;

"SVI" means StorageVault Canada Inc.;

"The Company" or **"The Corporation**" or **"We"** or **"Our"** means StorageVault Canada Inc.

NATURE OF OUR BUSINESS

Business Overview

The Corporation's primary business is owning, managing and renting self storage and portable storage space to individuals, government and commercial customers. The Corporation also stores, shreds, and manages documents and records for its customers. The common shares of the Company are publicly traded on the TSX Venture Exchange, under the symbol 'SVI'.

As of June 30, 2020, SVI owned 154 stores and 4,613 portable storage units across Canada, for a total of 8,261,512 square feet of rentable storage space in 74,385 rental units. The stores operate under the Access Storage, Depotium Mini-Entrepots, Sentinel Storage and Storage For Your Life brands. Our portable storage business operates under the Cubeit and PUPS brands. Our records management business operates under the RecordXpress brand.

In addition to our owned stores, SVI manages 48 stores that are owned by third parties for a management fee, bringing the total number of stores owned and managed to 202.

SVI's objective is to own and manage storage assets in Canada's top markets. The Corporation will focus on acquiring storage assets with strong existing cash flows, in strategic markets, preferably with excess capacity and land allowing for future development and expansion of our self, portable and information and records management storage businesses. Financing for this growth is intended to come from a combination of free cash flow from operations, mortgage financing and the issuance of debt or equity securities.

The Storage Landscape

Demand for storage is driven by population growth, change of circumstances and smaller living areas and work spaces. Business incubation, last mile storage and distribution, immigration, downsizing, renovations, moving, death, divorce, insurance, etc. have contributed to the significant growth in demand for storage space in Canada over the past 10 years and statistics show that this trend is expected to continue.

Market Size

The Canadian storage market is estimated to be 90 million square feet across 3,000 stores, with the top 10 operators owning less than 15% of these stores; by comparison, the US market is estimated at over 2.7 billion square feet across 51,000 plus stores. This translates into approximately 8.3 square feet per capita in the US versus 2.5 square feet per capita in Canada suggesting that Canada is an under-stored nation.

The market fragmentation of the Canadian storage industry combined with the low square foot per capita provides significant consolidation, expansion and development opportunities. Our existing platform, relationships, reputation and knowledge of the storage industry allows us to identify and take advantage of accretive and strategic acquisition opportunities.

Pricing and Occupancy

A store's rental rates and level of occupancy are dependent upon factors such as population density and growth, the local economy, pricing, customer service and curb appeal. We believe in managing our inventory (units) through pricing. Since our rentals are either weekly or monthly, we are able to react to market demand very quickly. Our objective is to maximize revenue by increasing rent per square foot first and maximizing occupancy second.

Competition
New development in a market impacts the occupancy and the ability to raise rates at existing stores until the market absorbs the new space. New entrants tend to offer significant move-in specials to achieve more rapid occupancy gains. Once the new space has leased up, promotions are reduced or eliminated and the focus switches to maximizing revenue through price increases. This can result in short term fluctuations in occupancy and revenue per square foot at existing stores.

Seasonality
The storage business is subject to seasonality. There is naturally more activity in the warmer months and less activity in the colder months. As a result, occupancies and revenue per square foot tend to be highest in Q2 and Q3 and lowest in Q1 and Q4. This trend is consistent with what is experienced in the Northern US. This seasonality is more significant in the portable storage business as all of our portable units are non-climate controlled. Also, operating costs tend to be higher during the winter months in Canada due to heating and snow removal costs resulting in lower NOI margins in Q1 and Q4 versus Q2 and Q3.

BUSINESS AND GENERAL CORPORATE STRATEGY

SVI owns and manages storage locations offering both self storage and portable storage for rent on a weekly or monthly basis, for personal and commercial use. We are focused on owning and operating locations in the top markets in Canada with a plan to have multiple stores, where possible, in each market we operate.

Growth Strategies

Our growth strategy is described in the following five segments: acquisitions, organic growth through improved performance of existing stores, expansion of our existing stores to meet pent up demand, and expansion of our portable storage and records management businesses.

Acquisitions
The combination of our corporate platform, our track record of closing transactions, our industry relationships and our storage experience provides SVI with a unique advantage in the Canadian marketplace. This advantage allows us to identify accretive and strategic purchasing opportunities at attractive prices that provide synergies in operations, marketing and revenue maximization.

We intend to be a disciplined purchaser, with a focus on Canada's top markets. As there is more competition to acquire existing stores, especially from US purchasers, we may not be able to find acquisitions that meet our criteria.

Organic Growth
Scale is important and the increased size of SVI provides a significant advantage in negotiating better rates on: marketing, insurance, software, office supplies, resale retail products, merchant services, technical support and long distance transport of portable units. These economies of scale translate into improved margins and better results.

Efficiencies are also gained through cross promotion and marketing of the self storage and portable storage platforms and our records management services due to our national footprint, offering different but complementary product choices at various price points to our customers.

The most significant evolution in the storage industry has been in the area of revenue management. Revenue management is the principle of achieving optimal revenue through a combination of rental rate increases on existing customers (increases the existing revenue base and rent per square foot) and dynamic pricing of available inventory so that we are selling the right product, to the right customer at the right time, for the right price. With a focus on revenue management, stores are able to achieve significant top and bottom line growth even when occupancies are stable.

<u>Existing Store Expansion</u>

There is over 1,000,000 square feet of development potential on excess land currently owned and operated by SVI. When the market conditions are suitable and high occupancies and leads indicate pent up demand, we expect to expand a number of our existing locations. In 2018, we completed 73,500 square feet of expansion and currently have another 50,000 square feet under construction expected to be completed in 2020.

<u>Expansion of Portable Storage Business</u>

The portable storage business is where the self storage business was 20 years ago and has significant growth potential. This belief is supported by Canada's largest pension plan purchasing the world's largest portable storage business in one of their long-term funds in February 2015 for over $1 billion. While margins in the portable storage business are not as high as they are in the self storage business, they are still attractive. With the larger geographic and operating footprint achieved through our growth strategy, we believe margins will continue to improve.

<u>Expansion of Information and Records Management Business</u>

The records management business is a complementary vertical in the storage space, much like portable storage, and fills up excess space, and delivers strong "sticky" cash flows. By virtue of consolidation in the records management industry, RecordXpress is one of the largest records management companies in Canada and as part of SVI, it is the only Canadian owned company that can provide a national platform. This is a significant competitive advantage as government organizations such as hospitals and charities do not want their confidential information in foreign hands.

Financing Strategy

We anticipate funding the capital requirements of our growth strategy through excess operating cash flow, utilization of suitable leverage and from the issuance of equity and debt securities.

<u>Financing With Secured Debt and Lines of Credit</u>

The Corporation will partially fund the purchase of storage assets with debt. A number of factors are considered when evaluating the level of debt in our capital structure, as well as the amount of debt that will be fixed or variable rate. In making financing decisions, the factors that we consider include, but are not limited to, interest rate, amortization period, covenants and restrictions, security requirements, prepayment rights and costs, overall debt level, maturity date in relation to existing debt, overall percentage of fixed and variable rate debt and expected store performance.

<u>Issuance of Common Shares</u>

The Corporation will, from time to time, issue common shares to the public or to vendors to fund the purchase of storage assets or pay down debt. SVI will consider issuances of additional common shares for cash proceeds or as consideration in the purchase of storage assets in the upcoming fiscal year if accretive to shareholders. Future issuances will be dependent upon financing needs, acquisitions and expansion, equity market conditions at the time and transaction pricing.

OUTLOOK

The Corporation's update and outlook for the COVID-19 Pandemic, acquisitions, share capital, results from operations and subsequent events are:

The COVID-19 Pandemic

For a significant portion of Q2 2020 and to meet the continued demand for our services, we modified our operations and remotely operated our stores and reservation centres. Our teams were fully employed and clients were able to safely store and access their valuables. To reopen our store offices, we installed plexiglass partitions, limiting the number of customers in our offices to one at a time and continued to improve and offer our no-contact rental processes. We are extremely proud of our team for continuing to adapt to new processes and for being committed to providing exceptional client and community service.

As a result of COVID-19, we experienced reduced rental activity during the quarter, a period in which we would normally see a surge in activity due to the seasonal nature of our business. Revenues were further impacted as we paused rent increases, late charges and administrative fees; by the end of the quarter we re-introduced these where appropriate. While clients may be further impacted, including through unemployment, which may reduce the ability to pay, the Corporation has experienced no meaningful increases in accounts receivable.

The Corporation continues to execute on our strategies to attract clients through search engine marketing, improving our online presence, virtual community connection programs and the development of a national platform and initiatives to fulfill last mile storage needs. We are capable of leveraging our national footprint to offer a complete storage, inventory management and mobilization solution through our self and portable storage and records management infrastructure. These efforts allowed us to partially mitigate the decline in leads from the lack of transitional activities experienced across Canada and has placed us in a strong position as we enter the back half of the year.

As at June 30, 2020, we continue to generate significant cash flows from our operations, with $15.9 million in cash on hand and $60.0 million of credit available. Subsequent to the quarter, the Corporation further strengthened its balance sheet by completing a $75 million bought deal offering of 5.75% senior unsecured hybrid debentures. Our balance sheet, along with our strong relationships with our lenders, provide us with sufficient borrowing capacity, refinancing and liquidity options to take advantage of acquisition opportunities that meet our requirements.

Acquisitions

In 2020, we expect to acquire $50 to $75 million of assets. In Q2 2020, we closed $11.5 million in acquisitions. Historically, we have been successful in meeting our acquisition targets; however, as there is uncertainty in the Canadian economy, and more competition to acquire existing stores, especially from foreign purchasers, we may not be able to find acquisitions that meet our criteria.

Share Capital

The Corporation will from time to time issue common shares to the public or to vendors to fund the purchase of storage assets. Future issuances will be dependent upon financing needs, acquisition opportunities, expansion plans, equity market conditions and transaction pricing.

Results from Operations

We continue to expect growth in revenue and NOI in 2020 resulting from the timing of 2019 and 2020 acquisitions and as we continue to streamline, innovate and integrate operations, execute on our revenue management systems and continue to control costs on the $1.3 billion of assets purchased in the past five years.

The Corporation may use discounts in select markets to match competitive forces and retain its customer base as a result of competitors trying to jump-start their lease up periods by offering significant discounts to new customers. This can result in short term fluctuations in occupancy and rent per square foot at existing stores. The effect on overall revenues is not expected to be significant, but it may be enough to slow the rate of growth in revenues experienced in past years.

Subsequent Events

The following items have been announced by the Corporation:

- On July 20, 2020, the Corporation completed a $75 million, 5.75% senior unsecured hybrid debentures bought deal offering, netting the Corporation $71.5 million in net proceeds.
- On August 11, 2020, the Corporation approved an increase in the quarterly dividend for Q3 2020 by 0.5% to $0.002693 per common share.

DESCRIPTION OF OUR OPERATIONS

As at June 30, 2020, the Corporation owned the following self storage and portable storage operations:

Location	Acres	Number of Stores	Units	Rentable Square Feet
British Columbia	43	18	9,514	935,574
Alberta	109	30	15,939	1,847,990
Saskatchewan	26	8	1,766	238,201
Manitoba	36	12	4,898	492,700
Ontario	232	68	28,977	3,349,217
Quebec	30	14	7,110	674,784
Nova Scotia	15	4	1,568	157,483
Portable Storage Units			4,613	565,563
Total	**491**	**154**	**74,385**	**8,261,512**

Management is focused on increasing value and increasing NOI as follows:

Revenue Management
In today's competitive climate, revenue per square foot is the greatest driver in increasing NOI and creating value. Our management platform has intelligent software, supported by dedicated personnel, that understands the nuances of each local market. Our in-depth knowledge of our customer base and the competition allows us to implement strategic rate increases and optimize proven promotions to attract clientele that will become long-term customers, repeat renters and strong referral sources.

Professional Management
The management team at SVI has extensive experience in all aspects of the storage industry including:

- delivering results
- management of over 200 storage locations throughout Canada
- acquisition, development and management of over 15 million square feet of storage space
- over 200 years of combined experience in the storage industry by senior management

Marketing
We implement specific marketing plans for the different localities, stages and seasons of our business with emphasis on maximizing return on investment for every dollar spent. Our strategies to attract customers include strong search engine marketing, user friendly online presence, community connection programs and development of large national accounts to fulfill their last mile storage needs. We conduct specific store and market analysis to determine how, when and where to focus our marketing dollars with the goal of efficiently and consistently increasing the value of our stores.

Costco Supplier
Our storage business is the exclusive supplier to Costco Wholesale Canada Ltd. (Costco) members across Canada. This relationship provides exclusive access to Costco's vast membership base as a marketing channel.

Reservation Centre

Our management platform includes a Reservation Centre (call centre) that provides call management services designed to increase reservations and move-ins, increase productivity at the store level and improve our corporate image through professionalism, consistency of messaging and willingness to resolve issues. Our Reservation Centre agents have training in the storage business and understand the need to introduce and greet professionally, establish rapport with customers, build trust, ask the right questions, listen, ask for the business and close the sale. The overall result is an increased close rate leading to improved financial performance.

Technology and Software

SVI stores utilize modern and intelligent software, technology and security systems. We work with vendors and developers, who have knowledge of the storage business, to take advantage of developing trends, including: (i) exception reports that allow management to monitor key performance and fraud indicators ensuring that management time is more effectively spent preventing and resolving issues than identifying them; and (ii) web-based software reporting that allows authorized individuals to view specific store information in real time. The user can choose to see daily rental rates achieved and the number of customers moving-in or moving-out. This tool allows us to adjust quickly to opportunities and threats in each marketplace.

Economies of Scale

The size and scope of our management platform, combined with the growing size of our own operations translates into higher gross margins through the centralization of many functions such as revenue management, property management, employee compensation and benefits programs, as well as the development and documentation of standardized operating procedures and best practices.

FINANCIAL RESULTS OVERVIEW

Throughout fiscal 2019, SVI acquired 46 stores and an information and records management business for $372.7 million. The comparative results are impacted by the timing of these acquisitions.

Selected Financial Information

	(unaudited) Three Months Ended June 30				*(unaudited)* Six Months Ended June 30			
			Change				Change	
	2020	2019	$	%	2020	2019	$	%
Storage revenue and related services	**$ 36,938,251**	$ 33,855,543	$ 3,082,708	*9.1%*	**$ 72,333,288**	$ 59,658,487	$ 12,674,801	*21.2%*
Management fees	**487,657**	400,313	87,344	*21.8%*	**926,974**	819,423	107,551	*13.1%*
	37,425,908	34,255,856	3,170,052	*9.3%*	**73,260,262**	60,477,910	12,782,352	*21.1%*
Operating costs	**12,134,446**	11,107,571	1,026,875	*9.2%*	**24,915,042**	19,888,647	5,026,395	*25.3%*
Net operating income [1]	**25,291,462**	23,148,285	2,143,177	*9.3%*	**48,345,220**	40,589,263	7,755,957	*19.1%*
Less:								
Acquisition and integration costs	**859,416**	2,962,199	(2,102,783)	*-71.0%*	**1,754,799**	4,981,732	(3,226,933)	*-64.8%*
Selling, general and administrative	**3,976,501**	2,883,741	1,092,760	*37.9%*	**7,098,884**	4,775,056	2,323,828	*48.7%*
Interest	**10,768,485**	11,078,576	(310,091)	*-2.8%*	**21,892,846**	19,334,182	2,558,664	*13.2%*
Stock based compensation	**-**	3,593,638	(3,593,638)	*-100.0%*	**-**	3,593,638	(3,593,638)	*-100.0%*
Depreciation and amortization	**20,470,461**	20,519,988	(49,527)	*-0.2%*	**40,611,138**	36,150,062	4,461,076	*12.3%*
	36,074,863	41,038,142	(4,963,279)	*-12.1%*	**71,357,667**	68,834,670	2,522,997	*3.7%*
Net Income (Loss) before taxes	**(10,783,401)**	(17,889,857)	7,106,456	*-39.7%*	**(23,012,447)**	(28,245,407)	5,232,960	*-18.5%*
Deferred tax recovery	**2,132,259**	1,578,869	553,390	-	**5,994,919**	3,090,592	2,904,327	-
Net Income (Loss)	**$ (8,651,142)**	$ (16,310,988)	$ 7,659,846	*-47.0%*	**$ (17,017,528)**	$ (25,154,815)	$ 8,137,287	*-32.3%*
Weighted average number of common shares outstanding								
Basic	**363,264,260**	360,578,156	2,686,104	*0.7%*	**363,274,911**	358,223,387	5,051,524	*1.4%*
Diluted	**363,264,260**	360,578,156	2,686,104	*0.7%*	**363,274,911**	358,223,387	5,051,524	*1.4%*
Net income (loss) per common share								
Basic	$ (0.024)	$ (0.045)			$ (0.047)	$ (0.070)		
Diluted	$ (0.024)	$ (0.045)			$ (0.047)	$ (0.070)		

[1] Non-IFRS Measure.

<u>Storage revenue and related services</u>

For the three months ended June 30, 2020, the Corporation had revenues of $36.9 million (June 30, 2019 - $33.9 million), an increase of 9.1%. This increase, while muted by the impact of COVID-19, is attributable to incremental revenue from the stores acquired in the prior fiscal year and from organic revenue growth. For additional information, see “Segmented, Existing and New Self Storage and Portable Storage Results.”

Management fees
The three months ended June 30, 2020 results were up 21.8% over to the prior year period. The increase in management fees is a direct result of increased revenues from the stores managed by the Corporation and muted by the Corporation acquiring managed stores reducing the number of stores in our third party management platform.

Operating costs
Operating costs for the three months ended June 30, 2020 were $12.1 million (June 30, 2019 - $11.1 million), an increase of 9.2%. The increase relates to stores acquired in 2019 and increases in advertising, property taxes and wages.

Net income (loss)
Our net loss of $8.7 million for quarter results from non-cash items of $20.5 million of depreciation and amortization and is offset by deferred tax recovery of $2.1 million.

Net operating income
For the three months ended June 30, 2020, the Corporation had net operating income (NOI), a non-IFRS measure, of $25.3 million (June 30, 2019 - $23.1 million), an increase of 9.3%. The increase was due to the NOI from assets purchased throughout fiscal 2019, streamlining and integration of operations, increased occupancy, increased rates through our revenue management systems and controlling costs.

Acquisition and integration costs
Acquisition and integration costs include costs and professional fees incurred to identify, qualify, close and integrate the assets purchased and pending, as well as purchases that we elected not to pursue. SVI has closed $11.5 million of acquisitions in fiscal 2020, following closing $372.7 million of acquisitions in fiscal 2019 and $161.4 million in fiscal 2018.

Selling, general and administrative
Selling, general and administrative expenses include all expenses not related to the stores including corporate office overhead and payroll, operations platform innovation and professional fees. These costs have increased as a result of increased activity associated with the growth and anticipated future growth of the business.

Interest
Interest expense decreased due to lower interest rates on the Corporation's variable rate debt. As at June 30, 2020, our total debt was $1.0 billion compared to $1.0 billion at June 30, 2019.

Depreciation and amortization
The increase in depreciation and amortization expense is primarily due to depreciating the additional assets acquired throughout fiscal 2019.

Funds from Operations (FFO) and Adjusted Funds from Operations (AFFO)

FFO and AFFO are non-IFRS measures. They allow management and investors to evaluate the financial results of an entity without taking into consideration the impact of non-cash items and non-recurring acquisition and integration costs on the Consolidated Statement of Income (Loss) and Comprehensive Income (Loss). Net income (loss) assumes that the values of our assets diminish over time through depreciation and amortization, irrespective of the value of our real estate assets in the open market. Other non-cash and non-recurring capital items include stock based compensation costs, deferred income tax expenses (recoveries), unrealized loss on interest rate swap contracts and acquisition and integration costs, if any. Acquisition and integration costs, adjusted for in our AFFO, are one time in nature to the specific assets purchased or pending. While the specific acquisition and integration costs may vary from period to period, given that the Corporation is planning to continue to complete acquisitions as part of its growth strategy, these costs will continue to be included as an adjustment in determining AFFO (i.e. the amount of the costs are "non-recurring" but the actual adjustment for these type of costs is "recurring").

FFO for the three months ended June 30, 2020 was $9.7 million versus $6.2 million for the same period in 2019. The FFO increase is attributable to strong operational performance and lower acquisition and integration costs incurred ($0.9 million compared to $3.0 million in 2019).

AFFO for the three months ended June 30, 2020 was $10.6 million versus $9.2 million for the same period in 2019, a 14.8% increase. These increases are the result of contributions from the assets purchased and strong operational performance.

The FFO and AFFO for the three and six months ended June 30, 2020 and 2019 are:

	(unaudited) Three Months Ended June 30				*(unaudited)* Six Months Ended June 30			
	2020	2019	Change $	Change %	2020	2019	Change $	Change %
Net Income (loss)	$ **(8,651,142)**	$ (16,310,988)	$ 7,659,846	-47.0%	$ **(17,017,528)**	$ (25,154,815)	$ 8,137,287	-32.3%
Adjustments:								
Stock based compensation	**-**	3,593,638	(3,593,638)	-100.0%	**-**	3,593,638	(3,593,638)	-100.0%
Deferred tax recovery	**(2,132,259)**	(1,578,869)	(553,390)	-	**(5,994,919)**	(3,090,592)	(2,904,327)	-
Depreciation and amortization	**20,470,461**	20,519,988	(49,527)	-0.2%	**40,611,138**	36,150,062	4,461,076	12.3%
	18,338,202	22,534,757	(4,196,555)	-18.6%	**34,616,219**	36,653,108	(2,036,889)	-5.6%
FFO [1]	$ **9,687,060**	$ 6,223,769	$ 3,463,291	55.6%	$ **17,598,691**	$ 11,498,293	$ 6,100,398	53.1%
Adjustments:								
Acquisition and integration costs	**859,416**	2,962,199	(2,102,783)	-71.0%	**1,754,799**	4,981,732	(3,226,933)	-64.8%
AFFO [1]	$ **10,546,476**	$ 9,185,968	$ 1,360,508	14.8%	$ **19,353,490**	$ 16,480,025	$ 2,873,465	17.4%

[1] Non-IFRS Measure.

Segmented, Existing and New Self Storage and Portable Storage Results

The Corporation operates three reportable business segments - self storage, portable storage and management fees. Self storage involves customers renting space at the Corporation's property for short or long term storage. Portable storage involves delivering a storage unit to the customer. The customer can choose to keep the portable storage unit at their location or have it moved to one of our location. Management fees are revenues generated from the management of stores owned by third parties.

Revenue, operating costs and net operating income

	(unaudited) Three Months Ended June 30				(unaudited) Six Months Ended June 30			
	2020	2019	Change $	Change %	2020	2019	Change $	Change %
Revenue								
Existing Self Storage [1]	$ **26,286,816**	$ 25,530,292	$ 756,524	3.0%	$ **51,771,502**	$ 49,342,661	$ 2,428,841	4.9%
New Self Storage [1]	**8,863,680**	6,347,313	2,516,367	39.6%	**17,250,664**	6,899,695	10,350,969	150.0%
Total Self Storage	**35,150,496**	31,877,605	3,272,891	10.3%	**69,022,166**	56,242,356	12,779,810	22.7%
Portable Storage	**1,787,755**	1,977,938	(190,183)	-9.6%	**3,311,122**	3,416,131	(105,009)	-3.1%
Management fees	**487,657**	400,313	87,344	21.8%	**926,974**	819,423	107,551	13.1%
Combined	**37,425,908**	34,255,856	3,170,052	9.3%	**73,260,262**	60,477,910	12,782,352	21.1%
Operating Costs								
Existing Self Storage	**7,305,181**	7,123,617	181,564	2.5%	**15,271,784**	14,575,133	696,651	4.8%
New Self Storage	**3,616,067**	2,647,738	968,329	36.6%	**7,316,290**	2,926,204	4,390,086	150.0%
Total Self Storage	**10,921,248**	9,771,355	1,149,893	11.8%	**22,588,074**	17,501,337	5,086,737	29.1%
Portable Storage	**1,213,198**	1,336,216	(123,018)	-9.2%	**2,326,968**	2,387,309	(60,341)	-2.5%
Combined	**12,134,446**	11,107,571	1,026,875	9.2%	**24,915,042**	19,888,646	5,026,396	25.3%
Net Operating Income [1]								
Existing Self Storage	**18,981,635**	18,406,675	574,960	3.1%	**36,499,718**	34,767,528	1,732,190	5.0%
New Self Storage	**5,247,613**	3,699,575	1,548,038	41.8%	**9,934,374**	3,973,491	5,960,883	150.0%
Total Self Storage	**24,229,248**	22,106,250	2,122,998	9.6%	**46,434,092**	38,741,019	7,693,073	19.9%
Portable Storage	**574,557**	641,722	(67,165)	-10.5%	**984,154**	1,028,822	(44,668)	-4.3%
Management fees	**487,657**	400,313	87,344	21.8%	**926,974**	819,423	107,551	13.1%
Combined	$ **25,291,462**	$ 23,148,285	$ 2,143,177	9.3%	$ **48,345,220**	$ 40,589,264	$ 7,755,956	19.1%

[1] Non -IFRS Measure.

Existing Self Storage

For the three months ended June 30, 2020, revenue and NOI increased by 3.0% and 3.1%, respectively, over the same prior year period, for these stores. The increase in Q2 2020 over Q2 2019, muted by the impacts of COVID-19, was driven from continued execution of our revenue management program, occupancy increases and controlling costs through operational efficiencies. As a result of COVID-19, we experienced reduced rental activity during the quarter, a period in which we would normally see a surge in activity due to the seasonal nature of our business. In addition, revenues were further impacted as we paused rent increases, late charges and administrative fees. For operating costs, we continue to control costs through operational efficiencies, however we experienced increases in advertising, property taxes and wages.

New Self Storage

Increase is a result of acquiring stores throughout 2019 resulting in revenue, operating costs and NOI growth as we commenced reporting results.

Portable Storage
Decrease in revenue and NOI was generally due to reductions in new rentals due to COVID-19.

<u>Quarterly net operating income</u>
The Corporation's quarterly results are affected by the timing of acquisitions, both in the current year and prior year. SVI also incurs non-recurring initial expenses when a new location is acquired. These costs may include labor, severance, training, travel, advertising and or office expenses.

The storage business is subject to seasonality. There is naturally more activity in the warmer months and less activity in the colder months. This natural increase in activity was muted in Q2 2020 due to COVID-19. Operating costs are higher during the winter months due to heating and snow removal costs resulting in lower NOI margins in Q1 and Q4, versus Q2 and Q3. This is consistent with results experienced in the Northern US.

	Fiscal 2020 ('000)			Fiscal 2019 ('000)				
	Q2	**Q1**	**Total**	Q4	Q3	Q2	Q1	Total
NOI [1]								
Existing Self Storage	$ 18,982	$ 17,518	**$ 36,500**	$ 19,064	$ 19,427	$ 18,407	$ 16,361	$ 73,259
New Self Storage	5,248	4,687	**9,934**	4,650	4,153	3,700	274	12,776
Total Self Storage	24,229	22,205	**46,434**	23,714	23,580	22,106	16,635	86,035
Portable Storage	575	410	**984**	505	779	642	387	2,313
Management Fees	488	439	**927**	462	469	400	419	1,750
	$ 25,291	$ 23,054	**$ 48,345**	$ 24,680	$ 24,828	$ 23,148	$ 17,441	$ 90,098

[1] Non-IFRS Measure

Existing Self Storage
The increase in Q2 2020 over Q2 2019, muted due to the impact of COVID-19, was driven from continued execution of our revenue management program, occupancy increases and controlling costs through operational efficiencies.

New Self Storage
SVI acquired 46 stores in 2019. These additions have resulted in NOI growth quarter over quarter as we commenced reporting results.

Portable Storage
Decrease in revenue and NOI was generally due to reductions in new rentals due to COVID-19.

Summary of Quarterly Results (unaudited)

Period	Revenue	Net Income / (Loss)	Net Income / (Loss) per share	Fully diluted Net Income / (Loss) per share	Total Assets	Total Liabilities	Dividends
2020 – Q2	$37,425,908	($8,651,142)	($0.024)	($0.024)	$1,369,097,150	$1,155,700,318	$973,985
2020 - Q1	$35,834,354	($8,366,386)	($0.023)	($0.023)	$1,371,022,824	$1,151,432,603	$966,317
Total 2020	**$73,260,262**	**($17,017,528)**	**N/A**	**N/A**	**N/A**	**N/A**	**$1,940,302**
2019 - Q4	$37,174,365	($11,563,878)	($0.032)	($0.032)	$1,392,865,962	$1,162,117,984	$961,654
2019 - Q3	$37,310,765	($9,399,776)	($0.026)	($0.026)	$1,377,237,690	$1,134,721,033	$958,230
2019 - Q2	$34,255,855	($16,310,988)	($0.045)	($0.045)	$1,385,491,977	$1,132,963,923	$952,321
2019 - Q1	$26,222,055	($8,843,827)	($0.025)	($0.025)	$1,044,914,091	$794,584,280	$930,288
Total 2019	**$134,963,040**	**($46,118,469)**	**N/A**	**N/A**	**N/A**	**N/A**	**$3,802,493**
2018 - Q4	$26,562,429	($843,810)	($0.002)	($0.002)	$1,022,791,417	$761,864,860	$925,235
2018 - Q3	$25,733,852	($6,355,654)	($0.018)	($0.018)	$990,262,630	$731,939,098	$920,981
2018 - Q2	$23,173,856	($9,158,368)	($0.026)	($0.026)	$959,256,102	$694,025,713	$920,562
2018 - Q1	$20,913,462	($7,793,463)	($0.022)	($0.022)	$922,656,903	$661,214,665	$889,786
Total 2018	**$96,383,599**	**($24,151,295)**	**N/A**	**N/A**	**N/A**	**N/A**	**$3,656,564**
2017 - Q4	$20,744,110	$15,343,505	$0.044	$0.044	$895,496,381	$627,421,264	$880,328
2017 - Q3 [1]	$18,453,960	($15,402,377)	($0.046)	($0.046)	$839,525,204	$585,777,091	$879,376
2017 - Q2	$12,557,306	($2,995,895)	($0.010)	($0.010)	$400,216,946	$237,005,503	$765,016
2017 - Q1 [1]	$10,133,138	($10,797,865)	($0.037)	($0.037)	$404,743,767	$238,025,850	$749,946
Total 2017	**$61,888,514**	**($13,852,632)**	**N/A**	**N/A**	**N/A**	**N/A**	**$3,274,666**
2016 - Q4	$8,900,182	($18,657,288)	($0.070)	($0.070)	$342,803,581	$187,115,587	$724,931
2016 - Q3	$7,307,070	($537,379)	($0.022)	($0.022)	$253,955,856	$131,931,530	$630,309
2016 - Q2	$6,320,322	($663,764)	($0.004)	($0.004)	$179,885,223	$118,343,352	$440,398
2016 - Q1	$5,296,970	($1,331,005)	($0.008)	($0.008)	$176,728,097	$114,010,014	-
Total 2016	**$27,824,544**	**($21,189,436)**	**N/A**	**N/A**	**N/A**	**N/A**	**$1,795,638**
2015 - Q4	$4,795,266	($2,702,281)	($0.026)	($0.026)	$171,486,477	$112,922,559	-
2015 - Q3	$3,137,527	($821,330)	($0.012)	($0.012)	$108,865,822	$85,594,955	-
2015 - Q2	$2,111,281	($677,127)	($0.012)	($0.012)	$54,449,748	$25,372,609	-
2015 - Q1	$1,096,513	($374,472)	($0.010)	($0.010)	$27,910,360	$25,033,929	-
Total 2015	**$11,140,587**	**($4,575,210)**	**N/A**	**N/A**	**N/A**	**N/A**	**-**

Note 1:
The Corporation reversed $12,420,000 of goodwill impairment taken in Q1 2017 and Q3 2017.

The Q1 2017 goodwill impairment that was recorded was $5,361,176, and as a result, Q1 2017 previously reported net loss of $10,797,865, would have been $5,436,689 without such goodwill impairment. The Q3 2017 goodwill impairment that was recorded was $7,058,823 million, and as a result, Q3 2017 reported net loss of $15,402,377 would have been $8,343,553 without such goodwill impairment.

The previously reported Total Assets for Q1 2017 of $404,743,767 would have been $410,104,943. The previously reported Total Assets for Q2 2017 of $400,216,946 would have been $405,578,122. The previously reported Total Assets for Q3 2017 of $839,525,204 would have been $851,945,204.

WORKING CAPITAL, LONG TERM DEBT AND SHARE CAPITAL

Working Capital

Cash provided by operating activities was $18.1 million for the six months ended June 30, 2020, compared to $12.1 million for the same prior year period. The increase arises from increased rates through our revenue management systems, increased occupancy, controlling costs and continued streamlining and integration of operations and lower acquisition and integrations costs.

As at June 30, 2020, the Corporation had $15.9 million of cash compared to $24.5 million at December 31, 2019. Cash was used to pay down debt, fund expansions and repurchase common shares through our NCIB. The Corporation expects its cash flow from operations to continue to increase as the full benefit of stores purchased in 2019 are realized, we continue to execute operational plans and as society transitions out of the acute period of COVID-19. In addition, the Corporation will borrow against existing assets to fund acquisitions and its expansion plans.

Debt

As at June 30, 2020 and December 31, 2019, the Corporation held the following debt:

	June 30, 2020			December 31, 2019		
	Rate Range	**Weighted Average**	**Balance**	Rate Range	Weighted Average	Balance
Mortgages						
Fixed/Variable	3.18% to 5.00%	4.20%	**661,490,396**	3.18% to 5.00%	4.21%	662,333,188
	Maturity: Jul 2020 to Nov 2029			*Maturity: Jul 2020 to Nov 2029*		
Deferred financing costs, net of accretion of $4,125,490 (Dec 31, 2019 - $3,656,956)			**(3,242,459)**			(3,856,505)
			658,247,937			658,476,683
Lines of Credit and Promissory Notes						
Variable		3.29%	**75,413,656**		4.78%	72,413,656
	Maturity: Aug 2020 to Dec 2022			*Maturity: Aug 2020 to Dec 2022*		
Fixed		3.97%	**303,070,580**		4.00%	312,898,053
	Maturity: Dec 2020 to Apr 2022			*Maturity: Feb 2020 to Apr 2022*		
		3.81%	**378,484,236**		4.12%	385,311,709
		4.06%	**1,036,732,173**		4.18%	1,043,788,392

Reconciliation of Debt

The following table reconciles the changes in cash flows from financing activities for the Corporation's debt:

	June 30, 2020	December 31, 2019
Debt, beginning of period	**$ 1,043,788,392**	$ 702,411,156
Advances from debt	**18,905,000**	536,106,032
Repayment of debt	**(26,575,264)**	(193,377,587)
Total cash flow from debt financing activities	**(7,670,264)**	342,728,445
Change in deferred financing costs	**614,045**	(1,351,209)
Debt, end of period	**$ 1,036,732,173**	$ 1,043,788,392

The bank prime rate at June 30, 2020 was 2.45% (December 31, 2019 - 3.95%). The weighted average cost of debt at June 30, 2020 is 4.06% (December 31, 2019 - 4.18%). The Corporation reduced its variable interest rate exposure by entering into fixed interest rate debt.

The weighted years to maturity, excluding lines of credit, at June 30, 2020 is 5.29 years (December 31, 2019 – 5.72 years).

Mortgages are secured by a first mortgage charge on the real estate and equipment of the Corporation, general security agreements, assignment of rents and leases and assignments of insurance coverages. The Corporation must maintain certain financial ratios to comply with the facilities. These covenants include debt service coverage ratios, a tangible net worth ratio, and a loan to value ratio. As of June 30, 2020 and December 31, 2019, the Corporation is in compliance with all covenants.

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

Principal repayments on debt and lines of credit in each of the next five years are estimated as follows:

Year 1	$	480,212,955 (includes $378.5 million lines of credit)
Year 2	$	125,617,692
Year 3	$	77,530,048
Year 4	$	37,076,815
Year 5	$	20,512,719
Thereafter	$	299,024,403

Of the repayments shown in Year 1, $12.0 million are required under our amortizing term debt mortgages, $89.7 million relates to loans due in the upcoming twelve months that are expected to be refinanced and $378.5 million relates to our lines of credit. Our lines of credit are covenant based (debt service coverage ratios, tangible net worth ratios, and loan to value ratios) and do not require repayment as long as the covenants are met. As of June 30, 2020 and December 31, 2019, the Corporation is in compliance with all covenants.

The Corporation terms out assets on our lines of credit when deemed appropriate, which includes determination that the Corporation has been able to implement its operating systems to increase the value of the assets and that the Corporation has an appropriate mix of assets supporting our lines of credit.
The Corporation's detailed debt maturity profile as at June 30, 2020 is:

Contractual Mortgage Maturities and Interest Rates

Year of Debt Maturity	Mortgages Payable	Weighted Average Interest Rate	Lines of Credit	Weighted Average Interest Rate	Total Debt	Weighted Average Interest Rate
2020	$ 89,713,608	4.46%	$ 13,803,913	3.80%	$ 103,517,521	4.37%
2021	112,226,197	4.15%	322,000,000	3.85%	434,226,197	3.93%
2022	69,398,605	4.07%	42,680,323	3.50%	112,078,928	3.85%
2023	27,808,210	4.74%	-	-	27,808,210	4.74%
2024	12,005,226	3.64%	-	-	12,005,226	3.64%
Thereafter	350,338,550	4.15%	-	-	350,338,550	4.15%
	$ 661,490,396	4.20%	$ 378,484,236	3.81%	1,039,974,632	4.06%
Deferred financing costs net of accretion					(3,242,459)	
Balance					$1,036,732,173	

Share Capital
The common shares issued are:

	Number of Shares	Amount
Balance, December 31, 2018	355,722,974	$ 338,552,701
Issued on asset acquisitions	5,464,286	15,300,000
Dividend reinvestment plan	537,795	1,447,278
Share option and warrant redemption	1,080,000	350,350
Share issuance costs	-	(64,666)
Balance, December 31, 2019	362,805,055	355,585,663
Issued on acquisitions	1,240,323	3,845,000
Dividend reinvestment plan	232,036	750,035
Share option redemption	76,000	33,650
Common shares repurchased	(926,133)	(3,022,001)
Balance, June 30, 2020	363,427,281	$ 357,192,347

Dividend Reinvestment Plan

Represents common shares issued under the Corporation's dividend reinvestment plan ("DRIP") for holders of common shares approved on April 18, 2016. Under the terms of the DRIP, eligible registered holders of a minimum of 10,000 Common Shares (the "Shareholders") may elect to automatically reinvest their cash dividends, payable in respect to the common shares, to acquire additional common shares, which will be issued from treasury or purchased on the open market. The Corporation may initially issue up to 5,000,000 common shares under the DRIP, which may be increased upon Board of Directors approval, acceptance of the increase by the Exchange, and upon public disclosure of the increase.

Stock Options

A total of 18,366,450 options were outstanding as at June 30, 2020 (December 31, 2019 – 18,442,450). Of the outstanding amount, 18,366,450 options were exercisable (December 31, 2019 – 18,442,450). The details are as follows:

Exercise Price		Vesting Date	Expiry Date	June 30, 2020	December 31, 2019
$	0.33	Jun. 19, 2014	Jun. 19, 2024	140,000	140,000
$	0.41	Apr. 28, 2015	Apr. 28, 2025	2,047,450	2,122,450
$	0.50	Sep. 14, 2015	Sep. 14, 2025	1,570,000	1,570,000
$	1.36	Dec. 21, 2016	Dec. 21, 2026	2,810,000	2,810,000
$	1.78	Mar. 16, 2017	Mar. 16, 2027	2,850,000	2,850,000
$	2.52	May 4, 2018	May 4, 2028	3,000,000	3,000,000
$	2.90	May 28, 2019	May 28, 2029	5,949,000	5,950,000
Options exercisable and outstanding				18,366,450	18,442,450

The Board of Directors of the Corporation may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of the Corporation, non-transferable options to purchase common shares.

Equity Incentive Plan

Under the Corporation's Equity Incentive Plan passed on May 30, 2018 (the "Plan"), directors, employees and consultants are eligible to receive awards, in the form of Restricted Share Units ("RSU's"), Deferred Share Units ("DSU's") and Named Executive Officer Restricted Share Units ("Neo RSU's"), as and when granted by the Board, at its sole discretion. The maximum number of awards that may be issued under the Plan is 17,545,677. The maximum number of shares that may be reserved for issuance under the Plan, together with any of the Corporation's other share-based compensation arrangements, may not exceed 10% of the issued shares of the Corporation.

The RSU's and DSU's that are granted vest in equal annual amounts over three years. The Neo RSU's vest three years after the date of grant. RSU's, DSU's and Neo RSU's are entitled to be credited with dividend equivalents in the form of additional RSU's, DSU's and Neo RSU's, respectively.

The Corporation entered into Total Return Swaps ("TRS") as economic hedges of the Corporation's DSUs and RSUs. Under the terms of the TRS, a bank has the right to purchase the Corporation's shares in the marketplace as a hedge against the returns in the TRS. At June 30, 2020, 924,717 TRS units were outstanding. At June 30, 2020, 100% of the combined DSU and RSU exposures were economically hedged (December 31, 2019 - 100%). Hedge accounting is not applied for the DSU/RSU hedging program.

Under the Plan, 531,647 common shares at a value of $1,984,038 have been issued as at June 30, 2020.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

Lease Liabilities

The Corporation leases buildings and lands in Kamloops, BC, Montreal, QC, Toronto and Sudbury, ON and Winnipeg, MB. The leases expire between 2023 and 2054, with the leases expiring in 2023 and 2027 having up to 15 years and 20 years of renewals, respectively, which are expected to be exercised by the Corporation.

The lease liabilities are measured at the present value of the lease payments that are not paid at the balance sheet date. Lease payments are apportioned between interest expense and a reduction of the lease liability using the Corporation's incremental borrowing rate to achieve a constant rate of interest on the remaining balances of the liability.

For the three and six months ended June 30, 2020, the Corporation recognized $340,023 and $620,096, respectively (June 30, 2019 - $208,894 and $418,472, respectively) in interest expense related to its lease liabilities.

A reconciliation of the lease liabilities from the date of adoption of IFRS 16 to June 30, 2020 is as follows:

	Self Storage Properties
Balance, December 31, 2019	$ 25,491,060
Additions	813,060
Cash Payments	(956,990)
Interest	620,096
Balance, June 30, 2020	$ 25,967,226

Contingency

The Corporation has no legal contingency provisions at either June 30, 2020 or December 31, 2019.

Off-Balance Sheet Arrangements

The Corporation is not party to any industry contracts or arrangements other than those disclosed in the consolidated financial statements.

RELATED PARTY TRANSACTIONS

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 Steven Scott and Iqbal Khan who are directors of the Corporation. The Corporation pays a monthly royalty of 3.5% on the gross sales. During the three and six months ended June 30, 2020, the Corporation paid $70,153 and $127,244, respectively (June 30, 2019 - $72,376 and $139,465, respectively) for royalties and $nil (June 30, 2019 - $nil) 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 June 30, 2020 was $44,776 (December 31, 2019 - $73,783) payable to CPFI.
The Corporation has management agreements with Access Self Storage Inc. and related companies ("Access Group"). These companies are related to Steven Scott and Iqbal Khan who are directors of the Corporation. The Corporation invoices the Access Group for management fees as well as additional services it provides as part of the management agreements. During the three and six months ended June 30, 2020, the Corporation received $1,474,614 and $3,052,391, respectively (June 30, 2019 – $1,848,769 and $3,561,506, respectively) in payments and reimbursements related to the management agreement.

Included in accounts payable and accrued liabilities was $487,539 (December 31, 2019 - $292,132) payable to the Access Group. Included in accounts receivable was $721,549 (December 31, 2019 - $671,452) receivable from the Access Group.

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:

	June 30, 2020	June 30, 2019
Wages, management fees, bonuses and directors fees	**$ 278,544**	$ 282,342
Stock based compensation	**-**	2,561,230
	$ 278,544	$ 2,843,572

ACQUISITION COMMITTEE AND ACQUISITION COMMITTEE MANDATE

The Corporation may, from time to time, purchase assets from parties related to the Corporation, and in particular, assets or shares owned or controlled by management of the Corporation or Access Self Storage Inc. (Access) or any of its subsidiaries or affiliates. To govern such potential related party transactions, the Corporation has established an Acquisition Committee and an Acquisition Committee Mandate.

The Acquisition Committee is comprised of eight voting members, six members being independently appointed and independent of management and two of which are appointed by Access. Acquisition Committee members who are deemed to be in a conflict of interest position with respect to related party transactions are required to abstain from voting on such related party transactions.

The mandate of the Corporation's Acquisition Committee is to review, evaluate, and approve the terms of proposed acquisitions in the context of the current strategic direction of the Corporation. In particular, and with respect to related party property acquisitions, the Acquisition Committee has the authority to appoint appraisers, environmental consultants, and professional advisors to evaluate and report to the Acquisition Committee on the suitability of such transactions. Thereafter, the Acquisition Committee provides its recommendation as to whether the Board of Directors should approve an acquisition.

The Board of Directors of the Corporation must accept the recommendations that the Acquisition Committee makes with respect to any related party transaction, and in particular, an acquisition involving assets or shares of Access or any of its subsidiaries or affiliates.

ACCOUNTING POLICIES

The Corporation's significant accounting policies are summarized in Note 3 to the June 30, 2020 unaudited interim consolidated financial statements. There has been no change in significant accounting policies from the Corporation's audited consolidated annual financial statements from December 31, 2019. In addition, there has been no change in the Company's financial instrument risks.

Non-IFRS Financial Measures

Management uses both IFRS and Non-IFRS Measures to assess the Corporation's operating performance. In this MD&A, management uses the following terms and ratios which do not have a standardized meaning under IFRS and are unlikely to be comparable to similar measures presented by other companies:

i. Net Operating Income ("NOI") – NOI is defined as storage and related services less operating costs. NOI does not include interest expense or income, depreciation and amortization, selling, general and administrative costs, acquisition and integration costs, stock based compensation costs or taxes. NOI assists management in assessing profitability and valuation from principal business activities.

ii. Funds from Operations ("FFO") – FFO is defined as net income (loss) excluding gains or losses from the sale of depreciable real estate, plus depreciation and amortization, unrealized gains or losses from interest rate swaps, stock based compensation expenses, and deferred 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 IFRS. The Corporation believes that FFO can be a beneficial measure, when combined with primary IFRS 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.

iii. Adjusted Funds from Operations ("AFFO") – AFFO is defined as FFO plus acquisition and integration costs. Acquisition and integration costs are one time in nature to the specific assets purchased in the current period or pending and are expensed under IFRS.

iv. Existing Self Storage and New Self Storage performance – "Existing Self Storage" are defined as those that the Corporation has owned or leased since the beginning of the previous fiscal year. "New Self Storage" are those that have not been owned or leased continuously since the beginning of the previous fiscal year. We believe the use of this metric combined with primary IFRS measures is beneficial in understanding the full operating performance of our operations during a growth period. Comparative figures for the New Self Storage and Existing Self Storage categories may differ from amounts reported in previous MD&A reports.

Recent and Future Accounting Pronouncements

The IASB and 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, 2019 annual audited consolidated financial statements.

Disclosure Controls and Procedures
Pursuant to National Instrument 52-109, which requires certification of disclosure in an issuer's annual and interim filings, the Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the Corporation's internal disclosure controls and procedures for the three and six months ended June 30, 2020, including the design of internal controls over financial reporting, to provide reasonable assurance regarding the reliability of financial reporting in accordance with IFRS. These officers have concluded that the Corporation's disclosure controls and procedures are designed effectively to ensure that information required to be disclosed in reports that are filed or submitted under Canadian securities legislation are recorded, processed and reported within the time specified in those rules.

There have been no changes in the Corporation's internal controls over financial reporting that have materially affected or are reasonably likely to affect the Corporation's internal controls over financial reporting for the three and six months ended June 30, 2020.

RISKS AND UNCERTAINTIES

As our primary business consists of owning and operating storage real estate, we are exposed to risks related to such ownership and operations that can adversely impact our business and financial position. The following is a brief overview 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.

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.

Refinancing Risk
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 unable to refinance an existing indebtedness on favorable terms, the Corporation may need to dispose of one or more properties on 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.

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, entering into floating-to-fixed interest rate swaps, 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.

Economic Conditions

Even though storage is less susceptible to changes in the local economy, as storage space is often needed during times of both growth and recession, downturns in a local economy could negatively affect our revenues and NOI. A significant portion of storage customers use 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 storage rental demand.

Contagious Diseases

The COVID-19 pandemic or any future outbreak of other highly infectious or contagious diseases, will impact demand for our storage space and ancillary products and services, which can result in potential decreases in occupancy, rental rates and administrative fees and increases in expenses, which could adversely affect our results.

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, to the extent that hazardous materials enter the environment. The presence of hazardous substances could also impair the Corporation's ability to finance or sell the property, and might expose the Corporation to civil law suits. To mitigate such risk, the Corporation procures recent or updated environmental reports for all acquisitions to ascertain the risk, if any, that exist at a property. It also prohibits the storage of hazardous substances as a condition of the user agreement signed by customers.

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 customer.

Other Self Storage Operators or Storage Alternatives

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 occupancy levels, rental rates or operating costs such as marketing.

Acquisition of Future Locations

Competition also exists when the Corporation attempts to grow through acquisitions of storage locations. An increase in the availability of investment funds in the general market, and a subsequent increase in demand for storage locations would have a tendency to increase the price for future acquisitions of storage locations and reduce the yields thereon.

Anticipated Results from New Acquisitions

The realization of anticipated results and value from acquisitions can be jeopardized from unexpected circumstances in integrating stores into our existing operations, from situations we did not detect during our due diligence or from increased property tax following reassessment of newly acquired locations.

Increase in Operating Costs

Our operating margins can be negatively impacted from increases in operating costs such as property tax, staffing costs, insurance premiums, repairs and maintenances costs, utility costs and others due to various factors such as the need for governments to raise funds, natural disasters, and energy prices.

Climate and Natural Disasters

The storage industry in Canada can be cyclical. Due to the climate, demand for storage is generally weaker in winter months with an increase in operating costs resulting in potentially lower NOI during Q1 and Q4.

Natural disasters, such as floods, earthquakes or severe winter storms may result in damage and business interruption losses that are greater than the aggregate limits of our insurance coverage. We maintain a comprehensive insurance policy to cover such events, however some insurance coverage may be or become unavailable or cost prohibitive.

Litigation

Legal claims may arise from the ordinary course of our business. Resolution of these claims would divert resources from the Corporation such as cash to pay expenses and damages and the diversion of management's time and attention from the Corporation's business. The impact and results from litigation cannot be predicted with certainty and can have a material adverse effect on the business.

Use and Dependency on Information Technology Systems

Our business is heavily dependent on the use of information technology, with the majority of our new customers communicating and transacting with us electronically or over the phone. Commerce over the internet and the nature of our business requires us to retain private information about our customers. Significant aspects of these systems are centrally managed, such as our financial information and some are managed by third party vendors. These systems may be subject to telecommunication failures, cyber-attack, computer worms and viruses and other disruptive security breaches, all of which could materially impact our operations, resulting in additional costs and or in legal action either by governments agencies or private individuals.

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