ANNUAL REPORT

2020

STORAGEVAULT
CANADA SELF STORAGE CENTRES

About StorageVault Canada Inc.

StorageVault Canada Inc. (TSXV: SVI) is Canada's largest storage company. SVI's primary business is owning, managing and renting self storage and portable storage space to individuals and commercial customers in over 212 stores from coast to coast. SVI also provides professional records management services, such as document and media storage, imaging and shredding services.

To learn more about us, please visit www.storagevaultcanada.com.

Corporate Information

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Address:	100 Canadian Road, Toronto, ON, M1R 4Z5

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LETTER TO OUR SHAREHOLDERS

Dear Fellow Shareholders,

While 2020 was a year like no other, StorageVault continued to demonstrate the stability and resiliency of our portfolio and industry. Our team responded quickly and adapted our entire platform to safeguard our staff and clients, while ensuring our continued growth.

Operationally, in spite of a pause in rent increases and fees for a portion of the year, we had an enormously successful year, achieving 5% same store NOI growth and 17% AFFO growth. These strong results are a testament to the strength of our team and continual sound, strategic investments in our platform.

Our investments in technology and innovation put us in an enviable position to address the unique challenges presented by Covid-19. Prior to the pandemic, we invested substantial resources in our online platform that provided us the ability to operate 15% of our stores virtually. Leveraging this investment, over a ten-day period in March, we were able to transition our entire portfolio to no-contact processes. As of December 31st, 25% of our stores remain virtual locations and we expect this to increase in the years to come as customers' expectations evolve. When we combine this accelerated transition to virtual with our best-in-class revenue management systems, lead generation platform, reservation centre and data analytics, the results are enhanced revenue growth, lower customer acquisition costs, controlled expenses, a better client experience and an engaged and industry leading team.

In 2020 we closed on over $230 million of high-quality self storage assets, as our focus on acquiring strategic assets in our existing markets continues to pay dividends. Now, with 212 total stores across Canada and more in the pipeline, we are confident that this strategy will result in synergies for years to come. We anticipate adding $100 million of accretive assets to our portfolio in 2021, further growing our lead as the most dominant player in Canada.

Other accomplishments and accolades to share this year include:

- being recognized as a leader in gender diversification and equality by receiving the 2020 Report on Business Magazine's Women Lead Here award;
- adapting our continued support of more than 150 organizations in communities across Canada, partnering in initiatives related to health, education, sport, equality, and quality of life, including becoming the Official Storage and Moving Partner for the Canadian Olympic Committee;
- continuing to focus on our environmental responsibility with numerous eco-friendly initiatives such as roof top solar, solar walls, motion-sensor LED lighting, low-flow plumbing fixtures, in-floor radiant heating, LED replacement program in old stores, and many more.

As we transition through this pandemic and beyond, we remain focused on significantly growing cash flows and on increasing value for our shareholders by executing on our strategies and by being disciplined purchasers of great assets from coast to coast.

Thank you for your continued support,

Steven Scott
Chief Executive Officer
February 24, 2021

SHOP STORE™

OUR BOARD MEMBERS

JAY LYNNE FLEMING

Ms. Fleming is the President and CEO of CVL Investments Ltd., and was the founder of Storage for Your Life, which she sold to StorageVault in 2015. Throughout her career, Ms. Fleming has been continuously active in private commercial real estate. Ms. Fleming currently serves as Chair of the Corporation's Governance, Nominating and Compensation Committee and also serves as a member of both the Audit and Acquisition Committees.

BEN HARRIS

Mr. Harris has more than 20 years of real estate investment and management experience and is currently the managing partner of a private investment vehicle based in the United States. He is a graduate of Dalhousie University and the University of Kings College in Canada where he received joint science degrees in Economics. Mr. Harris also serves on the board of Rippowam Cisqua School in Bedford, New York. Mr. Harris currently serves as Chair of the Audit Committee.

IQBAL KHAN - CFO

Mr. Khan, CPA, CA, MAcc, has been the Chief Financial Officer and Director since 2015. He is also a Principal and Chief Financial Officer of The Access Group of Companies focusing on the ownership, acquisition and development of storage, multi-residential, industrial and commercial real estate in Canada for more than 20 years. Mr. Khan serves as a director of Parkit and also serves as the Chair of the Canadian Self Storage Association Tax Committee.

STEVEN SCOTT - CEO

Steven Scott BCOM, CA, CPA, is the Chair and Chief Executive Officer of StorageVault Canada and of the Access Group of Companies. Mr. Scott has over 20 years of experience in the ownership, acquisition, development and management of self storage, residential and industrial real estate in Canada. Mr. Scott is the Chair of Parkit and sits on the Boards of Park Lawn Corporation (Audit Chair), Timbercreek Financial Corporation and the Canadian Self Storage Association, (Treasurer).

AL SIMPSON

Mr. Simpson is a co-founder and former president and CEO of the Corporation. He currently serves as a director and as Chair of the Acquisition Committee. Mr Simpson was vital in transitioning StorageVault to a publically traded company on the TSX Venture Exchange. Mr. Simpson holds a PgD Business Administration from Edinburgh Business School and a Post Graduate Certificate in Accounting.

"Our strong results are a testament to the strength of our team and continual sound, strategic investments in our platform."

HIGHLIGHTS

* New Management

Q4/2014
10 STORES

Q4/2015*
29 STORES

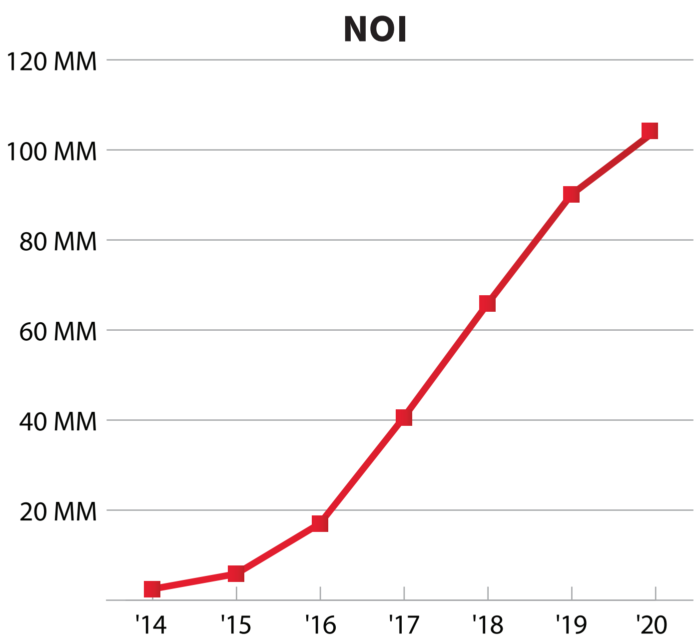
Q4/2016
49 STORES

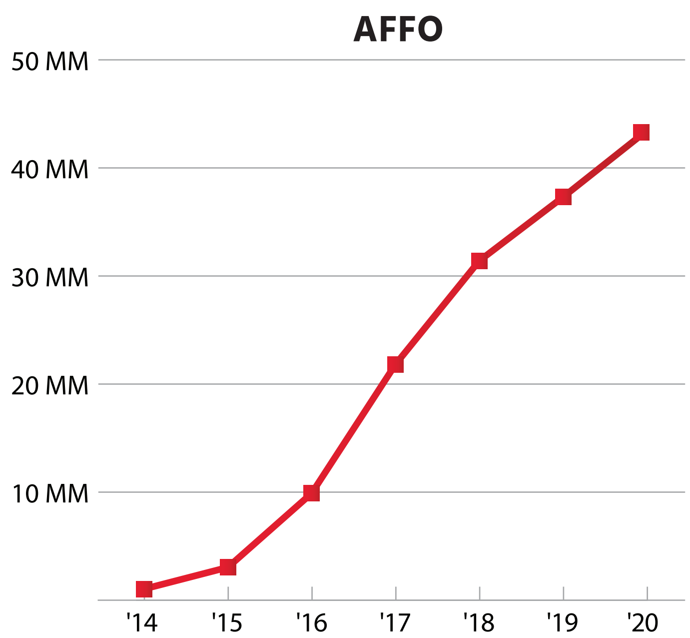
Q4/2017
90 STORES

Q4/2018
105 STORES

Q4/2019
151 STORES

Q4/2020
167 STORES





+15%
REVENUE

+16%
NOI

+17%
AFFO

WE GREW TO OVER **9 MILLION SQFT** OF RENTABLE SPACE IN **82,000** STORAGE UNITS

$232.7 MILLION IN ACQUISITIONS RESULTING IN **16 STORES** BEING **ADDED** IN 2020

REVENUE GROWTH OF **15%** TO **$155.5 MILLION** FROM $135.0 MILLION

NOI GROWTH OF **16%** TO **$104.2 MILLION** FROM $90.1 MILLION

EXPECTING **$100 MILLION** IN **ACQUISITIONS** IN 2021

823% 5 YEAR TOTAL **SHAREHOLDER RETURN**

OUR NATIONAL FOOTPRINT

212+ locations owned and managed across Canada and growing!

SHOP STORE™

OUR BRANDS

Access Storage · Depotium Mini Entrepôt · Sentinel Storage · Storage for Your Life (Solutions • Security • Service) · cubeit · PUPS Containers · RecordXpress (Document Storage Retrieval Services)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Environmental integrity, social responsibility and adherence to strong governance practices are core values at StorageVault and will continue to remain focused on reducing the already extremely low environmental impact of our stores, improving our engagement with colleagues and shareholders, supporting the communities in which we operate, and adopting sound corporate governance practices.

ENVIRONMENTAL

We are a community-based business that believes it is our responsibility to implement sustainable operating practices to minimize our impact on the world and protect the environment, while simultaneously improving the performance of our portfolio. With this in mind, incorporating environmental efficiencies into our building design and operations is core to our company, our shareholders, our clients and our communities.

When compared to other types of commercial properties, the storage industry has an inherently low environmental impact given low daily activity levels. Strategically, we offer a mix of square footage that is non-climate controlled and climate controlled, with non-climate controlled space having minimal ecological affect. For our properties that provide climate controlled storage, we hold inside temperatures at moderate levels which safeguard contents while minimizing energy required to heat or cool the space. Operationally, water usage is very low and minimal daily client activity helps to limit the carbon footprint within our communities.

Ongoing and forward-thinking energy saving initiatives include rooftop solar panels, solar walls, motion activated systems to turn lights on and off automatically and replacing older fixtures with modern energy saving fixtures and bulbs. In addition to this, we source and sell packing supplies made of recycled materials and have significantly reduced paper use with our no-contact rental process.

SOCIAL

As a team, we are a united nation of over 600 colleagues across 100 communities in Canada. Diversity is in our DNA and is the foundation of our strength and stability. Our culture of continuous improvement, together with our ongoing training programs, promote diversity of thought, development of skills, personal wellness and safety. As such, we naturally foster internal advancement opportunities and promotions within our organization.

At StorageVault, we are aware that our services support people in moments of transition, and we appreciate the importance of our role and the impact we have in our local communities. Through the strength of our business, we support over 150 local charities, grassroots initiatives and national organizations. We are passionate about supporting organizations across the country to support causes that are dear to our families and important within our communities, including those related to health, education, sports, equality and quality of life.

GOVERNANCE

StorageVault's Management and Board are committed to ensuring strong corporate governance that protects the long-term interests of our stakeholders, strengthens management accountability and fosters public trust in StorageVault. We understand the importance of equality, diversity and good corporate governance and are dedicated to maintaining the highest standards through the following practices:

- Independent Director led Audit, Acquisition and Governance, Nominating and Compensation Committees
- Acquisition Committee Mandate to review, approve and recommend transactions to the Board
- Diverse Management team and Board and Diversity Policy
- Annual review and vote to approve executive compensation
- Annual election by shareholders of Directors, CEO and CFO at AGM
- Whistleblower Policy
- Insider Trading and Reporting Policy
- Disclosure and Confidentiality Policy
- Regular review and updates of all Corporate Governance principles and policies
- Code of Business Conduct & Ethics which is signed by all employees

A proud moment for us, and evidence of our ongoing commitment to gender diversity, StorageVault was recognized in the Report on Business Magazine's Women Lead Here inaugural list in 2020.

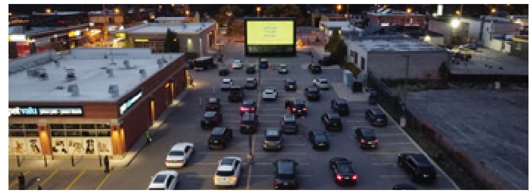
2020 REPORT ON BUSINESS WOMEN LEAD HERE

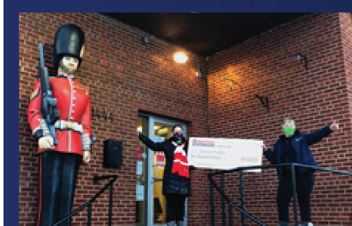
STORAGEVAULT CANADA SELF STORAGE CENTRES

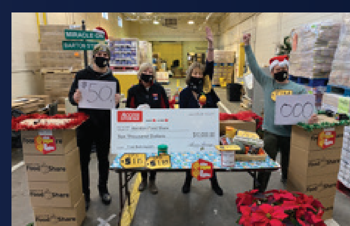
OFFICIAL STORAGE PARTNER OF THE CANADIAN OLYMPIC COMMITTEE

Community Support

StorageVault continues to work with more than 150 partners in various relevant and unique ways, including support for at risk children and youth, retirement and long-term care homes, small businesses and sports and athleticism at all levels. In December, SVI initiated a 12 Days of Giving campaign with our partners in support of community food security programs and donated thousands of meals across Canada.







Front Line and Hospital Support

StorageVault donated thousands of PPE items including masks, gowns and sanitizers to various hospitals and front-line workers across Canada, including flowers as a gesture of gratitude. Our participation in hospital foundation support included the use of our move-in vans and staff to assist with deliveries for an at home virtual event in support of Michael Garron Hospital.

StorageVault Canada Inc.
Consolidated Financial Statements

For the Years Ended December 31, 2020 and 2019

MNP LLP

Independent Auditor's Report

To the Shareholders of StorageVault Canada Inc.:

Opinion

We have audited the consolidated financial statements of StorageVault Canada Inc. and its subsidiary (the "Corporation"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019, and the consolidated statements of income (loss) and comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Sean Du Plessis.

MNP LLP

Calgary, Alberta
February 23, 2021

Chartered Professional Accountants

MNP

StorageVault Canada Inc.
Consolidated Statements of Financial Position
As at December 31

	2020	2019
Assets		
Real estate and equipment, net (Note 5)	**$ 1,439,920,819**	$ 1,246,187,751
Goodwill and intangible assets, net (Note 6)	**113,925,773**	113,827,924
Cash and short term deposits	**25,527,533**	24,460,186
Prepaid expenses and other current assets	**3,446,585**	2,985,805
Accounts receivable	**4,559,229**	5,404,296
	$ 1,587,379,939	$ 1,392,865,962
Liabilities and Shareholders' Equity		
Debt (Note 7)	**$ 1,179,739,132**	$ 1,053,079,602
Hybrid debentures (Note 8)	**71,765,725**	-
Lease liability (Note 15)	**44,035,050**	25,491,060
Deferred tax liability (Note 11)	**53,200,017**	64,063,076
Accounts payable and accrued liabilities	**18,635,766**	12,458,892
Unearned revenue	**9,829,082**	7,025,354
	1,377,204,772	1,162,117,984
Shareholders' Equity		
Share capital (Note 9)	**365,886,912**	355,585,663
Dividends paid (Note 9)	**(16,439,355)**	(12,529,361)
Contributed surplus (Note 9)	**15,130,383**	8,812,227
Deficit	**(154,402,773)**	(121,120,551)
	210,175,167	230,747,978
	$ 1,587,379,939	$ 1,392,865,962

Commitments and Contingencies (Note 15)

Subsequent Events (Note 16)

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

Approved on behalf of the Board:

"signed" Steven Scott	"signed" Iqbal Khan
Director	Director

StorageVault Canada Inc.
Consolidated Statements of Changes in Equity
For the Years Ended December 31

		2020		2019
Share Capital				
Balance, beginning of the period	$	**355,585,663**	$	338,552,701
Common shares issued, net of issuance costs (Note 9)		**14,239,478**		17,032,962
Common shares repurchased (Note 9)		**(3,938,229)**		-
Balance, end of the period		**365,886,912**		355,585,663
Dividends Paid				
Balance, beginning of the period		**(12,529,361)**		(8,726,868)
Dividends paid during the period (Note 9)		**(3,909,994)**		(3,802,493)
Balance, end of the period		**(16,439,355)**		(12,529,361)
Contributed Surplus				
Balance, beginning of the period		**8,812,227**		5,218,589
Stock based compensation (Note 9)		**6,318,156**		3,593,638
Balance, end of the period		**15,130,383**		8,812,227
Deficit				
Balance, beginning of the period		**(121,120,551)**		(74,117,865)
IFRS 16 equity adjustment (Note 3)		**-**		(1,207,122)
Deferred tax recognized on adoption of IFRS 16 (Note 11)		**-**		322,905
Net income (loss) and comprehensive income (loss)		**(33,282,222)**		(46,118,469)
Balance, end of the period	$	**(154,402,773)**	$	(121,120,551)

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

StorageVault Canada Inc.
Consolidated Statements of Income (Loss) & Comprehensive Income (Loss)
For the Years Ended December 31

		2020		2019
Revenue				
Storage and related services	**$**	**153,394,776**	$	133,212,736
Management fees		**2,069,146**		1,750,304
		155,463,922		134,963,040
Expenses				
Operating costs		**51,250,858**		44,865,099
Acquisition and integration costs		**7,402,034**		6,982,983
Selling, general and administrative		**15,550,356**		11,214,718
Stock based compensation (Note 9)		**6,318,156**		3,593,638
Depreciation and amortization (Note 5)		**82,558,426**		79,206,355
Interest		**45,820,583**		42,189,684
Unrealized (gain) loss on interest rate swap contracts (Note 7)		**(9,291,210)**		9,291,210
		199,609,203		197,343,687
Net income (loss) and comprehensive income (loss) before tax		**(44,145,281)**		(62,380,647)
Deferred tax recovery (Note 11)		**10,863,059**		16,262,178
Net income (loss) and comprehensive income (loss) after tax	**$**	**(33,282,222)**	$	(46,118,469)
Net income (loss) per common share				
Basic	**$**	**(0.092)**	$	(0.128)
Diluted	**$**	**(0.092)**	$	(0.128)
Weighted average number of common shares outstanding				
Basic		**363,469,712**		360,468,060
Diluted		**363,469,712**		360,468,060

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

StorageVault Canada Inc.
Consolidated Statements of Cash Flows
For the Years Ended December 31

		2020		2019
Cash provided by (used for) the following activities:				
Operating activities				
Net income (loss) and comprehensive income (loss) after tax	$	**(33,282,222)**	$	(46,118,469)
Adjustment for non-cash items:				
Deferred tax recovery (Note 11)		**(10,863,059)**		(16,262,178)
Depreciation, amortization (Note 5)		**82,558,426**		79,206,355
Amortization of deferred financing costs		**1,647,618**		1,142,637
Accretion of lease liabilities (Note 15)		**1,418,221**		1,106,704
Stock based compensation (Note 9)		**6,318,156**		3,593,638
Unrealized loss (gain) on interest rate swap contracts (Note 7)		**(9,291,210)**		9,291,210
Loss on disposal of real estate and equipment		**9,726**		4,436
Cash flow from operations before non-cash working capital balances		**38,515,656**		31,964,333
Net change in non-cash working capital balances				
Accounts receivable		**(3,895,199)**		(6,185,007)
Prepaid expenses and other current assets		**(460,780)**		2,205,996
Accounts payable and accrued liabilities		**6,176,874**		5,064,278
Unearned revenue		**2,803,728**		1,992,275
		43,140,279		35,041,875
Financing activities				
Common shares issued, net of issuance costs (Note 9)		**876,498**		285,684
Dividends paid (Note 9)		**(2,363,053)**		(2,317,974)
Payments of lease obligation (Note 15)		**(2,569,755)**		(1,418,534)
Debt issuance costs		**(1,318,507)**		(2,504,247)
Cash advances from long term debt (Note 7)		**226,104,998**		536,106,032
Cash repayments of long term debt (Note 7)		**(123,419,291)**		(187,662,004)
Proceeds from debenture issuance, net of issuance costs (Note 8)		**71,475,823**		-
Repurchase of common shares (Note 9)		**(3,938,229)**		-
		164,848,484		342,488,957
Investing activities				
Cash additions to real estate and equipment (Note 5)		**(27,317,977)**		(37,530,977)
Cash paid in business combinations (Note 4)		**(179,663,240)**		(335,246,364)
Proceeds on disposal of real estate and equipment		**59,801**		10,822
		(206,921,416)		(372,766,519)
Increase in cash and short term deposits		**1,067,347**		4,764,313
Cash and short term deposits balance, beginning of period		**24,460,186**		19,695,873
Cash and short term deposits balance, end of period	**$**	**25,527,533**	$	24,460,186

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

1. Description of Business

The consolidated financial statements of StorageVault Canada Inc. and its subsidiaries (the "Corporation") as at and for the year ended December 31, 2020, were authorized for issuance by the Board of Directors of the Corporation on February 23, 2021. 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, managing and renting self storage and portable storage space to individual and commercial customers. The Corporation also stores, shreds, and manages documents and records for individual and commercial customers.

2. Basis of Presentation

These 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") and effective as at January 1, 2020.

The 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 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 consolidated financial statements include the accounts of StorageVault Canada Inc. and its wholly owned subsidiary Spyhill Ltd., both of which are headquartered in Toronto, Ontario. On January 1, 2020, the Corporation completed a vertical amalgamation with its wholly owned subsidiary, Sentinel Self-Storage Corporation, to form StorageVault Canada Inc. The financial statements for the consolidated entities 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 consolidated financial statements.

Revenue Recognition
Revenue from the rendering of services and sale of goods are recognized at the fair value of consideration received or receivable after the deduction of any trade discounts and excluding sales taxes.

The Corporation's revenue comprises the renting of storage units to customers, information and records management, managing storage facilities on behalf of third parties and sale of merchandise, including locks, boxes, packing supplies and equipment.

Revenue earned from the renting of storage units is accounted for under IFRS 16 – Leases. 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

Note 3 – Continued

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.

The Corporation earns a management fee based on a percentage of gross revenues of the operations for managing storage facilities for third parties. Revenue is recognized over time when the services are rendered.

Revenue for other storage related services is recognized in the month the respective services are provided. Receipts of fees for other storage related services for future periods are deferred and recognized as revenue when each respective monthly period commences. A provision is made for expected allowances as necessary.

Revenue from the sale of merchandise, including locks, boxes, packing supplies and equipment, is recognized at the point in time when the merchandise is delivered to the customer.

Business Combinations
All business combinations are accounted for by applying the acquisition method. Upon acquisition, the assets (including intangible assets), liabilities and contingent liabilities acquired 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 cash flows generated by the assets acquired and the selection of an appropriate discount rate. Acquisition and integration costs are recognized in profit or loss as incurred.

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

Note 3 – Continued

Cash and Short Term Deposits
Cash and short term deposits on the 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 three months or less. For the purpose of the 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.

Real Estate and Equipment
Real estate 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 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. Land is not depreciated.

Depreciation is calculated using the declining balance method to depreciate the cost of real estate 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 real estate and equipment are reviewed, and adjusted if appropriate, at each 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 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.

Note 3 – Continued

Goodwill and Intangible Assets
Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable assets and liabilities acquired at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses.

Finite life 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: Tenant Relationships - 22 to 180 months, Website - 3 years, Trademarks - 10 years.

Indefinite life intangible assets, consisting of management contracts, are carried at cost and are not amortized. The useful lives of indefinite life intangible assets are reviewed at each Consolidated Statements of Financial Position date.

Goodwill and indefinite life intangibles are reviewed for impairment annually by assessing the recoverable amount of each CGU to which they relate. The recoverable amount is the higher of fair value less costs of disposal, 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 Consolidated Statements of Income (Loss) and Comprehensive Income (Loss). Any impairment recognized on goodwill is not subsequently reversed.

Income Taxes
Income tax is comprised of current tax and deferred tax. Income tax is recognized in the 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 taxable 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.

Note 3 – Continued

Stock Based Compensation
The fair value of stock options issued to directors, officers 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 the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) 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 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.

When 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 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, 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 issuance 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 and or CFO in order to make decisions regarding the allocation of resources to

Note 3 – Continued

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

a) Financial assets - Pursuant to IFRS 9, the classification of financial assets is based on the Corporation's assessment of its business model for holding financial assets. The classification categories are as follows:
   - Financial assets measured at amortized cost: assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Corporation classifies the following financial assets as measured at amortized cost: cash and short term deposits and accounts receivable.
   - Financial assets at fair value through other comprehensive income: assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Corporation has no financial assets classified in this category.
   - Financial assets at fair value through profit or loss: assets that do not meet the criteria for amortized cost or fair value through other comprehensive income. The Corporation has no financial assets classified in this category.

   Financial assets measured at amortized cost are measured at cost using the effective interest method. When assessing impairment of financial assets measured at amortized cost, the Corporation applied the simplified approach and has calculated expected credit losses based on lifetime expected credit losses. Under the simplified method the Corporation uses a provision matrix to calculate expected credit losses for accounts receivable which is based on the Corporation's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amounts of the assets and the loss is recognized in the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss). When a trade receivable is uncollectible, it is written off against the allowance for expected credit losses.

   Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred.

b) Financial liabilities - The classification of financial liabilities is determined by the Corporation at initial recognition. The classification categories are as follows:
   - Financial liabilities measured at amortized cost: financial liabilities initially measured at fair value less directly attributable transaction costs are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss). The Corporation classifies the following financial liabilities as measured at amortized cost: certain debt facilities and accounts payable and accrued liabilities.

Note 3 – Continued

- Financial liabilities measured at fair value through profit or loss: financial liabilities measured at fair value with changes in fair value and interest expense recognized in the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss). The Corporation classifies the following financial liabilities as measured at fair value: certain debt facilities and interest rate swaps.

Financial liabilities are derecognized when the obligation is discharged, cancelled or expired.

Hybrid Debentures
When a contract contains an embedded derivative, the economic and risk characteristics of both the embedded derivative and host contract are analyzed to understand whether or not they are closely related and to decide whether the embedded derivative should be accounted for separately from the host contract.

The embedded features in the financial instrument issued by the Corporation are identified at inception. Each feature is evaluated separately and classified either as part of the host liability, as a separate embedded liability or as an equity instrument in accordance with the substance of the contractual arrangement.

Significant Accounting Estimates and Judgments
The preparation of the 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:
- Real estate and equipment - The Corporation determines the carrying value of its real estate and equipment based on policies that incorporate estimates, assumptions and judgments relative to the useful lives and residual values of the assets.
- Impairment of non-financial assets - Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for the disposal of the asset. The value in use calculation is based on a discounted cash flow model. The estimated future cash flows are derived from management estimates, budgets and past performance and do not include activities to which the Corporation is not yet committed or significant future investments that will enhance the asset's performance in the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Note 3 – Continued

- 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 a business combination. 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.
- 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.
- 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's judgment. Management has identified each location as a separate CGU. 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's 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. Such determinations may affect the recorded amounts of specific assets and liabilities, goodwill and/or transaction costs.
- Management has applied judgment in assessing that the management contracts acquired have an indefinite useful life because the Corporation purchased a complete system to operationally manage its own business and that of other self storage businesses. The Corporation has acquired substantial know-how and expertise in managing stores owned by third parties, including long term relationships, of which the Corporation will have the benefit for an indefinite period of time. The management contracts have therefore been deemed to have an indefinite useful life.

4. Acquisitions

During the year ended December 31, 2020, the Corporation completed the below transactions that met the definition of a business under IFRS 3 - Business Combinations. These acquisitions have been accounted for using the acquisition method with the results of the operations being included in the consolidated financial statements of the Corporation since the dates of acquisition. Details of the acquisitions are:

Second Quarter Acquisitions:

During the second quarter, the Corporation completed the acquisition of three self storage locations for $11,545,000 (subjected to customary adjustments). These acquisitions consisted of both arm's length and non - arm's length transactions. The purchases were paid for by advances from debt, issuance of common shares, and cash on hand.

A summary of the acquisitions are as follows:

	One Self Storage Location	Two Self Storage Locations	Total
Acquisition date:	April 1, 2020	April 15, 2020	
Land, Yards, Buildings & Improvements	$ 3,028,334	$ 7,340,932	$ 10,369,266
Tenant Relationships	671,666	504,068	1,175,734
Net assets acquired	3,700,000	7,845,000	11,545,000
Consideration paid for the net assets acquired was obtained from the following:			
Issuance of common shares	-	3,845,000	3,845,000
Cash	1,295,000	-	1,295,000
Debt	2,405,000	4,000,000	6,405,000
	3,700,000	7,845,000	11,545,000
Selected information for the acquisitions, since their acquisition dates:			
Revenue	327,298	416,466	743,764
Operating costs	147,873	126,792	274,665
	179,425	289,674	469,099
Amortization	249,685	355,093	604,778
Interest	56,475	92,192	148,667
Net income (loss)	$ (126,735)	$ (157,611)	$ (284,346)

Note 4 – Continued

Fourth Quarter Acquisitions:

During the fourth quarter, the Corporation completed the acquisition of 13 self storage locations for $217,900,000 (subjected to customary adjustments). These acquisitions consisted of both arm's length and non - arm's length transactions. The purchases were paid for by advances from debt, issuance of common shares, and cash on hand.

A summary of the acquisitions are as follows:

	One Self Storage Location	Five Self Storage Locations	One Self Storage Locations	Six Self Storage Locations	Total
Acquisition date:	October 15, 2020	December 1, 2020	December 1, 2020	December 4, 2020	
Land, Yards, Buildings & Improvements	$ 1,244,658	$ 120,514,236	$ 56,426,783	$ 26,625,717	$ 204,811,394
Tenant Relationships	180,342	3,485,764	5,573,217	3,849,283	13,088,606
Mortgages Assumed	-	-	(29,270,018)	-	(29,270,018)
Net assets acquired	1,425,000	124,000,000	32,729,982	30,475,000	188,629,982
Consideration paid for the net assets acquired was obtained from the following:					
Issuance of common shares	-	-	2,000,000	6,000,000	8,000,000
Cash	1,400,000	27,358,337	20,729,982	501,195	49,989,514
Debt	25,000	96,641,663	10,000,000	23,973,805	130,640,468
	1,425,000	124,000,000	32,729,982	30,475,000	188,629,982
Selected information for the acquisitions, since their acquisition dates:					
Revenue	24,614	261,760	256,311	248,484	791,169
Operating costs	11,234	138,500	53,654	64,787	268,175
	13,380	123,260	202,657	183,697	522,994
Amortization	27,025	554,934	290,505	232,464	1,104,928
Interest	2,294	127,860	83,854	93,045	307,053
Net income (loss)	$ (15,939)	$ (559,534)	$ (171,702)	$ (141,812)	$ (888,987)

5. Real Estate and Equipment

	Land, Yards, Buildings & Improvements	Storage Containers	Intangible Tenant Relationships	Vehicles	Office & Computer Equipment	Total
COST						
December 31, 2018	$ 915,611,059	$ 18,712,577	$ 97,861,998	$ 5,070,494	$ 2,662,999	$ 1,039,919,127
Additions	38,542,148	49,157	-	166,721	1,273,869	40,031,895
Disposals	(46,200)	(5,000)	-	(275,627)	-	(326,827)
Business acquisitions	335,756,834	-	34,224,218	-	-	369,981,052
December 31, 2019	1,289,863,841	18,756,734	132,086,216	4,961,588	3,936,868	1,449,605,247
Additions	44,086,450	9,260	-	754,346	2,065,964	46,916,020
Disposals	(66,205)	-	-	-	(19,065)	(85,270)
Business acquisitions	215,180,660	-	14,264,340	-	-	229,445,000
December 31, 2020	$ 1,549,064,746	$ 18,765,994	$ 146,350,556	$ 5,715,934	$ 5,983,767	$ 1,725,880,997
ACCUMULATED DEPRECIATION						
December 31, 2018	$ 68,580,856	$ 5,376,759	$ 45,852,008	$ 3,622,525	$ 1,044,935	$ 124,477,083
Depreciation	49,445,309	1,315,008	27,435,403	441,761	568,874	79,206,355
Disposals	(12,941)	(118)	-	(252,883)	-	(265,942)
December 31, 2019	118,013,224	6,691,649	73,287,411	3,811,403	1,613,809	203,417,496
Depreciation	53,055,758	1,184,273	27,036,038	401,605	880,752	82,558,426
Disposals	(12,937)	-	-	-	(2,807)	(15,744)
December 31, 2020	$ 171,056,045	$ 7,875,922	$ 100,323,449	$ 4,213,008	$ 2,491,754	$ 285,960,178
NET BOOK VALUE						
December 31, 2019	1,171,850,617	12,065,085	58,798,805	1,150,185	2,323,059	**1,246,187,751**
December 31, 2020	1,378,008,701	10,890,072	46,027,107	1,502,926	3,492,013	**1,439,920,819**

Included in Land, Yards, Buildings & Improvements is Land at a value of $493,879,256 (December 31, 2019 - $412,304,800).

Included in Land, Yards, Buildings & Improvements is $29,840,095 (December 31, 2019 - $16,102,351) of construction in process that is not being depreciated.

Included in Land, Yards, Buildings & Improvements are right-of-use assets at a value of $41,641,031 (December 31, 2019 - $23,772,865), net of accumulated depreciation of $2,557,224 (December 31, 2019 - $910,371). The continuity of the right-of-use assets is as follows:

	Self Storage Properties
Balance, January 1, 2019	$ 18,174,269
Additions	6,508,967
Depreciation charge for the year	(910,371)
Balance, December 31, 2019	$ 23,772,865
Additions	19,515,019
Depreciation charge for the year	(1,646,853)
Balance, December 31, 2020	$ 41,641,031

6. Goodwill and Intangible Assets

	Goodwill	Management Contracts	Trademarks	Website	Total
COST					
December 31, 2018	$ 61,226,826	$ 16,300,000	$ -	$ -	$ 77,526,826
Business acquisitions	36,301,098	-	-	-	36,301,098
December 31, 2019	97,527,924	16,300,000	-	-	113,827,924
Additions	-	-	31,478	66,371	97,849
December 31, 2020	$ 97,527,924	$ 16,300,000	$ 31,478	$ 66,371	$ 113,925,773
ACCUMULATED AMORTIZATION					
December 31, 2018	$ -	$ -	$ -	$ -	$ -
Amortization	-	-	-	-	-
December 31, 2019	-	-	-	-	-
Amortization	-	-	-	-	-
December 31, 2020	$ -	$ -	$ -	$ -	$ -
NET BOOK VALUE					
December 31, 2019	97,527,924	16,300,000	-	-	**113,827,924**
December 31, 2020	97,527,924	16,300,000	31,478	66,371	**113,925,773**

At December 31, 2020, the Corporation performed its annual impairment test on goodwill and its indefinite life intangible assets. Goodwill is allocated to the group of CGU's that benefited from the synergies of the business combination on which the goodwill arose. The Corporation used the fair value less costs of disposal method to determine the recoverable amount of the CGU's. Based on the impairment test performed, the Corporation concluded that no impairment exists on its goodwill and indefinite life intangible assets.

Information regarding each impairment test is as follows:

Manitoba and Saskatchewan group of CGU's

- The cash flow projection includes specific estimates based on the expected life of the properties, with a net operating income growth rate of 2% which is consistent with management's knowledge of the local market and is lower than the CGU's recent historical growth rate.
- Cash flows were discounted at a pre-tax rate of 5.98% based on management's judgement in this geographic region.

Note 6 – Continued

Kamloops, BC group of CGU's

- The cash flow projection includes specific estimates based on the expected life of the properties, with a net operating income growth rate of 4%. The Corporation has seven stores in the region and is able to distribute costs and operate more efficiently.
- Cash flows were discounted at a pre-tax rate of 6.78% based on management's experience in this geographic region and the fact that the properties are on leased land.

London, ON group of CGU's

- The cash flow projection includes specific estimates based on the expected life of the property, with an average net operating income growth rate of 2% which is consistent with management's knowledge of the local market.
- Cash flows were discounted at a pre-tax rate of 5.98% based on management's experience in this geographic region.

Sentinel Self-Storage group of CGU's

- The cash flow projection includes specific estimates based on the expected life of the properties, with a net operating income growth rate of 3.75%. Given the location of the stores in this portfolio, over 20 stores in major markets and highly desirable locations in Canada, management believes that this growth rate is sustainable, and is consistent with the CGU's historical growth rate.
- Cash flows were discounted at a pre-tax rate of 4.75% based on management's experience and the superior quality and location of these properties.

Portable Storage group of CGU's

- The cash flow projection includes specific estimates based on the expected life of storage containers, with a net operating income growth rate of 7% based on management's experience and the exclusive marketing channels the Corporation has for this product type.
- Cash flows were discounted at a pre-tax rate of 6.64% based on management's experience in these markets.

Real Storage group of CGU's

- The cash flow projection includes specific estimates based on the expected life of the properties, with a net operating income growth rate of 5% during the first three years and 4% thereafter.
- Given the location of the stores in this portfolio and with the Corporation already operating in many of the 27 markets in which these stores are located, management believes that this growth rate is sustainable.
- Cash flows were discounted at a pre-tax rate of 4.94% based on management's experience and location of these properties.

Note 6 – Continued

Management Division CGU

- The cash flow projection includes specific estimates for five years with a terminal growth rate of 4%, which management feels would be representative of the future indefinite cash flows from this asset.
- Cash flows were discounted at a pre-tax rate of 20% based on what management deemed appropriate for the nature of this type of revenue stream.

RecordXpress Division CGU

- The cash flow projection includes specific estimates for five years with a growth rate of 4%, which management feels would be representative of the future cash flows from these assets.
- Cash flows were discounted at a pre-tax rate of 6.9% based on management's experience in the records management business.

The most sensitive inputs to the value in use model used for these groups of CGU's are the growth rate and the discount rate:

- A 1% increase or decrease in the growth rate would not result in an impairment of these groups of CGU's.
- A 1% increase or decrease in the discount rate would not result in an impairment of these groups of CGU's.

Group of CGU's	Goodwill	Carrying Value
Manitoba and Saskatchewan	$ 2,621,716	$ 25,027,398
Kamloops, BC	76,470	6,488,583
London, ON	142,807	2,051,728
Sentinel Self-Storage	52,442,159	385,512,531
Portable Storage	2,578,968	13,418,541
Real Storage	33,622,150	248,962,861
Management Division	3,364,706	19,364,705
RecordXpress Division	2,678,948	7,948,404
	$ 97,527,924	$ 708,774,751

7. Debt

	December 31, 2020			December 31, 2019		
	Rate Range	**Weighted Average**	**Balance**	Rate Range	Weighted Average	Balance
Mortgages						
At amortized cost - Fixed/Variable	3.18% to 4.99%	4.19%	**382,219,232**	3.18% to 5.00%	4.25%	362,374,897
	Maturity: Apr 2021 to Apr 2028			*Maturity: Jul 2020 to Apr 2028*		
At FVTPL - Variable			**394,261,163**			299,958,291
- Interest rate swap			**31,912,305**			8,478,824
		3.93%	**426,173,468**		4.17%	308,437,115
	Maturity: Jan 2024 to Dec 2030			*Maturity: May 2028 to Nov 2029*		
		4.05%	**808,392,700**		4.21%	670,812,012
Lines of Credit and Promissory Notes						
At amortized cost - Variable		3.54%	**61,413,656**		4.78%	72,413,656
	Maturity: Dec 2022 to May 2024			*Maturity: Aug 2020 to Dec 2022*		
At amortized cost - Fixed		4.25%	**13,750,069**		5.00%	12,898,053
	Maturity: Jan 2021 to Dec 2023			*Maturity: Feb 2020 to Oct 2021*		
At FVTPL - Variable			**280,244,148**			300,000,000
- Interest rate swap			**19,755,852**			812,386
		3.97%	**300,000,000**		3.97%	300,812,386
	Maturity: Apr 2022			*Maturity: Apr 2022*		
		3.84%	**375,163,725**		4.12%	386,124,095
Deferred financing costs, net of accretion of $4,871,753 (Dec 31, 2019 - $3,656,956)			**(3,817,293)**			(3,856,505)
		3.98%	**1,179,739,132**		4.18%	1,053,079,602

Reconciliation of Debt

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

	December 31, 2020	December 31, 2019
Debt, beginning of period	**$ 1,053,079,602**	$ 702,411,156
Advances from debt	**264,041,758**	536,106,032
Repayment of debt	**(123,419,291)**	(187,662,004)
Amounts offset against accounts receivable	**(4,710,939)**	(5,715,583)
Change in fair value of debt measured at FVTPL	**(51,668,157)**	-
Change in fair value of interest rate swaps	**42,376,947**	9,291,210
Total cash flow from debt financing activities	**126,620,318**	352,019,655
Change in deferred financing costs	**39,212**	(1,351,209)
Debt, end of period	**$ 1,179,739,132**	$1,053,079,602

The bank prime rate at December 31, 2020 was 2.45% (December 31, 2019 – 3.95%).

Note 7 – Continued

Mortgages are secured by a first mortgage charge on the real estate 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 debt service coverage ratios, a fixed charge coverage ratio, a tangible net worth ratio, and a loan to value ratio. As of December 31, 2020, the Corporation is in compliance with all covenants.

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

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

Year 1	$	465,985,377 (includes lines of credit of $361.4 million)
Year 2	$	191,270,632
Year 3	$	58,520,159
Year 4	$	111,172,658
Year 5	$	23,523,953
Thereafter	$	333,083,646

The Corporation entered into interest rate swap contracts in order to fix the interest rate on $726 million of debt at a weighted average rate of 3.94%. The swaps mature between April 2022 and December 2030.

8. Hybrid Debentures

On July 20, 2020, $75 million of unsecured senior hybrid debentures were issued at a price of $1,000 per debenture with a term of sixty-six months, due January 31, 2026. These debentures bear a fixed interest rate of 5.75% per annum, payable semi-annually in arrears on January 31 and July 31 of each year, commencing January 31, 2021.

On and after January 31, 2024 and prior to January 31, 2025, the debentures will be redeemable in whole or in part from time to time at the Corporation’s option at a redemption price equal to 102.875% of the principal amount of the debentures redeemed plus accrued and unpaid interest, if any, up to but excluding the date set for redemption. On and after January 31, 2025 and prior to the maturity date, the debentures will be redeemable, in whole or in part, from time to time at the Corporation’s option at par plus accrued and unpaid interest, if any, up to but excluding the date set for redemption.

On redemption or at maturity on January 31, 2026, the Corporation may elect to, in whole or part, convert the debentures into freely tradable common shares. In such event, payment will be satisfied by delivering for each $1,000 due, that number of freely tradable shares obtained by dividing $1,000 by 95% of the current

Note 8 – Continued

market price on the date fixed for redemption or maturity, as the case may be. Any accrued and unpaid interest will be paid in cash.

Each embedded feature was evaluated separately and it was determined that the economic and risk characteristics are closely related to the host contract and therefore were not accounted for as separate financial instruments. The debentures were recorded at a fair value of $75 million net of deferred financing costs of $3.2 million.

The debentures are subsequently measured at amortized cost using the effective interest method over the life of the debenture. The balance of the hybrid debentures is:

	December 31, 2020
Opening balance	$ -
Additions during period	75,000,000
Less:	
Issuance costs	3,524,177
Accretion during period	(289,902)
Ending balance	$ 71,765,725

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, 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	3,419,287	11,845,000
Dividend reinvestment plan	481,306	1,518,011
Share option redemption	782,800	901,588
Share issuance costs	-	(25,121)
Common shares repurchased	(1,233,622)	(3,938,229)
Balance, December 31, 2020	366,254,826	$ 365,886,912

Note 9 – Continued

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.

Contributed Surplus:

	December 31, 2020	December 31, 2019
Opening balance	**$ 8,812,227**	$ 5,218,589
Stock based compensation	**6,318,156**	3,593,638
Ending balance	**$ 15,130,383**	$ 8,812,227

Stock Options

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 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:

	December 31, 2020		December 31, 2019	
	Options	**Weighted Average Exercise Price**	Options	Weighted Average Exercise Price
Opening	**18,442,450**	**$1.92**	13,537,450	$1.36
Exercised/Expired	**(802,800)**	**1.22**	(1,095,000)	0.37
Granted	**6,000,000**	**3.98**	6,000,000	2.90
Closing and Exercisable	**23,639,650**	**$2.47**	18,442,450	$1.92

Note 9 – Continued

The fair value of options granted in 2020 was estimated on the date of the grant, as determined by using the Black-Scholes option pricing model with the following assumptions:

Dividend Yield	0.01%
Risk-Free Interest Rate	0.39%
Expected Life of Options	4 Years
Expected Volatility of the Corporation's Common Shares	30.90%

Stock options exercisable and outstanding are as follows:

Exercise Price	Vesting Date	Expiry Date	**December 31, 2020**	December 31, 2019
$ 0.33	Jun. 19, 2014	Jun. 19, 2024	**140,000**	140,000
$ 0.41	Apr. 28, 2015	Apr. 28, 2025	**1,660,650**	2,122,450
$ 0.50	Sep. 14, 2015	Sep. 14, 2025	**1,550,000**	1,570,000
$ 1.36	Dec. 21, 2016	Dec. 21, 2026	**2,785,000**	2,810,000
$ 1.78	Mar. 16, 2017	Mar. 16, 2027	**2,810,000**	2,850,000
$ 2.52	May 4, 2018	May 4, 2028	**2,825,000**	3,000,000
$ 2.90	May 28, 2019	May 28, 2029	**5,869,000**	5,950,000
$ 3.98	Dec. 15, 2020	Dec. 15, 2030	**6,000,000**	-
Options exercisable and outstanding			**23,639,650**	18,442,450

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.

With certain exceptions, the Plan provides that (i) the maximum number of awards that may be granted to any one participant together with any other share-based compensation arrangements, in any 12 month period, may not exceed 5% of the issued shares, and, in the case of any consultant, may not exceed 2% of the issued shares; and (ii) the total value of all securities that may be issued to any non-employee director under all of the Corporation's security based compensation arrangements may not exceed $150,000 per annum.

Note 9 – Continued

The Corporation entered into Total Return Swaps ("TRS") as economic hedges of the Corporation's DSU's and RSU's. 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 December 31, 2020, 1,533,556 TRS units were outstanding.

At December 31, 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, 574,255 common shares at a value of $2,150,636 have been issued as at December 31, 2020.

Dividends
A cash dividend of $0.002667 per common share was declared on March 18, 2020 and paid to shareholders of record on March 31, 2020.

A cash dividend of $0.002680 per common share was declared on June 16, 2020 and paid to shareholders of record on June 29, 2020.

A cash dividend of $0.002693 per common share was declared on September 15, 2020 and paid to shareholders of record on September 30, 2020.

A cash dividend of $0.002707 per common share was declared on December 15, 2020 and payable to shareholders of record on December 31, 2020.

10. Financial Risk Management and Fair Value

The Corporation is required to disclose certain information concerning its financial instruments. The fair values of the Corporation's cash and short term deposits, accounts receivable and accounts payable and accrued liabilities approximate their carrying amount due to the relatively short periods to maturity of these financial instruments. 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.

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.

Note 10 – Continued

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 fair value of financial liabilities was as follows:

	Fair Value Hierarchy	**As at December 31, 2020** Carrying Amount	**As at December 31, 2020** Fair Value	As at December 31, 2019 Carrying Amount	As at December 31, 2019 Fair Value
Financial Liabilities:					
Debt - at amortized cost	Level 2	**453,565,664**	**474,372,525**	443,830,101	443,830,101
Debt - at FVTPL	Level 2	**674,505,311**	**674,505,311**	599,958,291	599,958,291
Interest rate swaps	Level 2	**51,668,157**	**51,668,157**	9,291,210	9,291,210

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, entering into interest rate swap contracts, 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 and lines of credit as interest expense is impacted by changes in the prime rate. The impact on the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) if interest rates on variable rate debt had been 1% higher or lower for the year ended December 31, 2020 would have been approximately $747,821 (December 31, 2019 - $1,369,745).

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 Corporation has approximately $350,000 of receivables from related parties at December 31, 2020. Management believes there is low credit risk associated with these related party balances due to the nature of the relationships and the historical loss rates.

Note 10 – Continued

Change in the Corporation's allowance for expected credit losses is as follows:

Balance December 31, 2018	$250,658
Charges or adjustments during the year	98,968
Balance December 31, 2019	349,626
Charges or adjustments during the year	63,865
Balance December 31, 2020	$413,491

The creation and release of the allowance for expected credit losses has been included in operating costs in the 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. It is the Corporation's intention to renew any debt coming due in the next fiscal year. The maturities of long term financial liabilities are summarized in Note 7.

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 may expose the Corporation to civil lawsuits. 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.

11. Income Tax

	2020	2019
Loss before taxes	**(44,145,281)**	(62,380,647)
Combined federal and provincial statutory income tax rate	**26.50%**	26.75%
Income tax recovery calculated at statutory rate	**(11,698,499)**	(16,686,823)
Non-deductible items	**1,681,173**	2,325,303
Change in tax rate and other items	**(845,733)**	(1,900,658)
Income tax expense (recovery)	**(10,863,059)**	(16,262,178)

Movements in deferred tax assets (liabilities) related to temporary differences during the year are as follows:

	December 31, 2019	Recognized on acquisitions	Recognized in earnings	**December 31, 2020**
Property, plant and equipment	(96,315,732)	-	(8,224,597)	**(104,540,329)**
Goodwill and intangible assets	(1,399,440)	-	4,904,798	**3,505,358**
Long term debt	(1,004,049)	-	(826,063)	**(1,830,112)**
Interest rate swaps	2,456,596	-	(2,456,596)	**-**
Lease liability	6,739,836	-	4,702,035	**11,441,871**
Deferred tax assets not recognized	1,508,047	-	346,868	**1,854,915**
Non-capital loss carry forwards	23,951,666	-	12,416,614	**36,368,280**
Deferred tax asset (liability)	(64,063,076)	-	10,863,059	**(53,200,017)**

12. 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 year ended December 31, 2020, the Corporation paid $289,218 (December 31, 2019 - $291,152) for royalties and $nil (December 31, 2019 - $82,585) 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 December 31, 2020 was $25,231 (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. The Access Group will also invoice the Corporation for construction, maintenance and other services related to its day-to-day operations.

Note 12 – Continued

During the year ended December 31, 2020, the Corporation received $5,877,719 (December 31, 2019 - $7,559,825) in payments and reimbursements related to the management agreements. During the year ended December 31, 2020, the Corporation also incurred $20,491,351 (December 31, 2019 - $14,078,522) in expenditures related to construction, maintenance and other services related to its day-to-day operations.

Included in accounts payable and accrued liabilities as at December 31, 2020 was $2,665,248 (December 31, 2019 - $2,356,616) payable to the Access Group. Included in accounts receivable as at December 31, 2020 was $349,185 (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:

	December 31, 2020	December 31, 2019
Wages, management fees, bonuses and directors fees	**$ 629,644**	$ 539,196
Stock based compensation	**3,404,873**	2,561,230
	$ 4,034,517	$ 3,100,426

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.

The Corporation reviews and assesses its capital structure on an ongoing basis. 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 7, the Corporation is not subject to any externally imposed capital requirements.

14. Segmented Information

The Corporation operates three 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 also includes customers utilizing space for inventory storage for last mile delivery, small commercial operations, and vehicles.
- Portable Storage – 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.
- Management Division – involves revenues generated from the management of stores owned by third parties.

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.

Note 14 – Continued

For the Year Ended December 31, 2020

	Self Storage	Portable Storage	Management Division	Corporate	Total
Revenue	$ 145,591,137	$ 7,803,639	$ 2,069,146	$ -	$ 155,463,922
Operating expenses	45,926,537	5,324,321	-	-	51,250,858
Net operating income	99,664,600	2,479,318	2,069,146	-	104,213,064
Acquisition and integration	-	-	-	7,402,034	7,402,034
Selling, general & admin.	-	-	-	15,550,356	15,550,356
Interest expense	45,820,583	-	-	-	45,820,583
Unrealized loss (gain) on swaps	-	-	-	(9,291,210)	(9,291,210)
Stock based compensation	-	-	-	6,318,156	6,318,156
Depreciation & amortization	79,493,782	1,632,364	631,285	800,995	82,558,426
Deferred tax recovery	-	-	-	(10,863,059)	(10,863,059)
Net income (loss)	$ (25,649,765)	$ 846,954	$ 1,437,861	$ (9,917,272)	$ (33,282,222)
Additions:					
Real estate and equipment	273,929,664	232,806	-	2,198,550	276,361,020

For the Year Ended December 31, 2019

	Self Storage	Portable Storage	Management Division	Corporate	Total
Revenue	$ 125,764,839	$ 7,447,897	$ 1,750,304	$ -	$ 134,963,040
Operating expenses	39,730,109	5,134,990	-	-	44,865,099
Net operating income	86,034,730	2,312,907	1,750,304	-	90,097,941
Acquisition and integration	-	-	-	6,982,983	6,982,983
Selling, general & admin.	-	-	-	11,214,718	11,214,718
Interest expense	42,189,684	-	-	-	42,189,684
Unrealized loss on swaps	-	-	-	9,291,210	9,291,210
Stock based compensation	-	-	-	3,593,638	3,593,638
Depreciation & amortization	76,804,172	1,867,949	365,308	168,926	79,206,355
Deferred tax recovery	-	-	-	(16,262,178)	(16,262,178)
Net income (loss)	$ (32,959,126)	$ 444,958	$ 1,384,996	$ (14,989,297)	$ (46,118,469)
Additions:					
Real estate and equipment	409,430,685	334,753	-	247,509	410,012,947

Note 14 – Continued

Total Assets

	Self Storage	Portable Storage	Management Division	Corporate	Total
As at December 31, 2019	$ 1,334,810,756	$ 17,946,452	$ 17,408,039	$ 22,700,715	$ 1,392,865,962
As at December 31, 2020	$ 1,529,514,473	$ 16,019,542	$ 17,492,262	$ 24,353,662	$ 1,587,379,939

15. Commitments and Contingencies

Lease Liabilities
The Corporation leases buildings and land in Kamloops, BC, Montreal, QC, Sudbury, ON, Toronto, ON, Kitchener, 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 year ended December 31, 2020, the Corporation recognized $1,418,221 (December 31, 2019 - $1,019,236) in interest expense related to its lease liabilities.

A reconciliation of the lease liabilities from the date of adoption of IFRS 16 to December 31, 2020 is as follows:

	Self Storage Properties
Balance, December 31, 2019	$ 25,491,060
Additions	19,695,524
Cash Payments	(2,569,755)
Interest	1,418,221
Balance, December 31, 2020	$ 44,035,050

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

Letters of Credit
The Corporation has various letters of credit in the amount of $91,758 which expire on September 6, 2021, with automatic extensions of a year from any future expiration date.

16. Subsequent Events

On January 25, 2021, the Corporation announced that it has received conditional acceptance from the TSX Venture Exchange to renew its Normal Course Issuer Bid ("NCIB") to purchase for cancellation, during the 12-month period starting January 25, 2021, up to 18,312,741 of the outstanding Common Shares of the Corporation. In addition, the Corporation has received conditional acceptance from the TSX Venture Exchange to commence a NCIB to purchase for cancellation, during the 12-month period starting January 25, 2021, outstanding senior unsecured hybrid debentures of the Corporation in the aggregate principal amount of $3,750,000.

17. COVID-19 Pandemic

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. As a result, and for the future benefit of the Corporation, we modified our operating platform to continue to meet the strong demand for our services. These changes included improving our virtual systems to offer a no-contact rental process, installation of plexiglass partitions and limiting the number of customers in our offices to one at a time. Our teams are fully employed and customers are able to safely store and access their valuables. We continue to be extremely proud of our team for continuing to adapt to new processes and for being committed to providing exceptional customer and community service.

As fiscal 2020 progressed, we experienced a significant increase in leads and rentals which has resulted in higher occupancies and rental rates across the portfolio. These positive trends resulted in the Corporation achieving strong revenue growth. While customers may be further impacted, including through unemployment, the Corporation has experienced no meaningful increases in accounts receivable.

Since the start of COVID-19, the Corporation continued to execute on our strategies to attract customers 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. These efforts have allowed us to attract customers who are leveraging our national footprint to offer a complete storage, inventory management and mobilization solution through our self and portable storage and records management infrastructures.

18. Comparative Figures

Certain comparative figures have been reclassified to comply with the current presentation.

StorageVault Canada Inc.

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Ben Harris
Bedford, NY

Iqbal Khan
Toronto, ON

Steven Scott
Toronto, ON

Alan Simpson
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TSX VENTURE EXCHANGE LISTING: SVI

StorageVault Canada Inc.

(the "Corporation")

Form 51-102F1
Management's Discussion and Analysis
For the Three Months and Fiscal Year Ended December 31, 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 months and fiscal year ended December 31, 2020. This MD&A should be read in conjunction with the audited fiscal 2020 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 February 24, 2021.

FORWARD LOOKING STATEMENTS

This MD&A and the accompanying Letter to Shareholders contains forward-looking information. All statements, other than statements of historical fact, included in this MD&A and the accompanying Letter to Shareholders 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 and the accompanying Letter to Shareholders includes statements with respect to: the Corporation's outlook as to the market for self storage, portable storage and third party management fees; 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 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 2021; the annualized net operating income (NOI), a non-IFRS measure, and annualized funds from operations (FFO), a non-IFRS measure, assumes acquisitions that occurred in fiscal 2020 were purchased on January 1, 2020; and the general outlook for the Corporation. This forward-looking information is contained in "Highlights", "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. Certain of such 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 not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The factors identified above are not intended to represent a complete list of the factors that could affect the Corporation.

The forward-looking information in this MD&A and the accompanying Letter to Shareholders 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 financing; 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; the revenue from acquisitions completed in fiscal 2020 being extrapolated to the entire period for 2020 and being consistent with, and reproducible as, revenue in future periods; and anticipated and unanticipated costs. 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 2021 and revenue and NOI growth for 2021 may be considered a financial outlook, as defined by applicable securities legislation, contained in this MD&A and the accompanying Letter to Shareholders. 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 January 1, 2021 to February 24, 2021;

"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 December 31, 2020, SVI owned 167 stores and 4,475 portable storage units across Canada, for a total of 9,206,940 square feet of rentable storage space in 82,718 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 45 stores that are owned by third parties for a management fee, bringing the total number of stores owned and managed to 212.

We are able to leverage our national storage presence to offer last-mile storage solutions, such as personal protective equipment handling for health care organizations across the country with our over 200 locations. Through our portable and records management businesses, we offer mobilization solutions to move items from our locations directly to the end user.

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
The significant growth in demand for storage space in Canada over the past decade has largely been driven by the following factors: population growth, change of circumstances, smaller living areas and workspaces, business incubation, last-mile solutions, immigration, downsizing, renovations, moving, death, divorce, insurance, e-commerce, etc. We have seen these trends continue or accelerate over the past year with the exception of immigration. We expect these trends to continue in 2021 and beyond and for immigration to recover going forward.

<u>Market Size</u>
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 find it difficult to acquire assets 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.

Existing Store Expansion

There is over 1,000,000 square feet of development potential on excess land currently owned and operated by SVI. When market conditions are suitable and high occupancies and leads indicate pent up demand, we expect to expand a number of our existing locations. In 2020, we completed 50,000 square feet of expansion and have plans to complete another 25,000 to 50,000 square feet expansion in the next 18 months.

Expansion of Portable Storage Business

The portable storage business continues to complement our overall business, providing additional synergies and efficiencies to our platform. While margins in portable storage are not as high as they are in self storage, they are still very attractive, and with the larger geographic and operating footprint achieved through our growth strategy, we believe margins will continue to improve.

Expansion of Information and Records Management Business

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.

Financing With Secured Debt and Lines of Credit

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.

Issuance of Common Shares

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

Throughout fiscal 2020 and for the future benefit of the Corporation, we modified our operating platform to continue to meet the strong demand for our services – these changes included improving our virtual systems to offer a no-contact rental processes, installation of plexiglass partitions and limiting the number of customers in our offices to one at a time. Our teams are fully employed and clients are able to safely store and access their valuables. We continue to be extremely proud of our team for continuing to adapt to new processes and for being committed to providing exceptional client and community service.

As fiscal 2020 year progressed and to date in fiscal 2021, we experienced a significant increase in leads and rentals which has resulted in higher occupancies and rental rates across the portfolio. These positive trends resulted in the Corporation achieving strong same store revenue and NOI growth. While clients may be further impacted, including through unemployment, the Corporation has experienced no meaningful increases in accounts receivable.

Since the start of the COVID-19 pandemic, the Corporation continued 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. These efforts have allowed us to attract clients who are leveraging our national footprint to offer a complete storage, inventory management and mobilization solution through our self and portable storage and records management infrastructures.

As at December 31, 2020, we continue to generate significant cash flows from our operations, with $25.5 million in cash on hand. Our balance sheet, along with our strong relationships with our lenders, provides us with sufficient borrowing capacity, refinancing and liquidity options to take advantage of acquisition opportunities that meet our requirements, evidenced by the $232.7 million in acquisitions completed in fiscal 2020.

Acquisitions

In 2021, we expect to acquire $100 million of assets.

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 expect growth in revenue and NOI in 2021 as we continue to streamline and integrate operations, implement our revenue management system and continue to control costs on the over $1.6 billion of assets purchased in the past five years. We also expect significant contributions from the acquisitions made in late 2020 as well as those we expect to make this year.

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

On January 25, 2021, the Corporation announced that it has received conditional acceptance from the TSX Venture Exchange to renew its Normal Course Issuer Bid ("NCIB") to purchase for cancellation, during the 12-month period starting January 25, 2021, up to 18,312,741 of the outstanding Common Shares of the Corporation. In addition, the Corporation has received conditional acceptance from the TSX Venture Exchange to commence a NCIB to purchase for cancellation, during the 12-month period starting January 25, 2021, outstanding senior unsecured hybrid debentures of the Corporation in the aggregate principal amount of $3,750,000.

DESCRIPTION OF OUR OPERATIONS

As at December 31, 2020, the Corporation owned the following self storage and portable storage operations:

Location	Acres	Number of Stores	Units	Rentable Square Feet
British Columbia	45	18	9,514	935,574
Alberta	111	32	16,468	1,914,611
Saskatchewan	26	8	1,766	238,201
Manitoba	36	12	4,898	492,700
Ontario	262	76	36,203	4,204,084
Quebec	37	16	7,629	732,497
Nova Scotia	16	5	1,765	173,483
Portable Storage Units			4,475	515,790
Total	**533**	**167**	**82,718**	**9,206,940**

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 and no-contact rental processes, 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

In fiscal 2020, SVI acquired 16 stores and one piece of vacant land for $232.7 million. In 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 December 31				*(audited)* Fiscal			
			Change				Change	
	2020	2019	$	%	**2020**	2019	$	%
Storage revenue and related services	**$ 41,592,792**	$ 36,712,435	$ 4,880,357	*13.3%*	**$ 153,394,776**	$ 133,212,736	$ 20,182,040	*15.2%*
Management fees	**557,497**	461,930	95,567	*20.7%*	**2,069,146**	1,750,304	318,842	*18.2%*
	42,150,289	37,174,365	4,975,924	*13.4%*	**155,463,922**	134,963,040	20,500,882	*15.2%*
Operating costs	**13,798,341**	12,493,978	1,304,363	*10.4%*	**51,250,858**	44,865,099	6,385,759	*14.2%*
Net operating income [1]	**28,351,948**	24,680,387	3,671,561	*14.9%*	**104,213,064**	90,097,941	14,115,123	*15.7%*
Less:								
Acquisition and integration costs	**5,039,927**	687,286	4,352,641	*633.3%*	**7,402,034**	6,982,983	419,051	*6.0%*
Selling, general and administrative	**4,542,505**	3,788,657	753,848	*19.9%*	**15,550,356**	11,214,718	4,335,638	*38.7%*
Interest	**12,500,650**	11,502,474	998,176	*8.7%*	**45,820,583**	42,189,684	3,630,899	*8.6%*
Stock based compensation	**6,318,156**	-	6,318,156	-	**6,318,156**	3,593,638	2,724,518	*75.8%*
Unrealized (gain) loss on interest rate swap contracts	**(9,291,210)**	9,291,210	(18,582,420)	*-200.0%*	**(9,291,210)**	9,291,210	(18,582,420)	*-200.0%*
Depreciation and amortization	**21,100,449**	22,602,353	(1,501,904)	*-6.6%*	**82,558,426**	79,206,355	3,352,071	*4.2%*
	40,210,477	47,871,980	(7,661,503)	*-16.0%*	**148,358,345**	152,478,588	(4,120,243)	*-2.7%*
Net income (loss) before taxes	**(11,858,529)**	(23,191,593)	11,333,064	*-48.9%*	**(44,145,281)**	(62,380,647)	18,235,366	*-29.2%*
Deferred tax recovery	**1,870,681**	11,627,715	(9,757,034)	*-83.9%*	**10,863,059**	16,262,178	(5,399,119)	*-33.2%*
Net income (loss)	**$ (9,987,848)**	$ (11,563,878)	$ 1,576,030	*-13.6%*	**$ (33,282,222)**	$ (46,118,469)	$ 12,836,247	*-27.8%*
Weighted average number of common shares outstanding								
Basic	**364,460,666**	362,759,780	1,700,886	*0.5%*	**363,469,712**	360,468,060	3,001,652	*0.8%*
Diluted	**364,460,666**	362,759,780	1,700,886	*0.5%*	**363,469,712**	360,468,060	3,001,652	*0.8%*
Net income (loss) per common share								
Basic	**$ (0.027)**	$ (0.032)			**$ (0.092)**	$ (0.128)		
Diluted	**$ (0.027)**	$ (0.032)			**$ (0.092)**	$ (0.128)		

[1] Non-IFRS Measure.

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

For the three months ended December 31, 2020, the Corporation had revenues of $41.6 million (December 31, 2019 - $36.7 million), an increase of 13.3%. This increase 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."

<u>Management fees</u>

The three months and fiscal year ended December 31, 2020 were up 20.7% and 18.2% over the same prior year periods. 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 and fiscal year ended December 31, 2020 were $13.8 million and $51.3 million (December 31, 2019 - $12.5 million and $44.9 million). The increase relates to stores acquired in 2020 and 2019 and increases in advertising, property taxes and wages.

Net income (loss)

Our net loss of $33.3 million for the fiscal year ended December 31, 2020 results from non-cash items of $82.6 million of depreciation and amortization and $6.3 million in stock based compensation, and which are offset by the recovery of $10.9 million of deferred tax and $9.3 million of unrealized gain on interest rate swap contracts.

Net operating income

For the three months ended December 31, 2020, the Corporation had net operating income (NOI), a non-IFRS measure, of $28.4 million (December 31, 2019 - $24.7 million), an increase of 14.9%. Despite the impact of COVID-19, for the fiscal year ended December 31, 2020, NOI increased 15.7% year over year. The increase was due to the NOI from assets purchased throughout fiscal 2020 and 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 $232.7 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

The modest increase in interest expense is due to the hybrid debentures which carry a 5.75% interest rate. As at December 31, 2020, our debt was $1.2 billion compared to $1.1 billion at December 31, 2019.

Depreciation and amortization

The increase in depreciation and amortization expense is primarily due to depreciating the additional assets acquired throughout fiscal 2020 and 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 types of costs is "recurring").

As a result of acquisition and integration costs incurred ($5.0 million in Q4 2020 versus $0.7 million in Q4 2019) for the $221.2 million of acquisitions closed in the quarter, FFO for the three months and fiscal year ended December 31, 2020 was $6.3 million and $35.4 million versus $8.7 million and $29.7 million, respectively for the same period in 2019.

AFFO for the three months and fiscal year ended December 31, 2020 was $11.3 million and $42.8 million versus $9.4 million and $36.7 million, respectively for the same period in 2019, a 20.4% and 16.8% increase. These increases are the result of contributions from assets purchased and strong operational performance.

Both the FFO and AFFO are muted by the $114.6 million in new build and lease-up stores and raw land acquisitions made in fiscal 2020. The Corporation expects to start to realizing the benefits of these acquisitions in fiscal 2022 and beyond.

The FFO and AFFO for the three months and fiscal year ended December 31, 2020 and 2019 are:

	(unaudited) Three Months Ended December 31				*(audited)* Fiscal			
	2020	2019	Change $	Change %	2020	2019	Change $	Change %
Net income (loss)	$ **(9,987,848)**	$ (11,563,878)	$ 1,576,030	-13.6%	$ **(33,282,222)**	$ (46,118,469)	$ 12,836,247	-27.8%
Adjustments:								
Stock based compensation	**6,318,156**	-	6,318,156	-	**6,318,156**	3,593,638	2,724,518	75.8%
Unrealized (gain) loss on interest rate swap contracts	**(9,291,210)**	9,291,210	(18,582,420)	-200.0%	**(9,291,210)**	9,291,210	(18,582,420)	-200.0%
Deferred tax recovery	**(1,870,681)**	(11,627,715)	9,757,034	-83.9%	**(10,863,059)**	(16,262,178)	5,399,119	-33.2%
Depreciation and amortization	**21,100,449**	22,602,353	(1,501,904)	-6.6%	**82,558,426**	79,206,355	3,352,071	4.2%
	16,256,714	20,265,848	(4,009,134)	-19.8%	**68,722,313**	75,829,025	(7,106,712)	-9.4%
FFO [1]	$ **6,268,866**	$ 8,701,970	$ (2,433,104)	-28.0%	$ **35,440,091**	$ 29,710,556	$ 5,729,535	19.3%
Adjustments:								
Acquisition and integration costs	**5,039,927**	687,286	4,352,641	633.3%	**7,402,034**	6,982,983	419,051	6.0%
AFFO [1]	$ **11,308,793**	$ 9,389,256	$ 1,919,537	20.4%	$ **42,842,125**	$ 36,693,539	$ 6,148,586	16.8%

[1] Non-IFRS Measure.

Annualized Net Operating Income and Funds from Operations

The Company completed the purchase of 16 stores and one vacant land during fiscal 2020 and the revenues and operating expenses from each acquisition are reflected in the statements from the date of acquisition forward for these stores. In order to understand a full year of operations with the acquired assets, utilizing historical data, we have prepared an annualized NOI, FFO and AFFO (all non-IFRS measures) statement annualizing the revenues and expenses as if the stores purchased in fiscal 2020, were purchased as of January 1, 2020 and owned for the entire 12-month period.

The results of this annualized statement show that NOI, FFO and AFFO would be higher by $5.8 million, $1.9 million and $1.9 million, respectively. NOI would have been $110.0 million, FFO would be $37.8 million and the AFFO would be $45.2 million. This annualization is muted by the $114.6 million in new build and lease-up stores and raw land acquisitions made in fiscal 2020. The Corporation expects to start realizing the benefits of these acquisitions in fiscal 2022 and beyond and, at stabilization, add approximately $8 million in NOI.

	For the Year Ended December 31, 2020			
	Actual	**Annualized Results**	*Incremental*	Notes
Storage revenue and related services	$ 153,394,776	**$ 163,542,122**	*$ 10,147,346*	*1*
Management fees	2,069,146	**2,069,146**	-	
	155,463,922	**165,611,268**	*10,147,346*	
Property operating costs	51,250,858	**55,562,589**	*4,311,731*	*1*
Net operating income	104,213,064	**110,048,679**	*5,835,615*	
Adjustments:				
Acquisition and integration costs	7,402,034	**7,402,034**	-	*2*
Selling, general and administrative	15,550,356	**16,057,723**	*507,367*	*3*
Interest	45,820,583	**48,830,546**	*3,009,963*	*4*
	68,772,973	**72,290,303**	*3,517,330*	
Funds from Operations	35,440,091	**37,758,376**	*2,318,285*	
Adjustment:				
Acquisition and integration costs	7,402,034	**7,402,034**	-	*2*
Adjusted Funds from Operations	$ 42,842,125	**$ 45,160,410**	*$ 2,318,285*	

Note 1 – the results from all stores acquired in fiscal 2020, have been adjusted as if the purchase occurred on January 1, 2020. For revenues, we assumed achieved occupancies and rent per square foot were repeated from the period prior to acquisition. Information regarding expenses incurred during 2020 and prior to acquisition, has been sourced from due diligence materials received during the acquisition process to determine a full year of operating costs.

Note 2 – these costs are one time in nature and do not change based on acquisition date.

Note 3 – based on existing scale and management infrastructure.

Note 4 – annualized amount determined based on interest rate and debt outstanding at December 31, 2020.

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)				(audited)			
	Three Months Ended December 31				Fiscal			
	2020	2019	Change $	Change %	2020	2019	Change $	Change %
Revenue								
Existing Self Storage	$ **28,174,093**	$ 26,524,763	$ 1,649,330	6.2%	$ **107,556,462**	$102,642,606	$ 4,913,856	4.8%
New Self Storage [1]	**11,222,822**	8,393,732	2,829,090	33.7%	**38,034,675**	23,122,233	14,912,442	64.5%
Total Self Storage	**39,396,915**	34,918,495	4,478,420	12.8%	**145,591,137**	125,764,839	19,826,298	15.8%
Portable Storage	**2,195,877**	1,793,940	401,937	22.4%	**7,803,639**	7,447,897	355,742	4.8%
Management Fees	**557,497**	461,930	95,567	20.7%	**2,069,146**	1,750,304	318,842	18.2%
Combined	**42,150,289**	37,174,365	4,975,924	13.4%	**155,463,922**	134,963,040	20,500,882	15.2%
Operating Costs								
Existing Self Storage	**7,916,749**	7,460,743	456,006	6.1%	**30,600,294**	29,383,768	1,216,526	4.1%
New Self Storage	**4,328,075**	3,744,111	583,964	15.6%	**15,326,243**	10,346,342	4,979,901	48.1%
Total Self Storage	**12,244,824**	11,204,854	1,039,970	9.3%	**45,926,537**	39,730,110	6,196,427	15.6%
Portable Storage	**1,553,517**	1,289,124	264,393	20.5%	**5,324,321**	5,134,990	189,331	3.7%
Combined	**13,798,341**	12,493,978	1,304,363	10.4%	**51,250,858**	44,865,100	6,385,758	14.2%
Net Operating Income [1]								
Existing Self Storage	**20,257,344**	19,064,020	1,193,324	6.3%	**76,956,168**	73,258,838	3,697,330	5.0%
New Self Storage	**6,894,747**	4,649,621	2,245,126	48.3%	**22,708,432**	12,775,891	9,932,541	77.7%
Total Self Storage	**27,152,091**	23,713,641	3,438,450	14.5%	**99,664,600**	86,034,729	13,629,871	15.8%
Portable Storage	**642,360**	504,816	137,544	27.2%	**2,479,318**	2,312,907	166,411	7.2%
Management Fees	**557,497**	461,930	95,567	20.7%	**2,069,146**	1,750,304	318,842	18.2%
Combined	$ **28,351,948**	$ 24,680,387	$ 3,671,561	14.9%	$ **104,213,064**	$ 90,097,940	$ 14,115,124	15.7%

[1] Non -IFRS Measure.

Existing Self Storage

For the three months ended December 31, 2020, revenue and NOI increased by 6.2% and 6.3%, respectively, over the same prior year period. Despite the impacts of the pandemic, we achieved a full year revenue and NOI growth of 4.8% and 5.0%. The revenue increase was driven from the strength of our business, continued execution of our revenue management program and increased occupancy. 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 2020 and 2019 resulting in revenue, operating costs and NOI growth as we commenced reporting results.

Portable Storage
Increase in revenue and NOI was generally due to occupancy increases and cost savings.

<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)				
	Q4	**Q3**	**Q2**	**Q1**	**Total**	Q4	Q3	Q2	Q1	Total
NOI [1]										
Existing Self Storage	$ 20,257	$ 20,199	$ 18,982	$ 17,518	**$ 76,956**	$ 19,064	$ 19,427	$ 18,407	$ 16,361	$ 73,259
New Self Storage	6,895	5,879	5,248	4,687	**22,708**	4,650	4,153	3,700	274	12,776
Total Self Storage	27,152	26,078	24,229	22,205	**99,665**	23,714	23,580	22,106	16,635	86,035
Portable Storage	642	853	575	410	**2,479**	505	779	642	387	2,313
Management Fees	557	585	488	439	**2,069**	462	469	400	419	1,750
	$ 28,352	$ 27,516	$ 25,291	$ 23,054	**$ 104,213**	$ 24,680	$ 24,828	$ 23,148	$ 17,441	$ 90,098

[1] Non-IFRS Measure

Existing Self Storage
The increase in Q4 2020 over Q4 2019 was driven from continued execution of our revenue management program, occupancy increases and controlling costs through operational efficiencies.

New Self Storage
SVI acquired 16 stores in 2020 and 46 stores in 2019. These additions have resulted in NOI growth quarter over quarter as we commenced reporting results.

Portable Storage
Increase in revenue and NOI was generally due to occupancy increases and cost savings.

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 - Q4	$42,150,289	($9,987,848)	($0.027)	($0.027)	$1,587,379,939	$1,377,204,772	$991,452
2020 - Q3	$40,053,371	($6,276,846)	($0.017)	($0.017)	$1,354,801,560	$1,149,197,801	$978,240
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	**$155,463,922**	**($33,282,222)**	**N/A**	**N/A**	**N/A**	**N/A**	**$3,909,994**
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, 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, DEBT AND SHARE CAPITAL

Working Capital

Cash provided by operating activities was $38.5 million for the fiscal year ended December 31, 2020, compared to $32.0 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 December 31, 2020, the Corporation had $25.5 million of cash compared to $24.5 million at December 31, 2019. Despite cash used to pay down debt, fund expansions and repurchase common shares through our NCIB, the Corporation maintained a strong cash balance. The Corporation expects its cash flow from operations to continue to increase as the full benefit of stores purchased in 2019 and 2020 are realized and we continue to execute our operational plans as society adjusts to the impacts of COVID-19. In addition, the Corporation will borrow against existing assets to fund acquisitions and its expansion plans.

Debt

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

	December 31, 2020			December 31, 2019		
	Rate Range	**Weighted Average**	**Balance**	Rate Range	Weighted Average	Balance
Mortgages						
At amortized cost - Fixed/Variable	3.18% to 4.99%	4.19%	**382,219,232**	3.18% to 5.00%	4.25%	362,374,897
	Maturity: Apr 2021 to Apr 2028			*Maturity: Jul 2020 to Apr 2028*		
At FVTPL - Variable			**394,261,163**			299,958,291
- Interest rate swap			**31,912,305**			8,478,824
		3.93%	**426,173,468**		4.17%	308,437,115
	Maturity: Jan 2024 to Dec 2030			*Maturity: May 2028 to Nov 2029*		
		4.05%	**808,392,700**		4.21%	670,812,012
Lines of Credit and Promissory Notes						
At amortized cost - Variable		3.54%	**61,413,656**		4.78%	72,413,656
	Maturity: Dec 2022 to May 2024			*Maturity: Aug 2020 to Dec 2022*		
At amortized cost - Fixed		4.25%	**13,750,069**		5.00%	12,898,053
	Maturity: Jan 2021 to Dec 2023			*Maturity: Feb 2020 to Oct 2021*		
At FVTPL - Variable			**280,244,148**			300,000,000
- Interest rate swap			**19,755,852**			812,386
		3.97%	**300,000,000**		3.97%	300,812,386
	Maturity: Apr 2022			*Maturity: Apr 2022*		
		3.84%	**375,163,725**		4.12%	386,124,095
Deferred financing costs, net of accretion of $4,871,753 (Dec 31, 2019 - $3,656,956)			**(3,817,293)**			(3,856,505)
		3.98%	**1,179,739,132**		4.18%	1,053,079,602

Reconciliation of Debt

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

	December 31, 2020	December 31, 2019
Debt, beginning of period	**$ 1,053,079,602**	$ 702,411,156
Advances from debt	**264,041,758**	536,106,032
Repayment of debt	**(123,419,291)**	(187,662,004)
Amounts offset against accounts receivable	**(4,710,939)**	(5,715,583)
Change in fair value of debt measured at FVTPL	**(51,668,157)**	-
Change in fair value of interest rate swaps	**42,376,947**	9,291,210
Total cash flow from debt financing activities	**126,620,318**	352,019,655
Change in deferred financing costs	**39,212**	(1,351,209)
Debt, end of period	**$ 1,179,739,132**	$ 1,053,079,602

The bank prime rate at December 31, 2020 was 2.45% (December 31, 2019 - 3.95%). The weighted average cost of debt at December 31, 2020 is 3.98% (December 31, 2019 - 4.18%). The Corporation's variable interest rate exposure is limited as it has significant fixed interest rate debt.

The weighted years to maturity, excluding lines of credit, at December 31, 2020 is 4.93 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 December 31, 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	$	465,985,377 (includes $361.4 million lines of credit)
Year 2	$	191,270,632
Year 3	$	58,520,159
Year 4	$	111,172,658
Year 5	$	23,523,953
Thereafter	$	333,083,646

Of the repayments shown in Year 1, $14.8 million are required under our amortizing term debt mortgages, $80.0 million relates to loans due in the upcoming twelve months that are expected to be refinanced, $9.8 relates to promissory notes and $361.4 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 December 31, 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 December 31, 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
2021	$ 80,025,444	4.42%	$ 9,725,069	3.38%	$ 89,750,513	4.30%
2022	180,442,242	4.16%	347,705,323	3.90%	528,147,565	3.99%
2023	37,006,910	4.46%	4,000,000	0.00%	41,006,910	4.09%
2024	98,838,428	3.26%	13,733,333	3.70%	112,571,761	3.26%
2025	21,906,866	3.59%	-	0.00%	21,906,866	3.59%
Thereafter	390,172,810	4.10%	-	0.00%	390,172,810	4.10%
	$ 808,392,700	4.05%	$ 375,163,725	3.84%	1,183,556,425	3.98%
Deferred financing costs net of accretion					(3,817,293)	
Balance					$1,179,739,132	

The Corporation entered into interest rate swap contracts in order to fix the interest rate on $726 million of debt at a weighted average rate of 3.94%. The swaps mature between April 2022 and December 2030.

Hybrid Debentures
On July 20, 2020, $75 million of unsecured senior hybrid debentures were issued at a price of $1,000 per debenture with a term of sixty-six months, due January 31, 2026. These debentures bear a fixed interest rate of 5.75% per annum, payable semi-annually in arrears on January 31 and July 31 of each year, commencing January 31, 2021.

On and after January 31, 2024 and prior to January 31, 2025, the debentures will be redeemable in whole or in part from time to time at the Corporation's option at a redemption price equal to 102.875% of the principal amount of the debentures redeemed plus accrued and unpaid interest, if any, up to but excluding the date set for redemption. On and after January 31, 2025 and prior to the maturity date, the debentures will be redeemable, in whole or in part, from time to time at the Corporation's option at par plus accrued and unpaid interest, if any, up to but excluding the date set for redemption.

On redemption or at maturity on January 31, 2026, the Corporation may elect to, in whole or part, convert the debentures into freely tradable common shares. In such event, payment will be satisfied by delivering for each $1,000 due, that number of freely tradable shares obtained by dividing $1,000 by 95% of the current market price on the date fixed for redemption or maturity, as the case may be. Any accrued and unpaid interest will be paid in cash.

The debentures were recorded as a financial instrument. The debentures were recorded at a fair value of $75 million net of deferred financing costs of $3.2 million. Each embedded feature was evaluated separately and it was determined that the economic and risk characteristics are closely related to the host contract and therefore were not accounted for as separate financial instruments.

The debentures are subsequently measured at amortized cost using the effective interest method over the life of the debenture. The balance of the hybrid debentures is:

	December 31, 2020
Opening balance	**$ -**
Additions during period	**75,000,000**
Less:	
Issuance costs	**3,524,177**
Accretion during period	**(289,902)**
Ending balance	**$ 71,765,725**

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	3,419,287	11,845,000
Dividend reinvestment plan	481,306	1,518,011
Share option redemption	782,800	901,588
Share issuance costs	-	(25,121)
Common shares repurchased	(1,233,622)	(3,938,229)
Balance, December 31, 2020	366,254,826	$ 365,886,912

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 23,639,650 options were outstanding as at December 31, 2020 (December 31, 2019 – 18,442,450). Of the outstanding amount, 23,639,650 options were exercisable (December 31, 2019 – 18,442,450). The details are as follows:

Exercise Price		Vesting Date	Expiry Date	**December 31, 2020**	December 31, 2019
$	0.33	Jun. 19, 2014	Jun. 19, 2024	**140,000**	140,000
$	0.41	Apr. 28, 2015	Apr. 28, 2025	**1,660,650**	2,122,450
$	0.50	Sep. 14, 2015	Sep. 14, 2025	**1,550,000**	1,570,000
$	1.36	Dec. 21, 2016	Dec. 21, 2026	**2,785,000**	2,810,000
$	1.78	Mar. 16, 2017	Mar. 16, 2027	**2,810,000**	2,850,000
$	2.52	May 4, 2018	May 4, 2028	**2,825,000**	3,000,000
$	2.90	May 28, 2019	May 28, 2029	**5,869,000**	5,950,000
$	3.98	Dec. 15, 2020	Dec. 15, 2030	**6,000,000**	-
Options exercisable and outstanding				**23,639,650**	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.

With certain exceptions, the Plan provides that (i) the maximum number of awards that may be granted to any one participant together with any other share-based compensation arrangements, in any 12 month period, may not exceed 5% of the issued shares, and, in the case of any consultant, may not exceed 2% of the issued shares; and (ii) the total value of all securities that may be issued to any non-employee director under all of the Corporation's security based compensation arrangements may not exceed $150,000 per annum.

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 December 31, 2020, 1,533,556 TRS units were outstanding. At December 31, 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, 574,255 common shares at a value of $2,150,636 have been issued as at December 31, 2020.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

Lease Liabilities

The Corporation leases buildings and land in Kamloops, BC, Montreal, QC, Sudbury, ON, Toronto, ON, Kitchener, 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 year ended December 31, 2020, the Corporation recognized $1,418,221 (December 31, 2019 - $1,019,236) in interest expense related to its lease liabilities.

A reconciliation of the lease liabilities from the date of adoption of IFRS 16 to December 31, 2020 is as follows:

	Self Storage Properties
Balance, December 31, 2019	$ 25,491,060
Additions	19,695,524
Cash Payments	(2,569,755)
Interest	1,418,221
Balance, December 31, 2020	$ 44,035,050

Contingency

The Corporation has no legal contingency provisions at either December 31, 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 year ended December 31, 2020, the Corporation paid $289,218 (December 31, 2019 - $291,152) for royalties and $nil (December 31, 2019 - $82,585) 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 December 31, 2020 was $25,231 (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. The Access Group will also invoice the Corporation for construction, maintenance and other services related to its day-to-day operations.

During the year ended December 31, 2020, the Corporation received $5,877,719 (December 31, 2019 – $7,559,825) in payments and reimbursements related to the management agreements. During the year ended December 31, 2020, the Corporation also incurred $20,491,351 (December 31, 2019 – $14,078,522) in expenditures related to construction, maintenance and other services related to its day-to-day operations.

Included in accounts payable and accrued liabilities as at December 31, 2020 was $2,665,248 (December 31, 2019 - $2,356,616) payable to the Access Group. Included in accounts receivable as at December 31, 2020 was $349,185 (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:

	Year Ended	
	December 31, 2020	December 31, 2019
Wages, management fees, bonuses and directors fees	**$ 629,644**	$ 539,196
Stock based compensation	**3,404,873**	2,561,230
	$ 4,034,517	$ 3,100,426

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Environmental integrity, social responsibility and adherence to strong governance practices are core values at StorageVault and will continue to remain focused on reducing the already extremely low environmental impact of our stores, improving our engagement with colleagues and shareholders, supporting the communities in which we operate, and adopting sound corporate governance practices.

Environmental

We are a community-based business that believes it is our responsibility to implement sustainable operating practices to minimize our impact on the world and protect the environment, while simultaneously improving the performance of our portfolio. With this in mind, incorporating environmental efficiencies into our building design and operations is core to our company, our shareholders, our clients and our communities.

When compared to other types of commercial properties, the storage industry has an inherently low environmental impact given low daily activity levels. Strategically, we offer a mix of square footage that is non-climate controlled and climate controlled, with non-climate controlled space having minimal ecological affect. For our properties that provide climate controlled storage, we hold inside temperatures at moderate levels which safeguard contents while minimizing energy required to heat or cool the space. Operationally, water usage is very low and minimal daily client activity helps to limit the carbon footprint within our communities.

Ongoing and forward-thinking energy saving initiatives include rooftop solar panels, solar walls, motion activated systems to turn lights on and off automatically and replacing older fixtures with modern energy saving fixtures and bulbs. In addition to this, we source and sell packing supplies made of recycled materials and have significantly reduced paper use with our no-contact rental process.

Social

As a team, we are a united nation of over 600 colleagues across 100 communities in Canada. Diversity is in our DNA and is the foundation of our strength and stability. Our culture of continuous improvement, together with our ongoing training programs, promote diversity of thought, development of skills, personal wellness and safety. As such, we naturally foster internal advancement opportunities and promotions within our organization.

At StorageVault, we are aware that our services support people in moments of transition, and we appreciate the importance of our role and the impact we have in our local communities. Through the strength of our business, we support over 150 local charities, grassroots initiatives and national organizations. We are passionate about supporting organizations across the country to support causes that are dear to our families and important within our communities, including those related to health, education, sports, equality and quality of life.

Governance

StorageVault's Management and Board are committed to ensuring strong corporate governance that protects the long-term interests of our stakeholders, strengthens management accountability and fosters public trust in StorageVault. We understand the importance of equality, diversity and good corporate governance, and are dedicated to maintaining the highest standards through the following practices:

- Independent Director led Audit, Acquisition and Governance, Nominating and Compensation Committees
- Acquisition Committee Mandate to review, approve and recommend transactions to the Board
- Diverse Management team and Board and Diversity Policy
- Annual review and vote to approve executive compensation
- Annual election by shareholders of Directors, CEO and CFO at AGM
- Whistleblower Policy
- Insider Trading and Reporting Policy
- Disclosure and Confidentiality Policy
- Regular review and updates of all Corporate Governance principles and policies
- Code of Business Conduct & Ethics which is signed by all employees

A proud moment for us, and evidence of our ongoing commitment to gender diversity, StorageVault was recognized in the Report on Business Magazine's Women Lead Here inaugural list in 2020.

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 six voting members, four 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 December 31, 2020 annual audited 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 stores that the Corporation has owned or leased since the beginning of the previous fiscal year. "New Self Storage" are stores 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, 2020 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 months and fiscal year ended December 31, 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 months and fiscal year ended December 31, 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 lawsuits. 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-attacks, 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.

StorageVault Canada Inc.

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TSX VENTURE EXCHANGE LISTING

SVI

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