

StorageVault Canada Inc.

Interim Financial Statements

For the Three Months Ended March 31, 2023 and 2022

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF UNAUDITED INTERIM FINANCIAL STATEMENTS

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

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

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

StorageVault Canada Inc.
Unaudited Interim Statement of Financial Position

	March 31 2023	December 31 2022
Assets		
Real estate and equipment, net (Note 5)	\$ 1,862,898,271	\$ 1,854,904,102
Goodwill and intangible assets, net (Note 6)	122,132,027	122,026,220
Cash and short term deposits	6,903,323	22,534,826
Prepaid expenses and other current assets	14,711,624	9,946,492
Unrealized fair value of derivative assets (Note 10)	4,997,734	4,700,494
Accounts receivable	7,783,208	6,640,026
	\$ 2,019,426,187	\$ 2,020,752,160
Liabilities and Shareholders' Equity		
Debt (Note 7)	\$ 1,307,886,355	\$ 1,526,719,769
Debentures (Note 8)	273,237,343	128,682,883
Lease liability (Note 14)	91,809,799	80,518,572
Deferred tax liability	38,312,116	40,468,430
Unrealized fair value of derivative liabilities (Notes 7, 10)	444,802	2,222,058
Accounts payable and accrued liabilities	22,556,784	20,860,268
Unearned revenue	85,642,089	14,125,077
	1,819,889,288	1,813,597,057
Shareholders' Equity		
Share capital (Note 9)	421,174,984	424,954,374
Dividends paid (Note 9)	(25,810,923)	(24,741,001)
Contributed surplus (Note 9)	38,587,032	38,451,552
Deficit	(234,414,194)	(231,509,822)
	199,536,899	207,155,103
	\$ 2,019,426,187	\$ 2,020,752,160

Commitments and Contingencies (Note 14)
Subsequent Events (Note 15)

Approved on behalf of the Board:

"signed" Steven Scott
Director

"signed" Iqbal Khan
Director

StorageVault Canada Inc.
Unaudited Interim Statement of Changes in Equity
For the Three Months Ended March 31

	2023	2022
Share Capital		
Balance, beginning of the period	\$ 424,954,374	\$ 406,565,894
Common shares issued, net of issuance costs (Note 9)	2,459,637	22,187,491
Share options, RSU and DSU redemptions (Note 9)	(3,401,350)	-
Common shares repurchased (Note 9)	(2,837,677)	(524,117)
Balance, end of the period	421,174,984	428,229,268
Dividends Paid		
Balance, beginning of the period	(24,741,001)	(20,510,231)
Dividends paid during the period (Note 9)	(1,069,922)	(1,050,674)
Balance, end of the period	(25,810,923)	(21,560,905)
Contributed Surplus		
Balance, beginning of the period	38,451,552	26,418,718
Redemption of stock options and warrants (Note 9)	(174,357)	(247,339)
Stock based compensation (Note 9)	309,837	347,922
Balance, end of the period	38,587,032	26,519,301
Deficit		
Balance, beginning of the period	(231,509,822)	(190,267,865)
Net loss and comprehensive loss	(2,904,372)	(8,577,725)
Balance, end of the period	\$ (234,414,194)	\$ (198,845,590)

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

StorageVault Canada Inc.
Unaudited Interim Statement of Income (Loss) & Comprehensive Income (Loss)
For the Three Months Ended March 31

	2023	2022
Revenue		
Storage and related services	\$ 66,943,141	\$ 57,041,967
Management fees	474,331	413,309
	67,417,472	57,455,276
Expenses		
Operating costs	24,845,593	20,831,345
Acquisition and integration costs	972,297	940,646
Selling, general and administrative	5,799,787	4,996,536
Stock based compensation (Note 9)	309,837	347,922
Depreciation and amortization (Notes 5,6)	25,621,018	21,595,606
Interest (Notes 7,14)	20,975,025	15,898,875
Realized (gain) loss on derivative financial instruments (Note 7)	(3,970,902)	-
Unrealized (gain) loss on derivative financial instruments (Note 7)	(2,074,497)	2,787,831
	72,478,158	67,398,761
Net loss and comprehensive loss before tax	(5,060,686)	(9,943,485)
Deferred tax recovery	2,156,314	1,365,760
Net loss and comprehensive loss after tax	\$ (2,904,372)	\$ (8,577,725)
Net loss per common share		
Basic	\$ (0.008)	\$ (0.023)
Diluted	\$ (0.008)	\$ (0.023)
Weighted average number of common shares outstanding		
Basic	378,056,570	377,351,638
Diluted	378,056,570	377,351,638

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

StorageVault Canada Inc.
Unaudited Interim Statement of Cash Flows
For the Three Months Ended March 31

	2023	2022
Cash from (used for) the following activities:		
Operating activities		
Net loss and comprehensive loss after tax	\$ (2,904,372)	\$ (8,577,725)
Adjustment for non-cash items:		
Deferred tax recovery	(2,156,314)	(1,365,760)
Depreciation, amortization (Notes 5,6)	25,621,018	21,595,606
Amortization of deferred financing costs	1,219,792	711,162
Accretion of lease liabilities (Note 14)	843,655	715,619
Stock based compensation (Note 9)	309,837	347,922
Unrealized (gain) loss on derivative financial instruments (Note 7)	(2,074,497)	2,787,831
Cash flow from operations before non-cash working capital balances	20,859,119	16,214,655
Net change in non-cash working capital balances		
Accounts receivable	(1,143,182)	(2,048,434)
Prepaid expenses and other current assets	(4,765,132)	(856,958)
Accounts payable and accrued liabilities	1,696,516	(404,991)
Unearned revenue	71,517,012	1,767,507
Cash flows from operating activities	88,164,333	14,671,779
Financing activities		
Common shares issued, net of issuance costs (Note 9)	20,059	247,339
Dividends paid (Note 9)	(605,252)	(599,541)
Payments of lease obligation (Note 14)	(1,793,288)	(1,234,788)
Debt issuance costs	(77,485)	(351,122)
Cash advances from long term debt (Note 7)	82,997,481	103,000,000
Cash repayment of long term debt (Note 7)	(302,408,831)	(77,558,245)
Cancellation of share options (Note 9)	(3,401,350)	-
Proceeds from debenture issuance, net of issuance costs (Note 8)	144,287,427	-
Repurchase of common shares (Note 9)	(2,837,677)	(524,117)
Cash flows from financing activities	(83,818,916)	22,979,526
Investing activities		
Cash additions to real estate and equipment (Note 5)	(14,576,920)	(8,857,777)
Cash paid in business combinations (Note 4)	(5,400,000)	(23,000,000)
Cash flows used for investing activities	(19,976,920)	(31,857,777)
(Decrease) increase in cash and short term deposits	(15,631,503)	5,793,528
Cash and short term deposits balance, beginning of period	22,534,826	25,143,600
Cash and short term deposits balance, end of period	\$ 6,903,323	\$ 30,937,128

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

StorageVault Canada Inc.

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2023 and 2022

(Unaudited)

1. Description of Business

The interim financial statements of StorageVault Canada Inc. (the "Corporation") as at and for the three months ended March 31, 2023, were authorized for issuance by the Board of Directors of the Corporation on April 26, 2023. The Corporation is incorporated under the Business Corporations Act of Alberta and is domiciled in Canada. Its shares are publicly traded on the Toronto Stock 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 customers.

2. Basis of Presentation

These interim financial statements and the notes thereto present the Corporation's financial results of operations and financial position under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as at January 1, 2023. They have been prepared in accordance with International Accounting Standard ("IAS") 34 "Financial Reporting" and accordingly these interim financial statements do not include all the necessary annual disclosures in accordance with IFRS.

These interim financial statements should be read in conjunction with the Corporation's annual audited consolidated financial statements for the year ended December 31, 2022. The accounting policies and methods of computation followed in the preparation of these interim financial statements are consistent with those used in the preparation of the most recent annual report.

The interim financial statements have been prepared under the historical cost method, except for the revaluation of certain financial assets and financial liabilities to fair value. The interim 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

Revenue Recognition

Revenue from the rendering of services and sale of goods is 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 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.

StorageVault Canada Inc.

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2023 and 2022

(Unaudited)

Note 3 – Continued

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 credit losses.

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 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 acquired (i.e. a discount on acquisition) the difference is credited to the Interim Statement 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.

Cash and Short Term Deposits

Cash and short term deposits on the Interim Statement 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 Interim Statement 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 a replaced part is derecognized. All other repairs and maintenance are charged to the Interim Statement 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.

StorageVault Canada Inc.

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2023 and 2022

(Unaudited)

Note 3 – Continued

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

Goodwill and 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, Websites – 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 Interim Statement of Financial Position date.

Goodwill and indefinite life intangibles are reviewed for impairment annually by assessing the recoverable amount of each CGU to which it relates. 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 Interim Statement 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 Interim Statement 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.

StorageVault Canada Inc.

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2023 and 2022

(Unaudited)

Note 3 – Continued

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.

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 Interim Statement 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 income 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.

StorageVault Canada Inc.

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2023 and 2022

(Unaudited)

Note 3 – Continued

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 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 classifies its total return swaps as financial assets at fair value through profit or loss.

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 Interim Statement 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 Interim Statement 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.

StorageVault Canada Inc.

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2023 and 2022

(Unaudited)

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 Interim Statement 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.

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 interim 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.
- 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.

StorageVault Canada Inc.

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2023 and 2022

(Unaudited)

Note 3 – Continued

- 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.

StorageVault Canada Inc.

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2023 and 2022

(Unaudited)

4. Acquisitions

During the three months ended March 31, 2023, the Corporation completed the below transaction that met the definition of a business under IFRS 3 - Business Combinations. This acquisition has been accounted for using the acquisition method with the result of the operation being included in the interim financial statements of the Corporation since the date of acquisition. Details of the acquisition are:

First Quarter Acquisition:

During the first quarter, the Corporation completed the acquisition of one self storage location for \$7,400,000 (subject to customary adjustments). This acquisition was an arm's length transaction. The purchase was paid for by advances from debt, issuance of common shares and cash on hand.

A summary of the acquisition is as follows:

	One Self Storage Location
Acquisition date:	March 29, 2023
Land, Yards, Buildings & Improvements	\$ 7,281,120
Goodwill	118,880
Net assets acquired	<u>7,400,000</u>
Consideration paid for the net assets acquired was obtained from the following:	
Issuance of common shares	2,000,000
Cash	1,402,519
Debt	<u>3,997,481</u>
	<u>7,400,000</u>
Selected information for the acquisition, since its acquisition date:	
Revenue	-
Operating costs	<u>-</u>
	-
Amortization	1,923
Interest	730
Net income (loss)	<u>\$ (2,653)</u>

StorageVault Canada Inc.

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2023 and 2022

(Unaudited)

5. Real Estate and Equipment

	<u>Land, Yards, Buildings & Improvements</u>	<u>Storage Containers</u>	<u>Intangible Tenant Relationships</u>	<u>Vehicles</u>	<u>Office & Computer Equipment</u>	<u>Total</u>
COST						
December 31, 2021	\$ 1,844,956,787	\$ 19,671,492	\$ 179,653,935	\$ 6,085,558	\$ 9,009,177	\$ 2,059,376,949
Additions	32,526,371	2,215,261	-	2,679,712	3,665,779	41,087,123
Disposals	(124,645)	(84,180)	-	(197,690)	(28,625)	(435,140)
Business acquisitions	216,524,501	-	21,119,813	-	-	237,644,314
December 31, 2022	2,093,883,014	21,802,573	200,773,748	8,567,580	12,646,331	2,337,673,246
Additions	25,041,087	-	-	484,312	795,595	26,320,994
Business acquisitions	7,281,120	-	-	-	-	7,281,120
March 31, 2023	<u>\$ 2,126,205,221</u>	<u>\$ 21,802,573</u>	<u>\$ 200,773,748</u>	<u>\$ 9,051,892</u>	<u>\$ 13,441,926</u>	<u>\$ 2,371,275,360</u>
ACCUMULATED DEPRECIATION						
December 31, 2021	\$ 236,832,170	\$ 8,976,624	\$ 124,835,884	\$ 4,563,139	\$ 3,704,344	\$ 378,912,161
Depreciation	76,249,193	1,102,639	24,564,623	739,120	1,449,337	104,104,912
Disposals	(21,224)	(44,216)	-	(182,351)	(138)	(247,929)
December 31, 2022	313,060,139	10,035,047	149,400,507	5,119,908	5,153,543	482,769,144
Depreciation	18,484,980	290,158	6,133,777	311,831	387,199	25,607,945
March 31, 2023	<u>\$ 331,545,119</u>	<u>\$ 10,325,205</u>	<u>\$ 155,534,284</u>	<u>\$ 5,431,739</u>	<u>\$ 5,540,742</u>	<u>\$ 508,377,089</u>
NET BOOK VALUE						
December 31, 2022	1,780,822,875	11,767,526	51,373,241	3,447,672	7,492,788	1,854,904,102
March 31, 2023	1,794,660,102	11,477,368	45,239,464	3,620,153	7,901,184	1,862,898,271

Included in Land, Yards, Buildings & Improvements is Land at a carrying value of \$661,643,013 (December 31, 2022 - \$660,211,893).

Included in Land, Yards, Buildings & Improvements is \$32,585,105 (December 31, 2022 - \$31,812,900) of construction in process that is not being depreciated.

Included in Land, Yards, Buildings & Improvements are right-of-use assets at a carrying value of \$86,120,861 (December 31, 2022 - \$75,282,052), net of accumulated depreciation of \$11,827,329 (December 31, 2022 - \$10,425,278). The continuity of the right-of-use assets is as follows:

Self Storage Properties

Balance, December 31, 2021	\$ 73,478,491
Additions	6,356,372
Depreciation charge for the period	(4,552,811)
Balance, December 31, 2022	\$ 75,282,052
Additions and reassessments	12,240,860
Depreciation charge for the period	(1,402,051)
Balance, March 31, 2023	<u>\$ 86,120,861</u>

In the fourth quarter of 2022, the Corporation received a notice of expropriation for one of its properties from a government agency. As of the date of the issuance of these interim financial statements, the Corporation is not able to reasonably estimate the final compensation for this property. The initial compensation received for this property has been recorded in unearned revenue. The Corporation will continue to operate the property until May 5, 2023 at which time it will be required to vacate.

StorageVault Canada Inc.**Notes to the Interim Financial Statements**

For the Three Months Ended March 31, 2023 and 2022

*(Unaudited)***6. Goodwill and Intangible Assets**

	<u>Goodwill</u>	<u>Management Contracts</u>	<u>Trademarks</u>	<u>Website</u>	<u>Total</u>
COST					
December 31, 2021	\$ 97,527,924	\$ 16,300,000	\$ 54,880	\$ 66,371	\$ 113,949,175
Additions	-	-	6,080	-	6,080
Business acquisitions	7,792,271	-	326,868	-	8,119,139
December 31, 2022	105,320,195	16,300,000	387,828	66,371	122,074,394
Business acquisitions	118,880	-	-	-	118,880
March 31, 2023	<u>\$ 105,439,075</u>	<u>\$ 16,300,000</u>	<u>\$ 387,828</u>	<u>\$ 66,371</u>	<u>\$ 122,193,274</u>
ACCUMULATED AMORTIZATION					
December 31, 2021	\$ -	\$ -	\$ 4,302	\$ 22,123	\$ 26,425
Amortization	-	-	6,949	14,800	21,749
December 31, 2022	-	-	11,251	36,923	48,174
Amortization	-	-	9,442	3,631	13,073
March 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,693</u>	<u>\$ 40,554</u>	<u>\$ 61,247</u>
NET BOOK VALUE					
December 31, 2022	105,320,195	16,300,000	376,577	29,448	122,026,220
March 31, 2023	105,439,075	16,300,000	367,135	25,817	122,132,027

StorageVault Canada Inc.
Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2023 and 2022

(Unaudited)

7. Debt

	March 31, 2023			December 31, 2022		
	Rate Range	Weighted Average	Balance	Rate Range	Weighted Average	Balance
<u>Mortgages</u>						
At amortized cost - Fixed	2.84% to 4.98%	4.47%	252,640,345	2.84% to 4.98	4.48%	251,048,897
	<i>Maturity: Apr 2023 to Dec 2029</i>			<i>Maturity: Apr 2023 to Dec 2029</i>		
At amortized cost - Variable	7.70% to 8.20%	7.90%	44,570,622	7.45% to 8.60%	8.08%	84,653,250
	<i>Maturity: Jun 2023 to Oct 2025</i>			<i>Maturity: Feb 2023 to Jul 2024</i>		
At FVTPL - Variable			727,877,298			783,891,417
- Fixed via interest rate swap			(17,624,125)			(32,836,542)
		4.34%	710,253,173		4.31%	751,054,875
	<i>Maturity: Jan 2024 to Jan 2031</i>			<i>Maturity: Jan 2024 to Jan 2031</i>		
		4.53%	1,007,464,140		4.65%	1,086,757,022
<u>Lines of Credit and Promissory Notes</u>						
At amortized cost - Fixed		3.61%	4,500,000		3.50%	4,000,000
	<i>Maturity: Dec 2023 to Mar 2025</i>			<i>Maturity: Dec 2023</i>		
At amortized cost - Variable			-		7.28%	140,618,468
				<i>Maturity: Jun 2023 to Oct 2025</i>		
At FVTPL - Variable			311,818,289			314,288,134
- Fixed via interest rate swap			(11,818,289)			(14,288,134)
		3.88%	300,000,000		3.88%	300,000,000
	<i>Maturity: Feb 2025</i>			<i>Maturity: Feb 2025</i>		
		3.88%	304,500,000		4.95%	444,618,468
Deferred financing costs, net of accretion			(4,077,785)			(4,655,721)
		4.38%	1,307,886,355		4.73%	1,526,719,769

Reconciliation of Debt

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

	March 31, 2023	December 31, 2022
Debt, beginning of period	\$ 1,526,719,769	\$ 1,332,474,745
Advances from debt	82,997,481	610,341,010
Repayment of debt	(302,408,831)	(409,662,963)
Amounts offset against accounts receivable	-	(6,486,464)
Change in fair value of debt measured at FVTPL	17,682,262	(60,949,884)
Change in fair value of interest rate swaps	(17,682,262)	60,949,884
Total cash flow from debt financing activities	(219,411,350)	194,191,583
Change in deferred financing costs	577,936	53,441
Debt, end of period	\$ 1,307,886,355	\$ 1,526,719,769

StorageVault Canada Inc.

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2023 and 2022

(Unaudited)

Note 7 – Continued

The bank prime rate at March 31, 2023 was 6.70% (December 31, 2022 – 6.45%).

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 March 31, 2023, 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, lines of credit, and promissory notes in each of the next five years are estimated as follows:

Year 1	\$	483,244,382 (includes lines of credit and promissory note of \$304 million)
Year 2	\$	78,216,459
Year 3	\$	171,869,362
Year 4	\$	85,267,192
Year 5	\$	77,650,743
Thereafter	\$	415,716,002

The Corporation entered into interest rate swap contracts in order to fix the interest rate on \$1 billion of debt at a weighted average rate of 4.21%. On \$447 million of this debt, the bank entered into interest rate swap cancellation agreements, allowing them to cancel the original swap agreements between April 8, 2024 and October 27, 2025.

At March 31, 2023, the Corporation recognized a derivative liability of \$0.4 million (December 31, 2022 – \$2.2 million). During the three months ended March 31, 2023, the Corporation recognized an unrealized gain on derivative financial instruments of \$2.1 million (March 31, 2022 – \$2.8 million loss) and a realized gain on derivative financial instruments of \$4.0 million (March 31, 2022 – \$nil). These derivative financial instruments mature between January 2024 and January 2031.

8. Debentures

2020 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. The intended use of the net proceeds of the debentures is to pay down the credit facility and fund anticipated capital expenditures.

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

StorageVault Canada Inc.

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2023 and 2022

(Unaudited)

Note 8 – Continued

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 \$3.5 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.

2021 Hybrid Debentures

On July 19, 2021, \$57.5 million of unsecured senior hybrid debentures were issued at a price of \$1,000 per debenture with a term of sixty-six months, due September 30, 2026. These debentures bear a fixed interest rate of 5.5% per annum, payable semi-annually in arrears on March 31 and September 30 of each year, commencing September 30, 2021. The intended use of the net proceeds of the debentures is to fund potential future opportunities and for general corporate purposes.

On and after September 30, 2024 and prior to September 30, 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 102.750% 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 September 30, 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 September 30, 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 \$57.5 million net of deferred financing costs of \$2.5 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.

2023 Convertible Debentures

On January 9, 2023, \$150 million of convertible senior unsecured debentures were issued at a price of \$1,000 per debenture with a term of sixty-six months, due March 31, 2028. These debentures bear a fixed interest rate of 5% per annum, payable semi-annually in arrears on March 31 and September 30 of each year, commencing March 31, 2023. The intended use of the net proceeds of the debentures is to fund potential future opportunities and for general corporate purposes.

On and after March 31, 2026 and prior to March 31, 2027, the debentures will be redeemable in whole or in part from time to time by the Corporation at a redemption price equal to 125% 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 March 31, 2027 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 March 31, 2028, the debentures will be convertible into freely tradeable common shares of the Corporation at the option of the holder at a conversion price of \$8.65 per share.

StorageVault Canada Inc.**Notes to the Interim Financial Statements**

For the Three Months Ended March 31, 2023 and 2022

*(Unaudited)***Note 8 – Continued**

The debentures were recorded as a financial instrument. The debentures were recorded at a fair value of \$150 million net of deferred financing costs of \$6 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 debentures is:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Opening balance	\$ 128,682,883	\$ 127,551,885
Additions during period	150,000,000	-
Issuance costs	(6,009,911)	-
Accretion during period	564,371	1,130,998
Ending balance	<u>\$ 273,237,343</u>	<u>\$ 128,682,883</u>

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:

	<u>Number of Shares</u>	<u>Amount</u>
Balance, December 31, 2021	374,636,443	\$ 406,565,894
Issued on acquisitions	4,171,246	27,000,000
Dividend reinvestment plan	306,499	1,829,905
Share option redemption	661,151	(448,659)
RSU/DSU redemption	94,421	632,798
Common shares repurchased	(1,852,400)	(10,625,564)
Balance, December 31, 2022	<u>378,017,360</u>	<u>424,954,374</u>
Issued on acquisitions	307,692	2,000,000
Dividend reinvestment plan	77,640	459,637
Share option redemption	5,000	(3,401,350)
Common shares repurchased	(476,900)	(2,837,677)
Balance, March 31, 2023	<u>377,930,792</u>	<u>\$ 421,174,984</u>

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.

The Corporation may from time to time purchase its common shares in accordance with the rules prescribed by the Exchange or regulatory policies.

StorageVault Canada Inc.**Notes to the Interim Financial Statements**

For the Three Months Ended March 31, 2023 and 2022

*(Unaudited)***Note 9 – Continued**Dividend Reinvestment Plan

Represents common shares issued under the Corporation's dividend reinvestment plan ("DRIP") for holders of common shares. 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:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Opening balance	\$ 38,451,552	\$ 26,418,718
Stock based compensation	309,837	13,631,028
Share option, RSU/DSU redemptions	(174,357)	(1,598,194)
Ending balance	<u>\$ 38,587,032</u>	<u>\$ 38,451,552</u>

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:

	<u>March 31, 2023</u>		<u>December 31, 2022</u>	
	Weighted Average		Weighted Average	
	<u>Options</u>	<u>Exercise Price</u>	<u>Options</u>	<u>Exercise Price</u>
Opening	36,342,000	\$3.88	30,319,650	\$3.34
Exercised/Expired	(930,000)	1.48	(949,650)	1.48
Granted	-	-	6,972,000	5.94
Closing and Exercisable	<u>35,412,000</u>	<u>\$3.95</u>	<u>36,342,000</u>	<u>\$3.88</u>

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

	<u>2022</u>	<u>2021</u>
Dividend Yield	0.01%	0.01%
Risk-Free Interest Rate	3.11%	1.15%
Expected Life of Options	4 Years	4 Years
Expected Volatility of the Corporation's Common Shares	30.15%	29.44%

StorageVault Canada Inc.**Notes to the Interim Financial Statements**

For the Three Months Ended March 31, 2023 and 2022

*(Unaudited)***Note 9 – Continued**

Stock options exercisable and outstanding are as follows:

Exercise Price	Vesting Date	Expiry Date	March 31, 2023	December 31, 2022
\$ 0.41	Apr. 28, 2015	Apr. 28, 2025	1,125,500	1,125,500
\$ 0.50	Sep. 14, 2015	Sep. 14, 2025	1,380,000	1,480,000
\$ 1.36	Dec. 21, 2016	Dec. 21, 2026	2,670,000	2,770,000
\$ 1.78	Mar. 16, 2017	Mar. 16, 2027	2,695,000	2,795,000
\$ 2.52	May 4, 2018	May 4, 2028	2,710,000	2,810,000
\$ 2.90	May 28, 2019	May 28, 2029	5,551,500	5,764,000
\$ 3.98	Dec. 15, 2020	Dec. 15, 2030	5,540,500	5,858,000
\$ 6.31	Dec. 20, 2021	Dec. 20, 2031	6,767,500	6,767,500
\$ 5.94	Dec. 19, 2022	Dec. 19, 2032	6,972,000	6,972,000
Options exercisable and outstanding			35,412,000	36,342,000

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 ("RSUs"), Deferred Share Units ("DSUs") and Named Executive Officer Restricted Share Units ("Neo RSUs"), 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 RSUs and DSUs granted vest in equal annual amounts over three years. The Neo RSUs vest three years after the date of grant. RSUs, DSUs and Neo RSUs are entitled to be credited with dividend equivalents in the form of additional RSUs, DSUs and Neo RSUs, 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 March 31, 2023, 3,081,360 TRS were outstanding at a value of \$4,997,734 (December 31, 2022 – 3,081,360 TRS were outstanding at a value of \$4,700,494).

At March 31, 2023, 100% of the combined DSU and RSU exposures were economically hedged. Hedge accounting is not applied for the DSU/RSU hedging program.

During the three months ended March 31, 2023, the Corporation issued nil common shares at a value of \$nil (December 31, 2022 – 266,268 common shares at a value of \$1,786,852) under the Plan. A total of 1,123,429 common shares at a value of \$5,069,112 were outstanding at March 31, 2023 (December 31, 2022 – 1,123,429 common shares at a value of \$5,069,112).

Dividends

A cash dividend of \$0.002831 per common share was declared on March 15, 2023, and paid to shareholders of record on March 31, 2023.

StorageVault Canada Inc.

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2023 and 2022

(Unaudited)

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.

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 instruments was as follows:

	Fair Value Hierarchy	March 31, 2023		December 31, 2022	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial instruments:					
Debt - at amortized cost	Level 2	(297,633,182)	(293,436,696)	(475,664,894)	(467,190,719)
Debt - at FVTPL	Level 2	(1,039,695,587)	(1,039,695,587)	(1,098,179,551)	(1,098,179,551)
Interest rate swaps	Level 2	29,442,414	29,442,414	47,124,676	47,124,676
Derivative assets - at FVTPL	Level 2	4,997,734	4,997,734	4,700,494	4,700,494
Derivative liabilities - at FVTPL	Level 2	(444,802)	(444,802)	(2,222,058)	(2,222,058)

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 Interim Statement of Income (Loss) and Comprehensive Income (Loss) if interest rates on variable rate debt had been 1% higher or lower for the three months ended March 31, 2023 would have been approximately \$111,427 (March 31, 2022 - \$571,698).

StorageVault Canada Inc.**Notes to the Interim Financial Statements**

For the Three Months Ended March 31, 2023 and 2022

(Unaudited)

Note 10 – Continued

- 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 1% of the Corporation's monthly revenue. This diversification in the customer base reduces credit risk from any given tenant.

The Corporation has \$1,540,000 of receivables from related parties at March 31, 2023 (December 31, 2022 - \$847,000). Management believes there is low credit risk associated with related party balances due to the nature of the relationships and the historical loss rates.

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

Balance December 31, 2021	\$ 735,396
Charges or adjustments during the period	<u>(235,860)</u>
Balance December 31, 2022	499,536
Charges or adjustments during the period	<u>-</u>
Balance March 31, 2023	<u><u>\$ 499,536</u></u>

The creation and release of the allowance for expected credit losses has been included in operating costs in the Interim Statement 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.

StorageVault Canada Inc.

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2023 and 2022

(Unaudited)

11. Related Party Transactions

The Corporation holds a Master Franchise Agreement 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 Iqbal Khan and Steven Scott who are directors of the Corporation. The Corporation pays a monthly royalty of 3.5% on the gross sales. During the three months ended March 31, 2023, the Corporation paid \$76,032 (March 31, 2022 - \$78,549) for royalties and \$2,276,201 (March 31, 2022 - \$1,581,825) 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 March 31, 2023 was \$936,605 (December 31, 2022 - \$58,225) payable to CPFI.

The Corporation has management agreements with Access Self Storage Inc. and related companies ("Access Group"). These companies are related to Iqbal Khan and Steven Scott 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 three months ended March 31, 2023, the Corporation received \$1,690,098 (March 31, 2022 - \$1,932,621) in payments and reimbursements related to the management agreements. During the three months ended March 31, 2023, the Corporation also incurred \$9,109,221 (March 31, 2022 - \$6,029,115) 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 March 31, 2023 was \$1,101,078 (December 31, 2022 - \$522,072) payable to the Access Group. Included in accounts receivable as at March 31, 2023 was \$1,539,590 (December 31, 2022 - \$846,587) receivable from the Access Group.

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

	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Wages, management fees, bonuses and directors fees	\$ 138,111	\$ 138,111
Stock based compensation	121,875	130,841
	<u>\$ 259,986</u>	<u>\$ 268,952</u>

12. 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

StorageVault Canada Inc.**Notes to the Interim Financial Statements**

For the Three Months Ended March 31, 2023 and 2022

*(Unaudited)***Note 12 – Continued**

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.

13. 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 operating decision makers of the Corporation.

- Self Storage – involves the customer leasing 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 and amortization, and stock based compensation. Corporate costs are not allocated to the segments and are shown separately.

For the Three Months Ended March 31, 2023

	Self Storage	Portable Storage	Management Division	Corporate	Total
Revenue	\$ 64,876,875	\$ 2,066,266	\$ 474,331	\$ -	\$ 67,417,472
Operating costs	23,256,274	1,589,319	-	-	24,845,593
Net operating income	41,620,601	476,947	474,331	-	42,571,879
Acquisition and integration	-	-	-	972,297	972,297
Selling, general and admin.	-	-	-	5,799,787	5,799,787
Stock based compensation	-	-	-	309,837	309,837
Depreciation and amortization	24,992,757	424,512	-	203,749	25,621,018
Interest	20,975,025	-	-	-	20,975,025
Realized gain on derivative financial instruments	-	-	-	(3,970,902)	(3,970,902)
Unrealized gain on derivative financial instruments	-	-	-	(2,074,497)	(2,074,497)
Deferred tax recovery	-	-	-	(2,156,314)	(2,156,314)
Net income (loss)	<u>\$ (4,347,181)</u>	<u>\$ 52,435</u>	<u>\$ 474,331</u>	<u>\$ 916,043</u>	<u>\$ (2,904,372)</u>
Additions:					
Real estate and equipment	33,138,802	234,119	-	229,193	33,602,114

StorageVault Canada Inc.**Notes to the Interim Financial Statements**

For the Three Months Ended March 31, 2023 and 2022

*(Unaudited)***Note 13 – Continued****For the Three Months Ended March 31, 2022**

	Self Storage	Portable Storage	Management Division	Corporate	Total
Revenue	\$ 54,822,810	\$ 2,219,157	\$ 413,309	\$ -	\$ 57,455,276
Operating costs	19,105,210	1,726,135	-	-	20,831,345
Net operating income	35,717,600	493,022	413,309	-	36,623,931
Acquisition and integration	-	-	-	940,646	940,646
Selling, general and admin.	-	-	-	4,996,536	4,996,536
Stock based compensation	-	-	-	347,922	347,922
Depreciation and amortization	20,956,416	374,350	-	264,840	21,595,606
Interest	15,898,875	-	-	-	15,898,875
Unrealized loss on derivative financial instruments	-	-	-	2,787,831	2,787,831
Deferred tax recovery	-	-	-	(1,365,760)	(1,365,760)
Net income (loss)	<u>\$ (1,137,691)</u>	<u>\$ 118,672</u>	<u>\$ 413,309</u>	<u>\$ (7,972,015)</u>	<u>\$ (8,577,725)</u>
Additions:					
Real estate and equipment	52,933,752	127,745	-	87,181	53,148,678

Total Assets

	Self Storage	Portable Storage	Management Division	Corporate	Total
As at December 31, 2022	\$ 1,963,914,228	\$ 18,003,918	\$ 16,564,940	\$ 22,269,074	\$ 2,020,752,160
As at March 31, 2023	\$ 1,971,184,118	\$ 18,988,472	\$ 16,592,158	\$ 12,661,439	\$ 2,019,426,187

14. Commitments and Contingencies*Lease Liabilities*

The Corporation leases buildings and land in British Columbia, Alberta, Manitoba, Ontario and Quebec. The leases expire between 2023 and 2057, with the leases expiring in 2023 and 2027 having up to 15 years and 20 years of renewals, respectively, which are expected to be exercised by the Corporation.

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

For the three months ended March 31, 2023, the Corporation recognized \$843,655 (March 31, 2022 - \$715,619) in interest expense related to its lease liabilities.

StorageVault Canada Inc.**Notes to the Interim Financial Statements**

For the Three Months Ended March 31, 2023 and 2022

(Unaudited)

Note 14 – Continued

A reconciliation of the lease liabilities associated with self storage properties is as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Balance, beginning of period	\$ 80,518,572	\$ 77,094,742
Additions and reassessments	12,240,860	6,356,372
Cash payments	(1,793,288)	(6,181,239)
Interest	843,655	3,035,180
Capitalized interest	-	213,517
Balance, end of period	<u>\$ 91,809,799</u>	<u>\$ 80,518,572</u>

Contingency

The Corporation has no legal contingency provisions at March 31, 2023 or December 31, 2022.

15. Subsequent Events

On April 26, 2023, the Corporation approved an increase to the quarterly dividend for Q2 2023 by 0.5% to \$0.002845 per common share.

StorageVault Canada Inc.

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2023 and 2022

(Unaudited)

StorageVault Canada Inc.

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Vancouver, BC

Ben Harris
Bedford, NY

Iqbal Khan
Toronto, ON

Steven Scott
Toronto, ON

Alan Simpson
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