StorageVault Canada Inc.
(the "Corporation")

Form 51-102F1
Management's Discussion and Analysis
For the Three Months Ended March 31, 2023

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 ended March 31, 2023. This MD&A should be read in conjunction with the March 31, 2023 interim 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 April 26, 2023.

FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking information. All statements, other than statements of historical fact, included in this MD&A, may be forward-looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "proposed", "is expected", "budgets", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. In particular, forward-looking information included in this MD&A includes statements with respect to: the Corporation's outlook as to the market for self storage and portable storage; economic conditions; the availability of credit; the expectation of cash flows; the Corporation's strategic objectives, growth strategies, goals and plans; potential sources of financing including issuing additional common shares as a source of financing, generally, and as a source of financing for potential acquisitions; future expansion of existing SVI Stores; the size of potential future acquisitions the Corporation may make in 2023; and the general outlook for the Corporation. This forward-looking information is contained in "Nature of Business", "Business and General Corporate Strategy", "Outlook", "Financial Results Overview" and "Working Capital, Long Term Debt and Share Capital" and other sections of this MD&A.

Forward-looking information is subject to known risks, 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 to be not as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The factors identified above are not intended to represent a complete list of the factors that could affect the Corporation.

The forward-looking information in this MD&A should not be relied upon as representing the Corporation's views as of any date subsequent to the date of this MD&A. Such forward-looking information is based on a number of assumptions which may prove to be incorrect, including, but not limited to: the ability of the Corporation to obtain sufficient or necessary financing, satisfy conditions under previously announced acquisition agreements, or satisfy any requirements of the TSX with respect to these acquisitions and any related private placement; the level of activity in the storage business and the economy generally; consumer interest in the Corporation's services and products; competition and SVI's competitive advantages; trends in the storage industry, including, increased growth in self storage, portable storage and management segments; the availability of attractive and financially competitive asset acquisitions in the future. A description of additional assumptions used to develop such forward-looking information and a description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in the Corporation's disclosure documents on the SEDAR website at www.sedar.com. The Corporation undertakes no obligation to publicly update or review any forward-looking information, except in accordance with applicable securities laws. Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations.

The amount of potential future acquisitions by the Corporation in fiscal 2023 and revenue and NOI growth for 2023 may be considered a financial outlook, as defined by applicable securities legislation, contained in this MD&A and the accompanying news release. Such information and any other financial outlooks or future-oriented financial information has been approved by management of the Corporation as of the date hereof. Such financial outlook or future-oriented financial information is provided for the purpose of presenting information about management's current expectations and goals relating to the future business of the Corporation. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

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

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GLOSSARY OF TERMS

The following abbreviated terms are used in the Management's 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 stabilized 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, realized and unrealized gains or losses on interest rate swaps, realized and unrealized gains or losses on derivative financial instruments 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's Discussion and Analysis disclosure document;

"New Self Storage" means non-stabilized 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 April 1, 2023 to April 26, 2023;

"SVI" means StorageVault Canada Inc.;

"The Company" or **"The Corporation"** or **"We"** or **"Our"** or "**StorageVault**" 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 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 under the symbol 'SVI'.

As of March 31, 2023, SVI owned 207 stores and 4,527 portable storage units across Canada, for a total of 11,463,399 square feet of rentable storage space in 101,304 rental units. The stores operate under the Access Storage, Depotium Mini-Entrepots and Sentinel Storage 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 32 stores that are owned by third parties for a management fee, bringing the total number of stores owned and managed to 239.

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. Through our portable storage 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, e-commerce, last-mile solutions, lack of warehouse space, immigration, downsizing, renovations, moving, death, divorce, insurance, etc. We expect these trends to continue in 2023 and beyond.

Market Size
The Canadian storage market is estimated to be 90 million square feet across 3,000 stores, with the top 10 operators owning less than 15% of these stores; by comparison, the US market is estimated at over 2 billion square feet across 51,000 plus stores, 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 opportunities for consolidation, expansion and development. 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 lead generation, 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 and inflationary pressures 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 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 six 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, records management and FlexSpace Logistics business segments.

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 the cross promotion and marketing of the self storage and portable storage platforms, and our records management services due to our national footprint, and 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 space, to the right customer, at the right time, for the right price. With a focus on providing the best value to the customer and 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 1,500,000 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. We currently have plans to complete 25,000 to 50,000 square feet of expansion within the next 9 months. In addition, we have another 450,000 rentable square feet of expansions projects in the entitlement and permitting stage.

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 that 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, delivering strong "sticky" cash flows. RecordXpress is one of the largest records management companies in Canada and is the only Canadian owned company that can provide a national platform. This provides significant competitive advantage as government organizations, such as hospitals and charities, do not want their confidential information under foreign ownership.

Expansion of FlexSpace Logistics Business

The FlexSpace Logistics business is a technology platform that focuses on providing end to end solutions for business clients with our storage, logistics, and inventory management offerings. Services are provided across Canada through SVI's existing portfolio of businesses and our extensive network of partners, allowing us to offer everything from warehousing and storage to last mile delivery to inventory management. A true one-stop shop for businesses, especially small to medium sized companies who were previously underserved in the space.

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 acquisitions, share capital, results from operations and subsequent events are:

Acquisitions

In 2023, we expect to acquire $70 million to $100 million of assets. As of March 31, 2023, we have announced the acquisition of three locations for $21.8 million, of which, one for $7.4 million located in Dartmouth, NS, has closed.

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.

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

Results from Operations

We expect growth in revenue and NOI in 2023 as we execute on our revenue management system and as we continue to control costs on the recently purchased assets and streamline and integrate operations.

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

Subsequent Events

The following item(s) have been announced by the Corporation:

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

DESCRIPTION OF OUR OPERATIONS

As at March 31, 2023, the Corporation owned the following self storage and portable storage operations:

Location	Acres	Number of Stores	Units	Rentable Square Feet
British Columbia	45	18	9,627	932,960
Alberta	153	43	21,690	2,497,912
Saskatchewan	34	11	2,715	356,554
Manitoba	36	12	4,846	490,057
Ontario	348	97	46,870	5,556,282
Quebec	37	20	9,373	887,201
Nova Scotia	19	6	1,656	220,785
Portable Storage Units			4,527	521,648
Total	**672**	**207**	**101,304**	**11,463,399**

Management is focused on increasing NOI and value as follows:

Revenue Management

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 superior results
- management of over 230 storage locations throughout Canada
- acquisition, development and management of over 16 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 “self serve” 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, listen, ask the right questions, 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 indicators ensuring that management's 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

As of March 31, 2023, SVI acquired 1 location for $7.4 million. In fiscal 2022, SVI acquired 10 stores, 1 adjacent property and 3 records management operations for $241.1 million. The timing of these acquisitions affects the comparative results.

Selected Financial Information

	(unaudited) Three Months Ended March 31				(unaudited) Fiscal			
			Change				Change	
	2023	2022	$	%	2023	2022	$	%
Storage revenue and related services	$ **66,943,141**	$ 57,041,967	$ 9,901,174	*17.4%*	$ **66,943,141**	$ 57,041,967	$ 9,901,174	*17.4%*
Management fees	**474,331**	413,309	61,022	*14.8%*	**474,331**	413,309	61,022	*14.8%*
	67,417,472	57,455,276	9,962,196	*17.3%*	**67,417,472**	57,455,276	9,962,196	*17.3%*
Operating costs	**24,845,593**	20,831,345	4,014,248	*19.3%*	**24,845,593**	20,831,345	4,014,248	*19.3%*
Net operating income [1]	**42,571,879**	36,623,931	5,947,948	*16.2%*	**42,571,879**	36,623,931	5,947,948	*16.2%*
Less:								
Acquisition and integration costs	**972,297**	940,646	31,651	*3.4%*	**972,297**	940,646	31,651	*3.4%*
Selling, general and administrative	**5,799,787**	4,996,536	803,251	*16.1%*	**5,799,787**	4,996,536	803,251	*16.1%*
Interest	**20,975,025**	15,898,875	5,076,150	*31.9%*	**20,975,025**	15,898,875	5,076,150	*31.9%*
Stock based compensation	**309,837**	347,922	(38,085)	*-10.9%*	**309,837**	347,922	(38,085)	*-10.9%*
Realized (gain) loss on derivative financial instruments	**(3,970,902)**	-	(3,970,902)	-	**(3,970,902)**	-	(3,970,902)	-
Unrealized (gain) loss on derivative financial instruments	**(2,074,497)**	2,787,831	(4,862,328)	*-174.4%*	**(2,074,497)**	2,787,831	(4,862,328)	*-174.4%*
Depreciation and amortization	**25,621,018**	21,595,606	4,025,412	*18.6%*	**25,621,018**	21,595,606	4,025,412	*18.6%*
	47,632,565	46,567,416	1,065,149	*2.3%*	**47,632,565**	46,567,416	1,065,149	*2.3%*
Net income (loss) before taxes	**(5,060,686)**	(9,943,485)	4,882,799	*-49.1%*	**(5,060,686)**	(9,943,485)	4,882,799	*-49.1%*
Deferred tax recovery	**2,156,314**	1,365,760	790,554	*57.9%*	**2,156,314**	1,365,760	790,554	*57.9%*
Net income (loss)	$ **(2,904,372)**	$ (8,577,725)	$ 5,673,353	*-66.1%*	$ **(2,904,372)**	$ (8,577,725)	$ 5,673,353	*-66.1%*
Weighted average number of common shares outstanding								
Basic	**378,056,570**	377,351,638	704,932	*0.2%*	**378,056,570**	377,351,638	704,932	*0.2%*
Diluted	**378,056,570**	377,351,638	704,932	*0.2%*	**378,056,570**	377,351,638	704,932	*0.2%*
Net income (loss) per common share								
Basic	$ **(0.008)**	$ (0.023)			$ **(0.008)**	$ (0.023)		
Diluted	$ **(0.008)**	$ (0.023)			$ **(0.008)**	$ (0.023)		

<u>Storage revenue and related services</u>
For the three months ended March 31, 2023, the Corporation had revenues of $66.9 million (March 31, 2022 - $57.0 million), an increase of 17.4% for the quarter. This increase is attributable to incremental revenue from organic revenue growth and from the stores acquired in the prior fiscal year. For additional information, see "Segmented, Existing and New Self Storage and Portable Storage Results."

<u>Management fees</u>
For the three months ended March 31, 2023, management fees increased by 14.8% over the same prior year period. The increase in management fees is muted as a result of the Corporation acquiring managed stores, reducing the number of stores in our third party management platform.

Operating costs

Operating costs for the three months ended March 31, 2023 were $24.8 million (March 31, 2022 - $20.8 million). The increase relates to stores acquired in 2022 and 2021 and mainly increases in advertising, property taxes, repairs and maintenance, utilities and wages.

Net income (loss)

Our net loss of $2.9 million for the three months ended March 31, 2023 results from non-cash items of $25.6 million of depreciation and amortization, $0.3 million in stock based compensation, and offset by $4.0 million in realized gain on derivative instruments, $2.1 million in unrealized gain on derivative instruments and the recovery of $2.2 million of deferred tax.

Net operating income

For the three months ended March 31, 2023, the Corporation had net operating income (NOI), a non-IFRS measure, of $42.6 million (March 31, 2022 - $36.6 million), an increase of 16.2% for the quarter. The increase was due to increased rates through our revenue management systems, controlling costs, NOI from assets purchased throughout fiscal 2022 and 2021 and from streamlining and integration of operations.

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 transactions that we elected not to pursue. To date, in fiscal 2023, SVI has announced $21.8 million in acquisitions, following closing $241.1 million in acquisitions in fiscal 2022 and $270.2 million of acquisitions in fiscal 2021.

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.

Stock based compensation

Relates to RSUs and DSUs to directors, officers and consultants under the Corporation's equity incentive plan. The fair value of share-based award grants is amortized to expense over the vesting period.

Interest

Interest expense increased due to increase in interest rates, on both fixed and variable rate debt, and increase in total amount of debt outstanding increased with the current and prior year acquisitions. Throughout the quarter we have reduced the amount of our variable rate debt to only 3.41% or $44.6 million of our debt as of March 31, 2023 being variable rate debt, down from 14.7% or $225.3 million as of December 31, 2022. As at March 31, 2023, our debt was $1.3 billion compared to $1.4 billion at March 31, 2022 – reduced as result of the issuance of $150 million 5.00% Convertible Senior Unsecured Debentures on January 9, 2023.

Depreciation and amortization

The increase in depreciation and amortization expense is primarily due to depreciating the additional assets acquired throughout fiscal 2022.

Realized and Unrealized (gain) loss on derivative financial instruments

The realized and unrealized (gain) loss on derivative financial instruments occurs as result of both the Interest Rate Swaps and the Total Return Swaps which are held to hedge the Corporation's debt, and DSUs, RSUs and Options, respectively. A realized gain or loss is recorded when the Interest Rate Swaps or Total Return Swaps are terminated. An unrealized gain or loss is recorded as a result of the fluctuations in the market interest rates and the Corporation's share price.

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 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), realized and unrealized gain or loss on interest rate swap contracts, realized and unrealized gain or loss on derivative financial instruments 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").

FFO for the three months ended March 31, 2023 was $14.8 million versus $14.8 million for the same period in 2022, a 0.2% increase or 0.1% increase per common share outstanding. While we achieved 16.2% or $5.9 million in overall NOI growth, our FFO results were impacted by higher interest expense mainly on our variable rate debt, which by the end of quarter we reduced to 3.41% of our total debt or $44.6 million down from 14.7% or $225.3 million as of December 31, 2022.

AFFO for the three months ended March 31, 2023 was $15.8 million versus $15.7 million for the same period in 2022, a 0.4% increase or 0.2% increase per common share outstanding.

The FFO and AFFO for the three months ended March 31, 2023 and 2022 are:

	(unaudited) Three Months Ended March 31				*(unaudited)* Fiscal			
	2023	2022	Change $	Change %	2023	2022	Change $	Change %
Net income (loss)	$ **(2,904,372)**	$ (8,577,725)	$ 5,673,353	-66.1%	$ **(2,904,372)**	$ (8,577,725)	$ 5,673,353	-66.1%
Adjustments:								
Stock based compensation	**309,837**	347,922	(38,085)	-10.9%	**309,837**	347,922	(38,085)	-10.9%
Realized (gain) loss on derivative financial instruments	**(3,970,902)**	-	(3,970,902)	-	**(3,970,902)**	-	(3,970,902)	-
Unrealized (gain) loss on derivative financial instruments	**(2,074,497)**	2,787,831	(4,862,328)	-174.4%	**(2,074,497)**	2,787,831	(4,862,328)	-174.4%
Deferred tax recovery	**(2,156,314)**	(1,365,760)	(790,554)	57.9%	**(2,156,314)**	(1,365,760)	(790,554)	57.9%
Depreciation and amortization	**25,621,018**	21,595,606	4,025,412	18.6%	**25,621,018**	21,595,606	4,025,412	18.6%
	17,729,142	23,365,599	(5,636,457)	-24.1%	**17,729,142**	23,365,599	(5,636,457)	-24.1%
FFO [1]	$ **14,824,770**	$ 14,787,874	$ 36,896	0.2%	$ **14,824,770**	$ 14,787,874	$ 36,896	0.2%
Adjustments:								
Acquisition and integration costs	**972,297**	940,646	31,651	3.4%	**972,297**	940,646	31,651	3.4%
AFFO [1]	$ **15,797,067**	$ 15,728,520	$ 68,547	0.4%	$ **15,797,067**	$ 15,728,520	$ 68,547	0.4%

[1] Non-IFRS Measure.

FFO and AFFO Per Basic Common Share Outstanding								
FFO	$ **0.039**	$ 0.039	$ 0.000	0.1%	$ **0.039**	$ 0.039	$ 0.000	0.1%
AFFO	$ **0.042**	$ 0.042	$ 0.000	0.2%	$ **0.042**	$ 0.042	$ 0.000	0.2%

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 locations. Management fees are revenues generated from the management of stores owned by third parties.

Revenue, operating costs and net operating income

	(unaudited) Three Months Ended March 31				(unaudited) Fiscal			
	2023	2022	Change $	Change %	2023	2022	Change $	Change %
Revenue								
Existing Self Storage [1]	$ 52,154,099	$ 48,389,187	$ 3,764,912	7.8%	$ 52,154,099	$ 48,389,187	$ 3,764,912	7.8%
New Self Storage [1]	12,722,776	6,433,623	6,289,153	97.8%	12,722,776	6,433,623	6,289,153	97.8%
Total Self Storage	64,876,875	54,822,810	10,054,065	18.3%	64,876,875	54,822,810	10,054,065	18.3%
Portable Storage	2,066,266	2,219,157	(152,891)	-6.9%	2,066,266	2,219,157	(152,891)	-6.9%
Management Fees	474,331	413,309	61,022	14.8%	474,331	413,309	61,022	14.8%
Combined	67,417,472	57,455,276	9,962,196	17.3%	67,417,472	57,455,276	9,962,196	17.3%
Operating Costs								
Existing Self Storage	17,683,122	15,960,073	1,723,049	10.8%	17,683,122	15,960,073	1,723,049	10.8%
New Self Storage	5,573,152	3,145,137	2,428,015	77.2%	5,573,152	3,145,137	2,428,015	77.2%
Total Self Storage	23,256,274	19,105,210	4,151,064	21.7%	23,256,274	19,105,210	4,151,064	21.7%
Portable Storage	1,589,319	1,726,135	(136,816)	-7.9%	1,589,319	1,726,135	(136,816)	-7.9%
Combined	24,845,593	20,831,345	4,014,248	19.3%	24,845,593	20,831,345	4,014,248	19.3%
Net Operating Income [1]								
Existing Self Storage	34,470,977	32,429,114	2,041,863	6.3%	34,470,977	32,429,114	2,041,863	6.3%
New Self Storage	7,149,624	3,288,486	3,861,138	117.4%	7,149,624	3,288,486	3,861,138	117.4%
Total Self Storage	41,620,601	35,717,600	5,903,001	16.5%	41,620,601	35,717,600	5,903,001	16.5%
Portable Storage	476,947	493,022	(16,075)	-3.3%	476,947	493,022	(16,075)	-3.3%
Management Fees	474,331	413,309	61,022	14.8%	474,331	413,309	61,022	14.8%
Combined	$ 42,571,879	$ 36,623,931	$ 5,947,948	16.2%	$ 42,571,879	$ 36,623,931	$ 5,947,948	16.2%

[1] Non -IFRS Measure.

Existing Self Storage

Commencing in Q1 2023, 28 stores were added to our existing self storage set of stores. For the three months ended March 31, 2023, revenue and NOI increased by 7.8% and 6.3%, respectively, over the same prior year period. Revenue and NOI increases are a result from the continued execution of our revenue management program. For operating costs, we continue to control costs through operational efficiencies, however we experienced increases in advertising, property taxes, repairs and maintenance, utilities and wages.

New Self Storage

Increase is a result of our 2022 acquisitions and non-stabilized acquisitions throughout 2021 resulting in revenue, operating costs and NOI growth as we commenced reporting results.

Portable Storage

Decline in Revenue and NOI for the quarter was due to a decline in occupancy.

Quarterly net operating income

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. 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 2023 ('000)		Fiscal 2022 ('000)				
	Q1	Total	Q4	Q3	Q2	Q1	Total
NOI [1]							
Existing Self Storage	$ 34,471	**$ 34,471**	$ 37,348	$ 40,400	$ 37,809	$ 32,429	$ 147,987
New Self Storage	7,150	**7,150**	7,451	6,836	5,061	3,288	22,636
Total Self Storage	41,621	**41,621**	44,799	47,236	42,871	35,718	170,623
Portable Storage	477	**477**	738	1,326	959	493	3,515
Management Fees	474	**474**	484	481	517	413	1,895
	$ 42,572	**$ 42,572**	$ 46,021	$ 49,043	$ 44,346	$ 36,624	$ 176,034

[1] Non-IFRS Measure

Existing Self Storage

The increase in Q1 2023 over Q1 2022 was driven from continued execution of our revenue management program and controlling costs through operational efficiencies.

New Self Storage

SVI has acquired 1 location as of March 31, 2023 and 10 stores, 1 adjacent property and 3 records management operations in fiscal 2022 and 29 stores in fiscal 2021. These additions have resulted in NOI growth quarter over quarter as we commenced reporting results.

Portable Storage

Decline in Revenue and NOI for the quarter was due to a decline in occupancy.

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
2023 – Q1	$67,417,472	($2,904,372)	($0.008)	($0.008)	$2,019,426,187	$1,819,889,288	$1,069,922
Total 2023	**$67,417,472**	**($2,904,372)**	N/A	N/A	N/A	N/A	**$1,069,922**
2022 – Q4	$69,089,853	($23,265,493)	($0.062)	($0.062)	$2,020,752,160	$1,813,597,057	$1,064,875
2022 – Q3	$69,323,716	($2,120,375)	($0.006)	($0.006)	$2,014,223,967	$1,793,844,969	$1,059,674
2022 – Q2	$65,959,444	($7,278,364)	($0.019)	($0.019)	$2,019,833,429	$1,793,878,037	$1,055,547
2022 – Q1	$57,455,276	($8,577,725)	($0.023)	($0.023)	$1,874,780,768	$1,640,438,694	$1,050,674
Total 2022	**$261,828,289**	**($41,241,957)**	N/A	N/A	N/A	N/A	**$4,230,770**
2021 – Q4	$56,845,289	($13,005,460)	($0.035)	($0.035)	$1,836,156,209	$1,613,949,693	$1,034,371
2021 – Q3	$56,854,002	($4,286,770)	($0.012)	($0.012)	$1,710,707,686	$1,503,314,182	$1,021,120
2021 – Q2	$51,701,291	($7,172,789)	($0.019)	($0.019)	$1,693,800,047	$1,487,413,665	$1,012,517
2021 – Q1	$43,260,095	($11,400,073)	($0.031)	($0.031)	$1,610,798,998	$1,403,279,361	$1,002,868
Total 2021	**$208,660,678**	**($35,865,092)**	N/A	N/A	N/A	N/A	**$4,070,876**
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 $20.9 million for the three months ended March 31, 2023, compared to $16.2 million for the same prior year period. The increase arises from increased rates through our revenue management systems, continued streamlining and integration of operations and controlling costs.

As at March 31, 2023, the Corporation had $6.9 million of cash compared to $22.5 million at December 31, 2022. The decrease in cash is due to utilizing excess cash to reduce expensive variable rate debt. The Corporation expects its cash flow from operations to continue to increase as we continue to execute our operational plans and the full benefit of recently purchased stores are realized. In addition, the Corporation will borrow against existing assets to fund acquisitions and its expansion plans.

Debt

As at March 31, 2023 and December 31, 2022, the Corporation held the following 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
	Maturity: Apr 2023 to Dec 2029			*Maturity: Apr 2023 to Dec 2029*		
At amortized cost - Variable	7.70% to 8.20%	7.90%	44,570,622	7.45% to 8.60%	8.08%	84,653,250
	Maturity: Jun 2023 to Oct 2025			*Maturity: Feb 2023 to Jul 2024*		
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
	Maturity: Jan 2024 to Jan 2031			*Maturity: Jan 2024 to Jan 2031*		
		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
	Maturity: Dec 2023 to Mar 2025			*Maturity: Dec 2023*		
At amortized cost - Variable			-		7.28%	140,618,468
				Maturity: Jun 2023 to Oct 2025		
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
	Maturity: Feb 2025			*Maturity: Feb 2025*		
		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

The bank prime rate at March 31, 2023 was 6.70% (December 31, 2022 - 6.45%). The weighted average cost of debt at March 31, 2023 is 4.38% (December 31, 2022 - 4.73%). The Corporation's variable interest rate exposure is limited with only 3.41% of debt being variable and the balance being fixed interest rate debt.

The weighted years to maturity, excluding lines of credit, at March 31, 2023 is 4.06 years (December 31, 2022 – 4.26 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 March 31, 2023 and December 31, 2022, 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 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 $304.0 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	

Of the repayments shown in Year 1, $20.2 million are required under our amortizing term debt mortgages, $159.1 million relates to loans due in the upcoming twelve months that are expected to be refinanced, and $304.0 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 March 31, 2023 and December 31, 2022, 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 March 31, 2023 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
2023	$ 159,071,337	4.71%	$ 4,000,000	3.50%	$ 163,071,337	4.68%
2024	58,701,891	4.09%	300,500,000	3.88%	359,201,891	3.91%
2025	155,871,770	5.14%	-	0.00%	155,871,770	5.14%
2026	72,946,372	4.22%	-	0.00%	72,946,372	4.22%
2027	68,221,363	5.27%	-	0.00%	68,221,363	5.27%
Thereafter	492,651,407	4.28%	-	0.00%	492,651,407	4.28%
	$ 1,007,464,140	4.53%	$ 304,500,000	3.88%	1,311,964,140	4.38%
Deferred financing costs net of accretion					(4,077,785)	
Balance					$ 1,307,886,355	

The Corporation entered into interest rate swap contracts in order to fix the interest rate on $1.0 billion of debt at a weighted average rate of 4.21%. The swaps mature between January 2024 and January 2031.

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 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.

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 hybrid debentures are:

	March 31, 2023	December 31, 2022
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	$ 273,237,343	$ 128,682,883

Share Capital

The common shares issued are:

	Number of Shares	Amount
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 redemtion	94,421	632,798
Common shares repurchased	(1,852,400)	(10,625,564)
Balance, December 31, 2022	378,017,360	424,954,374
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	377,930,792	$ 421,174,984

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.

Stock Options

A total of 35,412,000 options were outstanding as at March 31, 2023 (December 31, 2022 – 36,342,000). Of the outstanding amount, 35,412,000 options were exercisable (December 31, 2022 – 36,342,000). The details 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

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 ("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.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

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.

A reconciliation of the lease liabilities associated with self storage properties from the date of adoption of IFRS 16 to March 31, 2023 is as follows:

	March 31, 2023	December 31, 2022
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	$ 91,809,799	$ 80,518,572

Contingency

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

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 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, 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:

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

StorageVault embraces the responsibility of environmental stewardship and social responsibility which aligns with our sound corporate governance practices. Together with our business objectives, these core values ensure we continuously deliver strong and sustainable results.

We remain focused on reducing the inherently low environmental impact of our stores, while continuing to improve team engagement and supporting the over 100 communities in which we operate. Our Board and Management are committed to maintaining the highest standards of corporate governance practices to ensure our continued success.

Environmental

While the self storage industry has an intrinsically light environmental footprint, StorageVault acknowledges that everyone must contribute to implementing green solutions and, as such, we continuously strive to improve and increase our efforts.

At the end of March 31, 2023, StorageVault operated 36 stores with solar panels and solar walls and are committed to expanding similar installations across our portfolio. The solar program allows us to utilize existing and otherwise unexploited roof and wall space to generate electricity for consumption, while providing a solid financial return. These initiatives demonstrate that sustainability efforts benefit the environment, our communities, our shareholders, the broader self storage industry and future generations.

For energy conservation, we offer a strategic mix of square footage that is non-climate controlled and temperature controlled, with non-climate controlled space having minimal environmental impact. For properties that do offer temperature controlled storage, we closely regulate and moderate temperatures to safeguard contents while minimizing energy required for heating or cooling. Water usage at our properties is also very low. Lastly, the minimal daily client activity and traffic, helps to minimize our carbon footprint within our communities.

The self storage industry has the lowest environmental impact in the areas of energy consumption, water consumption and waste production in comparison to all the other real estate asset classes.

Energy Reduction and Generation

- motion sensored lighting, allowing for usage only where and when required
- LED lighting (internal and external) used in all new buildings and retrofitting light fixtures in existing buildings
- solar power generation using roof top solar walls
- modern energy efficient HVAC systems
- automated and self-adjusting internal thermostat temperature controls
- all new roofs installed are reflective "cool" roofs that help minimize energy consumption
- in floor radiant heating

Water Reduction and Conservation

- on average, one washroom per property given low occupant levels at our properties
- energy efficient plumbing systems and appliances
- low-water irrigation systems
- landscaping using native and drought-tolerant species
- water run-off controls
- storm water retention

Waste Reduction and Recycling

- through our paper shredding and recycling segment within RecordXpress, we saved 260,000 trees, diverted 58,000 cubic meters from landfill and saved 116,000 barrels of oil that would otherwise be used to harvest raw product
- sale of moving and packaging supplies made from recycled materials
- waste recycling program at our stores and corporate offices
- reduced paper usage through more efficient technology options including a paperless rental process
- e-waste reduction and electronic recycling program for decommissioned computer equipment by either donating refurbished equipment to local charities or recycling equipment that cannot be repurposed

Green Building Design and Construction Practices

- energy efficient windows
- use of SolarWall systems or insulated metal panels used in construction of new and retrofitted buildings
- replacing standard exterior storage doors with energy efficient doors
- insulated foundation walls to help maintain and keep the foundation slab warm
- all proposed acquisitions are subject to environmental site assessments prior to the closing

Social

StorageVault is committed to providing stability and support for the health and wellness of our more than 800 colleagues and the over 100 communities in which we live and work across Canada. Giving back and working together contributes to the benefit of all, and through our efforts we hope to create meaningful and lasting impacts for future generations.

Our colleagues are at the heart of our business and are key to our success. We believe that investing in our diverse team is investing in our future. As a meritocracy, our culture of continuous improvement fosters growth and promotes advancement within our organization. We have a dedicated team that supports our colleagues with comprehensive training and professional development programs, as well as offers personal health and wellbeing seminars known as "Wellness Wednesdays".

StorageVault continues to align with grassroots organizations in communities from coast to coast – this is core to our community involvement. We remain passionate about supporting needs within our communities, such as healthcare, food security, the arts, sports, and education. In fiscal 2022, we expanded our community partnership base to support more than 200 local, provincial and national organizations resulting in immediate and positive impacts within communities throughout Canada.

We are incredibly thankful to be able to support our colleagues, communities and clients across Canada.

Governance

StorageVault's Board and Management recognize the importance of equality, diversity and is dedicated to maintaining the highest governance standards, which is exemplified through the following:

- Diverse Board and Management team
- Annual Board review and vote to approve executive compensation
- Annual election by shareholders of Directors at AGM
- Independent Director led Audit, Acquisition and Governance, Nominating and Compensation Committees
- Acquisition Committee Mandate to review, approve and recommend transactions to the Board
- Regular review, update and re-approval of all Corporate Governance mandates, principles and policies:
    - Charter of the Audit Committee
    - Charter of the Board of Directors
    - Charter of the Governance, Nominating and Compensation Committee
    - Code of Business Conduct (mandatory for all employees)
    - Disclosure and Confidentiality Policy
    - Diversity Policy
    - Insider Trading and Reporting Policy
    - Majority Voting Policy
    - Whistleblower Policy

We are extremely proud to once again have been recognized in The Globe and Mail's 2023 Report on Business *Women Lead Here* list. This annual editorial benchmark identifies best-in-class executive gender diversity in corporate Canada. This award recognizes StorageVault's shared vision for equity and inclusion among the other honorees. It is StorageVault's continued desire to promote strong leadership in our workplace and within communities across Canada.

With StorageVault's graduation to the TSX in 2022, we have adopted more stringent compliance requirements which include but are not limited to additional audit scrutiny and testing to ensure that our corporate policies, practices and accounting standards are met. To ensure good governance practices and transparency for all our stakeholders, StorageVault's corporate policies, mandates and charters are publicly accessible on our corporate website.

StorageVault is committed to supporting and providing stability to assure the long-term interests of all stakeholders through strong corporate governance practices.

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 March 31, 2023 interim financial statements. There has been no change in significant accounting policies from the Corporation's audited consolidated annual financial statements from December 31, 2022. 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, realized and unrealized gains or losses on interest rate swaps, realized and unrealized (gain) or loss on derivative financial instruments, 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 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 stabilized stores that the Corporation has owned or leased at least since the beginning of the previous fiscal year. "New Self Storage" are non-stabilized 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, 2022 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 ended March 31, 2023, 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 ended March 31, 2023.

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

Outbreaks of highly infectious or contagious diseases, such as the COVID-19 pandemic, may 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 government agencies or private individuals.

StorageVault Canada Inc.

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