StorageVault Canada Inc.

(the “Corporation”)

Form 51-102F1
Management’s Discussion and Analysis
For the Three Months and Fiscal Year Ended December 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 and fiscal year ended December 31, 2023. This MD&A should be read in conjunction with the audited fiscal 2023 financial statements and accompanying notes contained therein, which have been prepared in Canadian dollars and in accordance with International Financial Reporting Standards (“IFRS”). This MD&A is based on information available to Management as of February 22, 2024.

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 2024; the annualized net operating income (NOI), a non-IFRS measure, and annualized funds from operations (FFO), a non-IFRS measure, assumes acquisitions that occurred in fiscal 2023 were purchased on January 1, 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 and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Corporation to be materially different from those expressed or implied by such forward-looking information. Certain of such risks are discussed in the “Risks and Uncertainties” section of this MD&A.

Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results 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; the revenue from acquisitions completed in fiscal 2023 being extrapolated to the entire period for 2023 and being consistent with, and reproducible as, revenue in future periods; and anticipated and unanticipated costs. A description of additional assumptions used to develop such forward-looking information and a description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in the Corporation's disclosure documents on the SEDAR website at www.sedarplus.ca. 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 2024 and revenue and NOI growth for 2024 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.sedarplus.ca.

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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 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 gains or losses on real estate, realized and unrealized gains or losses on interest rate swaps, interest accretion on convertible debentures, 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 January 1, 2024 to February 22, 2024;

"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 customers. The common shares of the Company are publicly traded on the TSX under the symbol 'SVI'.

As of December 31, 2023, SVI owned 212 stores and 5,015 portable storage units across Canada, for a total of 11,776,218 square feet of rentable storage space in 103,349 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 31 stores that are owned by third parties for a management fee, bringing the total number of stores owned and managed to 243.

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, immigration, change of circumstances, smaller living areas and workspaces, business incubation, e-commerce, last-mile solutions, lack of warehouse space, downsizing, renovations, moving, death, divorce, insurance, etc. We expect these trends to continue in 2024 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 demand and supply pricing strategies. 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, 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, moving and storage supplies, 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, 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. In fiscal 2023, we completed 40,000 square feet of expanded and renovated space and currently expect to complete 50,000 square feet of expanded and renovated space by the end of the fiscal year 2024. 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.

<u>Expansion of Information and Records Management Business</u>
The records management business is a complementary vertical in the storage space, much like portable storage, and fills up excess space, 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 a significant competitive advantage as government organizations, such as hospitals and charities, do not want their confidential information under foreign ownership.

<u>Expansion of FlexSpace Logistics Business</u>
The FlexSpace Logistics business is a 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.

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

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

OUTLOOK

The Corporation’s outlook for acquisitions, share capital, results from operations and subsequent events are:

Acquisitions
In 2024, we expect to acquire and complete $70 million to $100 million of assets.

Historically we have been successful in meeting our acquisition targets; however, as there is uncertainty in the Canadian economy, and more competition to acquire existing stores, 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. With the significant cash flow retained by the Corporation, 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 continued growth in revenue and NOI in 2024 as we execute on our revenue management system and as we continue to control costs. We also expect contributions from the acquisitions made in 2023, in fiscal 2022, and as well as those we completed in fiscal 2021 that are now stabilizing.

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 February 22, 2024, approved the increase to the quarterly dividend for Q1 2024 by 0.5% to $0.002888 per common share.

DESCRIPTION OF OUR OPERATIONS

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

Location	Acres	Number of Stores	Units	Rentable Square Feet
British Columbia	46	19	10,179	1,027,489
Alberta	154	44	22,153	2,543,417
Saskatchewan	34	11	2,715	356,554
Manitoba	40	12	4,846	490,057
Ontario	347	97	46,444	5,507,499
Quebec	43	22	10,107	1,029,038
Nova Scotia	22	7	1,890	249,035
Portable Storage Units			5,015	573,129
Total	**686**	**212**	**103,349**	**11,776,218**

Management is focused on increasing NOI and value as follows:

Revenue Management
Revenue per square foot is the greatest driver in increasing NOI and shareholder 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 240 storage locations throughout Canada
- acquisition, development and management of over 17 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 December 31, 2023, SVI acquired 7 locations plus 2 adjacent parcels of land for $94.6 million. There are 3 additional locations totaling $35.5 million announced in fiscal 2023 that are expected to close in 2024. 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 December 31				(audited) Fiscal			
			Change				Change	
	2023	2022	**$**	%	**2023**	2022	**$**	%
Storage revenue and related services	**$ 73,750,304**	$ 68,605,992	$ 5,144,312	*7.5%*	**$ 286,687,556**	$ 259,933,061	$ 26,754,495	*10.3%*
Management fees	**518,609**	483,861	34,748	*7.2%*	**2,037,056**	1,895,228	141,828	*7.5%*
	74,268,913	69,089,853	5,179,060	*7.5%*	**288,724,612**	261,828,289	26,896,323	*10.3%*
Operating costs	**24,336,840**	23,068,991	1,267,849	*5.5%*	**95,131,868**	85,794,347	9,337,521	*10.9%*
Net operating income [1]	**49,932,073**	46,020,862	3,911,211	*8.5%*	**193,592,744**	176,033,942	17,558,802	*10.0%*
Less:								
Acquisition and integration costs	**1,959,784**	1,666,565	293,219	*17.6%*	**5,904,217**	9,587,840	(3,683,623)	*-38.4%*
Selling, general and administrative	**6,300,966**	5,461,630	839,336	*15.4%*	**24,290,628**	21,048,950	3,241,678	*15.4%*
Interest	**20,809,179**	21,321,051	(511,872)	*-2.4%*	**83,297,441**	74,801,847	8,495,594	*11.4%*
Stock based compensation	**2,944,323**	12,587,262	(9,642,939)	*-76.6%*	**3,795,626**	13,631,028	(9,835,402)	*-72.2%*
Realized (gain) loss on real estate	**87,689**	-	87,689	-	**(15,528,115)**	-	(15,528,115)	-
Realized (gain) loss on derivative financial instruments	**(23,454)**	-	(23,454)	-	**(3,994,356)**	-	(3,994,356)	-
Unrealized (gain) loss on derivative financial instruments	**18,458,800**	(422,566)	18,881,366	*-4468.3%*	**1,450,089**	3,664,312	(2,214,223)	*-60.4%*
Interest accretion on convertible debentures	**4,195,644**	-	4,195,644	-	**4,195,644**	-	4,195,644	-
Depreciation and amortization	**25,278,530**	34,124,962	(8,846,432)	*-25.9%*	**100,518,182**	104,126,661	(3,608,479)	*-3.5%*
	80,011,461	74,738,904	5,272,557	*7.1%*	**203,929,356**	226,860,638	(22,931,282)	*-10.1%*
Net income (loss) before taxes	**(30,079,388)**	(28,718,042)	(1,361,346)	*-4.7%*	**(10,336,612)**	(50,826,696)	40,490,084	*79.7%*
Deferred tax (expense) recovery	**2,292,414**	5,452,549	(3,160,135)	*-58.0%*	**8,636,454**	9,584,739	(948,285)	*-9.9%*
Net income (loss)	**$ (27,786,974)**	$ (23,265,493)	$ (4,521,481)	*-19.4%*	**$ (1,700,158)**	$ (41,241,957)	$ 39,541,799	*95.9%*

[1] Non-IFRS Measure.

Weighted average number of common shares outstanding								
Basic	**374,749,506**	377,962,879	(3,213,373)	*-0.9%*	**376,930,150**	378,051,496	(1,121,346)	*-0.3%*
Diluted	**383,424,053**	390,881,796	(7,457,743)	*-1.9%*	**385,604,697**	390,970,412	(5,365,715)	*-1.4%*
Net income (loss) per common share								
Basic	**$ (0.074)**	$ (0.062)			**$ (0.005)**	$ (0.109)		
Diluted	**$ (0.072)**	$ (0.060)			**$ (0.004)**	$ (0.105)		

Storage revenue and related services

For the three months ended December 31, 2023, the Corporation had revenues of $73.8 million (December 31, 2022 - $68.6 million), an increase of 7.5% for the quarter and contributing to a $26.8 million or 10.3% increase over fiscal 2022. This increase is attributable to mainly 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.”

Management fees

For the three months ended December 31, 2023, management fees increased by 7.2% over the same prior year period resulting in a 7.5% increase for the fiscal year. The increase in management fees, while muted by the acquisition of managed stores, is mainly a result of increases in revenue from managed stores.

Operating costs

Operating costs for the three months ended December 31, 2023 were $24.3 million (December 31, 2022 - $23.1 million) resulting in a fiscal year increase of $9.3 million or 10.9% over fiscal 2022. The increase relate to stores acquired in 2022 and mainly increases to costs in advertising, property taxes, repairs and maintenance and wages.

Net income (loss)

Our net loss of $27.8 million for the three months ended December 31, 2023 results from non-cash items of $25.3 million of depreciation and amortization, $2.9 million in stock based compensation, $18.5 million of unrealized loss on derivative financial instruments, $4.2 million of interest accretion on convertible debentures and $2.3 million of deferred tax recovery.

Net operating income

For the three months ended December 31, 2023, the Corporation had net operating income (NOI), a non-IFRS measure, of $49.9 million (December 31, 2022 - $46.0 million), an increase of $3.9 million or 8.5% for the quarter and contributing to a $17.6 million or 10.0% increase over fiscal 2022. The increase was achieved from increased rates through our revenue management systems, controlling costs, NOI from assets purchased throughout fiscal 2023 and 2022 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 were not completed or we elected not to pursue. SVI completed $94.6 million of acquisitions and announced an additional $35.5 million of transactions that we expect to close in 2024, following completing $241.1 million of 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 and changes in our business.

Stock based compensation

Relates RSUs, DSUs and to stock options issued to directors, officers and consultants under the Corporation's stock option plan and expense is estimated at the date of issue using the Black-Scholes option pricing model as detailed in Note 9 of the accompanying notes to our audited fiscal 2023 financial statements.

Interest

Interest expense increased due to an increase in interest rates, on both fixed and variable rate debt. As at December 31, 2023, our debt was $1.4 billion compared to $1.5 billion at December 31, 2022. The decrease in debt is as result of the issuance of $150 million 5.00% Convertible Senior Unsecured Debentures on January 9, 2023.

Interest accretion on convertible debentures

The convertible senior unsecured debentures are measured at the amortized cost, using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The effective interest less the actual interest expense is classified as interest accretion expense in the statement of income (loss) and comprehensive income (loss).

Depreciation and amortization

The slight decrease in depreciation and amortization expense is primarily due to the declining balance method of depreciating assets and lower acquisitions in fiscal 2023 compared to fiscal 2022 and 2021.

Realized gain on real estate

The Corporation recognized a gain on the disposal of real estate and business related to an expropriation by a government agency.

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 and realized gains or losses on real estate 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, interest accretion on convertible debentures 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" and relate to acquisitions pursued and completed).

FFO for the three months ended December 31, 2023 was $20.9 million versus $17.6 million for the same period in 2022, an 18.7% increase or 19.7% increase per basic common share outstanding. AFFO for the three months ended December 31, 2023 was $22.8 million versus $19.2 million for the same period in 2022, an 18.6% increase or 19.6% increase per basic common share outstanding. The increases is a result of increase in NOI.

For the fiscal year, while we achieved $17.6 million or 10.0% in overall NOI growth, FFO growth of $9.5 million or 13.5% and AFFO growth of $5.8 million or 7.3%, our fiscal 2023 FFO and AFFO results were muted by higher interest expense of $8.5 million compared to the same prior year period.

The FFO and AFFO for the three months and fiscal year ended December 31, 2023 and 2022 are:

	(unaudited) Three Months Ended December 31				*(audited)* Fiscal			
	2023	2022	Change $	Change %	2023	2022	Change $	Change %
Net income (loss)	**$ (27,786,974)**	$ (23,265,493)	$ (4,521,481)	-19.4%	**$ (1,700,158)**	$ (41,241,957)	$ 39,541,799	95.9%
Adjustments:								
Stock based compensation	**2,944,323**	12,587,262	(9,642,939)	-76.6%	**3,795,626**	13,631,028	(9,835,402)	-72.2%
Interest accretion on convertible debentures	**4,195,644**	-	4,195,644	-	**4,195,644**	-	4,195,644	-
Realized (gain) loss on real estate	**87,689**	-	87,689	-	**(15,528,115)**	-	(15,528,115)	-
Realized (gain) loss on derivative financial instruments	**(23,454)**	-	(23,454)	-	**(3,994,356)**	-	(3,994,356)	-
Unrealized (gain) loss on derivative financial instruments	**18,458,800**	(422,566)	18,881,366	-4468.3%	**1,450,089**	3,664,312	(2,214,223)	-60.4%
Deferred tax (expense) recovery	**(2,292,414)**	(5,452,549)	3,160,135	-58.0%	**(8,636,454)**	(9,584,739)	948,285	-9.9%
Depreciation and amortization	**25,278,530**	34,124,962	(8,846,432)	-25.9%	**100,518,182**	104,126,661	(3,608,479)	-3.5%
	48,649,118	40,837,109	7,812,009	19.1%	**81,800,616**	111,837,262	(30,036,646)	-26.9%
FFO [1]	**$ 20,862,144**	$ 17,571,616	$ 3,290,528	18.7%	**$ 80,100,458**	$ 70,595,305	$ 9,505,153	13.5%
Adjustments:								
Acquisition and integration costs	**1,959,784**	1,666,565	293,219	17.6%	**5,904,217**	9,587,840	(3,683,623)	-38.4%
AFFO [1]	**$ 22,821,928**	$ 19,238,181	$ 3,583,747	18.6%	**$ 86,004,675**	$ 80,183,145	$ 5,821,530	7.3%

[1] Non-IFRS Measure.

FFO and AFFO Per Basic Common Share Outstanding	2023	2022	Change $	Change %	2023	2022	Change $	Change %
FFO	**$ 0.056**	$ 0.046	$ 0.009	19.7%	**$ 0.213**	$ 0.187	$ 0.026	13.8%
AFFO	**$ 0.061**	$ 0.051	$ 0.010	19.6%	**$ 0.228**	$ 0.212	$ 0.016	7.6%

Annualized Net Operating Income and Funds from Operations

The Company completed the purchase of 7 locations and 2 adjacent parcels of land and the revenues and operating expenses from each acquisition are reflected in the statements from the date of acquisition forward for these stores. To understand a full year of operations with the acquired assets, utilizing historical data, the following is an annualized NOI, FFO and AFFO (all non-IFRS measures) statement annualizing the revenues and expenses as if the stores purchased in fiscal 2023, were purchased as of January 1, 2023 and owned for the entire 12-month period.

The results of this annualized statement show that NOI, FFO and AFFO would be higher by $4.0 million, $3.7 million and $3.7 million, respectively. NOI would have been $197.6 million, FFO would be $83.8 million and the AFFO would be $89.7 million.

	For the Year Ended December 31, 2023			
	Actual	**Annualized Results**	*Incremental*	Notes
Storage revenue and related services	$ 286,687,556	**$ 292,222,963**	*$ 5,535,407*	*1*
Management fees	2,037,056	**2,037,056**	-	
	288,724,612	**294,260,019**	*5,535,407*	
Property operating costs	95,131,868	**96,652,357**	*1,520,489*	*1*
Net operating income	193,592,744	**197,607,662**	*4,014,918*	
Adjustments:				
Acquisition and integration costs	5,904,217	**5,904,217**	-	*2*
Selling, general and administrative	24,290,628	**24,512,044**	*221,416*	*3*
Interest	83,297,441	**83,389,579**	*92,138*	*4*
	113,492,286	**113,805,840**	*313,554*	
Funds from Operations	80,100,458	**83,801,822**	*3,701,364*	
Adjustment:				
Acquisition and integration costs	5,904,217	**5,904,217**	-	*2*
Adjusted Funds from Operations	$ 86,004,675	**$ 89,706,039**	*$ 3,701,364*	

Note 1 – the results from all stores acquired in fiscal 2023, have been adjusted as if the purchase occurred on January 1, 2023. For revenues, we assumed achieved occupancies and rent per square foot were repeated from the period prior to acquisition. Information regarding expenses incurred during 2023 and prior to acquisition, has been sourced from due diligence materials received during the acquisition process to determine a full year of operating costs.

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

Note 3 – based on existing scale and management infrastructure.

Note 4 – annualized amount determined based on interest rate and debt outstanding at December 31, 2023.

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.

<u>Revenue, operating costs and net operating income</u>

	(unaudited) Three Months Ended December 31				*(audited)* Fiscal			
	2023	2022	Change $	Change %	2023	2022	Change $	Change %
Revenue								
Existing Self Storage [1]	**$ 56,114,074**	$ 53,412,184	$ 2,701,890	5.1%	**$ 220,710,547**	$ 210,510,124	$ 10,200,423	4.8%
New Self Storage [1]	**15,211,762**	12,562,310	2,649,452	21.1%	**55,406,331**	38,114,042	17,292,289	45.4%
Total Self Storage	**71,325,836**	65,974,494	5,351,342	8.1%	**276,116,878**	248,624,166	27,492,712	11.1%
Portable Storage	**2,424,468**	2,631,498	(207,030)	-7.9%	**10,570,678**	11,308,895	(738,217)	-6.5%
Management Fees	**518,609**	483,861	34,748	7.2%	**2,037,056**	1,895,228	141,828	7.5%
Combined	**74,268,913**	69,089,853	5,179,060	7.5%	**288,724,612**	261,828,289	26,896,323	10.3%
Operating Costs								
Existing Self Storage	**16,876,711**	16,063,929	812,782	5.1%	**66,062,969**	62,523,396	3,539,573	5.7%
New Self Storage	**5,738,487**	5,111,720	626,767	12.3%	**21,838,405**	15,477,552	6,360,853	41.1%
Total Self Storage	**22,615,198**	21,175,649	1,439,549	6.8%	**87,901,374**	78,000,948	9,900,426	12.7%
Portable Storage	**1,721,642**	1,893,341	(171,699)	-9.1%	**7,230,494**	7,793,399	(562,905)	-7.2%
Combined	**24,336,840**	23,068,990	1,267,850	5.5%	**95,131,868**	85,794,347	9,337,521	10.9%
Net Operating Income [1]								
Existing Self Storage	**39,237,363**	37,348,255	1,889,108	5.1%	**154,647,578**	147,986,728	6,660,850	4.5%
New Self Storage	**9,473,275**	7,450,590	2,022,685	27.1%	**33,567,926**	22,636,490	10,931,436	48.3%
Total Self Storage	**48,710,638**	44,798,845	3,911,793	8.7%	**188,215,504**	170,623,218	17,592,286	10.3%
Portable Storage	**702,826**	738,157	(35,331)	-4.8%	**3,340,184**	3,515,496	(175,312)	-5.0%
Management Fees	**518,609**	483,861	34,748	7.2%	**2,037,056**	1,895,228	141,828	7.5%
Combined	**$ 49,932,073**	$ 46,020,863	$ 3,911,210	8.5%	**$ 193,592,744**	$ 176,033,942	$ 17,558,802	10.0%

[1] Non -IFRS Measure.

Existing Self Storage

For the three months ended December 31, 2023, revenue and NOI increased by 5.1% and 5.1%, respectively, over the same prior year period, resulting in a full year same store revenue and NOI growth of 4.8% and 4.5%. Revenue and NOI increases are a result of continued execution of our revenue management program, despite lower period over period occupancies. For operating costs, we continue to control costs through operational efficiencies, however we experienced increases in advertising, property taxes, repairs and maintenance and wages.

New Self Storage

Increase is a result of our 2023 and 2022 acquisitions and non-stabilized acquisitions throughout 2021 resulting in revenue, operating costs and NOI growth as we commenced reporting results.

Portable Storage

Revenue and NOI are lower due to lower period over period occupancies.

Quarterly net operating income

The Corporation's quarterly results are affected by the timing of acquisitions, both in the current year and prior year. The Corporation 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)				
	Q4	**Q3**	**Q2**	**Q1**	**Total**	Q4	Q3	Q2	Q1	Total
NOI [1]										
Existing Self Storage	$ 39,237	$ 42,290	$ 38,650	$ 34,471	**$ 154,648**	$ 37,348	$ 40,400	$ 37,809	$ 32,429	$ 147,987
New Self Storage	9,473	8,723	8,222	7,150	**33,568**	7,451	6,836	5,061	3,288	22,636
Total Self Storage	48,711	51,013	46,871	41,621	**188,216**	44,799	47,236	42,871	35,718	170,623
Portable Storage	703	1,149	1,011	477	**3,340**	738	1,326	959	493	3,515
Management Fees	519	515	529	474	**2,037**	484	481	517	413	1,895
	$ 49,932	$ 52,678	$ 48,411	$ 42,572	**$ 193,593**	$ 46,021	$ 49,043	$ 44,346	$ 36,624	$ 176,034

[1] Non-IFRS Measure

Existing Self Storage

The increase in Q4 2023 over Q4 2022 was driven from continued execution of our revenue management program and controlling costs through operational efficiencies.

New Self Storage

SVI has acquired 7 locations plus 2 adjacent parcels of land in fiscal 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

NOI is lower due to lower period over period occupancies.

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 – Q4	$74,268,913	($27,786,974)	($0.074)	($0.072)	$2,044,217,956	$1,848,344,223	$1,076,487
2023 – Q3	$75,745,468	$16,378,937	$0.043	$0.040	$1,997,703,262	$1,783,807,524	$1,073,547
2023 – Q2	$71,292,759	$12,612,251	$0.033	$0.030	$1,988,295,493	$1,778,917,293	$1,075,022
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	**$288,724,612**	**($1,700,158)**	**N/A**	**N/A**	**N/A**	**N/A**	**$4,294,978**
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 $85.8 million for fiscal 2023, compared to $76.4 million for fiscal 2022. The increase arises from increased rates through our revenue management systems, continued streamlining and integration of operations and controlling costs.

As at December 31, 2023, the Corporation had $13.9 million of cash compared to $22.5 million at December 31, 2022. The decrease in cash is due to managing cash flow to minimize interest expense, acquisitions, expansions, capital improvements and the repurchase of the Corporation's common shares. 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 December 31, 2023 and December 31, 2022, the Corporation held the following debt:

	December 31, 2023			December 31, 2022		
	Rate Range	**Weighted Average**	**Balance**	Rate Range	Weighted Average	Balance
Mortgages						
At amortized cost - Fixed	2.84% to 9.20%	5.13%	**306,666,120**	2.84% to 4.98%	4.48%	251,048,897
	Maturity: Mar 2025 to Dec 2029			*Maturity: Apr 2023 to Dec 2029*		
At amortized cost - Variable	7.47% to 8.20%	7.56%	**26,490,427**	7.45% to 8.60%	8.08%	84,653,250
	Maturity: Jan 2024 to Jul 2024			*Maturity: Feb 2023 to Jul 2024*		
At FVTPL - Variable			**747,907,274**			783,891,417
- Fixed via interest rate swap			**(15,112,904)**			(32,836,542)
		4.74%	**732,794,370**		4.31%	751,054,875
	Maturity: Apr 2024 to Jan 2031			*Maturity: Jan 2024 to Jan 2031*		
		4.92%	**1,065,950,917**		4.65%	1,086,757,022
Lines of Credit and Promissory Notes						
At amortized cost - Fixed		4.50%	**500,000**		3.50%	4,000,000
	Maturity: Mar 2025			*Maturity: Dec 2023*		
At amortized cost - Variable		7.73%	**50,000,000**		7.28%	140,618,468
	Maturity: Dec 2024 to Feb 2025			*Maturity: Jun 2023 to Oct 2025*		
At FVTPL - Variable			**308,871,737**			314,288,134
- Fixed via interest rate swap			**(8,871,737)**			(14,288,134)
		3.88%	**300,000,000**		3.88%	300,000,000
	Maturity: Feb 2025			*Maturity: Feb 2025*		
		4.43%	**350,500,000**		4.95%	444,618,468
Deferred financing costs, net of accretion			**(3,742,768)**			(4,655,721)
		4.80%	**1,412,708,149**		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:

	December 31, 2023	December 31, 2022
Debt, beginning of period	**$ 1,526,719,769**	$ 1,332,474,745
Advances from debt	**286,760,989**	610,341,010
Repayment of debt	**(401,685,562)**	(409,662,963)
Amounts offset against accounts receivable	**-**	(6,486,464)
Change in fair value of debt measured at FVTPL	**23,140,035**	(60,949,884)
Change in fair value of interest rate swaps	**(23,140,035)**	60,949,884
Total cash flow from debt financing activities	**(114,924,573)**	194,191,583
Change in deferred financing costs	**912,953**	53,441
Debt, end of period	**$ 1,412,708,149**	$ 1,526,719,769

The bank prime rate at December 31, 2023 was 7.20% (December 31, 2022 - 6.45%). The weighted average cost of debt at December 31, 2023 is 4.80% (December 31, 2022 - 4.73%). The Corporation's variable interest rate exposure is limited with only 5.40% of debt being variable and the balance being fixed interest rate debt.

The weighted years to maturity, excluding lines of credit, at December 31, 2023 is 4.00 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 December 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	$	448,302,885 (includes lines of credit and promissory note of $350.0 million)
Year 2	$	178,944,623
Year 3	$	45,300,549
Year 4	$	152,308,388
Year 5	$	387,200,322
Thereafter	$	204,394,150

Of the repayments shown in Year 1, $23.8 million are required under our amortizing term debt mortgages, $74.5 million relates to loans due in the upcoming twelve months that are expected to be refinanced, and $350.0 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 December 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 December 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
2024	$ 74,502,885	5.20%	$ 43,000,000	7.72%	$ 117,502,885	6.12%
2025	156,441,283	5.78%	307,500,000	3.97%	463,941,283	4.58%
2026	23,498,716	3.54%	-	0.00%	23,498,716	3.54%
2027	141,738,557	4.92%	-	0.00%	141,738,557	4.92%
2028	428,483,814	4.84%	-	0.00%	428,483,814	4.84%
Thereafter	241,285,662	4.56%	-	0.00%	241,285,662	4.56%
	$ 1,065,950,917	4.92%	$ 350,500,000	4.43%	$ 1,416,450,917	4.80%
Deferred financing costs net of accretion					(3,742,768)	
Balance					$ 1,412,708,149	

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 4.49%. 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.

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 at a fair value of $150 million, net of deferred financing costs of $6.0 million, an equity component of $18.2 million, and a deferred tax liability of $4.7 million. The equity component of the convertible debentures relates to the portion of the debentures' value that is attributed to the conversion option, which allows the holder to convert the debentures into common shares of the Corporation.

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:

	December 31, 2023	December 31, 2022
Opening balance	**$ 128,682,883**	$ 127,551,885
Additions during period	**150,000,000**	-
Issuance costs	**(6,009,911)**	-
Equity component of convertible debentures	**(18,245,003)**	-
Accretion during period	**5,326,643**	1,130,998
Interest payable	**1,871,047**	
Debentures repurchased	**(188,000)**	-
Ending balance	**$ 261,437,659**	**$ 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 redemption	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	681,601	4,250,000
Dividend reinvestment plan	252,145	1,441,790
Share option redemption	5,000	(5,038,500)
Common shares repurchased	(4,395,798)	(21,562,655)
Balance, December 31, 2023	374,560,308	$ 404,045,009

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 36,587,000 options were outstanding as at December 31, 2023 (December 31, 2022 – 36,342,000). Of the outstanding amount, 36,587,000 options were exercisable (December 31, 2022 – 36,342,000). The details are as follows:

Exercise Price		Vesting Date	Expiry Date	**December 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	**1,305,000**	1,480,000
$	1.36	Dec. 21, 2016	Dec. 21, 2026	**2,620,000**	2,770,000
$	1.78	Mar. 16, 2017	Mar. 16, 2027	**2,645,000**	2,795,000
$	2.52	May 4, 2018	May 4, 2028	**2,660,000**	2,810,000
$	2.90	May 28, 2019	May 28, 2029	**5,376,500**	5,764,000
$	3.98	Dec. 15, 2020	Dec. 15, 2030	**5,515,500**	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
$	5.23	Dec. 28, 2023	Dec. 28, 2033	**1,600,000**	-
Options exercisable and outstanding				**36,587,000**	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 December 31, 2023, 3,486,628 TRS were outstanding at a value of $2,141,355 (December 31, 2022 – 3,081,360 TRS were outstanding at a value of $4,700,494).

At December 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 year ended December 31, 2023, the Corporation issued 160,176 common shares at a value of $1,007,507 (December 31, 2022 – 266,268 common shares at a value of $1,786,852) under the Plan. A total of 980,328 common shares at a value of $4,923,332 were outstanding at December 31, 2023 (December 31, 2022 – 1,123,429 common shares at a value of $5,069,112).

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 2026 and 2057, with the leases expiring in 2024 and 2027 having up to 5 years and 20 years of renewals, respectively, which are expected to be exercised by the Corporation.

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

For the year ended December 31, 2023, the Corporation recognized $3,668,569 (December 31, 2022 - $3,035,180) in interest expense related to its lease liabilities.

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

	December 31, 2023		December 31, 2022	
Balance, beginning of period	**$**	**80,518,572**	$	77,094,742
Additions and reassessments		**23,416,757**		6,356,372
Cash payments		**(7,887,925)**		(6,181,239)
Interest		**3,668,569**		3,035,180
Capitalized interest		**-**		213,517
Balance, end of period	**$**	**99,715,973**	$	80,518,572

Contingency
The Corporation has no legal contingency provisions at December 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 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 year ended December 31, 2023, the Corporation paid $382,400 (December 31, 2022 - $405,196) for royalties and $3,054,716 (December 31, 2022 - $3,046,665) for storage containers and other equipment under the Master Franchise Agreement.

Included in accounts payable and accrued liabilities, relating to the previously noted transactions, at December 31, 2023 was $52,758 (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 year ended December 31, 2023, the Corporation received $6,017,053 (December 31, 2022 - $8,471,116) in payments and reimbursements related to the management agreements. During the year ended December 31, 2023, the Corporation also incurred $50,583,697 (December 31, 2022 - $32,508,783) in expenditures related to construction, maintenance and other services related to its day-to-day operations.

Included in accounts payable and accrued liabilities as at December 31, 2023 was $2,790,800 (December 31, 2022 - $522,072) payable to the Access Group. Included in accounts receivable as at December 31, 2023 was $1,030,452 (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:

	December 31, 2023	December 31, 2022
Wages, management fees, bonuses and directors fees	**$ 1,324,495**	$ 610,212
Stock based compensation	**1,047,580**	6,065,672
	$ 2,372,075	$ 6,675,884

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

At StorageVault, we consider environmental sustainability, social responsibility, and commitment to strong corporate governance practices as core values and the foundation of what we do day-in and day-out. Our ongoing efforts involve reducing the already minimal environmental impact of our stores, enhancing engagement with colleagues and shareholders, supporting the over 100 communities in which we operate, and upholding sound corporate governance practices. Together with our business objectives, these core values ensure we continuously deliver strong and sustainable results for all stakeholders.

Environmental
We hold the belief that sustainability and success are intertwined, and to prosper as a business, we must contribute positively to our communities. As a community-based business, we recognize our responsibility to implement sustainable operating practices, aiming to minimize our impact and preserve the environment while enhancing the performance of our portfolio. Our objective is to positively impact the environment, our communities, shareholders, the broader self-storage industry, and future generations.

In our commitment to energy conservation, we strategically offer a mix of square footage, including non-climate controlled and temperature-controlled spaces. For properties with temperature-controlled storage, we regulate temperatures to ensure the safety of stored contents while minimizing energy consumption for heating or cooling. Non-climate-controlled areas have minimal environmental effects. This not only reduces our usage, but our expenses as well, benefiting all stakeholders.

We continually implement forward-thinking energy-saving initiatives, such as using geothermal heating systems, rooftop solar panels, solar walls, motion-activated lighting systems, and the retrofitting of older fixtures with modern, energy-efficient alternatives. Water usage at our properties is at very low levels. Furthermore, we source and sell packing supplies made from recycled materials, and our digital rental process has significantly reduced paper usage.

The self-storage industry has the lowest environmental impact for energy consumption, water usage, and waste production when compared to all other real estate asset classes. The storage industry has an inherently low environmental impact due to its minimal daily activity levels compared to other commercial properties dues to the limited daily client activity and traffic which contribute to minimizing our carbon footprint within our communities.

Energy Reduction and Generation

- over 90% of all properties have motion sensor lighting, allowing for usage on-demand
- 80% of interior and 60% of exterior lighting have been retrofitted with LED lighting
- automated and self-adjusting internal thermostat temperature controls
- use of geothermal heating and cooling systems - geothermal heating systems use the earth as a heating and cooling source; geothermal heat pumps are among the most energy-efficient technologies for providing HVAC and water heating, using far less energy than traditional systems
- energy efficient HVAC systems
- solar power generation using roof top and solar walls
- all new roofs installed or replaced are reflective “cool” roofs that help minimize energy consumption
- use of in-floor radiant heating

Green Building Design and Construction Practices

- all new construction projects are built using 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
- proposed acquisitions are subject to environmental site assessments prior to the closing

Waste Reduction and Recycling

- RecordXpress, our paper shredding and recycling division, recycled over 9.89 million pounds of paper; saving 430,000 trees, diverting 96,000 cubic meters from landfills and pre-emptively eliminating 193,000 barrels of oil required to harvest the raw product
- sale of moving and packaging supplies made from recycled materials
- garbage and waste recycling at our stores and corporate offices
- digital rental process that reduces paper usage through more efficient technology options
- electronic recycling and e-waste reduction program for decommissioned computer equipment that either donates refurbished equipment to local charities or recycles equipment that cannot be repurposed

Water Reduction and Conservation

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

Social

At StorageVault, our foremost commitment is to support both our colleagues and the communities in which we reside and operate. With over 800 colleagues across more than 100 communities throughout Canada, we express gratitude for the privilege of being a part of these diverse locales. In 2023, we proudly supported over 250 community organizations; working together to create meaningful and enduring impacts.

Engagement and Wellbeing

StorageVault is dedicated to fostering a culture that prioritizes wellbeing, promotes healthy practices, and supports work-life balance. Central to our philosophy is a strong belief in developing and retaining talented people. We emphasize active engagement from management at all levels, fostering connections between colleagues, clients, the board, and other stakeholders. Our conviction is rooted in the belief that by prioritizing the wellbeing of our colleagues, we enable our team to reciprocate that care towards our clients, our stores and our communities. Engagement and Wellbeing Highlights include:

- Wellness Wednesdays - a monthly webinar for all our colleagues with topics including finance, wellness, meditation, exercise, mental health and hobbies.
- Change Committee – our self storage team members have established a volunteer committee that convenes monthly to offer feedback on presented topics or propose ideas that would benefit the organization. Some successful ideas that have been implemented include those related to health & safety, communications and training.
- Training and Career Development - our dedicated Corporate Training team has created an industry leading program for our New Hires. In addition to New Hire training, our team hosts Monthly All-Store webinars and offer specialized sessions for Store Managers (teaching leadership, customer service and wellness skills) as part of our Elite Academy Sessions to support career development.
- We provide competitive health and insurance benefits, employee assistance programs, paid time off, and leave of absence and bereavement support.
- Bonus opportunities are based on individual, store and corporate performance.
- We organize incentive programs such as our Step Challenge, which encourages our employees to meet step goals to help promote a healthier lifestyle.
- Annual corporate events including Family Bowling, Pot-Luck Lunches and Christmas parties

Supporting our Communities

At StorageVault, we take great pride in fostering long-term, sustainable relationships that make a difference year over year. In 2023, our commitment to Canadian communities was steadfast as we aligned with not-for-profit agencies and grassroots organizations to provide tangible support for meaningful outcomes. With emphasis placed on our five community pillars: food security, healthcare, education, sports, and the arts, we work intimately with over 250 local, regional and national partners to enhance their ability to support communities. We strategically align and leverage the power and influence of our national partners, using their reach to elevate our grassroots partners in need which results in enhanced support.

As a Canadian company, our passion and desire to be there for our colleagues, clients, and communities has never been greater. We are incredibly grateful to be able to support our fellow Canadians from coast to coast.

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:

- Increased our Board of Directors from 5 to 6 members
    - 66% of our directors are independent
- Diverse Board and Management team
    - 50% Board Diversity (gender and race)
    - 33% of our directors are female
    - 52% of our senior management are female
- Annual Board review and vote to approve executive compensation
- Annual election of Directors by shareholders at AGM
- Tri-annual approval of the Stock Option Plan by shareholders 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 by our Board 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 December 31, 2023 annual audited financial statements. There has been no change in significant accounting policies from the Corporation's audited annual audited 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 gains or losses on real estate, realized and unrealized gains or losses on interest rate swaps, interest accretion on convertible debentures, 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. 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, 2023 annual audited financial statements.

Disclosure Controls and Procedures

Pursuant to National Instrument 52-109, which requires certification of disclosure in an issuer's annual and interim filings, the Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the Corporation's internal disclosure controls and procedures for the three months and fiscal year ended December 31, 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 and fiscal year ended December 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, wildfires, 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.

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