2016 ANNUAL REPORT

STORAGEVAULT
CANADA SELF STORAGE CENTRES

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Corporate Information

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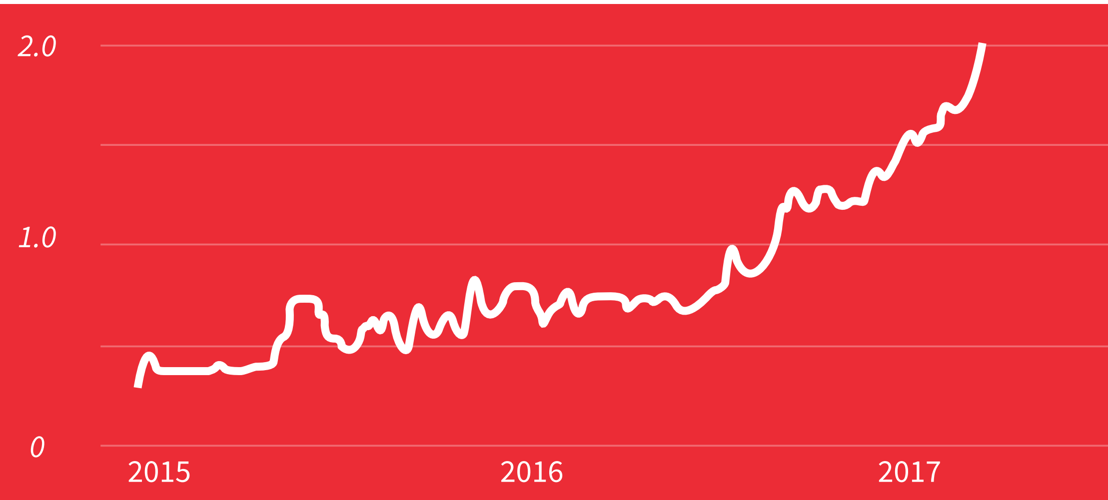
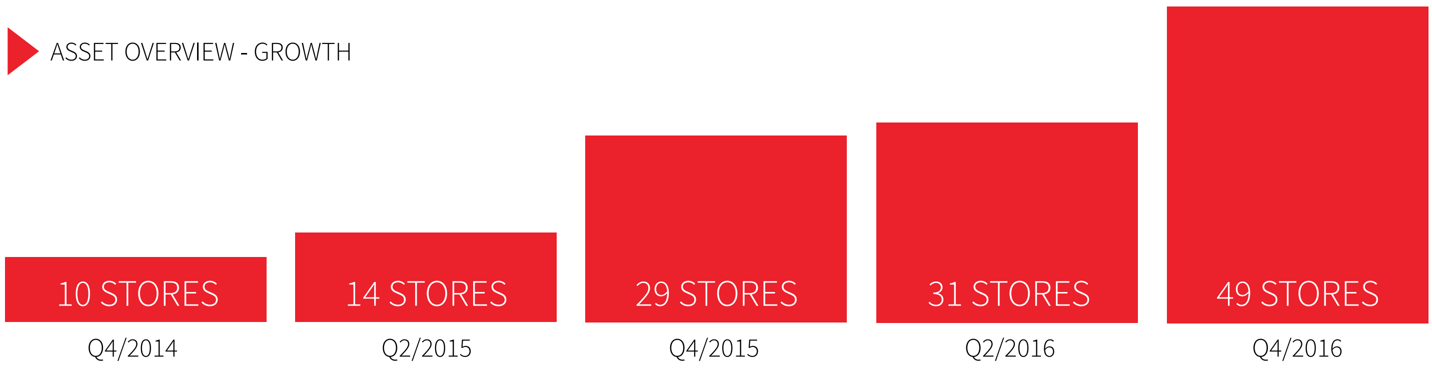
FINANCIAL
Highlights

SHARE PRICE CHANGE
YOY



REVENUE	NOI	FFO
150% ↑	192% ↑	435% ↑

ASSET OVERVIEW - GROWTH



TSX VENTURE 50 COMPANY
2017

STORAGEVAULT WAS RECOGNIZED AS A TSX VENTURE 50™ COMPANY IN 2017

CUBEIT CONTAINER ON THE RIDEAU CANAL, OTTAWA, AS PART OF THE CANADA 150 CELEBRATION

LETTER to Shareholders

Dear fellow Shareholders,

StorageVault continued its strong growth in 2016 being recognized as one of the Top 50 performers on the TSX Venture Exchange. The successful implementation of our management and operating systems resulted in dramatically improved cash flows and a significant increase in shareholder value. With our robust acquisition pipeline and continued operational improvements we are on track to achieve our goal of becoming the leading storage platform in Canada.

WE GREW TO OVER 2.6 MILLION SQFT OF RENTABLE SPACE IN 24,000 STORAGE UNITS

$178.4 MILLION IN ACQUISITIONS

REVENUE GROWTH OF 150% TO $27.8 MILLION FROM $11.1 MILLION

NOI GROWTH TO $17.0 MILLION FROM $5.8 MILLION

ACQUIRED 7 STORES IN GREATER MONTREAL AREA

SHARE CAPITAL INCREASED BY $118.9 MILLION

ANOTHER YEAR OF GROWTH

We acquired twenty one stores for $178.4 million and increased share capital by $118.9 million in fiscal 2016. Our acquisitions launched us into the Montreal market and continued our expansion in Calgary and the Greater Toronto Area. These acquisitions increased our portfolio to forty nine stores across Canada. These stores, in addition to our portable storage units, total over 2.6 million square feet of rentable storage space in over 24,000 rental units.

2016 RESULTS

Fiscal 2016 was a very successful year in both growth and operating performance. We exceeded same store NOI projections as professional management and revenue management initiatives took effect. Revenue and NOI grew by 150% and 192% respectively in 2016. We expect both to increase an additional 50% in 2017 as we benefit from our revenue management program and continue streamlining operations. Our funds from operations increased by 435% to $7.3 million. Annualizing the results from the acquisitions in 2016 would have resulted in a net operating income of $25.5 million and funds from operations of $14.0 million.

Our net loss went from $4.6 million in 2015 to $21.2 million in 2016, a direct result of acquisition and integration costs of $1.9 million and $27.3 million of depreciation, amortization and goodwill adjustment in 2016. Of note, we have booked an $11.7 million adjustment to goodwill on the income statement. In certain cases, we issued shares to acquire stores with the share price being fixed at the time of the signing of the purchase agreement. IFRS requires us to increase the value of the purchased assets by the amount the share price has increased between the signing date and the closing date. As our share price has continued to increase, we were required to record an $11.7 million increase to the assets purchased in 2016. We then adjusted the assets down to the actual purchase price and as a result the amount of this reduction was recorded as a goodwill adjustment in the income statement. All of this was required to comply with the requirements of IFRS and has no impact on the actual value and financial results of our business.

OUR STRATEGY

We continue to focus on owning and operating multiple stores in Canada's top markets and adding complementary portable storage units to take advantage of economies of scale. Our growth strategy is focused on acquisitions, organic growth, expansion of our existing stores and expansion of our portable storage business – all with an eye to increasing cash flow.

ACQUISITIONS

As we showed in 2016 and 2015, the combination of our corporate platform, industry relationships and storage experience provide StorageVault with a unique advantage in the Canadian market place. This advantage allows us to identify accretive and strategic purchasing opportunities at attractive prices that provide synergies in operations, marketing and revenue maximization.

ORGANIC GROWTH

Scale has become increasingly important in the storage business and our size provides a significant advantage in negotiating better rates on our operating costs. Efficiencies are also gained through cross promoting and marketing of the self storage and portable storage platforms due to a larger national footprint, offering different but complementary product choices at various price points to our customers. These efficiencies translate into improved margins and increased free cash flow.

EXISTING STORE EXPANSION

When the market conditions are suitable and high occupancies indicate pent up demand, we expect to expand a number of our existing locations. There is over 700,000 square feet of development potential on the lands currently owned and operated by StorageVault. In 2017, we expect to build out a total of 50,000 square feet in the Vancouver and Montreal markets.

EXPANSION OF OUR PORTABLE STORAGE BUSINESS

Much like the self storage business 20 years ago, the portable storage business is on the rise and has significant growth potential. Canada's largest pension plan purchased the world's largest portable storage business in one of their long-term funds in February 2015. With a larger geographic and operating footprint achieved through our growth strategy, we believe the margins for this segment of our business will continue to improve. For 2017, we have ordered 200 new units that are expected to be placed into service this summer.

LOOKING FORWARD

Following another solid year, we are well positioned to take advantage of our momentum, scale and strong balance sheet to drive revenues, increase cash flow and acquire more stores.

We expect significant growth in revenue and net operating income in 2017 as we streamline and integrate operations, increase rates through our revenue management systems, continue to reduce costs and add 50,000 square feet of demand based expansion to the portfolio. Our strong balance sheet will allow us to lower our cost of capital and access cash for future acquisitions.Including transactions already announced, we expect to add between $450 and $490 million of assets to our portfolio in 2017, while maintaining our disciplined acquisition philosophy.

As of the date of this letter, we have closed on $32 million of acquisitions and announced a further $412 million. We have also internalized management and acquired a significant third party revenue stream at a very accretive rate for StorageVault that also provides an excellent growth funnel.

With our commitment to excellence and your continued support, we are well on our way to achieving our goal of being Canada's leading storage company.

Sincerely,

Steven Scott
Chief Executive Officer

EXPECTING $450 TO $490 MILLION
IN ACQUISITIONS FOR 2016

ADDING 50,000 SQUARE FEET OF DEMAND
BASED EXPANSION

OUR Board Members

MEET OUR BOARD MEMBERS

STEVEN SCOTT
Director
CEO

Chairman and CEO of the Corporation, Mr. Scott has been a Principal and Chief Executive Officer of The Access Group of Companies focusing on the ownership, acquisition, development and management of self storage and other real estate assets.

IQBAL KHAN
Director
CFO

The CFO of the Corporation, Mr. Khan, has been a Principal and Chief Financial Officer of The Access Group of Companies focusing on the ownership, acquisition, development and management of self storage and other real estate assets.

ALAN SIMPSON
Director

Mr. Simpson's career has focused on start-ups. He co-founded and was President and Chief Executive Officer of StorageVault Canada and led its transition to the TSX Venture Exchange. He now serves the corporation as Executive Vice Chairman and Acquisition Committee Chair.

ROB DUGUID
Director

Mr. Duguid is Founding Partner and CEO of PFM Capital Inc. Besides serving as the Vice President Investments and CFO of many of PFM's funds, Rob is a director of numerous private and public Canadian companies.

BLAIR TAMBLYN
Director

Mr. Tamblyn is Senior Managing Director, CEO and Co- Founder of Timbercreek Asset Management. Chairman of the Board for Timbercreek Financial.

"Our growth strategy is focused on acquisitions, organic growth, expansion of our existing stores and expansion of our portable storage business – all with an eye to increasing cash flow."

FINANCIAL
Statements

StorageVault Canada Inc.
Consolidated Financial Statements

For the Years ended December 31, 2016 and 2015

Management's Responsibility

To the Shareholders of StorageVault Canada Inc.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors, acting through an Audit Committee composed primarily of directors who are neither management nor employees of the Corporation, is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Corporation's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the financial statements and report directly to them. Their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

March 31, 2017

"signed" Steven Scott
Chief Executive Officer

"signed" Iqbal Khan
Chief Financial Officer

Independent Auditors' Report

To the Shareholders of StorageVault Canada Inc.:

We have audited the accompanying consolidated financial statements of StorageVault Canada Inc., which comprise the consolidated statement of financial position as at December 31, 2016 and December 31, 2015, and the consolidated statements of income (loss) and comprehensive income (loss) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of StorageVault Canada Inc. as at December 31, 2016, December 31, 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

MNP LLP

Calgary, Alberta

March 31, 2017

Chartered Professional Accountants

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

		2016		2015
Assets				
Real estate and equipment, net (Note 6)	**$**	**325,491,723**	$	163,461,926
Goodwill and intangible assets, net (Note 7)		**3,425,090**		3,427,490
Short term investments		**-**		1,384,253
Accounts receivable		**1,354,796**		560,828
Prepaid expenses and other current assets		**662,080**		270,590
Cash and short term deposits		**11,869,892**		2,381,390
	$	**342,803,581**	$	171,486,477
Liabilities and Shareholders' Equity				
Long term debt (Note 8)	**$**	**164,023,513**	$	88,136,041
Lines of credit (Note 8)		**18,483,081**		23,483,083
Unearned revenue		**1,202,785**		320,884
Accounts payable and accrued liabilities		**3,406,008**		982,551
		187,115,387		112,922,559
Shareholders' Equity				
Share capital (Note 9)		**185,768,388**		66,867,412
Dividends paid (Note 9)		**(1,795,638)**		-
Contributed surplus (Note 9)		**2,243,239**		1,034,865
Deficit		**(30,527,795)**		(9,338,359)
		155,688,194		58,563,918
	$	**342,803,581**	$	171,486,477

Commitments and Contingencies (Note 15)
Subsequent Events (Note 16)

Approved on behalf of the Board:

"signed" Steven Scott
Director

"signed" Iqbal Khan
Director

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

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

		2016		2015
Common Share Capital				
Balance, beginning of the period	**$**	**66,867,412**	$	7,421,324
Common shares issued, net of issuance costs		**118,973,026**		59,446,088
Common shares repurchased		**(72,050)**		-
Balance, end of the period		**185,768,388**		66,867,412
Contributed Surplus				
Balance, beginning of the period	**$**	**1,034,865**	$	573,408
Stock based compensation (Note 9)		**1,208,374**		461,457
Balance, end of the period		**2,243,239**		1,034,865
Deficit				
Balance, beginning of the period	**$**	**(9,338,359)**	$	(4,763,149)
Net loss		**(21,189,436)**		(4,575,210)
Balance, end of the period		**(30,527,795)**		(9,338,359)

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

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

		2016		2015
Revenue				
Storage and related services	$	**27,824,544**	$	11,140,587
Expenses				
Operating costs		**10,800,018**		5,302,289
Acquisition and integration costs		**1,928,429**		1,266,635
Selling, general and administrative		**2,240,692**		1,052,121
Stock based compensation (Note 9)		**1,208,374**		461,457
Depreciation, amortization and goodwill adjustment (Notes 6, 7)		**27,328,122**		5,485,940
Interest		**5,508,345**		2,147,355
		49,013,980		15,715,797
Net income (loss) and Comprehensive income (loss)	$	**(21,189,436)**	$	(4,575,210)

Net income (loss) per common share				
Basic	$	**(0.104)**	$	(0.060)
Diluted	$	**(0.104)**	$	(0.060)

Weighted average number of common shares outstanding		
Basic	**204,660,864**	75,781,610
Diluted	**204,660,864**	75,781,610

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

	2016	2015
Cash provided by (used for) the following activities:		
Operating activities		
Net income (loss)	$ **(21,189,436)**	$ (4,575,210)
Adjustment for non-cash items:		
Depreciation, amortization and goodwill adjustment (Notes 6, 7)	**27,328,122**	5,485,940
Amortization of deferred financing costs	**376,164**	98,687
Amortization of bond premiums	**5,253**	11,216
Stock based compensation (Note 9)	**1,208,374**	461,457
Stock dividend classified as interest	**-**	90,892
Gain on disposal of property and equipment	**(221,675)**	-
Cash flow from operations before non-cash working capital balances	**7,506,802**	1,572,982
Net change in non-cash working capital balances		
Accounts receivable	**(113,330)**	(379,643)
Prepaid expenses and other current assets	**(391,490)**	53,498
Accounts payable and accrued liabilities	**1,699,526**	697,888
Unearned revenue	**881,901**	237,928
	9,583,409	2,182,653
Financing activities		
Common shares issued, net of issuance costs (Note 9)	**59,841,873**	16,489,709
Repurchase of common shares	**(72,050)**	-
Dividends paid	**(743,342)**	-
Advances from long term debt	**81,454,290**	116,484,509
Repayment of long term debt	**(10,736,723)**	(24,747,897)
Redemption of bond	**1,373,074**	-
Debt issuance costs	**-**	(750,960)
	131,117,122	107,475,361
Investing activities		
Acquisitions (Note 5)	**(127,903,000)**	(105,475,718)
Additions to property and equipment (Note 6)	**(2,952,792)**	(2,382,149)
Non-operating accounts receivable	**(675,712)**	-
Proceeds on disposal of property and equipment	**319,475**	20,775
Maturity of short term investments	**-**	106,000
	(131,212,029)	(107,731,092)
Increase (decrease) in cash and short term deposits	**9,488,502**	1,926,922
Cash and short term deposits balance, beginning of period	**2,381,390**	454,468
Cash and short term deposits balance, end of period	**11,869,892**	2,381,390

1. Description of Business

The consolidated financial statements of StorageVault Canada Inc. and its subsidiary (the "Corporation") as at December 31, 2016 were authorized for issuance by the Board of Directors of the Corporation on March 31, 2017. The Corporation is incorporated under the Business Corporations Act of Alberta and is domiciled in Canada. Its shares are publicly traded on the TSX Venture Exchange ("Exchange"). The address of its registered office is 1000 – 250 2nd Street SW, Calgary, AB, T2P 0C1.

The Corporation's primary business is owning, operating and leasing storage to individual and commercial customers across Canada.

2. Basis of Presentation

These consolidated financial statements and the notes thereto present the Corporation's financial results of operations and financial position under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") effective as at January 1, 2016.

The consolidated financial statements have been prepared under the historical cost method, except for the revaluation of certain financial assets and financial liabilities to fair value. The consolidated financial statements were prepared on a going concern basis, and are presented in Canadian dollars, which is the Corporation's functional currency.

3. Accounting policies

Basis of Consolidation
The consolidated financial statements include the accounts of StorageVault Canada Inc. and the consolidated entity 1712066 Alberta Ltd. ("1712066"), both of which are headquartered in Toronto, ON. The financial statements for the consolidated entity are prepared for the same reporting period as StorageVault Canada Inc. using consistent accounting policies. All intercompany transactions and balances have been eliminated in the preparation of these consolidated financial statements.

Consolidated Entity
StorageVault Canada Inc. established 1712066 for the purpose of refinancing a mortgage on its Regina, SK property using a defeasance process. StorageVault Canada Inc. does not have any direct or indirect shareholdings in 1712066. An entity is consolidated if, based on an evaluation of the substance of its relationship with StorageVault Canada Inc. it is determined that StorageVault Canada Inc. has rights, either directly through ownership or indirectly through contractual arrangements, to direct the relevant activities of the other entity. 1712066 was established under terms that impose strict limitations on the decision making powers of its management and that results in StorageVault Canada Inc. receiving the majority of the benefits related to its operations and net assets, being exposed to the majority of the risks incident to its activities, and retaining the majority of the residual or ownership risks related to its assets.

Note 3 – Continued

Revenue Recognition
Revenue comprises all rendering of services and sales of goods at the fair value of consideration received or receivable after the deduction of any trade discounts and excluding sales taxes. Revenue is recognized when it can be measured reliably and the significant risks and rewards of ownership are transferred to the customer.

Storage units are rented to customers pursuant to rental agreements which provide for weekly or monthly rental terms with non-refundable rental payments. The rental agreements may be terminated by the customer without further obligation or cost upon vacating the storage unit. Revenue from rental agreements is recognized over the rental term pursuant to the rental agreement. Non-refundable customer deposits, which are received to hold a unit for rent at a future date, are deferred and recognized as revenue upon commencement of the rental agreement. Receipts of rental fees for future periods are deferred and recognized as revenue when each respective monthly period commences. Provision is made for expected allowances as necessary.

Revenue from the sale of merchandise, including locks, boxes, packing supplies and equipment, is recognized when the merchandise is delivered to the customer. Revenue from investments is recognized when earned.

Business Combinations
All business combinations are accounted for by applying the acquisition method. On acquisition, the assets (including intangible assets), liabilities and contingent liabilities acquired are measured at their fair value. The Corporation recognizes intangible assets as part of business combinations at fair value at the date of acquisition. The determination of these fair values is based upon management's judgment and includes assumptions on the timing and amount of future incremental cash flows generated by the assets acquired and the selection of an appropriate cost of capital. Acquisition and integration costs are recognized in profit or loss as incurred.

Goodwill represents the excess of the identifiable cost of an acquisition over the fair value of the Corporation's share of the net assets/net liabilities acquired at the date of acquisition. If the identifiable cost of acquisition is less than the fair value of the Corporation's share of the net assets/net liabilities acquired (i.e. a discount on acquisition) the difference is credited to the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) in the period of acquisition. At the acquisition date, goodwill acquired is recognized as an asset and is allocated to each cash-generating unit ("CGU") expected to benefit from the business combination's synergies and to the lowest level at which management monitors the goodwill.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Corporation reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date. The measurement period is the period from the date of

Note 3 – Continued

acquisition to the date the Corporation obtains complete information about facts and circumstances that existed as of the acquisition date up to a maximum of one year.

S*ignificant Accounting Estimates and Judgments*
The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include, but are not necessarily limited to:

- Property and equipment – The Corporation determines the carrying value of its property and equipment based on policies that incorporate estimates, assumptions and judgments relative to the useful lives and residual values of the assets.
- Impairment of non-financial assets - Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The estimated future cash flows are derived from management estimates, budgets and past performance and do not include activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.
- Purchase price allocations – Estimates are made in determining the fair value of assets and liabilities, including the valuation of separately identifiable intangibles acquired as part of an acquisition. These estimates may be further based on management's best assessment of the related inputs used in valuation models, such as future cash flows and discount rates.
- Bad debts – The Corporation estimates potential bad debts based on an analysis of historical collection activity and specific identification of overdue accounts. Actual bad debts may differ from estimates made.
- Income taxes - Income taxes are subject to measurement uncertainty due to the possibility of changes in tax legislation or changes in the characterization of income sources.
- Stock based compensation – Compensation costs accrued for stock based compensation plans are subject to the estimation of the ultimate payout using pricing models such as the Black-Scholes model which is based on significant assumptions such as volatility, dividend yield and expected term.

Note 3 – Continued

Management judgments that may affect reported amounts of assets and liabilities, income and expenses include but are not necessarily limited to:

- For the purpose of assessing impairment of tangible and intangible assets, assets are grouped at the lowest level of separately identified cash inflows which make up the CGU. Determination of what constitutes a CGU is subject to management judgment. The asset composition of the CGU can directly impact the recoverability of the assets included within the CGU.
- The determination of which entities require consolidation is subject to management judgment regarding levels of control, assumptions of risk and other factors that may ultimately include or exclude an entity from the classification of a subsidiary or other entity requiring consolidation.
- For the purpose of recording asset acquisitions, management must exercise judgment to determine if the acquisition meets the definition of a business. Such determination may affect the recorded amounts of specific assets and liabilities, goodwill and/or transaction costs.

Cash and Short Term Deposits
Cash and short term deposits on these Consolidated Statements of Financial Position are comprised of cash at bank and on hand, and short term, highly liquid deposits with an original maturity of 3 months or less. For the purpose of these Consolidated Statements of Cash Flows, cash and short term deposits are defined as above, net of outstanding bank overdrafts, except where no right of set-off exists.

Short Term Investments
Short term investments consist of Government of Canada bonds with maturities greater than three months.

Property and Equipment
Property and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) during the financial period in which they are incurred. Once an asset is available for use in the location and condition intended by management, it is depreciated to its residual value using the appropriate depreciation rate set forth by management. Land is not depreciated.

Note 3 – Continued

Depreciation is calculated using the declining balance method to depreciate the cost of property and equipment to their residual values over their estimated useful lives, as follows:

Land, Yards, Buildings & Improvements -	Buildings	4%
	Leasehold improvements	20%
	Business operating equipment	10%
	Fences and parking lots	8%
Storage Containers –	Storage containers	10%
Vehicles -	Vehicles	30% to 40%
	Truck decks and cranes	20%
Office and Computer Equipment -	Furniture and equipment	20%
	Computer equipment	45%

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

Goodwill and Other Intangible Assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable assets and liabilities acquired at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses. Goodwill is reviewed for impairment at least annually by assessing the recoverable amount of each CGU to which the goodwill relates. The recoverable amount is the higher of fair value less costs of disposal, and value in use. When the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognized. Any impairment is recognized immediately in the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) and is not subsequently reversed.

Other intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Amortization begins when an asset is available for use and is calculated on a straight-line basis to allocate the cost of assets over their estimated useful lives as follows: Franchise Agreements - 10 years; Tenant Relationships – 22 to 48 months; Website Development Costs – 12 months.

Note 3 – Continued

Leases
A lease is defined as an agreement whereby the lessor conveys to the lessee, in return for a payment or a series of payments, the right to use a specific asset for an agreed period of time. Where the Corporation is a lessee and has substantially all the risks and rewards of ownership of an asset, the arrangement is considered a finance lease. Assets held under a finance lease are recognized as assets of the Corporation within property and equipment at the inception of the lease at the lower of fair value and the present value of the minimum lease payments. Assets held under finance leases are amortized on a basis consistent with similar owned assets. Payments made under finance leases are apportioned between capital repayments and interest expense charged to the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss). Other leases where the Corporation is a lessee are treated as operating leases. Payments made under operating leases are recognized in the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) on a straight-line basis over the term of the lease.

Income Taxes
Income tax is comprised of current tax and deferred tax. Income tax is recognized in the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the tax expected to be payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Stock Based Compensation
The fair value of stock options issued to directors, officers and consultants under the Corporation's stock option plan is estimated at the date of issue using the Black-Scholes option pricing model, and charged to Consolidated Statement of Income (Loss) and Comprehensive Income (Loss) and contributed surplus. Each tranche in an award is considered a separate award with its own vesting period and grant date fair

Note 3 – Continued

value. On the exercise of options, the cash consideration received and the fair value of the option previously credited to contributed surplus are credited to share capital.

The fair value of options issued to advisors in conjunction with financing transactions is estimated at the date of issue using the fair value of the goods and services received first, if determinable, then by the Black-Scholes option pricing model, and charged to share capital and contributed surplus over the vesting period. On the exercise of agent options, the cash consideration received and the fair value of the option previously credited to contributed surplus are credited to share capital.

Where stock options are cancelled, it is treated as if the stock options had vested on the date of cancellation and any expense not yet recognized for the award is recognized immediately. However, if a new option is substituted for the cancelled option and is designated as a replacement option on the date that it is granted, the cancelled and the new options are treated as if they were a modification of the original option.

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Corporation's share purchase options. Forfeitures are estimated for each reporting period and adjusted as required to reflect actual forfeitures that have occurred in the period.

Income (Loss) per Share
Basic income (loss) per common share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is calculated by dividing the net earnings by the weighted average number of shares outstanding as adjusted for the potential dilution that would occur if outstanding stock options, subordinated debentures, preferred shares or other potentially dilutive financial instruments were exercised or converted to common shares. The weighted average number of diluted shares is calculated in accordance with the treasury stock method. The treasury stock method assumes that the proceeds received from the exercise of all potentially dilutive instruments are used to repurchase common shares at the average market price.

Share Capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of shares are shown in equity as a deduction from the proceeds received.

Segment Reporting
An operating segment is a component of the Corporation that engages in business activities from which it may earn revenues and incur expenses. All operating segments' operating results are reviewed regularly by the Corporation's CEO and or CFO in order to make decisions regarding the allocation of resources to the segment. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Note 3 – Continued

Financial Instruments
Financial assets can be classified as "fair value through profit or loss" ("FVTPL"), "loans and receivables", "available-for-sale" or "held-to-maturity". Financial liabilities can be classified as FVTPL or "other financial liabilities".

All financial instruments are initially measured at fair value plus transaction costs on initial recognition of the instrument with the exception of financial instruments classified at FVTPL, which are measured at fair value and any associated transaction costs are expensed as incurred.

Financial assets and liabilities are offset and the net amount is presented in the Consolidated Statements of Financial Position when, and only when, the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The effective interest method is used for financial instruments measured at amortized cost and allocates interest over the relevant period. The effective interest rate is the rate that discounts estimated future cash flows (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums and discounts) through the expected life of the instrument, to the net carrying amount on initial recognition.

Financial assets at FVTPL
Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management, or if they are derivative assets. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss).

The Corporation's FVTPL assets consist of cash and short term deposits.

Loans and receivables
Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Corporation's loans and receivables consist of accounts receivable.

Available-for-sale financial assets
Available-for-sale-financial assets are non-derivative financial assets that are designated as available for sale and that are not classified in any other category. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an available for sale financial asset is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

The Corporation currently has no assets which are designated as available for sale.

Note 3 – Continued

Held-to-maturity financial assets

If the Corporation has the positive intent and ability to hold certain financial assets to maturity, then such financial assets are classified as held to maturity. Subsequent to initial recognition they are measured at amortized cost using the effective interest method, less any impairment losses.

The Corporation’s held to maturity financial assets consist of short term investments. These investments are comprised of Government of Canada bonds and cash substituted for mortgage security under defeasance arrangements.

Financial liabilities at FVTPL

Financial assets are classified as FVTPL if they are designated as such by management, or they are derivatives. Financial liabilities classified as FVTPL are measured at fair value, with changes recognized in the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss).

The Corporation does not have any financial liabilities at FVTPL at the end of year.

Other financial liabilities

Other financial liabilities are financial liabilities that are not classified as FVTPL. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method. Financing fees and other costs incurred in connection with debt financing are deducted from the cost of the debt and amortized using the effective interest method.

The Corporation‘s other financial liabilities consist of accounts payable and accrued liabilities, lines of credit, and long term debt.

Future Accounting Pronouncements

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Corporation:

IFRS 15, "Revenue from contracts with customers"

On May 28, 2014 the IASB issued IFRS 15, "Revenue from contracts with customers". IFRS 15 will replace existing standards and interpretations on revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The standard outlines a single comprehensive model for entities for revenue recognition arising from contracts with customers. The Corporation is still evaluating the impact the adoption of this standard will have on its consolidated financial statements. The Corporation expects to apply the standard with its mandatory effective date.

Note 3 – Continued

IFRS 9, "Financial instruments"

On November 12, 2009, the IASB issued IFRS 9, "Financial instruments" ("IFRS 9"), which will replace IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39"). The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 9 applies to classification and measurement of financial assets as defined in IAS 39. It uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The Corporation is still evaluating the impact the adoption of this standard will have on its consolidated financial statements. The Corporation expects to apply the standard with its mandatory effective date.

IFRS 16, "Leases"

On January 13, 2016, the IASB published a new standard, IFRS 16, "Leases". The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted but only if the entity is also applying IFRS 15, "Revenue from contracts with customers". Under the new standard, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly. The liability accrues interest. The Corporation is still evaluating the impact the adoption of this standard will have on its consolidated financial statements. The Corporation expects to apply the standard with its mandatory effective date.

Change in Consolidated Statement of Financial Presentation

According to IAS 1.60, an entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its consolidated statement of financial position except when a presentation based on liquidity provides information that is reliable and more relevant. During review of the consolidated financial statements performed by the management of the Corporation, it was concluded that presentation of assets and liabilities by liquidity would be more relevant since its operating assets and liabilities will be recovered or settled over very long periods. Therefore, a liquidity presentation was concluded to be more relevant. This change in presentation resulted in current portion of long-term debt being no longer presented in the consolidated statement of financial position. Certain comparative figures have been reclassified to conform to the current year presentation.

4. 2015 Acquisitions

During the prior year ended December 31, 2015, the Corporation completed the below transactions that met the definition of a business under IFRS 3 – Business Combinations. At the time that the December 31, 2015 consolidated financial statements were authorized for issue, the Corporation had not yet completed the accounting for these acquisitions, as allowed for under IFRS 3. In particular, the fair values of the assets acquired had only been provisionally determined. During the year ended December 31, 2016, the Corporation completed its final assessment of the fair value of assets acquired. Below are the finalized allocations of the 2015 acquisitions:

<u>Acquisition 1:</u>

On April 28, 2015, the Corporation acquired four self storage locations, portable storage containers, vehicles and chattels for $26,475,000.

A summary of the assets and liabilities acquired are as follows:

Land, Yards, Buildings & Improvements	$13,538,531
Portable storage containers and vehicles	7,618,000
Tenant relationship	3,496,393
Goodwill	1,822,076
Net Assets Acquired	$26,475,000

Upon completion of the final assessment of the fair value of assets acquired, the fair value of land, yards, buildings and improvements and portable storage containers and vehicles decreased by $2,011,469 and $3,307,000 respectively. In addition, tenant relationship of $3,496,393 and goodwill of $1,822,076 have been recognised. The goodwill arises as a result of the synergies existing with the acquired business and also the synergies expected to be achieved as a result of combining the acquisitions with the Corporations excising portable storage segment.

<u>Acquisition 2:</u>

On September 11, 2015 the Corporation completed the acquisition of four self storage locations. The purchase price was $52,466,000.

A summary of the assets and liabilities acquired are as follows:

Land, Yards, Buildings & Improvements	$ 44,512,822
Tenant relationship	7,681,978
Vehicles and equipment	271,200
Net Assets Acquired	$ 52,466,000

Upon completion of the final assessment of the fair value of assets acquired, the fair value of land, yards, buildings and improvements and portable storage containers decreased by $7,681,978. In addition, tenant relationship of $7,681,978 has been recognised.

Note 4 – Continued

Acquisition 3:

On October 7, 2015 the Corporation completed the acquisition of three self storage locations for $27,155,000.

A summary of the assets and liabilities acquired are as follows:

Land, Yards, Buildings & Improvements	$23,320,572
Tenant relationship	3,834,428
Net Assets Acquired	$ 27,155,000

Upon completion of the final assessment of the fair value of assets acquired, the fair value of land, yards, buildings and improvements and portable storage containers decreased by $3,834,428. In addition, tenant relationship of $3,834,428 has been recognised.

Acquisition 4:

On December 9, 2015 the Corporation completed the acquisition of three self storage locations for $7,800,000.

A summary of the assets and liabilities acquired are as follows:

Land, Yards, Buildings & Improvements	$ 6,362,239
Tenant relationship	1,437,761
Net Assets Acquired	$ 7,800,000

Upon completion of the final assessment of the fair value of assets acquired, the fair value of land, yards, buildings and improvements and portable storage containers decreased by $1,437,761. In addition, tenant relationship of $1,437,761 has been recognised.

Acquisition 5 and 6:

On December 16 and 30, 2015 the Corporation completed the acquisitions of four self storage locations for $24,375,000.

A summary of the assets and liabilities acquired are as follows:

Land, Yards, Buildings & Improvements	$21,021,631
Tenant relationship	3,353,369
Net Assets Acquired	$24,375,000

Upon completion of the final assessment of the fair value of assets acquired, the fair value of land, yards, buildings and improvements and portable storage containers decreased by $3,353,369. In addition, tenant relationship of $3,353,369 has been recognised.

Note 4 – Continued

Acquisition 7:

On December 31, 2015 the Corporation completed the acquisition of one self storage location for $5,600,000.

A summary of the assets and liabilities acquired are as follows:

Land, Yards, Buildings & Improvements	$ 4,778,070
Tenant relationship	821,930
Net Assets Acquired	$ 5,600,000

Upon completion of the final assessment of the fair value of assets acquired, the fair value of land, yards, buildings and improvements and portable storage containers decreased by $821,930. In addition, tenant relationship of $821,930 has been recognised.

5. 2016 Acquisitions

During the year ended December 31, 2016, the Corporation completed the below transactions that met the definition of a business under IFRS 3 – Business Combinations. These acquisitions have been accounted for using the acquisition method with the results of the operations being included in the consolidated financial statements of the Corporation since the date of acquisition. At the time the financial statements were authorized for issue, the Corporation had not yet completed the accounting for the acquisitions 2 to 11. In particular, the purchase allocations of the fair values of the assets acquired and consideration paid disclosed below have only been determined provisionally as the valuations have not been finalized. Details of the acquisitions are:

Acquisition 1:

On March 18, 2016 the Corporation completed the acquisition of one self storage location for $978,000 (subjected to customary adjustments). The acquisition was an arm's length transaction. The purchase price was paid for by cash on hand.

A summary of the assets and liabilities acquired are as follows:

Land, Yards, Buildings & Improvements	$ 978,000
Net Assets Acquired	978,000
Consideration paid for the net assets acquired was obtained from the following:	
Cash	978,000
	978,000

Selected information for the acquisition, since its acquisition date:	
Revenue	674,961
Operating costs	532,764
	142,197
Amortization	73,853
Net income (loss)	$ 68,344

Note 5 – Continued

Acquisition 2:

On June 17, 2016 the Corporation completed the acquisition of one self storage location for $8,240,000 (subjected to customary adjustments). The acquisition was an arm's length transaction. The purchase price was paid for by advances from long term debt and cash on hand.

A summary of the assets and liabilities acquired are as follows:

Land, Yards, Buildings & Improvements	$ 7,283,217
Tenant Relationships	956,783
Net Assets Acquired	8,240,000
Consideration paid for the net assets acquired was obtained from the following:	
Advances from long-term debt	5,360,000
Cash	2,880,000
	8,240,000

Selected information for the acquisition, since its acquisition date:	
Revenue	523,962
Operating costs	156,170
	367,792
Amortization	255,473
Interest	100,919
Net income (loss)	$ 11,400

Note 5 – Continued

Acquisition 3:

On August 22, 2016 the Corporation completed the acquisition of one self storage location for $3,483,333 (subjected to customary adjustments). The acquisition was an arm's length transaction. The purchase price was paid for by an asset swap and the issuance of shares.

A summary of the assets and liabilities acquired are as follows:

Land, Yards, Buildings & Improvements	$ 3,290,320
Tenant Relationships	193,013
Net Assets Acquired	3,483,333
Consideration paid for the net assets acquired was obtained from the following:	
Asset Swap	3,350,000
Issuance of common shares	133,333
	3,483,333

Selected information for the acquisition, since its acquisition date:	
Revenue	229,408
Operating costs	93,943
	135,465
Amortization	72,677
Interest	25,432
Net income (loss)	$ 37,356

Note 5 – Continued

Acquisition 4:

On August 30, 2016 the Corporation completed the acquisition of one self storage location for $14,950,000 (subjected to customary adjustments). The acquisition was an arm's length transaction. The purchase price was paid for by advances from long term debt and cash on hand.

A summary of the assets and liabilities acquired are as follows:

Land, Yards, Buildings & Improvements	$13,917,771
Tenant Relationships	1,032,229
Net Assets Acquired	14,950,000

Consideration paid for the net assets acquired was obtained from the following:

Advances from long-term debt	9,717,500
Cash	5,232,500
	14,950,000

Selected information for the acquisition, since its acquisition date:

Revenue	348,617
Operating costs	94,839
	253,778
Amortization	328,144
Interest	128,007
Net income (loss)	$ (202,373)

Note 5 – Continued

Acquisition 5:

On September 28, 2016 the Corporation completed the acquisition of two self storage locations for $3,100,000 (subjected to customary adjustments). The acquisition was an arm's length transaction. The purchase price was paid for by cash on hand.

A summary of the assets and liabilities acquired are as follows:

Land, Yards, Buildings & Improvements	$ 2,461,365
Tenant Relationships	638,635
Net Assets Acquired	3,100,000
Consideration paid for the net assets acquired was obtained from the following:	
Cash	3,100,000

Selected information for the acquisition, since its acquisition date:

Revenue	128,292
Operating costs	56,382
	71,910
Amortization	78,391
Net income (loss)	$ (6,481)

Note 5 – Continued

Acquisition 6:

On September 30, 2016 the Corporation completed the acquisition of five self storage properties and one portable storage business in Ontario and Quebec for an agreed amount of $47,985,000. The acquisition is a non-arm's length transaction. The purchase price was paid for by advances from long term debt, issuance of common shares and cash on hand.

A summary of the assets and liabilities acquired are as follows:

Land, Yards, Buildings & Improvements	$42,171,965
Tenant Relationships	5,813,035
	47,985,000
Goodwill	2,545,454
Net Assets Acquired	50,530,454
Consideration paid for the net assets acquired was obtained from the following:	
Advances from long-term debt	9,479,029
Issuance of common shares	9,545,454
Cash	31,505,971
	50,530,454

Selected information for the acquisition, since its acquisition date:	
Revenue	1,256,611
Operating costs	360,697
	895,914
Amortization	981,213
Interest	88,600
Net income (loss)	$ (173,899)

The goodwill booked on the acquisition has resulted from the difference in the quoted market price of the common shares at the acquisition date compared to the price of the common shares at the time of the agreement.

Note 5 – Continued

Acquisition 7:

On October 17, 2016 the Corporation completed the acquisition of one self storage location for an agreed amount of $22,000,000. The acquisition was an arm's length transaction. The purchase price was paid for by advances from long term debt and the issuance of common shares.

A summary of the assets and liabilities acquired are as follows:

Land, Yards, Buildings & Improvements	$21,255,621
Tenant Relationships	744,379
	22,000,000
Goodwill	5,625,000
Net Assets Acquired	27,625,000

Consideration paid for the net assets acquired was obtained from the following:

Advances from long-term debt	12,000,000
Issuance of common shares	15,625,000
	27,625,000

Selected information for the acquisition, since its acquisition date:

Revenue	131,389
Operating costs	36,149
	95,240
Amortization	250,668
Interest	88,103
Net income (loss)	$ (243,531)

The goodwill booked on the acquisition has resulted from the difference in the quoted market price of the common shares at the acquisition date compared to the price of the common shares at the time of the agreement.

Note 5 – Continued

Acquisition 8:

On November 3, 2016 the Corporation completed the acquisition of one self storage location for $4,100,000 (subjected to customary adjustments). The acquisition was an arm's length transaction. The purchase price was paid for by advances from long term debt and cash on hand.

A summary of the assets and liabilities acquired are as follows:

Land, Yards, Buildings & Improvements	$ 3,245,895
Tenant Relationships	854,105
Net Assets Acquired	4,100,000
Consideration paid for the net assets acquired was obtained from the following:	
Advances from long-term debt	2,665,000
Cash on hand	1,435,000
	4,100,000

Selected information for the acquisition, since its acquisition date:

Revenue	123,089
Operating costs	41,140
	81,949
Amortization	56,087
Interest	16,236
Net income (loss)	$ 9,626

Note 5 – Continued

Acquisition 9:

On December 15, 2016 the Corporation completed the acquisition of one self storage location for $2,300,000 (subjected to customary adjustments). The acquisition was an arm's length transaction. The purchase price was paid for with cash on hand.

A summary of the assets and liabilities acquired are as follows:

Land, Yards, Buildings & Improvements	$ 1,967,826
Tenant Relationships	332,174
Net Assets Acquired	2,300,000
Consideration paid for the net assets acquired was obtained from the following:	
Cash on hand	2,300,000

Selected information for the acquisition, since its acquisition date:

Revenue	30,520
Operating costs	9,645
	20,875
Amortization	14,442
Net income (loss)	$ 6,433

Note 5 – Continued

Acquisition 10:

On December 16, 2016 the Corporation completed the acquisition of two self storage locations for $4,400,000 (subjected to customary adjustments). The acquisition was an arm's length transaction. The purchase price was paid for with cash on hand.

A summary of the assets and liabilities acquired are as follows:

Land, Yards, Buildings & Improvements	$ 3,652,945
Tenant Relationships	747,055
Net Assets Acquired	4,400,000

Consideration paid for the net assets acquired was obtained from the following:

Cash on hand	4,400,000

Selected information for the acquisition, since its acquisition date:

Revenue	16,006
Operating costs	5,215
Net income (loss)	$ 10,791

Note 5 – Continued

Acquisition 11:

On December 22, 2016 the Corporation completed the acquisition of five self storage locations in Ontario and Quebec for an agreed amount of $66,850,000. The acquisition is a non-arm's length transaction. The purchase price was paid for by advances from long term debt, issuance of common shares and cash on hand.

A summary of the assets and liabilities acquired are as follows:

Land, Yards, Buildings & Improvements	$58,785,142
Tenant Relationships	8,064,858
	66,850,000
Goodwill	3,500,000
Net Assets Acquired	70,350,000

Consideration paid for the net assets acquired was obtained from the following:

Advances from long-term debt	22,639,380
Issuance of common shares	33,500,000
Cash	14,210,620
	70,350,000

Selected information for the acquisition, since its acquisition date:

Revenue	110,534
Operating costs	38,687
	71,847
Interest	24,953
Net income (loss)	$ 46,894

The goodwill booked on the acquisition has resulted from the difference in the quoted market price of the common shares at the acquisition date compared to the price of the common shares at the time of the agreement.

Note 5 – Continued

Summary:
Selected consolidated information for the acquisitions, based upon information available to management as of the date of this report and the preparation of these consolidated financial statements, as if the assets were acquired as of January 1, 2016 is as follows:

Revenue	$ 16,660,772
Operating costs	6,154,480
	10,506,292
Amortization	13,770,373
Interest	2,736,072
Net income (loss)	$ (6,000,153)

6. Real Estate and Equipment

	Land, Yards, Buildings & Improvements	Storage Containers	Intangible Tenant Relationships	Vehicles	Office & Computer Equipment	Total
COST						
December 31, 2014	24,439,540	3,954,430	606,000	2,374,603	235,316	31,609,889
Additions	703,271	1,264,781	-	221,751	171,571	2,361,374
Business acquisitions	113,416,865	5,643,000	20,625,859	1,975,000	388,200	142,048,924
December 31, 2015	138,559,676	10,862,211	21,231,859	4,571,354	795,087	176,020,187
Additions	459,618	1,905,663	-	420,813	166,698	2,952,792
Disposals	(3,009,383)	(724,396)	(569,390)	(450,207)	(5,630)	(4,759,006)
Business acquisitions	158,490,067	295,000	19,376,266	-	225,000	178,386,333
December 31, 2016	294,499,978	12,338,478	40,038,735	4,541,960	1,181,155	352,600,306
ACCUMULATED DEPRECIATION						
December 31, 2014	2,821,883	2,307,096	606,000	1,191,230	148,512	7,074,721
Depreciation	2,356,613	637,108	1,798,405	604,396	87,018	5,483,540
December 31, 2015	5,178,496	2,944,204	2,404,405	1,795,626	235,530	12,558,261
Depreciation	7,175,565	697,484	6,711,976	920,348	149,895	15,655,268
Disposals	(69,674)	(450,710)	(221,159)	(362,262)	(1,141)	(1,104,946)
December 31, 2016	12,284,387	3,190,978	8,895,222	2,353,712	384,284	27,108,583
NET BOOK VALUE						
December 31, 2015	133,381,180	7,918,007	18,827,454	2,775,728	559,557	**163,461,926**
December 31, 2016	282,215,591	9,147,500	31,143,513	2,188,248	796,871	**325,491,723**

Included in Land, Yards, Buildings & Improvements is Land at a value of $89,316,407 (December 31, 2015 - $47,348,171).

7. Goodwill and Intangible Assets

		Other Intangible Assets		
	Goodwill	Franchise Agreements	Website Development	Total
COST				
December 31, 2014	1,601,414	20,000	23,172	1,644,586
Additions	1,822,076	-	-	1,822,076
December 31, 2015	3,423,490	20,000	23,172	3,466,662
Additions	11,670,454	-	-	11,670,454
Writedown	(11,670,454)	-	-	(11,670,454)
December 31, 2016	3,423,490	20,000	23,172	3,466,662
ACCUMULATED AMORTIZATION				
December 31, 2014	-	13,600	23,172	36,772
Amortization	-	2,400	-	2,400
December 31, 2015	-	16,000	23,172	39,172
Amortization	-	2,400	-	2,400
December 31, 2016	-	18,400	23,172	41,572
NET BOOK VALUE				
December 31, 2015	3,423,490	4,000	-	**3,427,490**
December 31, 2016	3,423,490	1,600	-	**3,425,090**

The goodwill of $3,423,490 as at December 31, 2015 is allocated to the portable storage segment. At December 31, 2016 and 2015, the Company conducted its annual impairment assessment of the groups of CGU's whose net carrying value included this goodwill. The Corporation used the fair value less costs of disposal method to determine the recoverable amount of its CGUs determined by using discounted cash flows. The cash flow projections included specific estimates for five years and a terminal valuation. The discount rate used to calculate the net present value of cash flows was based on weighted average market capitalization rates observed for comparable assets.

The most significant assumptions used in the impairment calculation are the discount rate (6.50% to 7.25%) and the estimates used in determining future expected cash flows.

No impairment has been identified on goodwill of $3,423,490 as of December 31, 2016 (2015 - $nil), and management considers reasonably foreseeable changes in key assumptions are unlikely to produce a goodwill impairment.

Note 7 – Continued

The goodwill of $11,670,454 recognized during the year ended December 31, 2016 relates to the properties purchased during the year (see Note 5) and is allocated to the underlying properties purchased. At December 31, 2016, the Company conducted its annual impairment assessment of the CGU's whose net carrying value included this goodwill. The Corporation used the fair value less costs of disposal method to determine the recoverable amount of the CGUs determined using the provisional fair values of the assets acquired (see Note 5). As the goodwill resulted from the difference in the quoted market price of the common shares at the acquisition date compared to the price of the common shares at the time of the agreement a goodwill adjustment of $11,670,454 was recorded for the year ended December 31, 2016.

8. Long Term Debt and Lines of Credit

	December 31, 2016			December 31, 2015		
	Rate Range	**Weighted Average**	**Balance**	Rate Range	Weighted Average	Balance
Mortgages						
Fixed/Variable	3.46% to 5.50%	4.09%	**164,942,311**	3.81% to 5.05%	4.21%	87,785,752
	Maturity: October 2017 to January 2022			*Maturity: March 2018 to August 2020*		
Other						
Defeasance Obligation	1.09%	1.09%	**-**	1.09%	1.09%	1,438,991
	Matured in August 2016			*Maturity: August 2016*		
Deferred financing costs net of accretion of $635,977 (December 31, 2015 - $259,813)			**(918,798)**			(1,088,702)
			164,023,513			88,136,041
Lines of Credit						
Variable Rate	Prime plus 1.00% or BA plus 2.75%	4.38%	**18,483,081**	Prime plus 1.00% or BA plus 2.75%	4.34%	23,483,083
	Maturity: April 2017 to August 2020			*Maturity: April 2017 to November 2020*		
			182,506,594			111,619,124

The bank Prime rate at December 31, 2016 was 2.70% (December 31, 2015 - 2.70%).

Mortgages are secured by a first mortgage charge on the property and equipment of the Corporation, general security agreements covering all assets of the Corporation, general assignment of rents and leases and assignments of insurance coverage over all assets of the Corporation. The Corporation must maintain certain financial ratios to comply with the facilities. These covenants include a fixed charge coverage

Note 8 – Continued

ratio, a tangible net worth ratio, and a loan to value ratio. As of December 31, 2016 and 2015, the Corporation is in compliance with all covenants.

The defeasance obligation matured in August 2016 and was fully paid off with the short term deposit initially set up.

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

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

Year 1	$	23,471,801 (includes lines of credit)
Year 2	$	8,205,857
Year 3	$	17,451,635
Year 4	$	5,667,056
Year 5	$	5,909,021
Thereafter	$	122,720,022

9. Share Capital

Authorized: Unlimited number of common, voting shares of no par value
Authorized: Unlimited number of preferred non-voting shares issuable in series at an issuance price of $1 per share

Common shares issued:

	Number of Shares	Amount
Balance, December 31, 2014	36,689,044	$ 7,421,324
Issued on asset acquisitions	89,696,085	38,395,282
Conversion of preferred shares	15,203,657	4,561,097
Private placement	26,337,034	17,119,072
Share issuance costs	-	(629,363)
Balance, December 31, 2015	167,925,820	$ 66,867,412
Bought deal	67,647,600	57,500,460
Issued on asset acquisitions (Note 5)	45,621,212	58,803,787
Private placement	8,333,332	5,499,999
Dividend reinvestment plan	345,704	327,365
Share option redemption	36,000	14,400
Share issuance costs	-	(3,172,985)
Common shares repurchased	(100,000)	(72,050)
Balance, December 31, 2016	289,809,668	$ 185,768,388

Note 9 - Continued

Bought Deal
On August 19, 2016, the Corporation issued 67,647,600 common shares at a price of $0.85 per common share for gross proceeds of $57.5 million.

Private Placement
On March 18, 2016, the Corporation issued 8,333,332 common shares at a price of $0.66 per common share for gross proceeds of $5.5 million.

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

Common Shares Repurchased
Represents common shares repurchased under the Corporations Normal Course Issuer Bid ("NCIB") policy allowing for the purchase for cancellation, during the 12-month period starting May 1, 2016, up to 8,805,382 of the common shares. The program will end on April 30, 2017 unless the maximum amount of common shares is purchased before then or the Corporation provides earlier notice of termination.

Contributed surplus:

	December 31, 2016	December 31, 2015
Opening balance	**1,034,865**	573,408
Stock based compensation	**1,208,374**	461,457
Ending balance	**2,243,239**	1,034,865

Stock Options and Warrants
The Board of Directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants of the Corporation, non-transferable options to purchase common shares provided that i) the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares; ii) the options are exercisable for a period of up to 10 years from the date of grant; iii) the number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares; and iv) the number of common shares reserved for issuance to all technical consultants, if any, will not exceed 2% of the issued and outstanding shares. The exercise price for purchasing these shares cannot be less than the minimum exercise price as provided by Exchange rules. The following table summarizes information about stock options outstanding and exercisable as at:

Note 9 – Continued

	December 31, 2016		December 31, 2015	
	Options	**Weighted Average Exercise Price**	Options	Weighted Average Exercise Price
Opening	**8,561,000**	**$0.36**	3,600,000	$0.23
Exercised/Expired	**(60,000)**	**$0.40**	-	-
Granted	**3,000,000**	**$1.36**	4,961,000	$0.45
Closing and Exercisable	**11,501,000**	**$0.62**	8,561,000	$0.36

The fair value of options to granted in 2016 was estimated on the date of the grant, as determined by using the Black-Sholes option pricing model with the following assumptions:

Dividend Yield	0.7%
Risk-Free Interest Rate	1.0%
Expected Life of Options	4 Years
Expected Volatility of the Corporation's Common Shares	36.0%

Stock options exercisable and outstanding are as follows:

Exercise Price	Vesting Date	Expiry Date	December 31, 2016	December 31, 2015
$0.20	Nov 5, 2007	Nov 5, 2017	1,000,000	1,000,000
$0.23	May 6, 2009	May 6, 2019	2,200,000	2,200,000
$0.33	June 19, 2014	June 19, 2024	400,000	400,000
$0.40	Jan 27, 2015	Jan 27, 2025	-	60,000
$0.41	April 28, 2015	April 28, 2025	2,901,000	2,901,000
$0.50	Sept 14, 2015	Sept 14, 2025	2,000,000	2,000,000
$1.36	Dec 21, 2016	Dec 21, 2026	3,000,000	-
Options exercisable and outstanding			11,501,000	8,561,000

Warrants exercisable and outstanding are as follows:

Exercise Price	Expiry Date	December 31, 2016	December 31, 2015
$0.35	Feb 25, 2018	249,999	249,999
$0.37	Feb 25, 2018	2,833,334	2,833,334
Warrants exercisable and outstanding		3,083,333	3,083,333

Dividends

A dividend of $0.0025 per share was declared on December 15, 2016 and payable to shareholders of record on December 31, 2016.

10. Income Taxes

The reconciliation of the Corporation's effective tax expense is as follows:

	December 31, 2016	December 31, 2015
Loss before taxes	**(21,189,436)**	(4,575,210)
Combined federal and provincial statutory income tax rate	**27.00%**	27.00%
Income tax recovery calculated at statutory rate	**(5,721,148)**	(1,235,307)
Non-deductible items	**3,480,508**	151,786
Change in deferred tax assets not recognized	**2,240,640**	1,083,521
Income tax expense (recovery)	**-**	-

	December 31, 2016	December 31, 2015
Details of deferred tax assets (liabilities) are as follows:		
Deferred tax assets (liabilities):		
Property, plant and equipment	**(1,249,765)**	(969,160)
Goodwill	**(129,893)**	(132,344)
Intangible assets	**(584,809)**	-
Long term debt	**(243,481)**	(293,950)
Non-capital loss carry forwards	**2,207,948**	1,395,454
Deferred tax asset	**-**	-

Details of the unrecognized deductible temporary differences are as follows:

	December 31, 2016	December 31, 2015
Intangible assets	**-**	282,096
Deferred financing costs and other	**3,559,125**	1,344,695
Non-capital loss carry forwards	**6,590,572**	7,154,405
Unrecognized deductible temporary differences	**10,149,697**	8,781,196

The Corporation has non-capital losses at December 31, 2016 totaling $15,377,972 which start to expire in 2035.

11. Financial Risk Management and Fair Value

The Corporation is required to disclose certain information concerning its financial instruments. The fair values of the Corporation's cash and short term deposits, accounts receivable, and accounts payable and accrued liabilities approximate their carrying amount because of short period to scheduled receipt or payment of cash. The fair value of the Corporation's debt obligations is estimated based on discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. Such fair value estimates are not necessarily indicative of the amounts the Corporation might pay or receive in actual market transactions. The fair value of financial assets and liabilities were as follows:

	As at December 31, 2016		As at December 31, 2015	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Fair Value through Profit or Loss				
Cash and short term deposits	**11,869,892**	**11,869,892**	2,381,390	2,381,390
Loans and Receivables				
Accounts receivable	**1,354,796**	**1,354,796**	560,828	560,828
Held to Maturity				
Short term investments	**-**	**-**	1,384,253	1,384,253
Financial Liabilities				
Other Financial Liabilities				
Accounts payable & accrued liabilities	**3,406,008**	**3,406,008**	982,551	982,551
Long term debt	**182,506,594**	**182,600,607**	111,619,124	112,584,218

IFRS establishes a three tier fair value hierarchy to reflect the significance of the inputs used in measuring the fair value of the Corporation's financial instruments. The three levels are:

Level 1 – This level includes assets and liabilities measured at fair market value based on unadjusted quoted prices for identical assets and liabilities in active markets that the Corporation can access on the measurement date.

Level 2 – This level includes measurements based on directly or indirectly observable inputs other than quoted prices included in Level 1. Financial instruments in this category are measured using valuation models or other standard valuation techniques that rely on observable market inputs.

Level 3 – The measurements used in this level rest on inputs that are unobservable, unavailable, or whose observable inputs do not justify the largest part of the fair value instrument.

Note 11 – Continued

The following table presents information on the Corporation's assets and liabilities measured at fair value and indicates the fair value hierarchy of the valuation techniques used to determine this fair value.

At December 31, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Cash and short term deposits	$11,869,892	-	-	$11,869,892
At December 31, 2015				
Assets				
Cash and short term deposits	$2,381,390	-		$2,381,390

Financial instruments may expose the Corporation to a number of financial risks including interest rate risk, credit risk and environmental risk.

a) Interest rate risk – Interest rate risk arises from changes in market interest rates that may affect the fair value of future cash flows from the Corporation's financial assets or liabilities. Interest rate risk may be partially mitigated by holding both fixed and floating rate debt, or by staggering the maturities of fixed rate debt. The Corporation is exposed to interest rate risk primarily relating to its long term debt. The Corporation will manage interest rate risk by utilizing fixed interest rates on its mortgages where possible, staggering maturities over a number of years to mitigate exposure to any single year, and by attempting to ensure access to diverse sources of funding.

   There is interest rate risk associated with variable rate mortgages as interest expense is impacted by changes in the prime rate. The impact on the net income (loss) and comprehensive income (loss) if interest rates on variable rate debt had been 1% higher or lower for the year ended December 31, 2016 would be approximately $661,276 (December 31, 2015 - $322,200).

b) Credit risk - Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their financial obligations to the Corporation. The risk of incurring bad debts often arises if storage customers relocate and cannot be found to enforce payment, or if storage customers abandon their possessions. The extent of bad debts can be mitigated by quickly following up on any unpaid amounts shortly after the due date, enforcing late fees, denying access to any customers with delinquent accounts, and ultimately seizing the possessions of the customer. Additionally the Corporation typically rents to numerous customers, each of which constitutes significantly less than 5% of the Corporation's monthly revenue. This diversification in the customer base reduces credit risk from any given tenant.

Note 11 - Continued

The following table sets forth details of accounts receivable and related allowance for doubtful accounts:

	December 31, 2016	December 31, 2015
Trade Receivables		
Under 60 days aged	$ 625,446	$324,335
Between 60 and 90 days (past due but not impaired)	46,625	-
Over 90 days	127,013	86,248
Allowance for doubtful accounts	(120,000)	(62,119)
Non-Trade Receivables		
Over 30 days aged (not impaired)	675,712	212,364
	$1,354,796	$560,828

Change in the Corporation's allowance for doubtful accounts is as follows:

Balance December 31, 2014	$54,657
Charges or adjustments during the year	7,462
Balance December 31, 2015	$62,119
Charges or adjustments during the year	57,881
Balance December 31, 2016	$120,000

The creation and release of the allowance for doubtful accounts has been included in property operating costs in these Consolidated Statements of Income (Loss) and Comprehensive Income (Loss). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

c) Liquidity risk – Liquidity risk is the risk that the Corporation will be unable to meet its financial obligations as they fall due. The Corporation manages liquidity risk through cash flow forecasting and regular monitoring of cash requirements including anticipated investing and financing activities. Typically the Corporation ensures that it has sufficient cash or liquid investments available to meet expected operating expenses for a period of 30 days, excluding the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. For the foreseeable future, the Corporation anticipates that cash flows from operations, working capital, and other sources of financing will be sufficient to meet its operating requirements, debt repayment obligations and will provide sufficient funding for anticipated capital expenditures. Maturities of long term financial liabilities are summarized in Note 8.

Note 11 – Continued

d) Environmental risk – Environmental risk is inherent in the ownership of property. Various municipal, provincial and federal regulations can result in penalties or potential liability for remediation should hazardous materials enter the environment. The presence of hazardous substances could also impair the Corporation's ability to finance or sell the property, or it might expose the Corporation to civil law suits. To mitigate such risk, the Corporation will procure recent or updated environmental reports for all acquisitions. It also prohibits the storage of hazardous substances as a condition of the rental contract signed by customers.

Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant currency risk.

12. Related Party Transactions

During the year ended December 31, 2016, the Corporation paid total management fees of $819,666 (December 31, 2015 - $376,057) to Access Results Management Services Inc. ("ARMS"), a corporation controlled by two directors and officers of the Corporation. Pursuant to a management agreement, ARMS is entitled to a base management fee of $189,086 for fiscal 2016, as well as an annual performance fee of 4% of net operating income ("NOI"), defined as storage and related services revenue less property operating costs, if the Corporation attains 85% or greater of its annual board-approved budgeted NOI for that fiscal year.

During the year ended December 31, 2016, the Corporation reimbursed operational wages of $4,736,700 (December 31, 2015 - $1,840,941) and training, travel and related expenses of $319,895 (December 31, 2015 - $59,819) to ARMS. These expenses, reimbursed at cost, were undertaken exclusively for the benefit of the Corporation.

During the year ended December 31, 2016, the Corporation paid loan guarantee fees of $181,616 (December 31, 2015 - $17,424) to a director of the Corporation and to a related corporation. As a condition of the assumption of two mortgages, the director and corporation were required to provide a guarantee for the entire outstanding principal balance of the mortgages. The loan guarantee fee is compensation for the provision of this guarantee and is paid on a monthly basis at the annual rate of 0.5% and 0.4% of the original mortgage principal balances.

The Corporation holds a Master Franchise from Canadian PUPS Franchises Inc. (CPFI) which provides the Corporation with the exclusive Canadian franchise rights for the development and operation of portable storage throughout Canada. CPFI is a corporation related to two directors and officers of the Corporation. The Corporation pays a monthly royalty of 3.5% on the gross sales. During the year ended December 31, 2016, the Corporation paid $182,022 (December 31, 2015 - $145,664) for royalties and $1,329,326 (December 31, 2015- $1,472,143) 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, 2016 was $13,797 (December 31, 2015 - $44,502) payable to CPFI and $1,191,647 (December 31, 2015 - $365,483) payable to ARMS.

Note 12 – Continued

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

	December 31, 2016	December 31, 2015
Wages, management fees, bonuses and directors fees	**135,608**	256,273
Stock based compensation	**1,013,021**	406,292
	1,148,629	662,565

13. Capital Risk Management

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Corporation defines capital as shareholders' equity excluding contributed surplus, and long term debt. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares, issue new debt, acquire or dispose of assets, and adjust the amount of cash and short term deposits. The Board of Directors does not establish a quantitative return on capital criteria, but rather promotes year over year sustainable growth.

On an ongoing basis, the Corporation reviews and assesses its capital structure. The Corporation determines the appropriate mortgage debt to be placed on properties at the time a particular property is acquired or when an existing mortgage financing matures. Consideration is given to various factors including, but not limited to, interest rates, financing costs, the term of the mortgage and the strength of cash flow arising from the underlying asset. Mortgage debt is usually only secured by the underlying asset. The Corporation monitors its capital using a debt to fair value ratio.

Except for the debt covenants described in Note 8, the Corporation is not subject to any externally imposed capital requirements.

14. Segmented Information

The Corporation operates two reportable business segments. Each segment is a component of the Corporation for which separate discrete financial information is available for evaluation by the chief decision makers of the Corporation.

- Self Storage – involves the customer leasing space at the Corporation's property for short or long term storage. Self storage may also include space for storing vehicles and use for small commercial operations.

- Portable Storage – this segment involves delivering a portable storage unit to the customer. The customer can opt to keep the portable storage unit at their location or have it moved to another location for further storage.

The Corporation evaluates performance and allocates resources based on earnings before interest, taxes, depreciation, amortization and stock based compensation. Corporate costs are not allocated to the segments and are shown separately below.

For the Year Ended December 31, 2016

	Self Storage	Portable Storage	Corporate	Total
Revenue	$ 22,462,245	$ 5,362,299	$ -	$ 27,824,544
Operating expenses	7,444,352	3,355,666	-	10,800,018
Net operating income	15,017,893	2,006,633	-	17,024,526
Acquisition and integration	-	-	1,928,429	1,928,429
Selling, general & admin.	-	-	2,240,692	2,240,692
Interest expense	4,902,450	289,379	316,516	5,508,345
Stock based compensation	-	-	1,208,374	1,208,374
Depreciation, amortization and goodwill adjustment	24,563,310	2,690,032	74,780	27,328,122
Net income/(loss)	(14,447,867)	(972,778)	(5,768,791)	(21,189,436)
Additions:				
Property & equip.	179,135,513	2,200,663	2,949	181,339,125

Note 14 – Continued

For the Year Ended December 31, 2015

	Self Storage	Portable Storage	Corporate	Total
Revenue	$ 6,689,506	$ 4,451,081	$ -	$ 11,140,587
Operating expenses	2,335,967	2,966,322	-	5,302,289
Net operating income	4,353,539	1,484,759	-	5,838,298
Acquisition and integration	-	-	1,052,121	1,052,121
Selling, general & admin.	-	-	1,266,635	1,266,635
Interest expense	1,543,929	286,720	316,706	2,147,355
Stock based compensation	-	-	461,457	461,457
Depreciation & amortization	4,199,554	1,241,504	44,882	5,485,940
Net income/(loss)	(1,389,944)	(43,465)	(3,141,801)	(4,575,210)
Additions:				
Property & equip.	133,261,071	10,589,456	559,771	144,410,298

Total Assets

	Self Storage	Portable Storage	Corporate	Total
As at December 31, 2016	$ 316,524,663	$ 15,457,428	$ 10,821,490	$ 342,803,581
As at December 31, 2015	$ 151,443,965	$ 15,105,555	$ 4,936,957	$ 171,486,477

15. Commitments and Contingencies

Operating Lease Commitments
The Corporation leases buildings and lands in Winnipeg, MB, Kamloops, BC and Montreal, QC. The leases do not contain any contingent rent clauses. They do not include any provisions for transfer of title, nor does the Corporation participate in the residual value of the land. Therefore, these leases are considered operating leases as the risk and reward of ownership of the lands remain with the landlords. The leases expire between 2018 and 2054, with the leases expiring in 2027 and 2032 having up to 20 years and 25 years of renewals, respectively, at the option of the Corporation after that time.

The future minimum lease payments, excluding incidental costs for which the Corporation is responsible, are as follows:

Less than one year	$	987,689
Between one and five years		3,752,062
More than five years		19,553,622
	$	24,293,373

During the year ended December 31, 2016, the Corporation recognized as an expense $441,251 (December 31, 2015 - $67,072) in operating lease payments.

Contingency
The Corporation has no legal contingency provisions at either December 31, 2016 or December 31, 2015.

16. Subsequent Events

On March 21, 2017, the Corporation acquired one self storage location for $7,400,000 (subjected to customary adjustments). The acquisition was an arm's length transaction. The purchase price was paid for by cash on hand.

On March 31, 2017, the Corporation closed the transaction to internalize management of StorageVault's stores and acquired the third party management contracts from Access Results Management Services Inc. for $16,000,000.

On March 31, 2017, the Corporation acquired five self storage locations for $22,000,000 (subjected to customary adjustments). The acquisition was an arm's length transaction. The purchase price was paid for by cash on hand and mortgage financing.

On March 31, 2017, the Corporation acquired one self storage location for $2,800,000 (subjected to customary adjustments). The acquisition was an arm's length transaction. The purchase price was paid for by cash on hand and mortgage financing.

The initial accounting for the above-mentioned acquisitions has not been completed as at the date of authorization of these consolidated financial statements.

StorageVault Canada Inc.

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Management
Discussion and Analysis

StorageVault Canada Inc.

(the “Corporation”)

Form 51-102F1
Management’s Discussion and Analysis
For Three Months Ended and Fiscal Year Ended December 31, 2016

The following Management’s Discussion and Analysis (“MD&A”) provides a review of corporate and market developments, results of operations and the financial position of StorageVault Canada Inc. (“SVI” or “the Corporation”) for the three months ended and fiscal year ended December 31, 2016. This MD&A should be read in conjunction with the audited fiscal 2016 consolidated financial statements and accompanying notes contained therein, which have been prepared in Canadian dollars and in accordance with International Financial Reporting Standards (“IFRS”). This MD&A is based on information available to Management as of March 31, 2017.

FORWARD LOOKING STATEMENTS

This MD&A and the accompanying Letter to Shareholders contains forward-looking information. All statements, other than statements of historical fact, included in this MD&A and the accompanying Letter to Shareholders may be forward-looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “proposed”, “is expected”, “budgets”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. In particular, forward-looking information included in this MD&A and the accompanying Letter to Shareholders includes statements with respect to: the Corporation’s outlook as to the market for self storage 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 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 2017; the annualized NOI and annualized FFO assuming previous acquisitions that occurred in Fiscal 2016 were purchased on January 1, 2016; and the general outlook for the Corporation. This forward-looking information is contained in “Highlights”, “Nature of Business”, “Business and General Corporate Strategy”, “Outlook”, “Financial Results Overview” and “Working Capital, Long Term Debt and Share Capital” and other sections of this MD&A.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Corporation to be materially different from those expressed or implied by such forward-looking information. Certain of such risks are discussed in the “Risks and Uncertainties” section of this MD&A.

Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The factors identified above are not intended to represent a complete list of the factors that could affect the Corporation.

The forward-looking information in this MD&A and the accompanying Letter to Shareholders should not be relied upon as representing the Corporation's views as of any date subsequent to the date of this MD&A. Such forward-looking information is based on a number of assumptions which may prove to be incorrect, including, but not limited to: the ability of the Corporation to obtain sufficient or necessary financing, satisfy conditions under previously announced acquisition agreements, or satisfy any requirements of the TSX Venture Exchange with respect to these acquisitions and any related private placement; the level of activity in the storage business and the economy generally; consumer interest in the Corporation's services and products; competition and SVI's competitive advantages; trends in the storage industry, including, increased growth and growth in the portable storage business; the availability of attractive and financially competitive asset acquisitions in the future; the revenue from acquisitions conducted in Fiscal 2016 being extrapolated to the entire period for 2016 and being consistent with, and reproducible as, revenue in future periods; and anticipated and unanticipated costs. A description of additional assumptions used to develop such forward-looking information and a description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in the Corporation's disclosure documents on the SEDAR website at www.sedar.com. The Corporation undertakes no obligation to publicly update or review any forward-looking information, except in accordance with applicable securities laws. Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations.

The amount of potential future acquisitions by the Corporations in fiscal 2017 and revenue and NOI growth for 2017 may be considered a financial outlook, as defined by applicable securities legislation, contained in this MD&A and the accompanying Letter to Shareholders. Such information and any other financial outlooks or future-oriented financial information has been approved by management of the Corporation as of the date hereof. Such financial outlook or future-oriented financial information is provided for the purpose of presenting information about management's current expectations and goals relating to the future business of the Corporation. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

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

GLOSSARY OF TERMS

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

"Costco" means Costco Wholesale Canada Ltd.;

"Existing Self Storage" means stores that the Corporation has owned or leased since the beginning of the previous fiscal year;

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

"IFRS" means international financial reporting standards;

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

"New Self Storage" means stores that have not been owned or leased continuously since the beginning of the previous fiscal year;

"NOI", means net operating income, calculated as revenue from storage and related services less related property operating costs;

"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, 2017 to March 31, 2017.

"SVI" means StorageVault Canada Inc.;

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

NATURE OF OUR BUSINESS

Business Overview

The Corporation was incorporated on May 31, 2007, under the Business Corporations Act of Alberta, and is domiciled in Canada. The common shares of the Company are publicly traded on the TSX Venture Exchange, under the symbol 'SVI'. The Corporation's primary business is owning, operating and renting self storage and portable storage space to individual and commercial customers.

SVI has forty-nine stores across Canada, operating under the Access Storage, Storage For Your Life and Depotium Mini-Entrepots brands, totaling 2,635,032 square feet of rentable storage space comprised of 24,719 rental units.

SVI's portable storage business operates across Canada under the Cubeit and PUPS brands. Of our rental units, 3,706 are portable storage units in service throughout Canada (120 of these units are operated under third party licensing agreements in British Columbia and the Maritimes).

SVI's strategic objective is to own and operate self storage and portable storage in Canada's top markets. The Corporation will focus on acquiring storage assets with strong existing cash flows, in strategic markets, preferably with excess land allowing for future development and expansion of our self and portable 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 additional debt or equity securities.

The Storage Landscape

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

<u>Market Size</u>

The Canadian storage market is estimated to be 60 million square feet across 2,500 stores, with the top 10 operators owning less than 15% of these stores; by comparison, the US market is estimated at over 2.5 billion square feet across over 52,500 stores. This translates into approximately 8.3 square feet per capita in the US versus only 2.5 square feet per capita in Canada suggesting that Canada is an under-stored nation.

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

<u>Pricing and Occupancy</u>

A store's rental rates and level of occupancy are dependent upon factors such as population density and growth (approximately 80% of customers live or work within 8 km's of the store location), the local economy, pricing, customer service, curb appeal, etc. We believe in managing our inventory (units) through pricing. Since our rentals are either weekly or monthly, we are able to react to market demand very quickly. Our objective is to maximize revenue and NOI, by increasing rent per square foot first and maximizing occupancy second.

Competition

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

Seasonality

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

BUSINESS AND GENERAL CORPORATE STRATEGY

SVI owns and operates storage locations offering both self storage and portable storage for rent on a weekly or monthly basis, for personal and business 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 four segments: acquisitions, organic growth through improved performance of existing stores, expansion of our existing stores to meet pent up demand and expansion of our portable storage business.

Acquisitions

The combination of our corporate platform, our industry relationships and our storage experience provide StorageVault with a unique advantage in the Canadian market place. 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 disciplined purchasers, with a focus on Canada's top markets. However, as there is more competition to acquire existing stores, especially from US purchasers, we may not be able to find acquisitions that meet our criteria.

Organic Growth

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

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

The most significant evolution in the storage industry over the last three years 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 we are selling the right product, to the right customer at the right time, for the right price. With a focus on revenue management, stores are able to achieve significant top and bottom line growth even when occupancies are stable.

Existing Store Expansion

There is over 700,000 square feet of development potential on the land currently owned and operated by SVI. When the market conditions are suitable and high occupancies indicate pent up demand, we expect to expand a number of our existing locations.

Expansion of Portable Storage Business

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

Financing Strategy

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

Financing With Secured Debt and Lines of Credit

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

Issuance of Common Shares

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

OUTLOOK

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

Acquisitions

In 2017 we expect to acquire $50 to $90 million of assets, excluding any large portfolio acquisitions such as the $396.6 million portfolio acquisition announced on March 22, 2017. To date, we have been successful in exceeding our acquisitions targets; however, as there is more competition to acquire existing stores, especially from US purchasers, we may not be able to continually find acquisitions that meet our criteria.

Share Capital

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

Results from Operations

We expect significant growth in revenue and net operating income in 2017 resulting from the timings of 2016 acquisitions and as we continue to streamline and integrate, implement our revenue management systems and continue to reduce costs on assets purchased in 2015 and 2016.

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

Subsequent Events

The following items have been announced by the Corporation:

- On March 10, 2017 announced entering into a purchase agreement to acquire one self storage asset in Montreal for $15.0 million
- On March 21, 2017 closed the acquisition of one self storage store in Kitchener for $7.4 million
- On March 22, 2017 announced that it has entered into a share purchase agreement to acquire all of the shares of a private Canadian corporation from an arm's length shareholder for $396.6 million resulting in StorageVault acquiring a portfolio of storage assets
- On March 31, 2017, the Corporation closed the transaction to internalize management of StorageVault's stores and acquired the third party management contracts for over 55 stores from Access Results Management Services Inc. for $16,000,000.
- On March 31, 2017 closed the acquisition of 5 stores in the Prairies for $22,000,000
- On March 31, 2017 closed the acquisition of one self storage asset in Kamloops for $2.8 million

DESCRIPTION OF OUR OPERATIONS

As at December 31, 2016, the Corporation had the following self storage and portable storage operations:

Location	Acres	Number of Stores	Units	Rentable Square Feet
British Columbia	24.2	9	4,711	477,640
Alberta	23.4	6	2,282	260,040
Saskatchewan	16.4	4	533	103,409
Manitoba	4.7	4	2,019	163,569
Ontario	70.6	19	8,239	946,319
Quebec	10.9	7	3,349	272,940
Portable Storage Units			3,586	411,115
Total	**150.2**	**49**	**24,719**	**2,635,032**

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

Professional Management
SVI's stores were managed by Access Results Management Services Inc. (ARMS). On March 31, 2017, SVI internalized management of StorageVault's stores and acquired the third party management contracts for over 55 stores from ARMS. The management team at ARMS, and now SVI, has extensive experience in all aspects of the storage industry including:

- management of over 100 storage locations throughout Canada
- acquisition and development of over 5 million square feet of storage space
- over 100 years of combined experience in the storage industry by senior management

Revenue Management
In today's competitive climate, revenue per square foot is the greatest driver in creating value. Our management platform has dedicated managers who understand the nuances of each local market. Their 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 be long-term customers, repeat renters and strong referral sources.

Marketing
We implement specific marketing plans for the different stages and seasons of our business with emphasis on maximizing return on investment for every dollar spent. Our strategies to attract customers include strong search engine marketing, user friendly online presence, community connection programs and development of large national accounts. We conduct specific store and market studies 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 self storage and portable storage businesses are exclusive suppliers' to Costco members across Canada. This relationship provides exclusive access to Costco's vast membership base as a marketing channel.

Storage Solution Centre

Our management platform has a Storage Solution Centre (call center) that provides call management services designed to increase reservations and move-ins, increase productivity at the store level and improve corporate image through professionalism, consistency of messaging and willingness to resolve issues. Our Storage Solution Centre Experts have worked in the storage business and understand the need to (i) introduce and greet professionally; (ii) establish rapport with customers; (iii) build trust; (iv) ask the right questions; (v) listen; (vi) ask for the business and (vii) close the sale. The overall result is an increased close rate leading to improved financial performance.

Technology and Software

SVI stores utilize modern and updated 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: (1) exception reports that allow management to monitor key performance and fraud indicators ensuring that management time is more effectively spent preventing and resolving issues than identifying them; and (2) 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 competitive threats in each marketplace.

Economies of Scale

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

FINANCIAL RESULTS OVERVIEW

In the current fiscal year, SVI added 21 stores for $178.4 million (one through an asset swap valued at $3.4 million), the majority of which ($150.7 million) closed in the last 4 months of 2016. In fiscal 2015, SVI added 19 stores, for $146.2 million, with $111.8 million also taking place in the last 4 months. The comparative results are significantly impacted by the timing of these acquisitions.

Selected Financial Information

	(unaudited) Three Months Ended December 31				*(audited)* Fiscal			
			Change				Change	
	2016	2015	$	%	**2016**	2015	$	%
Storage revenue and related services	**$ 8,900,182**	$ 4,661,307	$ 4,238,875	*90.9%*	**$ 27,824,544**	$ 11,140,587	$ 16,683,957	*149.8%*
Operating costs	**3,187,851**	2,063,568	1,124,283	*54.5%*	**10,800,018**	5,302,289	5,497,729	*103.7%*
Net operating income	**5,712,331**	2,597,739	3,114,592	*119.9%*	**17,024,526**	5,838,298	11,186,228	*191.6%*
Less:								
Acquisition and integration costs	**979,121**	532,464	446,657	*83.9%*	**1,928,429**	1,266,635	661,794	*52.2%*
Selling, general and administrative	**815,340**	485,709	329,631	*67.9%*	**2,240,692**	1,052,121	1,188,571	*113.0%*
Interest	**1,598,201**	982,264	615,937	*62.7%*	**5,508,345**	2,147,355	3,360,990	*156.5%*
Stock based compensation	**1,208,374**	-	1,208,374	*N/A*	**1,208,374**	461,457	746,917	*161.9%*
Depreciation, amortization and goodwill adjustment	**19,768,583**	3,299,583	16,469,000	*499.1%*	**27,328,122**	5,485,940	21,842,182	*398.1%*
	24,369,619	5,300,020	19,069,599	*359.8%*	**38,213,962**	10,413,508	27,800,454	*267.0%*
Net Income (Loss)	**$ (18,657,288)**	$ (2,702,281)	$ (15,955,007)	*590.4%*	**$ (21,189,436)**	$ (4,575,210)	$ (16,614,226)	*363.1%*
Weighted average number of common shares outstanding								
Basic	**264,910,015**	137,179,175	127,730,840	*93.1%*	**204,660,864**	75,781,610	128,879,254	*170.1%*
Diluted	**264,910,015**	137,179,175	127,730,840	*93.1%*	**204,660,864**	75,781,610	128,879,254	*170.1%*
Net income (loss) per common share								
Basic	$ (0.070)	$ (0.020)			$ (0.104)	$ (0.060)		
Diluted	$ (0.070)	$ (0.020)			$ (0.104)	$ (0.060)		

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

Revenues increased by $4.2 million, or 90.9%, for the three months ended December 31, 2016, as compared to the same period in 2015. This results in a year over year increase of $16.7 million or 149.8%. This increase is primarily attributable to incremental revenue from the properties acquired in 2015 and in 2016. For additional information, see “Segmented, Existing and New Self Storage and Portable Storage Results.”

<u>Operating costs</u>

Operating costs for the three months and fiscal year ended December 31, 2016 were $3.2 million and $10.8 million (December 31, 2015 - $2.1 million and $5.3 million), an increase of 54.5% and 103.7%, respectively. The increase in property operating cost relates to the stores acquired in 2015 and 2016.

Net operating income

For the three months ended December 31, 2016, the Corporation had NOI, a non-IFRS measure, of $5.7 million (December 31, 2015 - $2.6 million), an increase of 119.9%. The NOI for the fiscal year ended December 31, 2016, increased by $11.2 million or 191.6%, to $17.0 million. The increase was primarily due to NOI from storage assets purchased in fiscal 2015 and 2016, increased rates through our revenue management systems, streamlining and integration of operations, and reduction of costs on assets purchased.

Acquisition and integration costs

Acquisition and integration costs include professional fees incurred to identify, qualify, close and integrate the assets purchased and pending. In fiscal 2016, SVI closed $178.4 million of acquisitions, with an additional $443.8 million of acquisitions closed or announced subsequent to the year end.

Selling, general and administrative

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

Interest

Interest expense increased as the total amount of debt outstanding is higher at the end of 2016 than it was at the end of fiscal 2015. This increase was moderately offset by a decrease in the average interest rate. At December 31, 2016, total debt was $182.5 million compared to $111.6 million at December 31, 2015.

Depreciation, amortization and goodwill adjustment

The increase in depreciation and amortization expense is primarily due to depreciation taken on the assets acquired in the current year and a full year of amortization on assets purchased in 2015. In addition, we have recorded an $11.7 million adjustment to goodwill on the income statement. In certain cases, we issued shares to acquire stores with the share price being fixed at the time of the signing of the purchase agreement. IFRS requires us to increase the value of the purchased assets by the amount the share price has increased between the signing date and the closing date. As our share price has continued to increase, we were required to record an $11.7 million increase to the assets purchased in 2016. We then adjusted the assets down to the actual purchase price and as a result the amount of this reduction was recorded as a goodwill adjustment in the income statement. All of this was required to comply with the requirements of IFRS and has no impact on the actual value and financial results of our business.

Net Income

The increase in net loss by $16.6 million for the current fiscal year, compared to 2015, directly relates to the increase in depreciation and goodwill adjustment by $21.8 million relating to assets acquired in 2015 and 2016. See above for the explanation of the goodwill adjustment.

Funds from Operations (FFO)

FFO is a non-IFRS measure. It allows management and investors to evaluate the financial results of an entity without taking into consideration the impact of non-cash items on the Consolidated Statement of Income (Loss) and Comprehensive Income (Loss). Net income (loss) assumes that the values of our assets diminish over time through depreciation and amortization, irrespective of the value of our real estate assets in the open market. Other non-cash items include stock based compensation costs and deferred income tax expenses (recoveries), if any.

FFO for the three months ended and fiscal year ended December 31, 2016 was $2.3 million and $7.3 million versus $597,302 and $1.4 million, respectively for the same period in 2015. These increases are the result of contribution from the assets purchased in 2015 and 2016 and from improved operational results. Included in the Corporation's net income are acquisition and integrations costs, which are one time in nature to the assets purchased or pending. For the fiscal 2016, these costs were $1.9 million versus $1.3 million for fiscal 2015.

The FFO for the three months and fiscal year ended December 31, 2016 and 2015 are:

	(unaudited)				*(audited)*			
	Three Months Ended December 31				Fiscal			
	2016	2015	Change		2016	2015	Change	
			$	%			$	%
Net Income (loss)	$ **(18,657,288)**	$ (2,702,281)	$ (15,955,007)	590.4%	$ **(21,189,436)**	$ (4,575,210)	$ (16,614,226)	363.1%
Adjustments:								
Stock based compensation	**1,208,374**	-	1,208,374	-	**1,208,374**	461,457	746,917	161.9%
Depreciation, amortization and goodwill adjustment	**19,768,583**	3,299,583	16,469,000	499.1%	**27,328,122**	5,485,940	21,842,182	398.1%
	20,976,957	3,299,583	17,677,374	535.7%	**28,536,496**	5,947,397	22,589,099	379.8%
FFO	$ **2,319,669**	$ 597,302	$ 1,722,367	288.4%	$ **7,347,060**	$ 1,372,187	$ 5,974,873	435.4%

Annualized Net Operating Income and Funds from Operations

The Company purchased 21 stores, one through an asset swap, during fiscal 2016 and the revenues and operating expenses from each acquisition are reflected in the statements from the date of acquisition forward for these stores. In order to understand a full year of operations with the acquired assets, we have prepared an Annualized NOI and FFO statement annualizing the revenues and expenses as if the stores purchased in fiscal 2016, were purchased as of January 1, 2016 and owned for the entire 12 month period.

The results of this annualized statement show that NOI and FFO would be higher by $8.5 and $6.7 million, respectively. NOI would have been $25.5 million and the FFO would be $14.0 million. The Corporation expects to realize the full benefit of these acquisitions in fiscal 2017.

	For the Year Ended December 31, 2016			
	Actual	**Annualized Results**	*Incremental*	Notes
Storage revenue and related services	$ 27,824,544	**$ 41,141,335**	*$ 13,316,791*	*1*
Property operating costs	10,800,018	**15,622,810**	*4,822,792*	*1*
Net operating income	17,024,526	**25,518,525**	*8,493,999*	
Less:				
Acquisition and integration costs	1,928,429	**1,928,429**	-	2
Selling, general and administrative	2,240,692	**2,240,692**	-	3
Interest	5,508,345	**7,303,787**	*1,795,442*	*4*
	9,677,466	**11,472,908**	*1,795,442*	
Funds from Operations	$ 7,347,060	**$ 14,045,617**	*$ 6,698,557*	

Note 1 - the results from all stores acquired in fiscal 2016, have been adjusted as if the purchase occurred on January 1, 2016. For revenues, we assumed achieved occupancies and rent per square foot were repeated for the period prior to acquisition. Information regarding expenses incurred during 2016 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 – these costs do not change based on the acquisition dates as we incurred the costs in anticipation of our growth

Note 4 – annualized amount determined based on interest rate and debt outstanding at December 31, 2016.

Segmented, Existing and New Self Storage and Portable Storage Results

The Corporation operates two reportable business segments - self storage and portable storage. Self storage involves the customer renting space at the Corporation's property for short or long term storage. Self storage may also include space for storing vehicles and use for small commercial operations. 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 another location.

Revenue, property operating costs and net operating income

	(unaudited)				*(audited)*			
	Three Months Ended December 31				**Fiscal**			
	2016	**2015**	**Change**		**2016**	**2015**	**Change**	
			$	%			$	%
Revenue								
Existing Self Storage	$ **782,899**	$ 703,595	79,304	11.3%	$ **3,008,984**	$ 2,787,506	221,478	7.9%
New Self Storage	**6,679,061**	2,806,839	3,872,222	138.0%	**19,453,261**	3,901,998	15,551,263	398.5%
Total Self Storage	**7,461,960**	3,510,434	3,951,526	112.6%	**22,462,245**	6,689,504	15,772,741	235.8%
Portable Storage	**1,438,222**	1,150,873	287,349	25.0%	**5,362,299**	4,451,083	911,216	20.5%
Combined	**8,900,182**	4,661,307	4,238,875	90.9%	**27,824,544**	11,140,587	16,683,957	149.8%
Operating Costs								
Existing Self Storage	**265,450**	244,588	20,863	8.5%	**1,147,112**	1,149,202	(2,090)	-0.2%
New Self Storage	**1,937,485**	930,088	1,007,397	108.3%	**6,297,240**	1,186,766	5,110,474	430.6%
Total Self Storage	**2,202,935**	1,174,676	1,028,260	87.5%	**7,444,352**	2,335,968	5,108,384	218.7%
Portable Storage	**984,916**	888,892	96,023	10.8%	**3,355,666**	2,966,321	389,345	13.1%
Combined	**3,187,851**	2,063,568	1,124,283	54.5%	**10,800,018**	5,302,289	5,497,729	103.7%
Net Operating Income								
Existing Self Storage	**517,449**	459,007	58,442	12.7%	**1,861,872**	1,638,304	223,568	13.6%
New Self Storage	**4,741,576**	1,876,751	2,864,825	152.6%	**13,156,021**	2,715,232	10,440,789	384.5%
Total Self Storage	**5,259,025**	2,335,758	2,923,266	125.2%	**15,017,893**	4,353,536	10,664,357	245.0%
Portable Storage	**453,306**	261,981	191,325	73.0%	**2,006,633**	1,484,762	521,871	35.1%
Combined	$ **5,712,331**	$ 2,597,739	3,114,592	119.9%	$ **17,024,526**	$ 5,838,298	11,186,228	191.6%

Existing Self Storage

Revenue and NOI increased by 7.9% and 13.6%, respectively, over the prior year resulting from increased occupancy and execution of our revenue management program.

New Self Storage

In the fiscal year, SVI added 21 stores with 17 occurring in the last 4 months. The Corporation purchased 19 properties in fiscal 2015, the majority occurring in the last four months as well. These additions have resulted in significant growth in revenue and NOI year over year.

Portable Storage

The 35.1% increase in NOI, year over year, is the result of a full year of results from the acquisition of a portable storage business on April 28, 2015 and operational efficiencies.

Quarterly net operating income

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

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

	Fiscal 2016					Fiscal 2015			
	Q4	**Q3**	**Q2**	**Q1**	**Total**	**Q4**	**Q3**	**Q2**	**Q1**
NOI									
Existing Self Storage	**$ 517,449**	$ 499,352	$ 417,683	$ 414,886	$ 1,849,370	$ 459,007	$ 408,115	$ 340,670	$ 367,551
New Self Storage	**4,741,576**	3,241,374	2,763,601	2,421,972	13,168,523	1,876,751	613,290	225,191	-
Total Self Storage	**5,259,025**	3,740,726	3,181,284	2,836,858	15,017,893	2,335,758	1,021,405	565,861	367,551
Portable Storage	**453,306**	739,186	581,628	232,513	2,006,633	261,981	731,412	400,449	153,881
	$ 5,712,331	$ 4,479,912	$ 3,762,912	$ 3,069,371	$ 17,024,526	$ 2,597,739	$ 1,752,817	$ 966,310	$ 521,432

Existing Self Storage

The increase in Q4 2016 over Q4 2015 is a result of our revenue management program.

New Self Storage

SVI added 21 stores in 2016, with 17 closing in the last 4 months. The Corporation purchased 19 properties in fiscal 2015, with the majority occurring in the last four months as well. These additions have resulted in NOI growth quarter over quarter.

Portable Storage

Most of the increase is the result of the Corporation acquiring additional portable storage units through a business acquisition on April 28, 2015. The portable storage business is subject to seasonality as all portable units are non-climate controlled generally resulting in lower results in Q1 and Q4.

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
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)**	**($0.104)**	**($0.104)**	**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)**	**($0.060)**	**($0.060)**	**N/A**	**N/A**	**-**
2014- Q4	$1,229,934	($424,349)	($0.012)	($0.012)	$28,604,192	$25,372,609	-
2014- Q3	$1,483,755	($159,355)	($0.004)	($0.004)	$28,445,226	$24,789,294	-
2014- Q2	$1,404,725	($316,946)	($0.009)	($0.009)	$28,753,424	$24,938,137	-
2014- Q1	$1,117,806	($331,226)	($0.009)	($0.009)	$26,097,965	$22,068,932	-
Total 2014	**$5,236,220**	**($1,231,876)**	**($0.034)**	**($0.034)**	**N/A**	**N/A**	**-**

WORKING CAPITAL, LONG TERM DEBT AND SHARE CAPITAL

Working Capital

Cash provided by operating activities was $7.5 million for fiscal 2016 compared to $1.6 million for fiscal 2015. The increase was primarily due to the operational results from stores purchased in fiscal 2015 and 2016, increased rates through our revenue management systems, streamlining and integration of operations and reduction of costs on assets purchased in 2015.

As at December 31, 2016, the Corporation had $11.9 million of cash and short term deposits compared to $2.4 million at December 31, 2015. The increase of cash and short term deposits is the result of increased cash from operations.

Long Term Debt and Lines of Credit

As at December 31, 2016 and December 31, 2015, the Corporation held the following debt:

	December 31, 2016			December 31, 2015		
	Rate Range	**Weighted Average**	**Balance**	Rate Range	Weighted Average	Balance
<u>**Mortgages**</u>						
Fixed/Variable	3.46% to 5.50%	4.09%	**164,942,311**	3.81% to 5.05%	4.21%	87,785,752
	Maturity: October 2017 to January 2022			*Maturity: March 2018 to August 2020*		
<u>Other</u>						
Defeasance Obligation			**-**	1.09%	1.09%	1,438,991
	Matured in August 2016			*Maturity: August 2016*		
Deferred financing costs net of accretion of $635,977 (December 31, 2015 - $259,813)			**(918,798)**			(1,088,702)
			164,023,513			88,136,041
<u>**Lines of Credit**</u>						
Variable Rate	Prime plus 1.00% or BA plus 2.75%	4.38%	**18,483,081**	Prime plus 1.00% or BA plus 2.75%	4.34%	23,483,083
	Maturity: April 2017 to August 2020			*Maturity: April 2017 to November 2020*		
			182,506,594			111,619,124

The bank Prime rate at December 31, 2016 was 2.70% (December 31, 2015 - 2.70%). The weighted average cost of debt at December 31, 2016 is 4.12% (December 31, 2015 - 4.24%).

Mortgages are secured by a first mortgage charge on the property and equipment of the Corporation, general security agreements covering all assets of the Corporation, general assignment of rents and leases and assignments of insurance coverage over all assets of the Corporation. The Corporation must maintain certain financial ratios to comply with the facilities. These covenants include a fixed charge coverage ratio, a tangible net worth ratio, and a loan to value ratio. As of December 31, 2016 and 2015, the Corporation is in compliance with all covenants.

The defeasance obligation matured in August 2016 and was fully paid off with the short term deposit.

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

Principal repayments on long term debt in each of the next five years are estimated as follows:

Year 1	$	23,471,801 (includes lines of credit)
Year 2	$	8,205,857
Year 3	$	17,451,635
Year 4	$	5,667,056
Year 5	$	5,909,021
Thereafter	$	122,720,022

Share Capital

In the fiscal year, the Corporation issued a total of 121,883,848 common shares for $118.9 million, net of share issuance costs, (131,236,776 common shares valued at $59,446,088 were issued in fiscal 2015) with the proceeds used to fund acquisitions. Of these shares issued, 345,704 were issued as part of the Corporation's Dividend Reinvestment Plan as part of the Q2 and Q3 dividend declared and paid. In Q2, 100,000 common shares were repurchased for $72,050 as part of Corporation's Normal Course Issuer Bid program that was implemented on April 18, 2016. The common shares issued are:

	Number of Shares	Amount
Balance, December 31, 2014	36,689,044	$ 7,421,324
Issued on asset acquisitions	89,696,085	38,395,282
Conversion of preferred shares	15,203,657	4,561,097
Private placement	26,337,034	17,119,072
Share issuance costs	-	(629,363)
Balance, December 31, 2015	167,925,820	$ 66,867,412
Bought deal	67,647,600	57,500,460
Issued on asset acquisitions	45,621,212	58,803,787
Private placement	8,333,332	5,499,999
Dividend reinvestment plan	345,704	327,365
Share option redemption	36,000	14,400
Share issuance costs	-	(3,172,985)
Common shares repurchased	(100,000)	(72,050)
Balance, December 31, 2016	289,809,668	$ 185,768,388

Stock Options and Warrants

A total of 11,501,000 options were outstanding as at December 31, 2016 (December 31, 2015 – 8,561,000). Of the outstanding amount, 11,501,000 options were exercisable (December 31, 2015 – 8,561,000). The details are as follows:

Stock options exercisable and outstanding are as follows:

Exercise Price	Vesting Date	Expiry Date	Outstanding December 31, 2016	Outstanding December 31, 2015
$0.20	Nov 5, 2007	Nov 5, 2017	1,000,000	1,000,000
$0.23	May 6, 2009	May 6, 2019	2,200,000	2,200,000
$0.33	June 19, 2014	June 19, 2024	400,000	400,000
$0.40	Jan 27, 2015	Jan 27, 2025	-	60,000
$0.41	April 28, 2015	April 28, 2025	2,901,000	2,901,000
$0.50	Sept 14, 2015	Sept 14, 2025	2,000,000	2,000,000
$1.36	Dec 21, 2016	Dec 21, 2026	3,000,000	-
			11,501,000	8,561,000

Warrants exercisable and outstanding are as follows:

Exercise Price	Expiry Date	Outstanding December 31, 2016	Outstanding December 31, 2015
$0.35	Feb 25, 2018	249,999	249,999
$0.37	Feb 25, 2018	2,833,334	2,833,334
		3,083,333	3,083,333

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.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

Operating Lease Commitments

The Corporation leases buildings and lands in Winnipeg, MB, Kamloops, BC and Montreal, QC. The leases do not contain any contingent rent clauses. They do not include any provisions for transfer of title, nor does the Corporation participate in the residual value of the land. Therefore, these leases are considered operating leases as the risk and reward of ownership of the lands remain with the landlords. The leases expire between 2018 and 2054, with the leases expiring in 2027 and 2032 having up to 20 years and 25 years of renewals, respectively, at the option of the Corporation.

The future minimum lease payments, excluding incidental costs for which the Corporation is responsible, are as follows:

Less than one year	$ 987,689
Between one and five years	3,752,062
More than five years	19,553,622
	$ 24,293,373

Contingency
The Corporation has no legal contingency provisions at either December 31, 2016 or December 31, 2015.

Off-Balance Sheet Arrangements
The Corporation is not party to any industry contracts or arrangements other than the contractual arrangement noted in "Related Party Transactions" below.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2016, the Corporation paid total management fees of $819,666 (December 31, 2015 - $376,057) to Access Results Management Services Inc. ("ARMS"), a corporation controlled by two directors and officers of the Corporation. Pursuant to a management agreement, ARMS is entitled to a base management fee of $189,086 for fiscal 2016, as well as an annual performance fee of 4% of net operating income (NOI), defined as storage and related services revenue less property operating costs, if the Corporation attains 85% or greater of its annual board-approved budgeted NOI for that fiscal year.

During the year ended December 31, 2016, the Corporation reimbursed operational wages of $4,736,700 (December 31, 2015 - $1,840,941) and training, travel and related expenses of $319,895 (December 31, 2015 - $59,819) to ARMS. These expenses, reimbursed at cost, were undertaken exclusively for the benefit of the Corporation.

During the year ended December 31, 2016, the Corporation paid loan guarantee fees of $181,616 (December 31, 2015 - $17,424) to a director of the Corporation and to a related corporation. As a condition of the assumption of two mortgages, the director and corporation were required to provide a guarantee for the entire outstanding principal balance of the mortgages. The loan guarantee fee is compensation for the provision of this guarantee and is paid on a monthly basis at the annual rate of 0.5% and 0.4% of the original mortgage principal balances.

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 two directors and officers of the Corporation. The Corporation pays a monthly royalty of 3.5% on the gross sales. During the year ended December 31, 2016, the Corporation paid $182,022 (December 31, 2015 - $145,664) for royalties and $1,329,326 (December 31, 2015- $1,472,143) 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, 2016 was $13,797 (December 31, 2015 - $44,502) payable to CPFI and $1,191,647 (December 31, 2015 - $365,483) payable to ARMS.

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

	December 31, 2016	December 31, 2015
Wages, management fees, bonuses and directors fees	**135,608**	256,273
Stock based compensation	**1,013,021**	406,292
	1,148,629	662,565

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 nine voting members, seven 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 all related party transactions, 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, 2016 annual audited consolidated financial statements. There has been no change in significant accounting policies from the Corporation's audited consolidated annual financial statements from December 31, 2015. 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, 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. Existing Self Storage and New Self Storage performance – "Existing Self Storage" are defined as those that the Corporation has owned or leased for the entirety of the 2016 and 2015 fiscal years. "New Self Storage" are those that have not been owned or leased continuously since the beginning of the previous fiscal year. We believe the use of this metric combined with primary IFRS measures is beneficial in understanding the full operating performance of our operations during a growth period. Comparative figures for the New Self Storage and Existing Self Storage categories may differ from amounts reported in previous MD&A reports.

Recent and Future Accounting Pronouncements

The IASB and the International Financial Reporting Interpretations Committee have issued a number of new or revised standards or interpretations that will become effective for future periods and have a potential implication for the Corporation. There have been no pronouncements in addition to those disclosed in the December 31, 2016 annual audited consolidated financial statements.

Disclosure Controls and Procedures

Pursuant to National Instrument 52-109, which requires certification of disclosure in an issuer's annual and interim filings, the Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the Corporation's internal disclosure controls and procedures for the three months and fiscal year ended December 31, 2016, 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 Coproration's internal controls over financial reporting for the three months and fiscal year ended December 31, 2016.

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 review 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.

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.

Environmental Risk

Environmental risk is inherent in the ownership of property. Various municipal, provincial and federal regulations can result in penalties or potential liability for remediation, to the extent that hazardous materials enter the environment. The presence of hazardous substances could also impair the Corporation's ability to finance or sell the property, and might expose the Corporation to civil law suits. To mitigate such risk, the Corporation procures recent or updated environmental reports for all acquisitions to ascertain the risk, if any, that exist at a property. It also prohibits the storage of hazardous substances as a condition of the rental contract 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 new 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, commodity and energy prices.

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

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

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

Use and Dependency on Information Technology Systems

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

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