2017 ANNUAL REPORT

STORAGEVAULT
CANADA SELF STORAGE CENTRES

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Corporate Information

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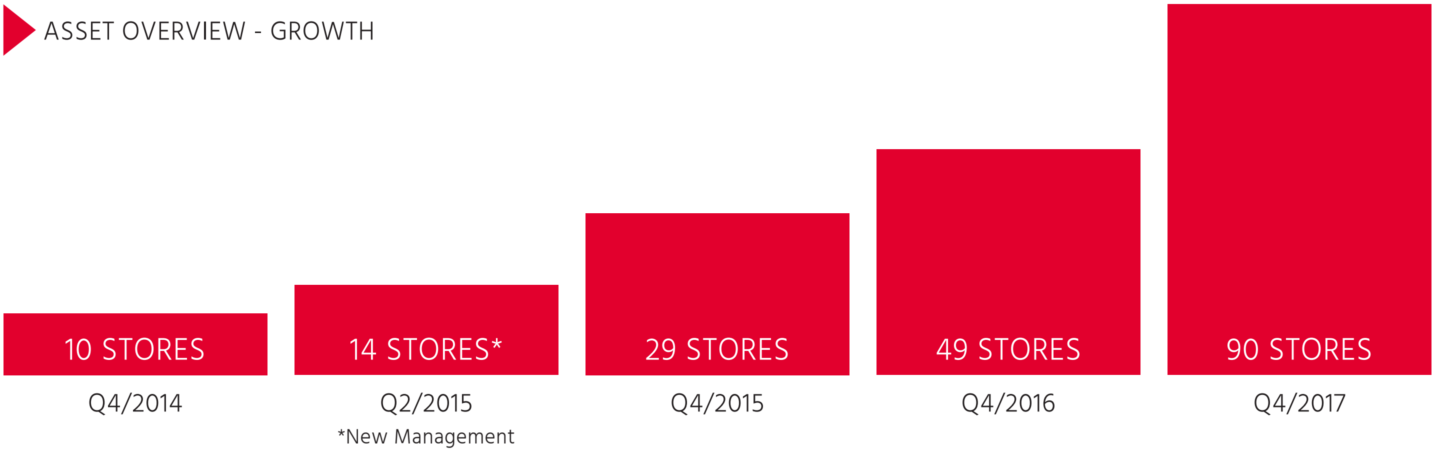
FINANCIAL Highlights

ASSET OVERVIEW - GROWTH



REVENUE	NOI	AFFO
122% ▲	138% ▲	129% ▲

83%
SHARE PRICE INCREASE YOY ▲

STORAGEVAULT WAS RECOGNIZED AS A TSX VENTURE 50™ COMPANY IN 2018 FOR 2ND YEAR

WE GREW TO OVER 5.0 MILLION SQFT OF RENTABLE SPACE IN 46,000 STORAGE UNITS

$485M IN ACQUISITIONS DURING 2017

LETTER
to our Shareholders

Dear Fellow Shareholders,

We achieved a number of important milestones in 2017. Revenues exceeded $60 million, net operating income increased to over $40 million and AFFO grew to $21 million, all more than double 2016 results. Net operating income grew by over $23 million, with same store net operating income growing by 10.1%, which was well in excess of our 2017 target of 4 to 6 % growth.

Even though the market for acquisitions has tightened, we were able to acquire $485 million of assets (42 stores) in 2017, widely eclipsing our projection of $50 to $90 million in acquisitions. We now own 90 stores and manage an additional 58 stores, for a total of 148 stores across Canada, more than double the size of the country's next largest competitor.

While we are pleased with our 2017 share price performance, an increase of 83%, our focus remains on increasing free cash flow and long term wealth creation. We are also proud to be recognized as one of the Top 50 performers on the TSX Venture Exchange for the second year in a row.

Over the past 3 year years, we have exceeded our 10 year plan. This has been achieved through a combination of over 10% annual organic growth and closing over $800 million of accretive acquisitions.

We have built a best in class portfolio and platform with an enterprise value well in excess of $1 billion.

We continue to find opportunities despite a competitive market due to our advantages of size, industry relationships and our operating platform. These advantages have allowed us to acquire assets at good value and realize upside through our operating platform. We expect to continue to take advantage of these opportunities as they present themselves going forward.

We have acquired $20 million in assets already in 2018, putting us in position to achieve our goal of $70 to $90 million in acquisitions in 2018. Operationally, we are off to a solid start, building on last year's successes.

We are committed to being the leader in storage in Canada with a continued focus on increasing cash flows on a per share basis and creating sustainable long term growth.

Sincerely,
Steven Scott
Chief Executive Officer

REVENUE GROWTH OF 122% TO $61.9 MILLION FROM $27.8 MILLION

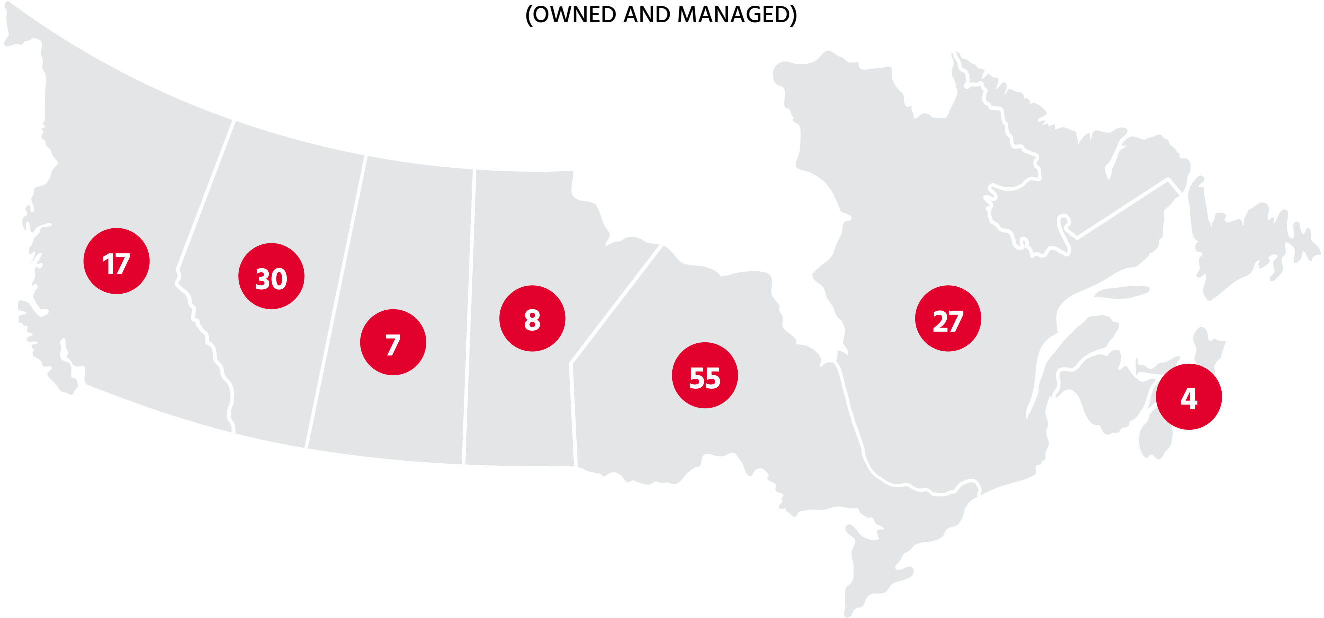
NOI GROWTH OF 138% TO $40.6 MILLION FROM $17.0 MILLION

ACQUIRED 24 STORES WITH SENTINEL PORTFOLIO ACQUISITION

EXPECTING $70 TO $90 MILLION IN ACQUISITIONS FOR 2018

50,000 SQFT OF EXISTING STORE EXPANSION EXPECTED TO COME ONLINE IN 2018

148 STORES
(OWNED AND MANAGED)



OUR BRANDS

ACCESS STORAGE | cubeit | DEPOTIUM MINI ENTREPÔT | Storage for Your Life SOLUTIONS • SECURITY • SERVICE | PUPS CONTAINERS | SENTINEL STORAGE

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

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 is a co-founder and former president and CEO of StorageVault Canada, and currently serves as Executive Vice Chairman of the Board. He was vital in transitioning StorageVault to a publically traded company on the TSX Venture Exchange.

ROB DUGUID

Director

Partner in PFM Capital entities; Mr. Duguid holds the positions of Vice President, Investments and Chief Financial Officer for the general partner of Prairie Ventures Fund Limited Partnership.

BLAIR TAMBLYN

Director

Managing Director, CEO and Co-Founder of Timbercreek Asset Management. Chairman of the Board for Timbercreek Mortgage Investment Corporation and Timbercreek Senior Mortgage Investment Corporation.

"We are committed to being the leader in storage in Canada with a continued focus on increasing cash flows on a per share basis and creating sustainable long term growth."

StorageVault Canada Inc.
Consolidated Financial Statements

For the Years ended December 31, 2017 and 2016

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, 2018

"signed" Steven Scott	"signed" Iqbal Khan
Chief Executive Officer	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, 2017 and December 31, 2016, 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, 2017, December 31, 2016 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, 2018

Chartered Professional Accountants

MNP LLP

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

	2017	2016
Assets		
Real estate and equipment, net (Note 5)	**$ 780,024,751**	$ 325,491,723
Goodwill and intangible assets, net (Note 6)	**72,060,892**	3,425,090
Cash and short term deposits	**16,152,428**	11,869,892
Investment in Joint Venture (Note 14)	**14,635,305**	-
Prepaid expenses and other current assets	**8,710,680**	662,080
Accounts receivable	**3,912,325**	1,354,796
	$ 895,496,381	$ 342,803,581
Liabilities and Shareholders' Equity		
Long term debt (Note 7)	**$ 230,945,255**	$ 164,023,513
Lines of credit (Note 7)	**332,153,083**	18,483,081
Deferred tax liability (Note 10)	**49,156,628**	-
Accounts payable and accrued liabilities	**10,784,409**	3,406,008
Unearned revenue	**4,381,889**	1,202,785
	627,421,264	187,115,387
Shareholders' Equity		
Share capital (Note 8)	**319,571,781**	185,768,388
Dividends paid (Note 8)	**(5,070,304)**	(1,795,638)
Contributed surplus (Note 8)	**3,540,210**	2,243,239
Deficit	**(49,966,570)**	(30,527,795)
	268,075,117	155,688,194
	$ 895,496,381	$ 342,803,581

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

Approved on behalf of the Board:

"signed" Steven Scott	"signed" Iqbal Khan
Director	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

	2017	2016
Common Share Capital		
Balance, beginning of the period	**$ 185,768,388**	$ 66,867,412
Common shares issued, net of issuance costs (Note 8)	**134,303,177**	118,973,026
Common shares repurchased (Note 8)	**(499,784)**	(72,050)
Balance, end of the period	**319,571,781**	185,768,388
Contributed Surplus		
Balance, beginning of the period	**$ 2,243,239**	$ 1,034,865
Retirement of stock options and warrants (Note 8)	**(237,315)**	-
Stock based compensation (Note 8)	**1,534,286**	1,208,374
Balance, end of the period	**3,540,210**	2,243,239
Deficit		
Balance, beginning of the period	**$ (30,527,795)**	$ (9,338,359)
Retirement of stock options and warrants	**(5,586,143)**	-
Net income (loss) and Comprehensive income (loss)	**(13,852,632)**	(21,189,436)
Balance, end of the period	**$ (49,966,570)**	$ (30,527,795)

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

	2017	2016
Revenue		
Storage and related services	**$ 60,671,031**	$ 27,824,544
Management fees	**1,217,483**	-
	61,888,514	27,824,544
Expenses		
Operating costs	**21,294,478**	10,800,018
Acquisition and integration costs	**5,373,955**	1,928,429
Selling, general and administrative	**4,038,559**	2,240,692
Stock based compensation (Note 8)	**1,534,286**	1,208,374
Share of loss in joint venture (Note 14)	**157,278**	-
Depreciation, amortization and goodwill	**38,608,471**	27,328,122
Interest	**15,639,157**	5,508,345
	86,646,184	49,013,980
Net income (loss) and Comprehensive income (loss) before tax	**$ (24,757,670)**	$ (21,189,436)
Deferred tax recovery (Note 10)	**10,905,038**	-
Net income (loss) and Comprehensive income (loss) after tax	**$ (13,852,632)**	$ (21,189,436)
Net income (loss) per common share		
Basic	**$ (0.044)**	$ (0.104)
Diluted	**$ (0.044)**	$ (0.104)
Weighted average number of common shares outstanding		
Basic	**317,487,007**	204,660,864
Diluted	**317,487,007**	204,660,864

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

StorageVault Canada Inc.

Consolidated Statements of Cash Flows

For the Years Ended December 31

	2017	2016
Cash provided by (used for) the following activities:		
Operating activities		
Net income (loss) and comprehensive income (loss) after tax	**$ (13,852,632)**	$ (21,189,436)
Adjustment for non-cash items:		
Deferred tax recovery (Notes 10)	**(10,905,038)**	-
Depreciation, amortization and goodwill adjustment (Notes 5, 6)	**38,608,471**	27,328,122
Amortization of deferred financing costs	**740,866**	376,164
Amortization of bond premiums	**-**	5,253
Stock based compensation (Note 8)	**1,534,286**	1,208,374
Gain on disposal of real estate and equipment	**(147,910)**	(221,675)
Cash flow from operations before non-cash working capital balances	**15,978,043**	7,506,802
Net change in non-cash working capital balances		
Accounts receivable	**(1,664,429)**	(113,330)
Prepaid expenses and other current assets	**(6,871,244)**	(391,490)
Accounts payable and accrued liabilities	**3,066,967**	1,699,526
Unearned revenue	**91,461**	881,901
	10,600,798	9,583,409
Financing activities		
Common shares issued, net of issuance costs (Note 8)	**83,471,772**	59,841,873
Repurchase of common shares (Note 8)	**(499,785)**	(72,050)
Dividends paid	**(2,394,337)**	(743,342)
Advances from long term debt and lines of credit	**483,553,119**	81,454,290
Repayment of long term debt and lines of credit	**(103,702,241)**	(10,736,723)
Cancellation of share options and warrants	**(5,823,458)**	1,373,074
	454,605,070	131,117,122
Investing activities		
Cash paid in business combinations (Note 4)	**(457,532,033)**	(127,903,000)
Additions to real estate and equipment (Note 5, 6)	**(5,185,319)**	(2,952,792)
Non-operating accounts receivable	**-**	(675,712)
Proceeds on disposal of real estate and equipment	**1,794,020**	319,475
	(460,923,332)	(131,212,029)
Increase in cash and short term deposits	**4,282,536**	9,488,502
Cash and short term deposits balance, beginning of period	**11,869,892**	2,381,390
Cash and short term deposits balance, end of period	**$ 16,152,428**	$ 11,869,892

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

1. Description of Business

The consolidated financial statements of StorageVault Canada Inc. and its subsidiary (the "Corporation") as at December 31, 2017 were authorized for issuance by the Board of Directors of the Corporation on March 31, 2018. 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, 2017.

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., its wholly owned subsidiary, Sentinel Self-Storage Corporation, and the consolidated entity 1712066 Alberta Ltd.("1712066"), all of which are headquartered in Toronto, ON. The financial statements for the consolidated entities are prepared for the same reporting period as StorageVault Canada Inc. using consistent accounting policies. All intercompany transactions and balances have been eliminated in the preparation of these consolidated financial statements.

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. The entity was dissolved on January 19, 2017.

Note 3 – Continued

Interest in Joint Venture
The Corporation has an interest in a joint venture, through its wholly owned subsidiary Sentinel Self-Storage Corporation, Spyhill Ltd. ("JV"), which is a jointly controlled entity. The Corporation recognizes its interest in the JV using the equity method of accounting.

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. A 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. Upon acquisition, the assets (including intangible assets), liabilities and contingent liabilities acquired are measured at their fair value. The Corporation recognizes intangible assets as part of business combinations at fair value at the date of acquisition. The determination of these fair values is based upon management's judgment and includes assumptions on the timing and amount of future 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.

Note 3 – Continued

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

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

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

- Real estate and equipment – The Corporation determines the carrying value of its real estate and equipment based on policies that incorporate estimates, assumptions and judgments relative to the useful lives and residual values of the assets.
- Impairment of non-financial assets - Impairment exists when the carrying value of an asset or 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 Corporation 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.

Note 3 – Continued

- Income taxes - Income taxes are subject to measurement uncertainty due to the possibility of changes in tax legislation or changes in the characterization of income sources.
- Stock based compensation – Compensation costs accrued for stock based compensation plans are subject to the estimation of the ultimate payout using pricing models such as the Black-Scholes model which is based on significant assumptions such as volatility, dividend yield and expected term.

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

- For the purpose of assessing impairment of tangible and intangible assets, assets are grouped at the lowest level of separately identified cash inflows which make up the CGU. Determination of what constitutes a CGU is subject to management 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.
- The Corporation applies judgment in determining control over the JV where the Corporation holds 50% equity ownership. The judgment is based on a review of all contractual agreements to determine if the Corporation has control over the activities, projects, financial and operating policies of the JV. Through a shareholder agreement, the Corporation is guaranteed 50% of seats on the board of the JV and participates in all significant financial and operating decisions. Joint control is established by the shareholder arrangement that requires unanimous agreement on decisions made on relevant activities.
- Management has applied judgment in assessing that the management contracts acquired have an indefinite useful life because the Corporation purchased a complete system to operationally manage its own business and that of other self storage businesses. The Corporation has acquired substantial know how and expertise in managing stores owned by third parties, including long term relationships, which the Corporation will have the benefit of for an indefinite period of time. The management contracts have therefore been deemed to have an indefinite useful life.

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.

Real Estate and Equipment
Real Estate and Equipment are stated at historical cost less accumulated depreciation and any impairment in value. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will

Note 3 – Continued

flow to the Corporation and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) during the financial period in which they are incurred.

Once an asset is available for use in the location and condition intended by management, it is depreciated to its residual value using the appropriate depreciation rate set forth by management. Land is not depreciated.

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

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

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

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

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

Note 3 – Continued

Indefinite life intangible assets, consisting of management contracts, are carried at cost and are not amortized.

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

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 real estate 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.

Note 3 – Continued

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 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.

Note 3 – Continued

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.

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.

<u>Financial assets at FVTPL</u>
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.

Note 3 – Continued

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 the consolidated statement of income (loss).

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

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 currently has no assets which are designated as held-to-maturity.

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.

Note 3 – Continued

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 has completed its assessment of the impact of IFRS 15. The assessment indicates that the revenue recognition for the Corporation will remain unchanged.

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 has completed its assessment of the impact of IFRS 9 on its financial statements and is not expecting any reclassifications to occur during the transition to IFRS 9, or thereafter. The Corporation will assess on a case by case basis, as needed, in the future. The corporation will adopt this standard as of January 1, 2018.

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.

4. Acquisitions

During the year ended December 31, 2017, 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 5 to 9. 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 21, 2017 the Corporation completed the acquisition of one self storage location for $7,400,000. The acquisition was an arm's length transaction. The purchase price was paid for by cash on hand.

A summary of the assets acquired are as follows:

Land, Yards, Buildings & Improvements	$ 5,892,916
Tenant Relationships	1,507,084
Net Assets Acquired	7,400,000
Consideration paid for the net assets acquired was obtained from the following:	
Cash	7,400,000

Selected information for the acquisition, since its acquisition date:	
Revenue	798,892
Operating costs	299,558
	499,334
Amortization	546,883
Interest	130,803
Net income (loss)	(178,352)

Note 4 – Continued

Acquisition 2:

On March 31, 2017 the Corporation completed the acquisition of one self storage location for $2,800,000. The acquisition was an 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 acquired are as follows:

Land, Yards, Buildings & Improvements	$ 2,190,961
Tenant Relationships	609,039
	2,800,000
Goodwill	76,470
Net Assets Acquired	2,876,470
Consideration paid for the net assets acquired was obtained from the following:	
Advances from long term debt	1,539,488
Issuance of common shares (147,058 shares)	326,470
Cash	1,010,512
	2,876,470

Selected information for the acquisition, since its acquisition date:	
Revenue	237,388
Operating costs	100,678
	136,710
Amortization	241,452
Interest	32,938
Net income (loss)	$ (137,680)

Note 4 – Continued

Acquisition 3:

On March 31, 2017 the Corporation completed the acquisition of five self storage locations for $22,000,000. The acquisition was an 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	$18,809,012
Tenant Relationships	3,190,988
	22,000,000
Goodwill	1,920,000
Net Assets Acquired	23,920,000
Consideration paid for the net assets acquired was obtained from the following:	
Advances from long term debt	12,969,242
Issuance of common shares (2,666,667 shares)	5,920,000
Cash	5,030,758
	23,920,000

Selected information for the acquisition, since its acquisition date:	
Revenue	1,563,179
Operating costs	727,870
	835,309
Amortization	1,482,342
Interest	465,652
Net income (loss)	$ (1,112,685)

Note 4 – Continued

Acquisition 4:

On March 31, 2017 the Corporation completed an acquisition to internalize management of the Corporation's stores and acquired third party management contracts for over 55 stores for $16,000,000. The acquisition was a non-arm's length transaction. The purchase price was paid for by the issuance of common shares and a promissory note.

A summary of the assets acquired are as follows:

Management Contracts	$16,000,000
Goodwill	3,364,706
Net Assets Acquired	19,364,706
Consideration paid for the net assets acquired was obtained from the following:	
Issuance of common shares (6,470,588 shares)	14,364,706
Promissory note	5,000,000
	19,364,706

Selected information for the acquisition, since its acquisition date:	
Revenue	1,217,483
Operating costs	-
Net income (loss)	$ 1,217,483

The promissory note of $5,000,000 was repaid during the year.

Note 4 – Continued

Acquisition 5:

On June 22, 2017 the Corporation completed the acquisition of one self storage location for $8,000,000. The acquisition was an arm's length transaction. The purchase price was paid for by cash on hand.

A summary of the assets acquired are as follows:

Land, Yards, Buildings & Improvements	$ 7,339,387
Tenant Relationships	660,613
Net Assets Acquired	8,000,000
Consideration paid for the net assets acquired was obtained from the following:	
Cash	8,000,000

Selected information for the acquisition, since its acquisition date:	
Revenue	293,898
Operating costs	175,061
	118,837
Amortization	331,575
Interest	10,946
Net income (loss)	$ (223,684)

Note 4 – Continued

Acquisition 6:

On July 31, 2017 the Corporation completed a share acquisition of Sentinel Self-Storage Corporation which included 24 self-storage locations for a stated purchase price of $396,600,000 adjusted for working capital and deferred tax assumed and inherent in the transaction, for a total consideration of $395,495,190. The acquisition was an arm's length transaction. The purchase was paid for by cash, issuance of shares, credit line and mortgage financing.

A summary of the assets acquired are as follows:

Land, Yards, Buildings & Improvements	$ 370,806,259
Tenant Relationships	29,944,436
Investment in Joint Venture	12,058,338
	412,809,033
Working capital adjustment	(4,228,403)
Deferred tax	(60,061,685)
Goodwill	46,976,245
Net Assets Acquired	395,495,190
Consideration paid for the net assets acquired was obtained from the following:	
Cash advances from long term debt	367,330,269
Issuance of common shares (11,764,706 shares)	27,058,824
Additional payments	1,106,097
	395,495,190

Selected information for the acquisition, since its acquisition date:	
Revenue	12,206,800
Operating costs	3,164,421
	9,042,379
Amortization	8,640,387
Interest	5,141,590
Net income (loss)	$ (4,739,598)

Note 4 – Continued

Acquisition 7:

On August 11, 2017 the Corporation completed the acquisition of six self storage locations for $34,225,000. The acquisition was a non-arm's length transaction. The purchase price was paid for by the issuance of common shares, long term debt and cash on hand.

A summary of the assets acquired are as follows:

Land, Yards, Buildings & Improvements	$29,664,911
Tenant Relationships	4,560,089
Net Assets Acquired	34,225,000

Consideration paid for the net assets acquired was obtained from the following:	
Advances from long term debt	4,461,565
Issuance of common shares (714,286 shares)	2,000,000
Cash	27,763,435
	34,225,000

Selected information for the acquisition, since its acquisition date:	
Revenue	1,234,030
Operating costs	457,517
	776,513
Amortization	1,115,862
Interest	101,858
Net income (loss)	$ (441,207)

Note 4 – Continued

Acquisition 8:

On August 31, 2017 the Corporation completed the acquisition of one self storage location for $ 8,600,000. The acquisition was an arm's length transaction paid for by the issuance of common shares and cash on hand.

A summary of the assets acquired are as follows:

Land, Yards, Buildings & Improvements	$ 7,740,405
Tenant Relationships	859,595
Net Assets Acquired	8,600,000

Consideration paid for the net assets acquired was obtained from the following:	
Issuance of common shares (200,000 shares)	500,000
Cash	8,100,000
	8,600,000

Selected information for the acquisition, since its acquisition date:	
Revenue	302,364
Operating costs	121,871
	180,493
Amortization	253,132
Interest	131,132
Net income (loss)	$ (203,771)

Note 4 – Continued

Acquisition 9:

On November 16, 2017 the Corporation completed the acquisition of one self storage location for $5,825,000 (subjected to customary adjustments). The acquisition was an arm's length transaction paid for by the issuance of common shares and cash on hand.

A summary of the assets acquired are as follows:

Land, Yards, Buildings & Improvements	$ 4,934,052
Tenant Relationships	890,948
Net Assets Acquired	5,825,000
Consideration paid for the net assets acquired was obtained from the following:	
Issuance of common shares (394,191 shares)	950,000
Cash	4,875,000
	5,825,000

Selected information for the acquisition, since its acquisition date:	
Revenue	63,728
Operating costs	32,532
	31,196
Amortization	45,575
Interest	-
Net income (loss)	$ (14,379)

5. Real Estate and Equipment

	Land, Yards, Buildings & Improvements	Storage Containers	Intangible Tenant Relationships	Vehicles	Office & Computer Equipment	Total
COST						
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
Additions	3,932,281	364,712	-	385,443	502,883	5,185,319
Disposals	(1,687,946)	-	-	(34,323)	(443)	(1,722,712)
Business acquisitions	447,252,899	-	42,222,792	-	125,000	489,600,691
December 31, 2017	743,997,212	12,703,190	82,261,527	4,893,080	1,808,595	845,663,604
ACCUMULATED DEPRECIATION						
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
Depreciation	21,912,620	928,054	14,778,113	738,781	249,303	38,606,871
Disposals	(43,482)	-	-	(33,097)	(22)	(76,601)
December 31, 2017	34,153,525	4,119,032	23,673,335	3,059,396	633,565	65,638,853
NET BOOK VALUE						
December 31, 2016	282,215,591	9,147,500	31,143,513	2,188,248	796,871	**325,491,723**
December 31, 2017	709,843,687	8,584,158	58,588,192	1,833,684	1,175,030	**780,024,751**

Included in Land, Yards, Buildings & Improvements is Land at a value of $245,377,231 (December 31, 2016 - $89,613,407).

6. Goodwill and Intangible Assets

		Other Intangible Assets			
	Goodwill	Management Contracts	Franchise Agreements	Website Development	Total
COST					
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
Additions	-	300,000	-	-	300,000
Business acquisitions (Note 4)	52,337,402	16,000,000	-	-	68,337,402
December 31, 2017	55,760,892	16,300,000	20,000	23,172	72,104,064
ACCUMULATED AMORTIZATION					
December 31, 2015	-	-	16,000	23,172	39,172
Amortization	-	-	2,400	-	2,400
December 31, 2016	-	-	18,400	23,172	41,572
Amortization	-	-	1,600	-	1,600
December 31, 2017	-	-	20,000	23,172	43,172
NET BOOK VALUE					
December 31, 2016	3,423,490	-	1,600	-	**3,425,090**
December 31, 2017	55,760,892	16,300,000	-	-	**72,060,892**

The goodwill of $52,337,402 recognized during the year ended December 31, 2017 relates to the acquisitions completed during the year (see Note 4).

In the Corporation's nine month interim financial statements, the Corporation incorrectly determined that the goodwill impairment test was triggered at the acquisition dates and recorded a $12,420,000 impairment. The goodwill impairment test that was performed at the acquisition dates should have been performed at the year end. The goodwill impairment originally taken was not as a result of IFRS as had been previously stated. The impact of this reversal of the $12,420,000 goodwill impairment on the 2017 financial statements is to reinstate the previously recognized goodwill of $12,420,000 and reduce the cumulative loss by $12,420,000 from what was previously recorded.

Note 6 – Continued

As at December 31, 2017, the Corporation performed its annual impairment test on goodwill and its indefinite-life intangible assets. Goodwill is allocated to the group of CGU's that benefited from the synergies of the business combination on which the goodwill arose. The Corporation used the fair value less costs of disposal method to determine the recoverable amount of the CGUs. Based on the impairment test performed, the Corporation concluded that no impairment exists on its goodwill and indefinite-life intangible assets.

Information regarding each impairment test is as follows:

Manitoba and Saskatchewan group of CGU's

- The cash flow projection includes specific estimates based on the expected life of the properties, with a growth rate of 2% which is consistent with management's knowledge of the local market and is lower than the CGU's recent historical growth rate.
- Cash flows were discounted at a pre-tax rate of 6.73% based on management's experience in this geographic region.

Kamloops, BC group of CGU's

- The cash flow projection includes specific estimates based on the expected life of the properties, with a growth rate of 4%. The Corporation has seven stores in the region and is able to disburse costs and operate more efficiently.
- Cash flows were discounted at a pre-tax rate of 8.78% based on management's experience in this geographic region and the fact that the properties are on leased land.

London, ON group of CGU's

- The cash flow projection includes specific estimates based on the expected life of the property, with a growth rate of 2% which is consistent with management's knowledge of the local market.
- Cash flows were discounted at a pre-tax rate of 6.73% based on management's experience in this geographic region.

Sentinel Storage group of CGU's

- The cash flow projection includes specific estimates based on the expected life of the properties, with a growth rate of 4%. Given the location of the stores in this portfolio, over 20 stores in major markets and highly desirable locations in Canada, management believes that this growth rate is sustainable.
- Cash flows were discounted at a pre-tax rate of 6.38% based on management's experience and the superior quality and location of these properties.

Note 6 – Continued

Portable Storage group of CGU's

- The cash flow projection includes specific estimates based on the expected life of storage containers, with a growth rate of 7% based on management's experience and the exclusive marketing channels the Corporation has for this product type.
- Cash flows were discounted at a pre-tax rate of 6.89% based on management's experience in these markets.

Management Division group of CGU

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

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

- A 1% decrease in the growth rate would only result in an impairment of the Sentinel Storage group of CGU's of $14,427,448.
- A 1% decrease in the discount rate would only result in an impairment of the Sentinel Storage group of CGU's of $12,002,417.

Group of CGU's	Goodwill	Carrying Value	Recoverable Amount
Manitoba and Saskatchewan	2,621,716	30,450,978	34,373,217
Kamloops, BC	76,470	8,928,408	11,553,794
London, ON	142,807	2,280,789	4,049,697
Sentinel Storage	46,976,225	415,765,343	456,747,448
Portable Storage	2,578,968	13,241,924	21,390,000
Management Division	3,364,706	16,000,000	20,042,610
	55,760,892	486,667,442	548,156,767

7. Long Term Debt and Lines of Credit

	December 31, 2017			December 31, 2016		
	Rate Range	**Weighted Average**	**Balance**	Rate Range	Weighted Average	Balance
Mortgages						
Fixed/Variable	3.18% to 5.5%	4.21%	**233,190,726**	3.46% to 5.50%	4.09%	164,942,311
	Maturity: March 2018 to March 2025			*Maturity: October 2017 to January 2022*		
Deferred financing costs net of accretion of $1,376,845 (December 31, 2016 - $635,977)			**(2,245,471)**			(918,798)
			230,945,255			164,023,513
Lines of Credit						
Variable Rate	Prime plus 1.00% or BA plus 2.75%	4.21%	**332,153,083**	Prime plus 1.00% or BA plus 2.75%	4.38%	18,483,081
	Maturity: March 2018 to August 2020			*Maturity: April 2017 to August 2020*		
			563,098,338			182,506,594

The bank Prime rate at December 31, 2017 was 3.20% (December 31, 2016 - 2.70%).

Mortgages are secured by a first mortgage charge on the real estate and equipment of the Corporation, general security agreements covering all assets of the Corporation, general assignment of rents and leases and assignments of insurance coverage over all assets of the Corporation. The Corporation must maintain certain financial ratios to comply with the facilities. These covenants include a debt service ratio, fixed charge coverage ratio, a tangible net worth ratio, and a loan to value ratio. As of December 31, 2017 and 2016, the Corporation is in compliance with all covenants.

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

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

Year 1	$	341,601,721 (includes lines of credit)
Year 2	$	18,528,294
Year 3	$	44,305,118
Year 4	$	8,181,180
Year 5	$	22,455,273
Thereafter	$	130,272,223

8. 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, 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
Bought deal	32,076,000	85,001,400
Issued on asset acquisitions	22,520,098	51,320,000
Dividend reinvestment plan	529,268	1,055,801
Stock option redemption	526,000	197,750
Share issuance costs	-	(3,271,774)
Common shares repurchased	(234,100)	(499,784)
Balance, December 31, 2017	345,226,934	$ 319,571,781

Bought Deal

On July 19, 2017, the Corporation issued 32,076,000 common shares at a price of $2.65 per common share for gross proceeds of $85,001,400.

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 $57,500,460.

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 $5,499,999.

Note 8 - Continued

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

Common Shares Repurchased
Represents common shares repurchased under the Corporation's Normal Course Issuer Bid ("NCIB") policy allowing for the purchase for cancellation, during the 12-month period starting August 18, 2017, up to 17,198,962 of the common shares.

Contributed surplus:

	December 31, 2017	December 31, 2016
Opening balance	**2,243,239**	1,034,865
Stock based compensation	**1,534,286**	1,208,374
Retirement of stock options and warrants	**(237,315)**	-
Ending balance	**3,540,210**	2,243,239

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.

Note 8 – Continued

The following table summarizes information about stock options outstanding and exercisable as at:

	December 31, 2017		December 31, 2016	
		Weighted Average		Weighted Average
	Options	**Exercise Price**	Options	Exercise Price
Opening	**11,501,000**	**$0.62**	8,561,000	$0.36
Exercised/Expired	**(2,945,150)**	**$0.29**	(60,000)	$0.40
Granted	**3,000,000**	**$1.78**	3,000,000	$1.36
Closing and Exercisable	**11,555,850**	**$1.01**	11,501,000	$0.62

The fair value of options granted in 2017 was estimated on the date of the grant, as determined by using the Black-Scholes option pricing model with the following assumptions:

Dividend Yield	0.6%
Risk-Free Interest Rate	1.1%
Expected Life of Options	4 Years
Expected Volatility of the Corporation's Common Shares	37.1%

Stock options exercisable and outstanding are as follows:

Exercise Price	Vesting Date	Expiry Date	December 31, 2017	December 31, 2016
$0.20	May 5, 2007	Nov 5, 2017	-	1,000,000
$0.23	May 6, 2009	May 6, 2019	1,210,000	2,200,000
$0.33	June 19, 2014	June 19, 2024	220,000	400,000
$0.41	April 28, 2015	April 28, 2025	2,390,850	2,901,000
$0.50	Sept 14, 2015	Sept 14, 2025	1,760,000	2,000,000
$1.36	Dec 21, 2016	Dec 21, 2026	2,975,000	3,000,000
$1.78	Mar 16, 2017	Mar 15, 2027	3,000,000	-
Options exercisable and outstanding			11,555,850	11,501,000

Warrants exercisable and outstanding are as follows:

Exercise Price	Expiry Date	December 31, 2017	December 31, 2016
$0.35	Feb 25, 2018	16,666	249,999
$0.37	Feb 25, 2018	2,533,334	2,833,334
Warrants exercisable and outstanding		2,550,000	3,083,333

Dividends
A cash dividend of $0.00255 per share was declared on December 15, 2017 and payable to shareholders of record on December 29, 2017.

9. 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, promissory note 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, 2017		As at December 31, 2016	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Fair Value through Profit or Loss				
Cash and short term deposits	**16,152,428**	**16,152,428**	11,869,892	11,869,892
Loans and Receivables				
Accounts receivable	**3,912,325**	**3,912,325**	1,354,796	1,354,796
Financial Liabilities				
Other Financial Liabilities				
Accounts payable & accrued liabilities	**10,784,409**	**10,784,409**	3,406,008	3,406,008
Long term debt	**563,098,338**	**561,867,534**	182,506,594	182,600,607

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 9 – 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, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Cash and short term deposits	$16,152,428	-	-	$16,152,428
At December 31, 2016				
Assets				
Cash and short term deposits	$11,869,892	-		$11,869,892

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 and lines of credit as interest expense is impacted by changes in the prime rate and bankers' acceptance 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, 2017 would be approximately $4,215,097 (December 31, 2016 - $661,276).

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 9 - Continued

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

	December 31, 2017	December 31, 2016
Trade Receivables		
Under 60 days aged	$ 2,835,508	$625,446
Between 60 and 90 days (past due but not impaired)	366,639	46,625
Over 90 days (not impaired)	125,111	-
Over 90 days (impaired)	295,486	127,013
Allowance for doubtful accounts	(298,178)	(120,000)
Non-Trade Receivables		
Over 30 days aged (not impaired)	587,759	675,712
	$3,912,325	$1,354,796

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

Balance December 31, 2015	$62,119
Charges or adjustments during the year	57,881
Balance December 31, 2016	$120,000
Charges or adjustments during the year	178,178
Balance December 31, 2017	$298,178

The creation and release of the allowance for doubtful accounts has been included in 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 7.

Note 9 – 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.

10. Income Taxes

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

	2017	2016
Loss before taxes	(24,757,670)	(21,189,436)
Combined federal and provincial statutory income tax rate	26.75%	27.00%
Income tax recovery calculated at statutory rate	(6,622,677)	(5,721,148)
Non-deductible items	(43,954)	3,480,508
Change in tax rate and other items	(1,548,737)	-
Change in deferred tax assets not recognized	(2,689,670)	2,240,640
Income tax expense (recovery)	(10,905,038)	-

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

	December 31, 2016	Recognized on acquisitions (Note 4)	Recognized in earnings	December 31, 2017
Property, plant and equipment	(1,249,765)	(52,006,613)	(3,781,910)	(57,038,288)
Goodwill	(129,893)	-	(230,171)	(360,064)
Intangible assets	(584,809)	(8,055,053)	2,248,867	(6,390,995)
Long term debt	(243,481)	-	(357,445)	(600,926)
Non-capital loss carry forwards	-	-	1,832,915	1,832,915
Deferred tax asset not recognised	2,207,948	-	11,192,782	13,400,730
Deferred tax asset (liabilities)	-	(60,061,666)	10,905,038	(49,156,628)

11. Related Party Transactions

During the year ended December 31, 2017, the Corporation paid total management fees of $293,321 (December 31, 2016 - $819,666) to Access Results Management Services Inc. (“ARMS”), a corporation controlled by Steven Scott and Iqbal Khan. Pursuant to a management agreement, ARMS is entitled to a base management fee of $194,758 for fiscal 2017, 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. On March 31, 2017, the Corporation purchased all management contracts from ARMS (see Note 4) and therefore, the management agreement has ceased.

During the year ended December 31, 2017, the Corporation reimbursed operational wages of $1,545,892 (December 31, 2016 - $4,736,700) and training, travel and related expenses of $16,804 (December 31, 2016 - $319,895) to ARMS. These expenses, reimbursed at cost, were undertaken exclusively for the benefit of the Corporation.

During the year ended December 31, 2017, the Corporation paid loan guarantee fees of $127,500 (December 31, 2016 - $181,616) to Access Self Storage Inc., a large shareholder of the Corporation, related to Steven Scott and Iqbal Khan. 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. A portion of the loan guarantee payments ceased in August 2016, while the remainder ceased in September 2017.

The Corporation holds a Master Franchise from Canadian PUPS Franchises Inc. (CPFI) which provides the Corporation with the exclusive Canadian franchise rights for the development and operation of portable storage throughout Canada. CPFI is a corporation related to Steven Scott and Iqbal Khan who are directors of the Corporation. The Corporation pays a monthly royalty of 3.5% on the gross sales. During the year ended December 31, 2017, the Corporation paid $216,710 (December 31, 2016 - $182,022) for royalties and $1,535,160 (December 31, 2016- $1,329,326) 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, 2017 was $33,808 (December 31, 2016 - $13,797) payable to CPFI and $nil (December 31, 2016 - $1,191,647) payable to ARMS.

On March 31, 2017 the Corporation completed an acquisition to internalize management of the Corporation’s stores and acquired third party management contracts for over 55 stores for $16,000,000 from Access Results Management Services Inc., a corporation related to Steven Scott, Iqbal Khan, and Access Self Storage Inc. (Note 4).

On August 11, 2017 the Corporation completed the acquisition of six self storage locations for $34,225,000 from Access Self Storage Inc., a corporation related to Steven Scott and Iqbal Khan (Note 4).

Note 11 – 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, 2017	December 31, 2016
Wages, management fees, bonuses and directors fees	**129,800**	135,608
Stock based compensation	**1,293,914**	1,013,021
	1,423,714	1,148,629

12. Capital Risk Management

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

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 7, the Corporation is not subject to any externally imposed capital requirements.

13. 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.

- Management Division – involves revenues generated from the management of stores owned by third parties.

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

For the Year Ended December 31, 2017

	Self Storage	Portable Storage	Management Division	Corporate	Total
Revenue	$ 54,653,224	$ 6,017,807	$ 1,217,483	$ -	$ 61,888,514
Operating expenses	17,403,935	3,890,543	-	-	21,294,478
Net operating income	37,249,289	2,127,264	1,217,483	-	40,594,036
Acquisition and integration	-	-	-	5,373,955	5,373,955
Selling, general & admin.	-	-	-	4,038,559	4,038,559
Interest expense	15,300,178	338,979	-	-	15,639,157
Stock based compensation	-	-	-	1,534,286	1,534,286
Depreciation, amortization	36,628,061	1,908,597	-	71,813	38,608,471
Share of loss in joint venture	157,278	-	-	-	157,278
Deferred tax recovery	-	-	-	(10,905,038)	(10,905,038)
Net income/(loss)	(14,836,228)	(120,312)	1,217,483	(113,575)	(13,852,632)
Additions:					
Real estate and equipment	493,782,394	887,953	-	115,663	494,786,010

Note 13 – Continued

For the Year Ended December 31, 2016

	Self Storage	Portable Storage	Management Division	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	5,218,966	289,379	-	-	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
Share of loss in joint venture	-	-	-	-	-
Net income/(loss)	(14,764,383)	(972,778)	-	(5,452,275)	(21,189,436)
Additions:					
Real estate and equipment	179,135,513	2,200,663	-	2,949	181,339,125

Total Assets

	Self Storage	Portable Storage	Management Division	Corporate	Total
As at December 31, 2016	$ 316,524,663	$ 15,457,428	$ -	$ 10,821,490	$ 342,803,581
As at December 31, 2017	$ 837,350,008	$ 24,770,062	$ 19,353,316	$ 14,022,995	$ 895,496,381

14. Investment in Joint Venture

As at December 31, 2017 the Corporation has a 50% interest in a joint venture. The investment in the JV is accounted for using the equity method in accordance with IAS 28.

Financial statements for the JV are as follows:

	December 31, 2017
Assets	$ 37,720,440
Liabilities	(8,449,831)
Total net assets	29,270,609
Proportion of ownership interest held by the Corporation	50%
Carrying amount of investment in joint venture	**$ 14,635,305**

	August 1, 2017 to December 31, 2017
Revenues	$ 1,123,703
Expenses	
Operating costs	493,960
Interest	46,672
Depreciation and amortization	897,627
Total Expenses	1,438,259
Loss for the period	(314,556)
Proportion of ownership interest held by the Corporation	50%
Corporation's share of loss for the period	**$ (157,278)**

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	$ 1,227,614
Between one and five years	4,658,483
More than five years	21,213,005
	$ 27,099,102

During the year ended December 31, 2017, the Corporation recognized as an expense $1,101,757 (December 31, 2016 - $441,251) in operating lease payments.

Bank Letter of Guarantee
The Corporation has various letters of guarantee in the amount of $474,691 which are due within one year.

Contingency
The Corporation has no legal contingency provisions at either December 31, 2017 or December 31, 2016.

16. Subsequent Events

On February 1, 2018 the Corporation completed the acquisition of the remaining 50% interest in two Calgary stores from its joint venture partner for $17.2 million.

On February 1, 2018 the Corporation completed the purchase of 400 portable storage units, equipment and repurchased the license to operate our Cubeit brand in British Columbia for $2,290,000.

StorageVault Canada Inc.

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Toronto, ON

Iqbal Khan
Toronto, ON

Rob Duguid
Regina, SK

Alan Simpson
Regina, SK

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TSX VENTURE EXCHANGE LISTING: SVI

StorageVault Canada Inc.

(the "Corporation")

Form 51-102F1
Management's Discussion and Analysis
For Three Months Ended and Fiscal Year Ended December 31, 2017

The following Management's Discussion and Analysis ("MD&A") provides a review of corporate and market developments, results of operations and the financial position of StorageVault Canada Inc. ("SVI" or "the Corporation") for the three months and fiscal year ended December 31, 2017. This MD&A should be read in conjunction with the audited fiscal 2017 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, 2018.

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 2018; the annualized net operating income (NOI), a non-IFRS measure, and annualized funds from operations (FFO), a non-IFRS measure, assumes acquisitions that occurred in Fiscal 2017 were purchased on January 1, 2017; 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 financing; the level of activity in the storage business and the economy generally; consumer interest in the Corporation’s services and products; competition and SVI’s competitive advantages; trends in the storage industry, including, increased growth and growth in the portable storage business; the availability of attractive and financially competitive asset acquisitions in the future; the revenue from acquisitions conducted in Fiscal 2017 being extrapolated to the entire period for 2017 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 2018 and revenue and NOI growth for 2018 may be considered a financial outlook, as defined by applicable securities legislation, contained in this MD&A and the accompanying Letter to Shareholders. Such information and any other financial outlooks or future-oriented financial information has been approved by management of the Corporation as of the date hereof. Such financial outlook or future-oriented financial information is provided for the purpose of presenting information about management's current expectations and goals relating to the future business of the Corporation. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

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

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GLOSSARY OF TERMS

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

"AFFO" means FFO plus acquisition and integration costs. Acquisition and integration costs are one time in nature to the specific assets purchased in the current period or pending and are expensed under IFRS. AFFO is a non-IFRS measure – see Accounting Policies Non-IFRS Measures.

"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; Existing Self Storage is a non-IFRS measure – see Accounting Policies Non-IFRS Measures.

"FFO" means net income (loss) excluding gains or losses from the sale of depreciable real estate, plus depreciation, amortization and goodwill adjustment, 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; New Self Storage is a non-IFRS measure – see Accounting Policies Non-IFRS Measures.

"NOI", means net operating income, calculated as revenue from storage and related services less related property operating costs; NOI is a non-IFRS measure – see Accounting Policies Non-IFRS Measures.

"Non-IFRS Measures" means operating and performance metrics that are not always calculated with reference to IFRS, but are used commonly in the storage industry to measure operating results for assets owned or leased;

"Q1, Q2, Q3 or Q4" means a three month fiscal quarter of the Company, ending on March 31, June 30, September 30 and December 31 respectively;

"Revenue Management" means the operating principle of achieving optimal revenue through a combination of rental rate increases on existing customers (increases the existing revenue base and rent per square foot) and dynamic pricing of available inventory;

"Store" means self storage property or location or facility or site;

"Subsequent Events" means material transactions that have occurred from January 1, 2018 to March 31, 2018.

"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 owns 90 stores and 3,586 portable storage units across Canada, for a total of 5,007,419 square feet of rentable storage space and 46,377 rental units. The stores operate under the Access Storage, Depotium Mini-Entrepots, Sentinel Storage and Storage For Your Life brands. Our portable storage business operates under the Cubeit and PUPS brands.

In addition to the stores owned, SVI manages an additional 58 stores that are owned by third parties and operated by us in exchange for a management fee, bringing the total number of operating stores which we own and or manage to 148.

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.

Market Size

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 51,475 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.

Pricing and Occupancy

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 provides 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 a disciplined purchaser, 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 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 800,000 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 and currently have 50,000 square feet under construction.

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 2018 we expect to acquire $70 to $90 million of assets. In the past, we have been successful in meeting or exceeding our acquisition targets; however, as there is more competition to acquire existing stores, especially from foreign purchasers, we may not be able to find acquisitions that meet our criteria.

Share Capital

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

Results from Operations

We expect significant growth in revenue and net operating income in 2018 resulting from the timing of 2017 and 2018 acquisitions and as we continue to streamline and integrate operations, implement our revenue management systems and continue to control costs on the $663.8 million of assets purchased in 2016 and 2017.

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 or purchased by the Corporation:

- On February 1, 2018 the Corporation completed the acquisition of the remaining 50% interest in two Calgary stores from its joint venture partner for $17.2 million.
- On February 1, 2018 the Corporation completed the purchase of 400 portable storage units, equipment and repurchased the license to operate our Cubeit brand in British Columbia for $2,290,000.

DESCRIPTION OF OUR OPERATIONS

As at December 31, 2017, the Corporation owned the following self storage and portable storage operations:

Location	Acres	Number of Stores	Units	Rentable Square Feet
British Columbia	31.7	16	8,007	741,787
Alberta	67.5	19	10,746	1,167,861
Saskatchewan	21.4	7	1,453	207,508
Manitoba	19.6	8	3,728	354,596
Ontario	94.1	24	11,091	1,394,756
Quebec	24.3	12	6,198	573,032
Nova Scotia	15.0	4	1,568	156,764
Portable Storage Units			3,586	411,115
Total	**273.6**	**90**	**46,377**	**5,007,419**

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

Revenue Management
In today's competitive climate, revenue per square foot is the greatest driver in 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.

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

- management of over 140 storage locations throughout Canada
- acquisition, development and management of over 8 million square feet of storage space
- over 100 years of combined experience in the storage industry by senior management

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 storage business is the exclusive supplier 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 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 42 stores for $485.4 million (two through a joint venture) and disposed of one land asset in fiscal 2017 for $1.8 million. In the prior fiscal year, SVI added 21 stores for $178.4 million (one through an asset swap valued at $3.4 million), the majority of which closed in the last 4 months of 2016. In fiscal 2015, SVI added 19 stores, for $146.2 million, with the majority also taking place in the last 4 months. Therefore, 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	
	2017	2016	**$**	%	**2017**	2016	**$**	%
Storage revenue and related services	**$ 20,366,043**	$ 8,900,182	$ 11,465,861	*128.8%*	**$ 60,671,031**	$ 27,824,544	$ 32,846,487	*118.0%*
Management fees	**378,067**	$ -	378,067	-	**1,217,483**	$ -	1,217,483	-
	20,744,110	8,900,182	11,843,928	*133.1%*	**61,888,514**	27,824,544	34,063,970	*122.4%*
Operating costs	**6,760,316**	3,187,851	3,572,465	*112.1%*	**21,294,478**	10,800,018	10,494,460	*97.2%*
Net operating income [1]	**13,983,794**	5,712,331	8,271,463	*144.8%*	**40,594,036**	17,024,526	23,569,510	*138.4%*
Less:								
Acquisition and integration costs	**886,499**	979,121	(92,622)	*-9.5%*	**5,373,955**	1,928,429	3,445,526	*178.7%*
Selling, general and administrative	**1,929,613**	815,340	1,114,273	*136.7%*	**4,038,559**	2,240,692	1,797,867	*80.2%*
Interest	**5,873,705**	1,598,201	4,275,504	*267.5%*	**15,639,157**	5,508,345	10,130,812	*183.9%*
Share of net loss from joint venture	**117,242**	-	117,242	-	**157,278**	-	157,278	-
Stock based compensation	**-**	1,208,374	(1,208,374)	*-100.0%*	**1,534,286**	1,208,374	325,912	*27.0%*
Depreciation, amortization and goodwill adjustment	**13,158,268**	19,768,583	(6,610,315)	*-33.4%*	**38,608,471**	27,328,122	11,280,349	*41.3%*
Goodwill impairment reversal	**(12,420,000)**	-	(12,420,000)	-	**-**	-	-	-
	9,545,327	24,369,619	(14,824,292)	*-60.8%*	**65,351,706**	38,213,962	27,137,744	*71.0%*
Net Income (Loss) before taxes	**4,438,467**	(18,657,288)	23,095,755	*-123.8%*	**(24,757,670)**	(21,189,436)	(3,568,234)	*16.8%*
Deferred tax recovery	**10,905,038**	-	10,905,038	-	**10,905,038**	-	10,905,038	-
Net Income (Loss)	**$ 15,343,505**	$ (18,657,288)	$ 34,000,793	*-182.2%*	**$ (13,852,632)**	$ (21,189,436)	$ 7,336,804	*-34.6%*
Weighted average number of common shares outstanding								
Basic	**345,003,901**	264,910,015	80,093,886	*30.2%*	**317,487,007**	204,660,864	112,826,143	*55.1%*
Diluted	**345,003,901**	264,910,015	80,093,886	*30.2%*	**317,487,007**	204,660,864	112,826,143	*55.1%*
Net income (loss) per common share								
Basic	$ 0.044	$ (0.070)			$ (0.044)	$ (0.104)		
Diluted	$ 0.044	$ (0.070)			$ (0.044)	$ (0.104)		

[1] Non-IFRS Measure.

Storage revenue and related services

Revenues increased by $11.5 million, or 128.8%, for the three months ended December 31, 2017, as compared to the same period in 2016. This results in a year to date increase over the prior year of $32.8 million. This increase is primarily attributable to incremental revenue from the 63 stores acquired in 2017 and 2016. For additional information, see "Segmented, Existing and New Self Storage and Portable Storage Results."

Management fees

New stream of revenue from management contracts acquired from Access Results Management Services on March 31, 2017.

Operating costs

Operating costs for the three months and fiscal year ended December 31, 2017 were $6.7 million and $21.3 million (December 31, 2016 - $3.2 million and $10.8 million), an increase of 112.1% and 97.2%, respectively. The increase in property operating cost relates to the stores acquired in 2017 and 2016.

Net Income

Our net loss of $13.9 million for the current fiscal year is a result of $38.6 million of depreciation, amortization and which was offset by a deferred tax recovery of $10.9 million.

Net operating income

For the three months ended December 31, 2017, the Corporation had net operating income (NOI), a non-IFRS measure, of $14.0 million (December 31, 2016 - $5.7 million), an increase of 144.8%. The NOI for the fiscal year ended December 31, 2017, increased by $23.6 million or 138.4%, to $40.6 million. The increase was primarily due to the NOI from storage assets purchased in fiscal 2017 and 2016, streamlining and integration of operations, increased rates through our revenue management systems, new management fee revenue stream and control 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 2017, SVI closed $485.4 million of acquisitions, with an additional $17.2 million of acquisitions closed 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 increased with the 2017 and 2016 acquisitions. As at December 31, 2017, our total debt was $563.1 million compared to $182.5 million at December 31, 2016.

Depreciation, amortization and goodwill impairment reversal

The increase in depreciation and amortization expense is primarily due to depreciating the additional assets that were acquired.

The goodwill impairment reversal represents the reversal of $12.4 million of goodwill impairment taken in Q1 2017 and Q3 2017. The Corporation incorrectly determined that the goodwill impairment test was triggered at the acquisition dates. The goodwill impairment test that was performed at the acquisition dates should have been performed at the year end. The goodwill impairment originally taken was not as a result of IFRS as had been previously stated. Had the goodwill impairment testing been conducted at the year end instead of on the acquisition dates, no goodwill impairment would have resulted. The impact of this reversal of the $12.4 million goodwill impairment on the 2017 annual financial statements is to reinstate the previously recognized goodwill of $12.4 million and reduce the cumulative loss by $12.4 million from what was previously recorded. The Q1 2017 goodwill impairment that was recorded was $5.4 million, and as a result, Q1 2017 net loss would have been $5.4 million without such goodwill impairment. The Q3 2017 goodwill impairment that was recorded was $7.0 million, and as a result, Q3 2017 net income would have been $8.3 million without such goodwill impairment. The result is that there is no goodwill impairment recorded in the 2017 annual financial statements. There were no changes to previously reported NOI, FFO and AFFO figures resulting from these reversals.

Funds from Operations (FFO) and Adjusted Funds from Operations (AFFO)

FFO and AFFO are non-IFRS measures. It allows management and investors to evaluate the financial results of an entity without taking into consideration the impact of non-cash items and non-recurring acquisition and integrations costs on the Consolidated Statement of Income (Loss) and Comprehensive Income (Loss). Net income (loss) assumes that the values of our assets diminish over time through depreciation and amortization, irrespective of the value of our real estate assets in the open market. Other non-cash and non-recurring capital items include stock based compensation costs, deferred income tax expenses (recoveries) and acquisition and integration costs, if any. Acquisition and integration costs, included in our AFFO, are one time in nature to the specific assets purchased in the current period or pending. While the specific acquisition and integration costs may vary from period to period, given that the Corporation is planning to continue to complete acquisitions as part of its growth strategy, these costs will continue to be included as an adjustment in determining AFFO (i.e. the amount of the costs are "non-recurring" but the actual adjustment for these type of costs is "recurring").

FFO for the three months and fiscal year ended December 31, 2017 was $5.4 million and $15.8 million versus $2.3 million and $7.3 million, respectively for the same period in 2016. These increases are the result of contributions from the assets purchased in fiscal 2017 and 2016 and improvements in operational results.

AFFO for the three months and fiscal year ended December 31, 2017 was $6.3 million and $21.2 million versus $3.3 million and $9.3 million, respectively for the same period in 2016.

The FFO and AFFO for the three months and fiscal year ended December 31, 2017 and 2016 are:

	(unaudited) Three Months Ended December 31				*(audited)* Fiscal			
	2017	2016	Change $	Change %	2017	2016	Change $	Change %
Net Income (loss)	$ **15,343,505**	$ (18,657,288)	$ 34,000,793	-182.2%	$ **(13,852,632)**	$ (21,189,436)	$ 7,336,804	-34.6%
Adjustments:								
Stock based compensation	**-**	1,208,374	(1,208,374)	-	**1,534,286**	1,208,374	325,912	27.0%
Deferred tax recovery	**(10,905,038)**	-	(10,905,038)	-	**(10,905,038)**	-	(10,905,038)	-
Depreciation and amortization from joint venture	**267,340**	-	267,340	-	**448,813**	-	448,813	-
Depreciation, amortization and goodwill adjustment	**738,268**	19,768,583	(19,030,315)	-96.3%	**38,608,471**	27,328,122	11,280,349	41.3%
	(9,899,430)	20,976,957	(30,876,387)	-147.2%	**29,686,532**	28,536,496	1,150,036	4.0%
FFO [1]	$ **5,444,075**	$ 2,319,669	$ 3,124,406	134.7%	$ **15,833,900**	$ 7,347,060	$ 8,486,840	115.5%
Adjustments:								
Acquisition and integrations costs	**886,499**	979,121	(92,622)	-9.5%	**5,373,955**	1,928,429	3,445,526	178.7%
AFFO [1]	$ **6,330,574**	$ 3,298,790	$ 3,031,784	91.9%	$ **21,207,855**	$ 9,275,489	$ 11,932,366	128.6%

[1] Non-IFRS Measure.

Annualized Net Operating Income and Funds from Operations

The Company purchased 42 stores during fiscal 2017 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, FFO and AFFO (all non-IFRS measures) statement annualizing the revenues and expenses as if the stores purchased in fiscal 2017, were purchased as of January 1, 2017 and owned for the entire 12 month period.

The results of this annualized statement show that NOI, FFO and AFFO would be higher by $16.0, $8.2 million and $8.2 million, respectively. NOI would have been $56.6 million, FFO would be $24.0 million and the AFFO would be $29.4 million. The Corporation expects to realize the full benefit of these acquisitions in fiscal 2018.

	For the Year Ended December 31, 2017			
	Actual	**Annualized Results**	*Incremental*	Notes
Storage revenue and related services	$ 60,671,031	**$ 84,583,806**	*$ 23,912,775*	*1*
Management fees	1,217,483	**$ 1,623,310**	*405,827*	
	61,888,514	**86,207,116**	*24,318,602*	
Property operating costs	21,294,478	**29,635,381**	*8,340,903*	*1*
Net operating income	40,594,036	**56,571,735**	*15,977,699*	
Adjustments:				
NOI less interest from joint venture	(291,535)	**(720,675)**	*(429,140)*	
Acquisition and integration costs	5,373,955	**5,373,955**	-	*2*
Selling, general and administrative	4,038,559	**4,038,559**	-	*3*
Interest	15,639,157	**23,833,294**	*8,194,137*	*4*
	24,760,136	**32,525,133**	*7,764,997*	
Funds from Operations	15,833,900	**24,046,602**	*8,212,702*	
Adjustment:				
Acquisition and integration costs	5,373,955	**5,373,955**	-	
Adjusted Funds from Operations	21,207,855	**29,420,557**	*8,212,702*	

Note 1 - the results from all stores acquired in fiscal 2017, have been adjusted as if the purchase occurred on January 1, 2017. For revenues, we assumed achieved occupancies and rent per square foot were repeated for the period prior to acquisition. Information regarding expenses incurred during 2017 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, 2017.

Segmented, Existing and New Self Storage and Portable Storage Results

The Corporation operates three reportable business segments - self storage, portable storage and management fees. Self storage involves the customer renting space at the Corporation's property for short or long term storage. Portable storage involves delivering a storage unit to the customer. The customer can choose to keep the portable storage unit at their location or have it moved to another location. Management fees are revenues generated from the management of stores owned by third parties.

Revenue, property operating costs and net operating income

	(unaudited)				*(audited)*			
	Three Months Ended December 31				Fiscal			
	2017	2016	Change		2017	2016	Change	
			$	%			$	%
Revenue								
Existing Self Storage [1]	$ **5,286,771**	$ 4,924,934	361,837	7.3%	$ **20,702,923**	$ 18,968,663	1,734,260	9.1%
New Self Storage [1]	**13,709,373**	2,537,026	11,172,347	440.4%	**33,950,301**	3,493,582	30,456,719	871.8%
Total Self Storage	**18,996,144**	7,461,960	11,534,184	154.6%	**54,653,224**	22,462,245	32,190,979	143.3%
Portable Storage	**1,369,899**	1,438,222	(68,323)	-4.8%	**6,017,807**	5,362,299	655,508	12.2%
Management fees	**378,067**	-	378,067	-	**1,217,483**	-	1,217,483	-
Combined	**20,744,110**	8,900,182	11,843,928	133.1%	**61,888,514**	27,824,544	34,063,970	122.4%
Operating Costs								
Existing Self Storage	**1,496,176**	1,381,842	114,334	8.3%	**6,537,387**	6,105,260	432,127	7.1%
New Self Storage	**4,311,184**	821,093	3,490,091	425.1%	**10,866,548**	1,339,092	9,527,456	711.5%
Total Self Storage	**5,807,360**	2,202,935	3,604,425	163.6%	**17,403,935**	7,444,352	9,959,583	133.8%
Portable Storage	**952,956**	984,916	(31,960)	-3.2%	**3,890,543**	3,355,666	534,877	15.9%
Combined	**6,760,316**	3,187,851	3,572,465	112.1%	**21,294,478**	10,800,018	10,494,460	97.2%
Net Operating Income [1]								
Existing Self Storage	**3,790,595**	3,543,092	247,503	7.0%	**14,165,536**	12,863,403	1,302,133	10.1%
New Self Storage	**9,398,189**	1,715,933	7,682,256	447.7%	**23,083,753**	2,154,490	20,929,263	971.4%
Total Self Storage	**13,188,784**	5,259,025	7,929,759	150.8%	**37,249,289**	15,017,893	22,231,396	148.0%
Portable Storage	**416,943**	453,306	(36,363)	-8.0%	**2,127,264**	2,006,633	120,631	6.0%
Management fees	**378,067**	-	378,067	-	**1,217,483**	-	1,217,483	-
Combined	$ **13,983,794**	$ 5,712,331	8,271,463	144.8%	$ **40,594,036**	$ 17,024,526	23,569,510	138.4%

[1] Non -IFRS Measure.

Existing Self Storage

For the three months ended December 31, 2017, Revenue and NOI increased by 7.3% and 7.0%, respectively, over the same prior year period. The revenue increase was substantially driven from continued execution of our revenue management program, as occupancy remained stable. We were able to control advertising and staffing costs, but there were increases to utilities and snow clearing costs resulting from a colder winter.

New Self Storage

Increases are the result of acquiring 63 stores in 2017 (42 stores) and 2016 (21 stores).

Portable Storage

Produced stable results, both in occupancy and revenue. Q4 was impacted by a colder winter.

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 2017 ('000)					Fiscal 2016 ('000)				
	Q4	**Q3**	**Q2**	**Q1**	**Total**	**Q4**	**Q3**	**Q2**	**Q1**	**Total**
NOI [1]										
Existing Self Storage	**$ 3,791**	$ 3,801	$ 3,466	$ 3,108	$ 14,166	$ 3,543	$ 3,427	$ 3,091	$ 2,802	$ 12,863
New Self Storage	**9,398**	7,565	3,427	2,693	23,083	1,716	314	90	34	2,154
Total Self Storage	**13,189**	11,366	6,893	5,801	37,249	5,259	3,741	3,181	2,837	15,018
Portable Storage	**417**	748	612	350	2,127	453	739	582	233	2,007
Management fees	**378**	423	416	-	1,217					
	$ 13,984	$ 12,537	$ 7,922	$ 6,151	$ 40,594	$ 5,712	$ 4,480	$ 3,763	$ 3,069	$ 17,025

[1] Non-IFRS Measure

Existing Self Storage

The increase in Q4 2017 over Q4 2016 was substantially driven from continued execution of our revenue management program, while occupancy remained stable. While being able to control costs such as advertising and staffing costs, there were increases to utilities and snow clearing costs resulting from the winter weather experienced.

New Self Storage

SVI added 42 stores in 2017 and 21 stores in fiscal 2016. These additions have resulted in NOI growth quarter over quarter as we commenced reporting results.

Portable Storage

NOI was lower in Q4 compared to 2016, both in occupancy and revenue, the result of a colder winter. Even with a slower Q4 we achieved a 6.0% NOI year over year growth in 2017. 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
2017- Q4	$20,744,110	$15,343,505	$0.044	$0.044	$895,496,381	$627,421,264	$880,328
2017- Q3 [1]	$18,453,960	($15,402,377)	($0.046)	($0.046)	$839,525,204	$585,777,091	$879,376
2017- Q2	$12,557,306	($2,995,895)	($0.010)	($0.010)	$400,216,946	$237,005,503	$765,016
2017- Q1 [1]	$10,133,138	($10,797,865)	($0.037)	($0.037)	$404,743,767	$238,025,850	$749,946
Total 2017	**$61,888,514**	**($13,852,632)**	**N/A**	**N/A**	**N/A**	**N/A**	**$3,274,666**
2016- Q4	$8,900,182	($18,657,288)	($0.070)	($0.070)	$342,803,581	$187,115,587	$724,931
2016- Q3	$7,307,070	($537,379)	($0.022)	($0.022)	$253,955,856	$131,931,530	$630,309
2016- Q2	$6,320,322	($663,764)	($0.004)	($0.004)	$179,885,223	$118,343,352	$440,398
2016- Q1	$5,296,970	($1,331,005)	($0.008)	($0.008)	$176,728,097	$114,010,014	-
Total 2016	**$27,824,544**	**($21,189,436)**	**N/A**	**N/A**	**N/A**	**N/A**	**$1,795,638**
2015- Q4	$4,795,266	($2,702,281)	($0.026)	($0.026)	$171,486,477	$112,922,559	-
2015- Q3	$3,137,527	($821,330)	($0.012)	($0.012)	$108,865,822	$85,594,955	-
2015- Q2	$2,111,281	($677,127)	($0.012)	($0.012)	$54,449,748	$25,372,609	-
2015- Q1	$1,096,513	($374,472)	($0.010)	($0.010)	$27,910,360	$25,033,929	-
Total 2015	**$11,140,587**	**($4,575,210)**	**N/A**	**N/A**	**N/A**	**N/A**	**-**

Note 1:
As discussed in the Depreciation, amortization and goodwill impairment reversal section in the Financial Results Overview, the Corporation reversed $12,420,000 of goodwill impairment taken in Q1 2017 and Q3 2017.

The Q1 2017 goodwill impairment that was recorded was $5,361,176, and as a result, Q1 2017 previously reported net loss of $10,797,865, would have been $5,436,689 without such goodwill impairment. The Q3 2017 goodwill impairment that was recorded was $7,058,823 million, and as a result, Q3 2017 reported net loss of $15,402,377 would have been $8,343,553 without such goodwill impairment.

The previously reported Total Assets for Q1 2017 of $404,743,767 would have been $410,104,943. The previously reported Total Assets for Q2 2017 of $400,216,946 would have been $405,578,122. The previously reported Total Assets for Q3 2017 of $839,525,204 would have been $851,945,204.

WORKING CAPITAL, LONG TERM DEBT AND SHARE CAPITAL

Working Capital

Cash provided by operating activities was $16.0 million for fiscal 2017 compared to $7.5 million for fiscal 2016. The increase was primarily due to the operational results from stores purchased in fiscal 2016 and 2017, increased rates through our revenue management systems, continued streamlining and integration of operations and controlling costs on assets purchased.

As at December 31, 2017, the Corporation had $16.0 million of cash compared to $11.9 million at December 31, 2016. The increase is due to increase in cash generated through the Corporation's operating activities and allows the Corporation to meet its obligations and growth strategies. The Corporation expects its cash flow from operations to improve as the full benefit of the stores purchased in the year are realized. In addition, the Corporation, to fund acquisitions and its expansion plans, the Corporation will borrow against low levered assets.

Long Term Debt and Lines of Credit

As at December 31, 2017 and December 31, 2016, the Corporation held the following debt:

	December 31, 2017			December 31, 2016		
	Rate Range	Weighted Average	Balance	Rate Range	Weighted Average	Balance
Mortgages						
Fixed/Variable	3.18% to 5.5%	4.21%	**233,190,726**	3.46% to 5.50%	4.09%	164,942,311
	Maturity: March 2018 to March 2025			*Maturity: October 2017 to January 2022*		
Deferred financing costs net of accretion of $1,376,845 (December 31, 2016 - $635,977)			**(2,245,471)**			(918,798)
			230,945,255			164,023,513
Lines of Credit						
Variable Rate	Prime plus 1.00% or BA plus 2.75%	4.21%	**332,153,083**	Prime plus 1.00% or BA plus 2.75%	4.38%	18,483,081
	Maturity: March 2018 to August 2020			*Maturity: April 2017 to August 2020*		
			563,098,338			182,506,594

The bank prime rate at December 31, 2017 was 3.20% (December 31, 2016 - 2.70%). The weighted average cost of debt at December 31, 2017 is 4.21% (December 31, 2016 - 4.12%). The increase is due to increase the prime rate. The Corporation will look to reduce its variable interest rate exposure by entering into additional fixed interest rate term debt to replace lines of credit.

Mortgages are secured by a first mortgage charge on the real estate and equipment of the Corporation, general security agreements covering all assets of the Corporation, general assignment of rents and leases and assignments of insurance coverage over all assets of the Corporation. The Corporation must maintain certain financial ratios to comply with the facilities. These covenants include a debt service coverage ratios, a tangible net worth ratio, and a loan to value ratio. As of December 31, 2017 and 2016, the Corporation is in compliance with all covenants.

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

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

Year 1	$	341,601,721 (includes lines of credit)
Year 2	$	18,528,294
Year 3	$	44,305,118
Year 4	$	8,181,180
Year 5	$	22,455,273
Thereafter	$	130,272,223

Of the principal repayments shown in Year 1, $6.5 million are required under our amortizing term debt mortgages, $3.0 million relates to a loan due in the upcoming year that is expected to be refinanced and $332.2 million relates to our lines of credit. Our lines of credit are covenant based (debt service coverage ratios, tangible net worth ratios, and loan to value ratios) and do not require repayment as long as the covenants are met. As of December 31, 2017 and 2016, the Corporation is in compliance with all covenants.

Given that our lines of credit are short term in nature, the Corporation will term out assets supporting the lines when deemed appropriate, which includes determination that the Corporation has been able to implement its operating system to increase the value of the assets and to ensure that the Corporation has an appropriate mix of assets under our lines of credit and term mortgages.

Share Capital

For the fiscal year ended December 31, 2017, the Corporation issued a total of 55,417,266 common shares for $133.6 million, net of share issuance costs, (121,883,848 common shares valued at $118.9 million were issued in fiscal 2016). The common shares issued are:

	Number of Shares	Amount
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
Bought deal	32,076,000	85,001,400
Issued on asset acquisitions	22,520,098	51,320,000
Dividend reinvestment plan	529,268	1,055,801
Stock option redemption	526,000	197,750
Share issuance costs	-	(3,271,774)
Common shares repurchased	(234,100)	(499,784)
Balance, December 31, 2017	345,226,934	$ 319,571,781

Bought Deal

On July 19, 2017, the Corporation issued 32,076,000 common shares at a price of $2.65 per common share for gross proceeds of $85,001,400.

Dividend Reinvestment Plan

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

Common Shares Repurchased
Represents common shares repurchased under the Corporation's Normal Course Issuer Bid ("NCIB") policy allowing for the purchase for cancellation, during the 12-month period starting August 18, 2017, of up to 17,198,962 of the common shares.

Stock Options and Warrants
A total of 11,555,850 options were outstanding as at December 31, 2017 (December 31, 2016 – 11,501,000). Of the outstanding amount, 11,555,850 options were exercisable (December 31, 2016 – 11,501,000). The details are as follows:

Exercise Price	Vesting Date	Expiry Date	December 31, 2017	December 31, 2016
$0.20	May 5, 2007	Nov 5, 2017	-	1,000,000
$0.23	May 6, 2009	May 6, 2019	1,210,000	2,200,000
$0.33	June 19, 2014	June 19, 2024	220,000	400,000
$0.41	April 28, 2015	April 28, 2025	2,390,850	2,901,000
$0.50	Sept 14, 2015	Sept 14, 2025	1,760,000	2,000,000
$1.36	Dec 21, 2016	Dec 21, 2026	2,975,000	3,000,000
$1.78	Mar 16, 2017	Mar 15, 2027	3,000,000	-
Options exercisable and outstanding			11,555,850	11,501,000

Warrants exercisable and outstanding are as follows:

Exercise Price	Expiry Date	December 31, 2017	December 31, 2016
$0.35	Feb 25, 2018	16,666	249,999
$0.37	Feb 25, 2018	2,533,334	2,833,334
Warrants exercisable and outstanding		2,550,000	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 after that time.

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

Less than one year	$ 1,227,614
Between one and five years	4,658,483
More than five years	1,213,005
	$ 27,099,102

Bank Letter of Guarantee
The Corporation has various letters of guarantee in the amount of $474,691 which are due within one year.

Contingency
The Corporation has no legal contingency provisions at either December 31, 2017 or December 31, 2016.

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, 2017, the Corporation paid total management fees of $293,321 (December 31, 2016 - $819,666) to Access Results Management Services Inc. ("ARMS"), a corporation controlled by Steven Scott and Iqbal Khan. Pursuant to a management agreement, ARMS is entitled to a base management fee of $194,758 for fiscal 2017, 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. On March 31, 2017, the Corporation purchased all management contracts from ARMS (see note 4 of audited fiscal 2017 consolidated financial statements) and therefore, the management agreement has ceased.

During the year ended December 31, 2017, the Corporation reimbursed operational wages of $1,545,892 (December 31, 2016 - $4,736,700) and training, travel and related expenses of $16,804 (December 31, 2016 - $319,895) to ARMS. These expenses, reimbursed at cost, were undertaken exclusively for the benefit of the Corporation.

During the year ended December 31, 2017, the Corporation paid loan guarantee fees of $127,500 (December 31, 2016 - $181,616) to Access Self Storage Inc., a large shareholder of the Corporation and a corporation related to Steven Scott and Iqbal Khan (see note 4 of audited fiscal 2017 consolidated financial statements). 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. A portion of the loan guarantee payments ceased in August 2016, while the remainder ceased in September 2017.

The Corporation holds a Master Franchise from Canadian PUPS Franchises Inc. (CPFI) which provides the Corporation with the exclusive Canadian franchise rights for the development and operation of portable storage throughout Canada. CPFI is a corporation related to Steven Scott and Iqbal Khan who are directors of the Corporation. The Corporation pays a monthly royalty of 3.5% on the gross sales. During the year ended December 31, 2017, the Corporation paid $216,710 (December 31, 2016 - $182,022) for royalties and $1,535,160 (December 31, 2016- $1,329,326) 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, 2017 was $33,808 (December 31, 2016 - $13,797) payable to CPFI and $nil (December 31, 2016 - $1,191,647) payable to ARMS.

On March 31, 2017 the Corporation completed an acquisition to internalize management of the Corporation's stores and acquired third party management contracts for over 55 stores for $16,000,000 from Access Results Management Services Inc., a corporation related to Steven Scott, Iqbal Khan, and Access Self Storage Inc. (see note 4 of audited fiscal 2017 consolidated financial statements).

On August 11, 2017 the Corporation completed the acquisition of six self storage locations for $34,225,000 from Access Self Storage Inc., a corporation related to Steven Scott and Iqbal Khan (see note 4 of audited fiscal 2017 consolidated financial statements).

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, 2017	December 31, 2016
Wages, management fees, bonuses and directors fees	**$ 129,800**	$ 135,608
Stock based compensation	**1,293,914**	1,013,021
	$ 1,423,714	$ 1,148,629

USE OF PROCEEDS FROM JULY 2017 BOUGHT DEAL FINANCING

On July 19, 2017, the Corporation completed a bought deal financing from which the Corporation issued 32,076,000 common shares at a price of $2.65 per common share for gross proceeds of $85,001,400. The Corporation used the net proceeds of $81,729,625 from the financing as follows:

	Use of Proceeds (as Disclosed)	Use of Proceeds (Actual)
Repayment of debt incurred under lines of credit	$ 19,752,594	$ 9,000,000
Fund cash portion of previously announced acquisitions	49,598,750	64,179,942
Potential future acquisition opportunities	11,180,000	8,549,683
	$ 80,531,344	$ 81,729,625

Net proceeds were higher than expected due to lower share issuance costs.

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, 2017 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, 2016. 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, amortization and goodwill adjustment, stock based compensation expenses, and deferred income taxes; and after adjustments for equity accounted entities and non-controlling interests. FFO should not be viewed as an alternative to cash from operating activities, net income, or other measures calculated in accordance with IFRS. The Corporation believes that FFO can be a beneficial measure, when combined with primary IFRS measures, to assist in the evaluation of the Corporation's ability to generate cash and evaluate its return on investments as it excludes the effects of real estate amortization and gains and losses from the sale of real estate, all of which are based on historical cost accounting and which may be of limited significance in evaluating current performance.

iii. Adjusted Funds from Operations ("AFFO") – AFFO is defined as FFO plus acquisition and integration costs. Acquisition and integration costs are one time in nature to the specific assets purchased in the current period or pending and are expensed under IFRS.

iv. Existing Self Storage and New Self Storage performance – "Existing Self Storage" are defined as those that the Corporation has owned or leased since the beginning of the previous fiscal year or as of January 1, 2016. "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, 2017 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, 2017, 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, 2017.

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.

StorageVault Canada Inc.

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