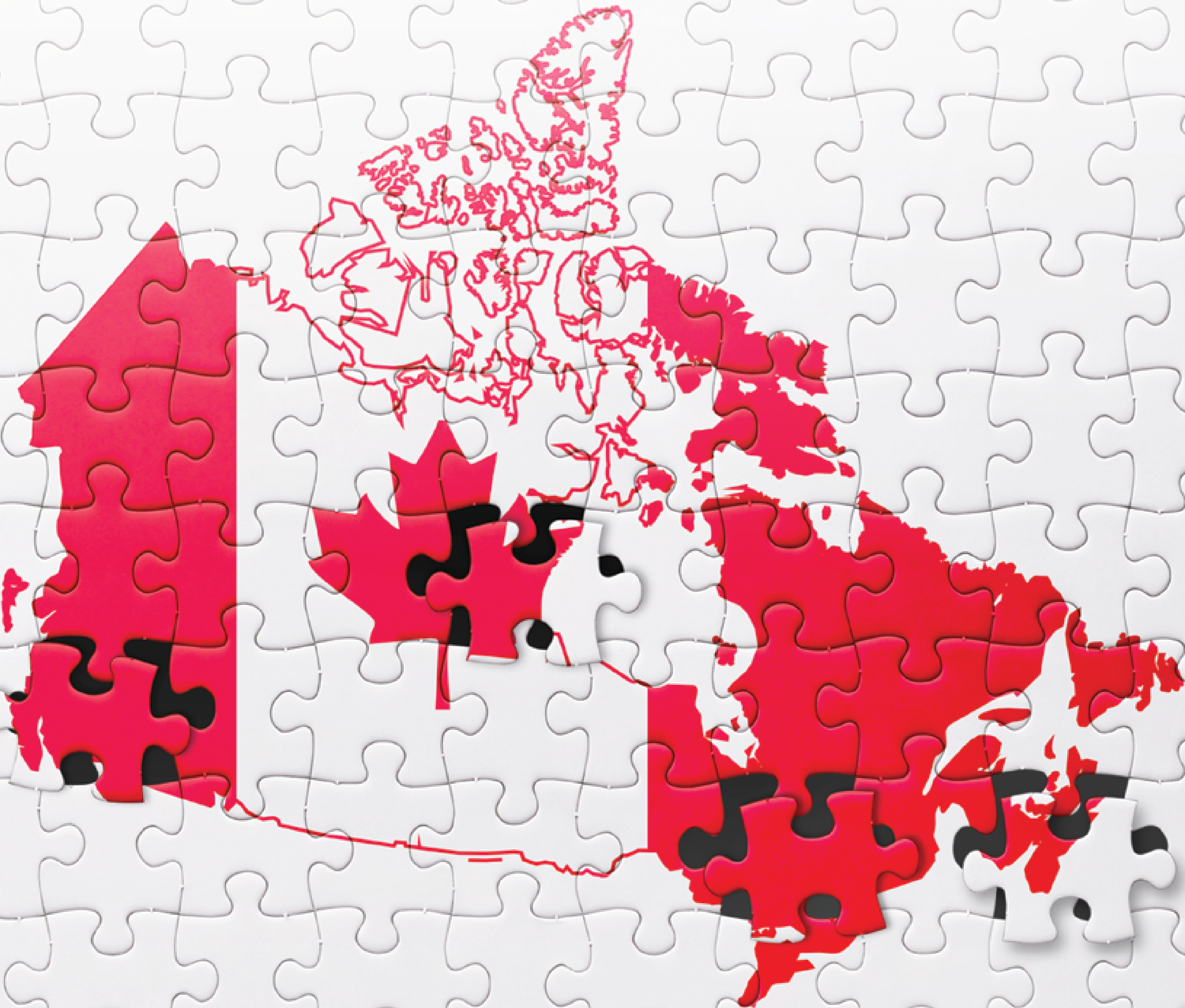
Putting the pieces together



ANNUAL REPORT 2018

STORAGEVAULT
CANADA SELF STORAGE CENTRES

EXECUTE, EXECUTE, **EXECUTE!**

Table of Contents

Financial Highlights 5
Letter to Our Shareholders 6
Our National Footprint 8
Our Board Members 11
Financial Statements 12
Management Discussion and Analysis 51

Corporate Information

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SVI IS NOW CREATING ITS OWN DEAL FLOW AS OWNERS NOW UNDERSTAND THE BENEFITS OF OUR **STRUCTURE AND SCALE**

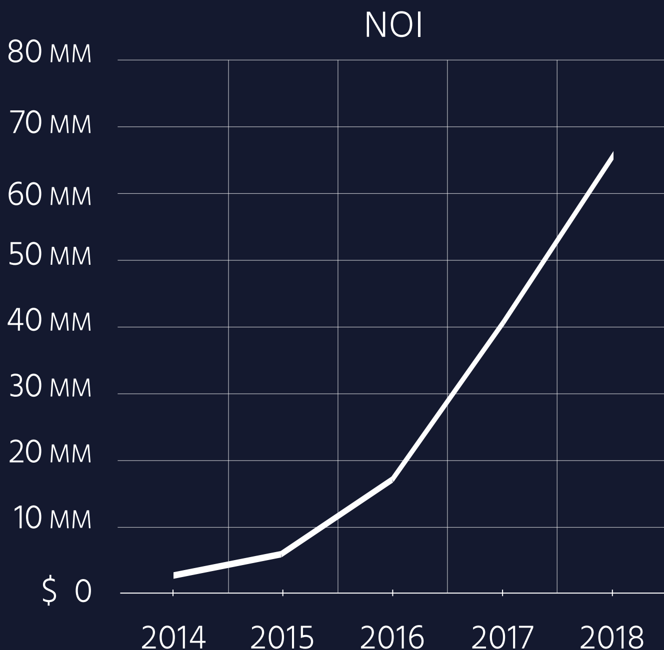
Financial Highlights

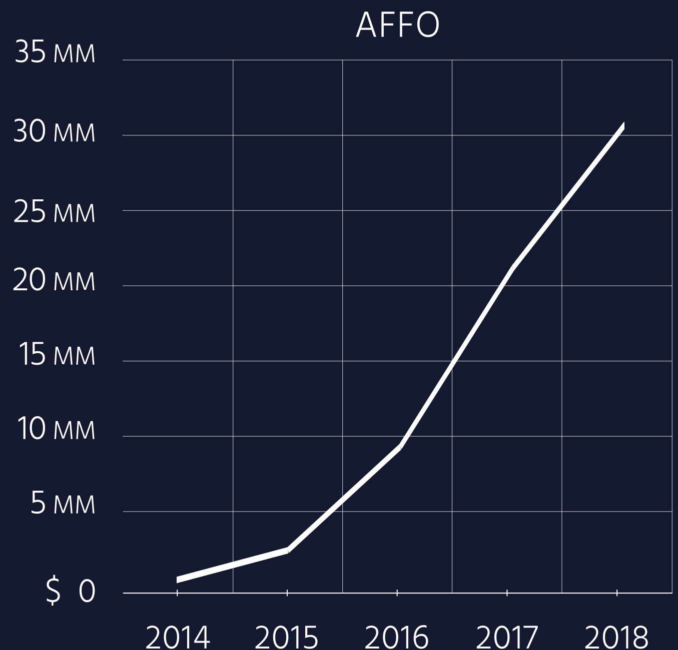
ASSET OVERVIEW - GROWTH

REVENUE 56% ▲ | NOI 62% ▲ | AFFO 45% ▲

▲ NOI AND AFFO

LET'S TALK **GROWTH:**





Letter to Our Shareholders

Dear Fellow Shareholders,

2018 was a very strong year for SVI as we more than doubled our target for acquisitions, exceeded our revenue and NOI growth goals and locked in the majority of our debt at very favourable rates for a ten year term.

On the acquisition front, we announced $171.9 million of acquisitions, $161.4 million of which closed in 2018 and $10.5 million closed in Q1 2019. The jewel was acquiring the Canadian Self Storage portfolio for $66.2 million (a mini whale) with core Toronto locations at Yonge & Steeles and York Mills & Leslie.

Acquisitions have continued to be stronger than expected as owners now understand the benefits of our structure and scale. We are confident in our acquisition funnel for 2019 and into 2020.

Operationally we have been able to execute on our integration plan more quickly than budgeted, allowing us to reap the benefits of synergies and scale from the Sentinel portfolio which has resulted in an improvement in NOI margin by over 2.5% to over 67%. Revenues grew 56% to over $96.4 million and NOI grew 62% to $65.9 million. Same store NOI grew 8.8% in 2018, well in excess of our 4 to 6% long term average target and AFFO grew 45% to $30.8 million which allows us to fund growth through internal cash flow.

We continue to build the best storage portfolio and platform in Canada by focusing on technology and innovation. We have developed best in class revenue management systems, digital marketing platforms, automation efficiencies and data analytics techniques that focus on enhancing revenues, acquiring customers, reducing expenses and providing the highest quality customer experience.

We believe that we have the best team in the country and this provides us a tremendous competitive advantage. Through the combination of our great people and our best in class systems, we are now approaching $2 billion in enterprise value. This size and scale provides a significant competitive advantage that we will continue to leverage.

One of the advantages of our size and scale has been our access to significantly improved debt terms. We have been able to de-risk the balance sheet by entering into $275 million of 10 year fixed rate debt at attractive interest rates below 4.25%.

To date, we have closed $10.5 million in assets and we expect to acquire $50 million of assets in addition to the $275 million Real Storage portfolio. Real Storage is our second whale in as many years and is a transformational deal taking SVI close to 200 stores owned and managed throughout Canada.

We continue to solidify our status as the storage leader in Canada and remain committed to growing cash flows and creating long term wealth for our shareholders.

Thank you for your continued support.

Sincerely,

Steven Scott
Chief Executive Officer
February 27, 2019

WE GREW TO OVER 6 MILLION SQFT OF RENTABLE SPACE IN 55,000 STORAGE UNITS

$171.9 MILLION IN ACQUISITIONS RESULTING IN 15 STORES BEING ADDED IN 2018

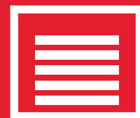
"WE CONTINUE TO EXECUTE ON OUR PLAN AND DELIVER **STRONG RESULTS**"

REVENUE GROWTH OF 56% TO $96.4 MILLION FROM $61.9 MILLION

ANNOUNCED THE ACQUISITION OF THE 38 STORE REAL STORAGE PORTFOLIO FOR $275 MILLION EXPECTING TO CLOSE IN Q2 2019

NOI GROWTH OF 62% TO $65.9 MILLION FROM $40.6 MILLION

EXPECTING AN ADDITIONAL $50 MILLION IN ACQUISITIONS FOR THE BALANCE OF 2019



Our National Footprint

160+ locations owned and managed across Canada and growing!

Proudly Canadian

17

30

8

8

66

28

4

OUR **SELF STORAGE** AND **PORTABLE STORAGE BRANDS**

OUR SIZE AND SCALE PROVIDES A

SIGNIFICANT COMPETITIVE ADVANTAGE

THAT WE WILL CONTINUE TO LEVERAGE

Our Board Members

MEET OUR BOARD MEMBERS

STEVEN SCOTT

Director

CEO

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

IQBAL KHAN

Director

CFO

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

ALAN SIMPSON

Director

Mr. Simpson is a co-founder and former president and CEO of the corporation, 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.

JAY LYNNE FLEMING

Director

President and CEO of CVL Investments Ltd., and founder of Storage for Your Life, which she sold to StorageVault in 2015. Ms. Fleming currently serves as Chairperson of the Corporation's Governance Committee and also serves on the Acquisition Committee.

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 have solidified our status as the storage leader in Canada and will continue to focus on growing cash flows and creating long term wealth for our shareholders."

StorageVault Canada Inc.
Consolidated Financial Statements

For the Years ended December 31, 2018 and 2017

Independent Auditor's Report

To the Shareholders of StorageVault Canada Inc.:

Opinion

We have audited the consolidated financial statements of StorageVault Canada Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and December 31, 2017, and the consolidated statements of income (loss) and other comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018 and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis and the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Sean Du Plessis.

Calgary, Alberta
February 27, 2019

Chartered Professional Accountants

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

	2018	2017
Assets		
Real estate and equipment, net (Note 5)	**$ 915,442,044**	$ 780,024,751
Goodwill and intangible assets, net (Note 6)	**77,526,826**	72,060,892
Cash and short term deposits	**19,695,873**	16,152,428
Investment in Joint Venture (Note 14)	**-**	14,635,305
Prepaid expenses and other current assets	**5,191,801**	8,710,680
Accounts receivable	**4,934,873**	3,912,325
	$ 1,022,791,417	$ 895,496,381
Liabilities and Shareholders' Equity		
Long term debt (Note 7)	**$ 552,677,822**	$ 230,945,255
Lines of credit (Note 7)	**149,733,334**	332,153,083
Deferred tax liability (Note 10)	**47,026,009**	49,156,628
Accounts payable and accrued liabilities	**7,394,616**	10,784,409
Unearned revenue	**5,033,079**	4,381,889
	761,864,860	627,421,264
Shareholders' Equity		
Share capital (Note 8)	**338,552,701**	319,571,781
Dividends paid (Note 8)	**(8,726,868)**	(5,070,304)
Contributed surplus (Note 8)	**5,218,589**	3,540,210
Deficit	**(74,117,865)**	(49,966,570)
	260,926,557	268,075,117
	$ 1,022,791,417	$ 895,496,381

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

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

Approved on behalf of the Board:

"signed" Steven Scott
Director

"signed" Iqbal Khan
Director

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

	2018	2017
Common Share Capital		
Balance, beginning of the period	**$ 319,571,781**	$ 185,768,388
Common shares issued, net of issuance costs (Note 8)	**18,980,920**	134,303,177
Common shares repurchased (Note 8)	**-**	(499,784)
Balance, end of the period	**338,552,701**	319,571,781
Contributed Surplus		
Balance, beginning of the period	**3,540,210**	2,243,239
Redemption of stock options and warrants (Note 8)	**(223,252)**	(237,315)
Stock based compensation (Note 8)	**1,901,631**	1,534,286
Balance, end of the period	**5,218,589**	3,540,210
Deficit		
Balance, beginning of the period	**(49,966,570)**	(30,527,795)
Retirement of stock options and warrants	**-**	(5,586,143)
Net income (loss) and comprehensive income (loss)	**(24,151,295)**	(13,852,632)
Balance, end of the period	**$ (74,117,865)**	$ (49,966,570)

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

	2018	2017
Revenue		
Storage and related services	$ **94,666,809**	$ 60,671,031
Management fees	**1,716,790**	1,217,483
	96,383,599	61,888,514
Expenses		
Operating costs	**30,523,949**	21,294,478
Acquisition and integration costs	**2,248,751**	5,373,955
Selling, general and administrative	**6,192,383**	4,038,559
Share of net loss in joint venture (Note 14)	**-**	157,278
Stock based compensation (Note 8)	**1,901,631**	1,534,286
Depreciation, amortization and goodwill (Note 5, 6)	**58,857,132**	38,608,471
Interest	**28,875,906**	15,639,157
	128,599,752	86,646,184
Net income (loss) and comprehensive income (loss) before tax	**(32,216,153)**	(24,757,670)
Deferred tax recovery (Note 10)	**8,064,858**	10,905,038
Net income (loss) and comprehensive income (loss) after tax	$ **(24,151,295)**	$ (13,852,632)
Net income (loss) per common share		
Basic	$ **(0.069)**	$ (0.044)
Diluted	$ **(0.069)**	$ (0.044)
Weighted average number of common shares outstanding		
Basic	**351,893,667**	317,487,007
Diluted	**351,893,667**	317,487,007

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

	2018	2017
Cash provided by (used for) the following activities:		
Operating activities		
Net income (loss) and comprehensive income (loss) after tax	**$ (24,151,295)**	$ (13,852,632)
Adjustment for non-cash items:		
Deferred tax recovery (Note 10)	**(8,064,858)**	(10,905,038)
Depreciation, amortization and goodwill adjustment (Notes 5, 6)	**58,857,132**	38,608,471
Amortization of deferred financing costs	**1,137,473**	740,866
Stock based compensation (Note 8)	**1,901,631**	1,534,286
Gain on disposal of real estate and equipment	**(352,184)**	(147,910)
Cash flow from operations before non-cash working capital balances	**29,327,899**	15,978,043
Net change in non-cash working capital balances		
Accounts receivable	**(1,022,548)**	(1,664,429)
Prepaid expenses and other current assets	**3,518,879**	(6,871,244)
Accounts payable and accrued liabilities	**(7,752,575)**	3,066,967
Unearned revenue	**651,190**	91,461
	24,722,845	10,600,798
Financing activities		
Common shares issued, net of issuance costs (Note 8)	**1,598,020**	83,471,772
Repurchase of common shares (Note 8)	**-**	(499,785)
Dividends paid	**(2,113,765)**	(2,394,337)
Advances from long term debt	**419,443,038**	483,553,119
Repayment of long term debt	**(281,267,693)**	(103,702,241)
Cancellation of share options and warrants	**-**	(5,823,458)
	137,659,600	454,605,070
Investing activities		
Cash paid in business combinations (Note 4)	**(140,263,193)**	(457,532,033)
Additions to real estate and equipment (Note 5, 6)	**(18,611,830)**	(5,185,319)
Proceeds on disposal of real estate and equipment	**36,023**	1,794,020
	(158,839,000)	(460,923,332)
Increase in cash and short term deposits	**3,543,445**	4,282,536
Cash and short term deposits balance, beginning of period	**16,152,428**	11,869,892
Cash and short term deposits balance, end of period	**$ 19,695,873**	$ 16,152,428

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 subsidiaries (the "Corporation") as at and for the year ended December 31, 2018, were authorized for issuance by the Board of Directors of the Corporation on February 26, 2019. 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, managing and renting self storage and portable storage space to individual and commercial customers.

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") as at January 1, 2018.

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 subsidiaries, Sentinel Self-Storage Corporation and Spyhill Ltd., 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. The entity was dissolved on January 19, 2017. StorageVault Canada Inc. did not have any direct or indirect shareholdings in 1712066. An entity is consolidated if, based on an evaluation of the substance of its relationship with StorageVault Canada Inc., it is determined that StorageVault Canada Inc. has rights, either directly through ownership or indirectly through contractual arrangements, to direct the relevant activities of the other entity. 1712066 was established under terms that impose strict limitations on the decision making powers of its management and that results in StorageVault Canada Inc. receiving the majority of the benefits related to its operations and net assets, being exposed to the majority of the risks incident to its activities, and retaining the majority of the residual or ownership risks related to its assets.

Note 3 – Continued

Interest in Joint Venture
The Corporation had an interest in a joint venture, through its wholly owned subsidiary Sentinel Self-Storage Corporation, Spyhill Ltd. ("JV"), which was a jointly controlled entity. The Corporation recognized its interest in the JV using the equity method of accounting. As at February 1, 2018, the Corporation wholly owned the JV through the purchase of the remaining 50% of its shares (Note 4).

Revenue Recognition
Revenue from the rendering of services and sales of goods are recognized at the fair value of consideration received or receivable after the deduction of any trade discounts and excluding sales taxes.

The Corporations revenue comprises the renting of storage units to customers, managing storage facilities on behalf of third parties and sale of merchandise, including locks, boxes, packing supplies and equipment.

Revenue earned from the renting of storage units is accounted for under IAS17 – Leases. Storage units are rented to customers pursuant to rental agreements which provide for weekly or monthly rental terms with non-refundable rental payments. The rental agreements may be terminated by the customer without further obligation or cost upon vacating the storage unit. Revenue from rental agreements is recognized over the rental term pursuant to the rental agreement. Non-refundable customer deposits, which are received to hold a unit for rent at a future date, are deferred and recognized as revenue upon commencement of the rental agreement. Receipts of rental fees for future periods are deferred and recognized as revenue when each respective monthly period commences. Provision is made for expected allowances as necessary.

The Corporation earns a management fee based on a percentage of gross revenues of the operations for managing storage facilities for third parties. Revenue is recognized over time when the services are rendered.

Revenue from the sale of merchandise, including locks, boxes, packing supplies and equipment, is recognized at a point in time when the merchandise is delivered to the customer.

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

Note 3 – Continued

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 allocated to each cash-generating unit ("CGU") expected to benefit from the business combination's synergies and to the lowest level at which management monitors the goodwill.

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

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 CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for the disposal of the asset. The value in use calculation is based on a discounted cash flow model. The estimated future cash flows are derived from management estimates, budgets and past performance and do not include activities that the Corporation is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Note 3 – Continued

- Purchase price allocations - Estimates are made in determining the fair value of assets and liabilities, including the valuation of separately identifiable intangibles acquired as part of an acquisition. These estimates may be further based on management's best assessment of the related inputs used in valuation models, such as future cash flows and discount rates.
- Bad debts - The Corporation estimates potential bad debts based on an analysis of historical collection activity and specific identification of overdue accounts. Actual bad debts may differ from estimates made.
- Income taxes - Income taxes are subject to measurement uncertainty due to the possibility of changes in tax legislation or changes in the characterization of income sources.
- Stock based compensation - Compensation costs accrued for stock based compensation plans are subject to the estimation of the ultimate payout using pricing models such as the Black-Scholes model which is based on significant assumptions such as volatility, dividend yield and expected term.

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 applied judgment in determining control over the JV where the Corporation held 50% equity ownership. The judgment was 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 was guaranteed 50% of seats on the board of the JV and participated in all significant financial and operating decisions. Joint control was established by the shareholder arrangement that required 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.

Note 3 – Continued

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 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.

Note 3 – Continued

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.

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.

Note 3 – Continued

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

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

Stock Based Compensation
The fair value of stock options issued to directors, officers and consultants under the Corporation's stock option plan is estimated at the date of issue using the Black-Scholes option pricing model, and charged to the 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.

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

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate 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.

Note 3 – Continued

Income (Loss) per Share
Basic income (loss) per common share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is calculated by dividing the net earnings by the weighted average number of shares outstanding as adjusted for the potential dilution that would occur if outstanding stock options, subordinated debentures, preferred shares or other potentially dilutive financial instruments were exercised or converted to common shares.

The weighted average number of diluted shares is calculated in accordance with the treasury stock method. The treasury stock method assumes that the proceeds received from the exercise of all potentially dilutive instruments are used to repurchase common shares at the average market price.

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

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

Changes in Accounting Policies
The Corporation has adopted the following new and revised standards effective January 1, 2018:

IFRS 9 - Financial Instruments
The International Accounting Standards Board issued IFRS 9 – Financial Instruments that introduces new requirements for classifying and measuring financial instruments. The standard is effective for fiscal years beginning on or after January 1, 2018. IFRS 9 affects the classification and measurement of financial assets and financial liabilities and the recognition of expected credit losses. The Corporation adopted IFRS 9 effective January 1, 2018 on a retrospective basis. The prior year comparative information has not been adjusted with respect to the adoption of IFRS 9's classification and measurement requirements as the adoption of IFRS 9 did not result in material changes to the determination of the Corporation's anticipated credit losses and associated allowance for doubtful accounts.

There were no adjustments to the carrying amounts of financial instruments as a result of the measurement classification category changes from IAS 39 to IFRS 9.

Consistent with the requirements of IFRS 9, the Corporation assesses the lifetime expected credit losses on an ongoing basis and updates its assumptions, if and when required.

Note 3 – Continued

a) Financial assets - Pursuant to IFRS 9, the classification of financial assets is based on the Corporation's assessment of its business model for holding financial assets. The classification categories are as follows:

- Financial assets measured at amortized cost: assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets at fair value through other comprehensive income: assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets at fair value through profit or loss: assets that do not meet the criteria for amortized cost or fair value through other comprehensive income.

Financial assets measured at amortized cost are measured at cost using the effective interest method. Impairment of financial assets are recognized in accordance with IFRS 9's three stage process and credit losses expected to occur over the first 12 months of the life of the instrument are recognized immediately. The life time credit losses are recognized when the credit risk has increased significantly since the initial recognition. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amounts of the assets and the loss is recognized in the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss). When a trade receivable is uncollectible, it is written off against the allowance for doubtful accounts.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred.

b) Financial liabilities - The classification of financial liabilities is determined by the Corporation at initial recognition. The classification categories are as follows:

- Financial liabilities measured at amortized cost: financial liabilities initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss).
- Financial liabilities measured at fair value through profit or loss: financial liabilities measured at fair value with changes in fair value and interest expense recognized in the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss).

Financial liabilities are derecognized when the obligation is discharged, cancelled or expired.

Note 3 – Continued

The following table summarizes the classification impacts of the adoption of IFRS 9:

Financial instrument	Previous classification under IAS 39	New classification under IFRS 9
Financial asset:		
Accounts receivable and other receivables	Loans and receivables	Amortized cost
Cash and short term deposits	Loans and receivables	Amortized cost
Financial liabilities:		
Long term debt and lines of credit	Other liabilities	Amortized cost
Accounts payable and other liabilities	Other liabilities	Amortized cost

IFRS 15 - Revenue from contracts with customers
On May 28, 2014 the IASB issued IFRS 15, "Revenue from contracts with customers". IFRS 15 replaced existing standards and interpretations on revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2018. The standard outlines a single comprehensive model for entities for revenue recognition arising from contracts with customers.

The Corporation has completed its evaluation of the impact of IFRS 15 on its consolidated financial statements. The Corporation's practices of revenue recognition are unchanged upon adoption of this standard, therefore, the adoption of IFRS 15 did not result in a material impact to the consolidated financial statements. The Corporation has elected to apply the standard on a modified retrospective basis. Under this approach, the 2017 comparative period was not restated. There was no cumulative transitional adjustment to the opening retained earnings balance required.

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 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 by its mandatory effective date.

4. Acquisitions

During the year ended December 31, 2018, 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. Details of the acquisitions are:

First Quarter Acquisition:

On February 1, 2018, the Corporation acquired the remaining 50% interest in the JV for a stated purchase price of $14,460,181. The acquisition was an arm's length transaction. At the date of the acquisition, the Corporation had a 50% interest in the JV, which was accounted for using the equity method (Note 14). The Corporation accounted for this acquisition as a business combination achieved in stages, which required a re-measurement of the previously held interest in the JV to fair value as of the acquisition date. There was no gain or loss on the step acquisition. This fair value amount is added to the consideration transferred in determining the amount of goodwill.

A summary of the assets acquired are as follows:

Land, Yards, Buildings & Improvements	$ 31,344,842
Tenant Relationships	3,005,158
	34,350,000
Working Capital Adjustment	(4,786,209)
Deferred Tax	(5,934,239)
Goodwill	5,465,934
Net Assets Acquired	29,095,486

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

Cash	14,460,181
Fair Value of 50% equity interest	14,635,305
	29,095,486

Selected information for the acquisition, since its acquisition date:

Revenue	2,634,314
Operating costs	887,970
	1,746,344
Amortization	2,470,026
Interest	985,030
Net income (loss)	$ (1,708,712)

Note 4 – Continued

Second Quarter Acquisitions:

During the second quarter, the Corporation completed the acquisition of four self storage locations in Ontario for $69,400,000 (subjected to customary adjustments). These acquisitions were arm's length transactions. The purchases were paid for by advances from long term debt, issuance of common shares and cash on hand.

A summary of the acquisitions are as follows:

	Two Self Storage Locations	One Self Storage Location	One Self Storage Location	Total
Acquisition date:	May 22, 2018	June 22, 2018	June 28, 2018	
Land, Yards, Buildings & Improvements	$ 61,888,079	$ 1,826,939	$ 700,000	$ 64,415,018
Tenant Relationships	4,611,921	373,061	-	4,984,982
Net Assets Acquired	66,500,000	2,200,000	700,000	69,400,000
Consideration paid for the net assets acquired was obtained from the following:				
Cash	12,838,273	1,197,164	700,000	14,735,437
Debt	42,000,000	-	-	42,000,000
Common Shares	11,661,727	1,002,836	-	12,664,563
	66,500,000	2,200,000	700,000	69,400,000
Selected information for the acquisition, since its acquisition date:				
Revenue	2,684,274	173,277	19,043	2,876,594
Operating costs	575,291	75,575	716	651,582
	2,108,983	97,702	18,327	2,225,012
Amortization	1,944,228	98,558	17,368	2,060,154
Interest	1,103,400	-	-	1,103,400
Net income (loss)	$ (938,645)	$ (856)	$ 959	$ (938,542)

Note 4 – Continued

Third Quarter Acquisitions:

During the third quarter, the Corporation completed the acquisition of six self storage locations for $42,650,000 (subjected to customary adjustments). The acquisitions were arm's length transactions. The purchases were paid for by advances from long term debt and cash on hand.

A summary of the acquisitions are as follows:

	One Self Storage Location	Four Self Storage Location	One Self Storage Location	Total
Acquisition Date:	July 24, 2018	Sept. 21, 2018	Sept. 24, 2018	
Land, Yards, Buildings & Improvements	$ 14,012,870	$ 19,017,113	$ 4,469,538	$ 37,499,521
Tenant Relationships	987,130	3,382,887	780,462	5,150,479
Net Assets Acquired	15,000,000	22,400,000	5,250,000	42,650,000
Consideration paid for the net assets acquired was obtained from the following:				
Cash	15,000,000	5,600,000	-	20,600,000
Debt	-	16,800,000	5,250,000	22,050,000
	15,000,000	22,400,000	5,250,000	42,650,000
Selected information for the acquisitions, since their acquisition dates:				
Revenue	526,632	713,215	191,311	1,431,158
Operating costs	123,389	268,673	67,503	459,564
	403,243	444,542	123,808	971,594
Amortization	341,088	472,211	116,063	929,362
Interest	494,649	218,511	11,100	724,261
Net income (loss)	$ (432,494)	$ (246,180)	$ (3,355)	$ (682,029)

Note 4 – Continued

Fourth Quarter Acquisitions:

During the fourth quarter, the Corporation completed the acquisition of five self storage locations for $29,300,000 (subjected to customary adjustments). The acquisitions consisted of both arm's length and non-arm's length transactions. The purchases were paid for by cash on hand, the issuance of common shares, and first mortgage financing.

A summary of the acquisitions are as follows:

	Two Self Storage Location	One Self Storage Location	Two Self Storage Location	Total
Acquisition date:	Oct. 10, 2018	Oct. 15, 2018	Oct. 24, 2018	
Land, Yards, Buildings & Improvements	$ 10,473,554	$ 4,250,000	$ 12,116,595	$ 26,840,149
Tenant Relationships	1,326,446	-	1,133,405	2,459,851
Net Assets Acquired	11,800,000	4,250,000	13,250,000	29,300,000
Consideration paid for the net assets acquired was obtained from the following:				
Cash	2,950,000	1,062,500	4,250,000	8,262,500
Debt	8,850,000	3,187,500	5,000,000	17,037,500
Common Shares	-	-	4,000,000	4,000,000
	11,800,000	4,250,000	13,250,000	29,300,000
Selected information for the acquisitions, since their acquisition dates:				
Revenue	353,414	76,023	288,146	717,583
Operating costs	109,868	11,778	88,083	209,729
	243,547	64,245	200,063	507,855
Amortization	237,776	25,385	202,905	466,066
Interest	99,400	33,693	2,081	135,173
Net income (loss)	$ (93,629)	$ 5,167	$ (4,923)	$ (93,384)

5. Real Estate and Equipment

	Land, Yards, Buildings & Improvements	Storage Containers	Intangible Tenant Relationships	Vehicles	Office & Computer Equipment	Total
COST						
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
Additions	11,524,966	6,026,887	-	205,573	854,404	18,611,830
Disposals	(10,648)	(17,500)	-	(28,159)	-	(56,307)
Business acquisitions	160,099,529	-	15,600,471	-	-	175,700,000
December 31, 2018	915,611,059	18,712,577	97,861,998	5,070,494	2,662,999	1,039,919,127
ACCUMULATED DEPRECIATION						
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
Depreciation	34,427,544	1,257,998	22,178,673	581,547	411,370	58,857,132
Disposals	(213)	(271)	-	(18,418)	-	(18,902)
December 31, 2018	68,580,856	5,376,759	45,852,008	3,622,525	1,044,935	124,477,083
NET BOOK VALUE						
December 31, 2017	709,843,687	8,584,158	58,588,192	1,833,684	1,175,030	**780,024,751**
December 31, 2018	847,030,203	13,335,818	52,009,990	1,447,969	1,618,064	**915,442,044**

Included in Land, Yards, Buildings & Improvements is Land at a value of $298,882,932 (December 31, 2017 - $245,377,231).

Included in Land, Yards, Buildings & Improvements is $7,770,200 (December 31, 2017 - $1,189,411) of construction in process that is not being depreciated.

6. Goodwill and Intangible Assets

		Other Intangible Assets			
	Goodwill	Management Contracts	Franchise Agreements	Website Development	Total
COST					
December 31, 2016	3,423,490	-	20,000	23,172	3,466,662
Additions	-	300,000	-	-	300,000
Business acquisitions	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
Additions	5,465,934	-	-	-	5,465,934
December 31, 2018	61,226,826	16,300,000	20,000	23,172	77,569,998
ACCUMULATED AMORTIZATION					
December 31, 2016	-	-	18,400	23,172	41,572
Amortization	-	-	1,600	-	1,600
December 31, 2017	-	-	20,000	23,172	43,172
December 31, 2018	-	-	20,000	23,172	43,172
NET BOOK VALUE					
December 31, 2017	55,760,892	16,300,000	-	-	**72,060,892**
December 31, 2018	61,226,826	16,300,000	-	-	**77,526,826**

At December 31, 2018 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.

Note 6 – Continued

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 6.08% 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 8.45% 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 Self-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, and is consistent with the CGU's historical growth rate.
- Cash flows were discounted at a pre-tax rate of 5.05% based on management's experience and the superior quality and location of these properties.

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.

Note 6 – Continued

Management Division 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 group of CGU's are the growth rate and the discount rate:

- A 1% increase or decrease in the growth rate would not result in an impairment of these groups of CGU's.
- A 1% increase or decrease in the discount rate would not result in an impairment of these groups of CGU's.

Group of CGU's	Goodwill	Carrying Value	Recoverable Amount
Manitoba and Saskatchewan	2,621,716	28,416,958	39,838,803
Kamloops, BC	76,470	7,982,147	14,222,890
London, ON	142,807	2,196,481	5,058,611
Sentinel Self-Storage	52,442,159	410,798,799	550,966,506
Portable Storage	2,578,968	17,832,236	21,859,603
Management Division	3,364,706	16,000,000	23,718,250
	61,226,826	483,226,621	655,664,663

7. Long Term Debt and Lines of Credit

	December 31, 2018			December 31, 2017		
	Rate Range	**Weighted Average**	**Balance**	Rate Range	Weighted Average	Balance
Mortgages						
Fixed/Variable	3.18% to 5.20%	4.24%	**555,183,118**	3.18% to 5.50%	4.21%	233,190,726
	Maturity: January 2019 to December 2028			*Maturity: March 2018 to March 2025*		
Deferred financing costs net of accretion of $2,514,319 (Dec 31, 2017 - $1,376,845)			**(2,505,296)**			(2,245,471)
			552,677,822			230,945,255
Lines of Credit						
Variable Rate	Prime plus 1.00% or BA plus 2.35%	4.47%	**149,733,334**	Prime plus 1.00% or BA plus 2.75%	4.21%	332,153,083
	Maturity: July 2019 to April 2021			*Maturity: March 2018 to August 2020*		
			702,411,156			563,098,338

The bank prime rate at December 31, 2018 was 3.95% (December 31, 2017 – 3.20%).

Mortgages are secured by a first mortgage charge on the real estate and equipment of the Corporation, general security agreements covering all assets of the Corporation, general assignment of rents and leases and assignments of insurance coverage over all assets of the Corporation. The Corporation must maintain certain financial ratios to comply with the facilities. These covenants include debt service coverage ratios, a fixed charge coverage ratio, a tangible net worth ratio, and a loan to value ratio. As of December 31, 2018, 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	$	170,685,310 (includes $149.7 million lines of credit)
Year 2	$	97,527,172
Year 3	$	76,538,824
Year 4	$	83,784,306
Year 5	$	34,109,775
Thereafter	$	242,271,065

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, 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
Share 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
Issued on acquisitions (Note 4)	6,313,955	15,661,727
Dividend reinvestment plan	613,694	1,497,892
Share option and warrant redemption	3,568,391	1,906,263
Share issuance costs	-	(84,962)
Balance, December 31, 2018	355,722,974	$ 338,552,701

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, up to 17,198,962 of the common shares. The NCIB has been renewed to allow the Corporation to purchase for cancellation, during the 12-month period starting September 7, 2018, up to 17,704,359 of the common shares.

Note 8 - Continued

Contributed surplus:

	December 31, 2018	December 31, 2017
Opening balance	**3,540,210**	2,243,239
Stock based compensation	**1,901,631**	1,534,286
Redemption of stock options and warrants	**(223,252)**	(237,315)
Ending balance	**5,218,589**	3,540,210

Stock Options and Warrants

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

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

	December 31, 2018		December 31, 2017	
		Weighted Average		Weighted Average
	Options	**Exercise Price**	Options	Exercise Price
Opening	**11,555,850**	**$1.01**	11,501,000	$0.62
Exercised/Expired	**(1,018,400)**	**$0.73**	(2,945,150)	$0.29
Granted	**3,000,000**	**$2.52**	3,000,000	$1.78
Closing and Exercisable	**13,537,450**	**$1.36**	11,555,850	$1.01

The fair value of options granted in 2018 was estimated on the date of the grant, as determined by using the Black-Scholes option pricing model with the following assumptions:

Dividend Yield	0.11%
Risk-Free Interest Rate	2.05%
Expected Life of Options	4 Years
Expected Volatility of the Corporation's Common Shares	30.97%

Note 8 – Continued

Stock options exercisable and outstanding are as follows:

Exercise Price		Vesting Date	Expiry Date	December 31, 2018	December 31, 2017
$	0.23	May 6, 2009	May 6, 2019	990,000	1,210,000
$	0.33	June 19, 2014	June 19, 2024	180,000	220,000
$	0.41	April 28, 2015	April 28, 2025	2,122,450	2,390,850
$	0.50	Sept 14, 2015	Sept 14, 2025	1,570,000	1,760,000
$	1.36	Dec 21, 2016	Dec 21, 2026	2,825,000	2,975,000
$	1.78	Mar 16,2017	Mar 15, 2027	2,850,000	3,000,000
$	2.52	May 4, 2018	May 3, 2028	3,000,000	-
Options exercisable and outstanding				13,537,450	11,555,850

Warrants exercisable and outstanding are as follows:

Exercise Price		Expiry Date	December 31, 2018	December 31, 2017
$	0.35	Feb 25, 2018	-	16,666
$	0.37	Feb 25, 2018	-	2,533,334
Warrants exercisable and outstanding			-	2,550,000

Equity Incentive Plan
Under the Corporation's Equity Incentive Plan passed on May 30, 2018 (the "Plan"), directors, employees and consultants are eligible to receive awards, in the form of Restricted Share Units ("RSU's"), Deferred Share Units ("DSU's") and Named Executive Officer Restricted Share Units ("Neo RSU's"), as and when granted by the Board, in its sole discretion. The maximum number of awards that may be issued under the Plan is 17,545,677. The maximum number of shares that may be reserved for issuance under the Plan, together with any of the Corporation's other share-based compensation arrangements, may not exceed 10% of the issued shares of the Corporation.

The RSU's and DSU's that are granted vest in equal annual amounts over 3 years. The Neo RSU's vest 3 years after the date of grant. RSU's, DSU's and Neo RSU's are entitled to be credited with dividend equivalents in the form of additional RSU's, DSU's and Neo RSU's, respectively.

With certain exceptions, the Plan provides that (i) the maximum number of awards that may be granted to any one participant together with any other share-based compensation arrangements, in any 12 month period, may not exceed 5% of the issued shares, and, in the case of any consultant, may not exceed 2% of the issued shares; and (ii) the total value of all securities that may be issued to any non-employee director under all of the Corporation's security based compensation arrangements may not exceed $150,000.00 per annum.

There has been no issuance of any Awards under the Plan as at December 31, 2018.

Note 8 – Continued

Dividends

A cash dividend of $0.00255 per common share was declared on March 20, 2018 and paid to shareholders of record on March 30, 2018.

A cash dividend of $0.002601 per common share was declared on June 15, 2018 and paid to shareholders of record on June 29, 2018.

A cash dividend of $0.002601 per common share was declared on September 14, 2018 and paid to shareholders of record on September 28, 2018.

A cash dividend of $0.002601 per common share was declared on December 14, 2018 and payable to shareholders of record on December 31, 2018.

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 and accounts payable and accrued liabilities approximate their carrying amount due to the relatively short periods to maturity of these financial instruments. The fair value of the Corporation's debt obligations is estimated based on discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. Such fair value estimates are not necessarily indicative of the amounts the Corporation might pay or receive in actual market transactions.

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

Level 1 – This level includes assets and liabilities measured at fair market value based on unadjusted quoted prices for identical assets and liabilities in active markets that the Corporation can access on the measurement date.
Level 2 – This level includes measurements based on directly or indirectly observable inputs other than quoted prices included in Level 1. Financial instruments in this category are measured using valuation models or other standard valuation techniques that rely on observable market inputs.
Level 3 – The measurements used in this level rest on inputs that are unobservable, unavailable, or whose observable inputs do not justify the largest part of the fair value instrument.

Note 9 – Continued

The fair value of financial liabilities was as follows:

		As at December 31, 2018		As at December 31, 2017	
	Fair Value Hierarchy	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Financial Liabilities:					
Long term debt and lines of credit	Level 2	**702,411,156**	**686,639,088**	563,098,338	561,867,534

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. The impact on the statement of 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, 2018 would be approximately $1,539,550 (December 31, 2017 - $4,215,097).
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, 2018	December 31, 2017
Trade Receivables		
Under 60 days aged	**$3,166,196**	$2,835,508
Between 60 and 90 days (past due but not impaired)	**545,270**	366,639
Over 90 days (not impaired)	**705,821**	125,111
Over 90 days (impaired)	**271,666**	295,486
Allowance for doubtful accounts	**(250,658)**	(298,178)
Non-Trade Receivables		
Over 30 days aged (not impaired)	**496,578**	587,759
	$4,934,873	$3,912,325

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

Balance December 31, 2016	$120,000
Charges or adjustments during the year	178,178
Balance December 31, 2017	$298,178
Charges or adjustments during the year	(47,520)
Balance December 31, 2018	$250,658

The creation and release of the allowance for doubtful accounts has been included in operating costs in the 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 Tax

	2018	2017
Loss before taxes	(32,216,153)	(24,757,670)
Combined federal and provincial statutory income tax rate	26.75%	26.75%
Income tax recovery calculated at statutory rate	(8,617,821)	(6,622,677)
Non-deductible items	502,554	(43,954)
Change in tax rate and other items	50,409	(1,548,737)
Change in deferred tax assets not recognized	-	(2,689,670)
Income tax expense (recovery)	(8,064,858)	(10,905,038)

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

	December 31, 2017	Recognized on acquisitions	Recognized in earnings	December 31, 2018
Property, plant and equipment	(57,038,288)	(5,122,846)	2,392,599	(59,768,535)
Goodwill	(360,064)	-	-	(360,064)
Intangible assets	(6,390,995)	(811,393)	2,694,369	(4,508,019)
Long term debt	(600,926)	-	(40,913)	(641,839)
Deferred tax assets not recognized	1,832,915	-	(246,964)	1,585,951
Non-capital loss carry forwards	13,400,730	-	3,265,767	16,666,497
Deferred tax asset (liability)	(49,156,628)	(5,934,239)	8,064,858	(47,026,009)

11. Related Party Transactions

During the year ended December 31, 2018, the Corporation paid total management fees of $nil (December 31, 2017 - $293,321) to Access Results Management Services Inc. ("ARMS"), a corporation controlled by Steven Scott and Iqbal Khan. On March 31, 2017, the Corporation purchased all management contracts from ARMS and therefore, the management agreement has ceased. Pursuant to a management agreement, ARMS was 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 attained 85% or greater of its annual board-approved budgeted NOI for that fiscal year.

During the year ended December 31, 2018, the Corporation reimbursed operational wages of $nil (December 31, 2017 - $1,545,892) and training, travel and related expenses of $nil (December 31, 2017 - $16,804) to ARMS. These expenses, reimbursed at cost, were undertaken exclusively for the benefit of the Corporation.

During the year ended December 31, 2018, the Corporation paid loan guarantee fees of $nil (December 31, 2017 - $127,500) to Access Self Storage Inc., a large shareholder of the Corporation, related to Steven Scott and Iqbal Khan. The loan guarantee payments ceased in 2017. 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 was compensation for the provision of this guarantee and was paid on a monthly basis at the annual rate of 0.5% and 0.4% of the original mortgage principal balances.

The Corporation holds a Master Franchise from Canadian PUPS Franchises Inc. (CPFI) which provides the Corporation with the exclusive Canadian franchise rights for the development and operation of portable storage throughout Canada. CPFI is a corporation related to 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, 2018, the Corporation paid $237,725 (December 31, 2017 - $216,710) for royalties and $920,071 (December 31, 2017 - $1,535,160) 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, 2018 was $22,461 (December 31, 2017 - $33,808) payable to CPFI.

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, 2018	December 31, 2017
Wages, management fees, bonuses and directors fees	**390,194**	129,800
Stock based compensation	**1,625,895**	1,293,914
	2,016,089	1,423,714

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 three reportable business segments. Each segment is a component of the Corporation for which separate discrete financial information is available for evaluation by the chief 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.

Note 13 – Continued

For the Year Ended December 31, 2018

	Self Storage	Portable Storage	Management Division	Corporate	Total
Revenue	$ 88,202,008	$ 6,464,800	$ 1,716,791	$ -	$ 96,383,599
Operating expenses	26,269,735	4,254,214	-	-	30,523,949
Net operating income	61,932,273	2,210,586	1,716,791	-	65,859,650
Acquisition and integration	-	-	-	2,248,751	2,248,751
Selling, general & admin.	-	-	-	6,192,383	6,192,383
Interest expense	28,875,906	-	-	-	28,875,906
Stock based compensation	-	-	-	1,901,631	1,901,631
Depreciation and amortization	56,755,567	1,953,230	-	148,335	58,857,132
Deferred tax recovery	-	-	-	(8,064,858)	(8,064,858)
Net income (loss)	(23,699,200)	257,356	1,716,791	(2,426,242)	(24,151,295)
Additions:					
Real estate and equipment	187,602,427	6,232,460		476,943	194,311,830

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

Total Assets

	Self Storage	Portable Storage	Management Division	Corporate	Total
As at December 31, 2017	$ 837,350,008	$ 24,770,062	$ 19,353,316	$ 14,022,995	$ 895,496,381
As at December 31, 2018	$ 967,246,443	$ 19,827,440	$ 17,795,589	$ 17,921,945	$ 1,022,791,417

14. Investment in Joint Venture

On February 1, 2018, the Corporation purchased the remaining 50% interest in the JV (Note 4). The investment in the JV prior to the purchase was accounted for using the equity method in accordance with IAS 28.

Financial statements for the JV are as follows:

	January 31, 2018	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

	January 1 to January 31, 2018	August 1 to December 31, 2017
Revenues	$ **220,440**	$ 1,123,703
Expenses		
Operating costs	**114,905**	493,960
Interest	**5,086**	46,672
Depreciation and amortization	**100,449**	897,627
Total Expenses	**220,440**	1,438,259
Income (Loss) for the period	-	(314,556)
Proportion of ownership interest held by the Corporation	**50%**	50%
Corporation's share of income (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 2023 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	$ 1,235,449
Between one and five years	4,986,119
More than five years	20,028,285
	$ 26,249,853

During the year ended December 31, 2018, the Corporation recognized as an expense $1,255,333 (December 31, 2017 - $1,101,757) in operating lease payments.

Contingency
The Corporation has no legal contingency provisions at either December 31, 2018 or December 31, 2017.

16. Subsequent Events

On February 6, 2019, the Corporation announced the approval by its board of directors to execute a purchase agreement of 38 self storage locations operating under the brand of "Real Storage" for $275 million (subjected to customary adjustments). This will be an arm's length transaction and the purchase price will be paid with funds on hand, assumption of debt and mortgage financing.

On February 13, 2019, the Corporation announced that, based on strong quarterly and year over year results, that it is increasing its quarterly dividend for Q1 2019 by 0.5%.

On February 20, 2019, the Corporation announced the completion of the purchase of two stores in Ontario for an aggregate purchase price of $10,460,000.

StorageVault Canada Inc.

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StorageVault Canada Inc.
(the "Corporation")

Form 51-102F1
Management's Discussion and Analysis
For Three Months Ended and Fiscal Year Ended December 31, 2018

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, 2018. This MD&A should be read in conjunction with the audited fiscal 2018 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 February 27, 2019.

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, portable storage and third party management fees; 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 2019; 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 2018 were purchased on January 1, 2018; 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 2018 being extrapolated to the entire period for 2018 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 2019 and revenue and NOI growth for 2019 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.

TABLE OF CONTENTS

GLOSSARY OF TERMS	**54**
NATURE OF OUR BUSINESS	**55**
BUSINESS AND GENERAL CORPORATE STRATEGY	**56**
OUTLOOK	**58**
DESCRIPTION OF OUR OPERATIONS	**59**
FINANCIAL RESULTS OVERVIEW	**61**
WORKING CAPITAL, LONG TERM DEBT AND SHARE CAPITAL	**68**
CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS	**72**
RELATED PARTY TRANSACTIONS	**72**
ACQUISITION COMMITTEE AND ACQUISITION COMMITTEE MANDATE	**73**
ACCOUNTING POLICIES	**74**
RISKS AND UNCERTAINTIES	**75**
CORPORATE CONTACT INFORMATION	**78**

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, 2019 to February 27, 2019;

"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, managing and renting self storage and portable storage space to individual and commercial customers.

As of December 31, 2018, SVI owned 105 stores and 4,613 portable storage units across Canada, for a total of 6,036,763 square feet of rentable storage space in 55,575 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 our owned stores, SVI manages 54 stores that are owned by third parties for a management fee, bringing the total number of stores under management to 159.

SVI's strategic objective is to own and manage 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, the last mile storage and distribution, 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 90 million square feet across 3,000 stores, with the top 10 operators owning less than 15% of these stores; by comparison, the US market is estimated at over 2.5 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 and knowledge of the storage industry allows us to identify and take advantage of accretive and strategic acquisition opportunities.

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

Competition

New development in a market impacts the occupancy and the ability to raise rates at existing stores until the market absorbs the new space. New entrants tend to offer significant move-in specials to achieve 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 manages 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 track record of closing transactions, our industry relationships and our storage experience provides SVI 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. 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: marketing, 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 our 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. In 2018, we completed 73,500 square feet of expansion and currently have another 50,000 square feet under construction expected to be completed in 2019.

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 2019 we expect to acquire approximately $50 million of assets, in addition to the $275 million portfolio acquisition announced on February 6, 2019.

To date, 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 2019 resulting from the timing of 2018 and 2019 acquisitions and as we continue to streamline and integrate operations, implement our revenue management systems and continue to control costs on the $971.5 million of assets purchased in past 4 years.

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 6, 2019 announced that it has entered into a purchase agreement to acquire all of the issued and outstanding trust units and limited partnership units of Real Storage, a 38 store portfolio located in ON, MB, AB and BC, for $275 million.
- On February 13, 2019 announced that, based on strong quarterly and year over year results, that it is increasing its quarterly dividend for Q1 2019 by 0.5%.
- On February 20, 2019 announced the completion of the purchase of two stores in Ontario for an aggregate purchase price of $10,460,000.

DESCRIPTION OF OUR OPERATIONS

As at December 31, 2018, 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	8,447	779,525
Alberta	69.2	19	11,371	1,232,842
Saskatchewan	26.3	8	1,766	238,201
Manitoba	19.6	8	3,728	364,893
Ontario	130.0	36	16,972	2,023,472
Quebec	29.8	14	7,110	674,784
Nova Scotia	15.0	4	1,568	157,483
Portable Storage Units			4,613	565,563
Total	**321.6**	**105**	**55,575**	**6,036,763**

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 increasing NOI and creating value. Our management platform has sophisticated software, supported by dedicated personnel, that understands the nuances of each local market. Our in-depth knowledge of our customer base and the competition allows us to implement strategic rate increases and optimize proven promotions to attract clientele that will be long-term customers, repeat renters and strong referral sources.

Professional Management

The management team at SVI has extensive experience in all aspects of the storage industry including:

- management of over 160 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
- delivering results

Marketing

We implement specific marketing plans for the different localities, stages and seasons of our business with emphasis on maximizing return on investment for every dollar spent. Our strategies to attract customers include strong search engine marketing, user friendly online presence, community connection programs and development of large national accounts to fulfill their last mile storage needs. 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.

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

Technology and Software
SVI stores utilize modern and 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 fiscal 2018, SVI completed $161.4 million of acquisitions with an additional $10.5 million announced that closed in Q1 2019. In fiscal 2017, SVI added 42 stores for $485.4 million (two through a joint venture) and disposed of one land asset. Therefore, the comparative results are impacted by the timing of these acquisitions.

Selected Financial Information

	(unaudited) Three Months Ended December 31				*(audited)* Fiscal			
			Change				Change	
	2018	2017	$	%	**2018**	2017	$	%
Storage revenue and related services	**$ 26,094,031**	$ 20,366,043	$ 5,727,988	*28.1%*	**$ 94,666,808**	$ 60,671,031	$ 33,995,777	*56.0%*
Management fees	**468,398**	378,067	90,331	*23.9%*	**1,716,791**	1,217,483	499,308	*41.0%*
	26,562,429	20,744,110	5,818,319	*28.0%*	**96,383,599**	61,888,514	34,495,085	*55.7%*
Operating costs	**8,272,355**	6,760,316	1,512,039	*22.4%*	**30,523,949**	21,294,478	9,229,471	*43.3%*
Net operating income [1]	**18,290,074**	13,983,794	4,306,280	*30.8%*	**65,859,650**	40,594,036	25,265,614	*62.2%*
Less:								
Acquisition and integration costs	**877,302**	886,499	(9,197)	*-1.0%*	**2,248,751**	5,373,955	(3,125,204)	*-58.2%*
Selling, general and administrative	**2,054,325**	1,929,613	124,712	*6.5%*	**6,192,383**	4,038,559	2,153,824	*53.3%*
Interest	**8,233,488**	5,873,705	2,359,783	*40.2%*	**28,875,906**	15,639,157	13,236,749	*84.6%*
Share of net loss from joint venture	**-**	117,242	(117,242)	-	**-**	157,278	(157,278)	-
Stock based compensation	**-**	-	-	-	**1,901,631**	1,534,286	367,345	*23.9%*
Depreciation and amortization	**16,033,627**	13,158,268	2,875,359	*21.9%*	**58,857,132**	38,608,471	20,248,661	*52.4%*
Goodwill impairment reversal	**-**	(12,420,000)	12,420,000	*-100.0%*	**-**	-	-	-
	27,198,742	9,545,327	17,653,415	*184.9%*	**98,075,803**	65,351,706	32,724,097	*50.1%*
Net Income (Loss) before taxes	**(8,908,668)**	4,438,467	(13,347,135)	*-300.7%*	**(32,216,153)**	(24,757,670)	(7,458,483)	*30.1%*
Deferred tax recovery	**8,064,858**	10,905,038	(2,840,180)	*-26.0%*	**8,064,858**	10,905,038	(2,840,180)	*-26.0%*
Net Income (Loss)	**$ (843,810)**	$ 15,343,505	$ (16,187,315)	*-105.5%*	**$ (24,151,295)**	$ (13,852,632)	$ (10,298,663)	*74.3%*
Weighted average number of common shares outstanding								
Basic	**355,429,257**	317,487,007	37,942,250	*12.0%*	**351,893,667**	317,487,007	34,406,660	*10.8%*
Diluted	**355,429,257**	317,487,007	37,942,250	*12.0%*	**351,893,667**	317,487,007	34,406,660	*10.8%*
Net income (loss) per common share								
Basic	$ (0.002)	$ 0.048			$ (0.069)	$ (0.044)		
Diluted	$ (0.002)	$ 0.048			$ (0.069)	$ (0.044)		

[1] Non-IFRS Measure.

Storage revenue and related services

Revenues increased by $5.8 million, or 28.1%, for the three months ended December 31, 2018, as compared to the same period in 2017. This results in a year to date increase over the prior year of $34.0 million or 56.0%. This increase is attributable to incremental revenue from the stores acquired in the current and prior fiscal years and from organic revenue growth. For additional information, see "Segmented, Existing and New Self Storage and Portable Storage Results."

Management fees

A stream of revenue from management contracts was acquired from Access Results Management Services on March 31, 2017. The three months ended December 31, 2018 results were up 23.9% compared to the same prior year period. The increase in management fees is a direct result of increased revenues from the stores managed by the Corporation.

Operating costs

Operating costs for the three months and fiscal year ended December 31, 2018 were $8.3 million and $30.5 million (December 31, 2017 - $6.7 million and $21.3 million), an increase of 22.4% and 43.3%, respectively. The increase in property operating cost relates to the stores acquired in 2017 and in the current fiscal year.

Net income (loss)

Our net loss of $24.2 million for the fiscal year ended December 31, 2018 is a result of $58.9 million of depreciation and amortization, which was offset by a deferred tax recovery of $8.1 million, both non-cash items.

In Q4 2017, the Corporation reversed $12.4 million of goodwill impairment recorded in the published Q1 2017 and Q3 2017 – see Summary of Quarterly Results for the impact on the 2017 quarterly results.

Net operating income

For the three months ended December 31, 2018, the Corporation had net operating income (NOI), a non-IFRS measure, of $18.3 million (December 31, 2017 - $14.0 million), an increase of 30.8%. The NOI for the fiscal year ended December 31, 2018, increased by $25.3 million or 62.2%, to $65.9 million. The increase was primarily due to the NOI from storage assets purchased in fiscal 2017 and 2018, streamlining and integration of operations, increased rates through our revenue management systems, 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. SVI has closed or announced a total of $171.9 million of acquisitions in fiscal 2018, following $485.4 million of acquisitions in fiscal 2017.

Selling, general and administrative

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

Interest

Interest expense increased as the total amount of debt outstanding increased with current and prior year acquisitions. As at December 31, 2018, our total debt was $702.4 million compared to $563.1 million at December 31, 2017.

Depreciation and amortization and goodwill adjustment

The increase in depreciation and amortization expense is primarily due to depreciating the additional assets acquired throughout fiscal 2017 and 2018.

In Q4 2017, the Corporation reversed $12.4 million of goodwill impairment recorded in the published Q1 2017 and Q3 2017 – see Summary of Quarterly Results for the impact on the 2017 quarterly results.

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, adjusted for in our AFFO, are one time in nature to the specific assets purchased or pending. While the specific acquisition and integration costs may vary from period to period, given that the Corporation is planning to continue to complete acquisitions as part of its growth strategy, these costs will continue to be included as an adjustment in determining AFFO (i.e. the amount of the costs are "non-recurring" but the actual adjustment for these type of costs is "recurring").

FFO for the three months and fiscal year ended December 31, 2018 was $7.1 million and $28.5 million versus $5.4 million and $15.8 million, respectively for the same period in 2017. These increases are the result of contributions from the assets purchased in fiscal 2017 and organic growth.

AFFO for the three months and fiscal year ended December 31, 2018 was $8.0 million and $30.8 million versus $6.3 million and $21.2 million, respectively for the same period in 2017. These increases are the result of contributions from the assets purchased in fiscal 2017 and organic growth.

Compared to Q3 2018, the FFO and AFFO in Q4 2018 is lower due to seasonality of the storage industry and higher corporate costs in anticipation of fiscal 2019 acquisitions.

The FFO and AFFO for the three months and fiscal year ended December 31, 2018 and 2017 are:

	(unaudited) Three Months Ended December 31				*(audited)* Fiscal			
	2018	2017	Change $	Change %	2018	2017	Change $	Change %
Net Income (loss)	**$ (843,810)**	$ 15,343,505	$ (16,187,315)	-105.5%	**$ (24,151,295)**	$ (13,852,632)	$ (10,298,663)	74.3%
Adjustments:								
Stock based compensation	**-**	-	-	-	**1,901,631**	1,534,286	367,345	23.9%
Deferred tax recovery	**(8,064,858)**	(10,905,038)	2,840,180	-26.0%	**(8,064,858)**	(10,905,038)	2,840,180	-26.0%
Depreciation and amortization from joint venture	**-**	267,340	(267,340)	-	**-**	448,813	(448,813)	-
Depreciation, amortization and goodwill adjustment	**16,033,627**	738,268	15,295,359	2071.8%	**58,857,132**	38,608,471	20,248,661	52.4%
	7,968,769	(9,899,430)	17,868,199	-180.5%	**52,693,905**	29,686,532	23,007,373	77.5%
FFO [1]	**$ 7,124,959**	$ 5,444,075	$ 1,680,884	30.9%	**$ 28,542,610**	$ 15,833,900	$ 12,708,710	80.3%
Adjustments:								
Acquisition and integrations costs	**877,302**	886,499	(9,197)	-1.0%	**2,248,751**	5,373,955	(3,125,204)	-58.2%
AFFO [1]	**$ 8,002,261**	$ 6,330,574	$ 1,671,687	26.4%	**$ 30,791,361**	$ 21,207,855	$ 9,583,506	45.2%

[1] Non-IFRS Measure.

Annualized Net Operating Income and Funds from Operations

The Company completed the purchase of 15 (plus the balance in two joint ventures) stores during fiscal 2018 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, utilizing historical data, 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 2018, were purchased as of January 1, 2018 and owned for the entire 12 month period.

The results of this annualized statement show that NOI, FFO and AFFO would be higher by $5.4 million, $3.7 million and $3.7 million, respectively. NOI would have been $71.2 million, FFO would be $32.3 million and the AFFO would be $34.5 million. The Corporation expects to realize the full benefit of these acquisitions in fiscal 2019.

	For the Year Ended December 31, 2018			
	Actual	**Annualized Results**	*Incremental*	Notes
Storage revenue and related services	$ 94,666,808	**$ 102,361,025**	*$ 7,694,217*	*1*
Management fees	1,716,791	**1,716,791**	-	
	96,383,599	**104,077,816**	*7,694,217*	
Property operating costs	30,523,949	**32,847,902**	*2,323,953*	*1*
Net operating income	65,859,650	**71,229,914**	*5,370,264*	
Adjustments:				
Acquisition and integration costs	2,248,751	**2,248,751**	-	*2*
Selling, general and administrative	6,192,383	**6,192,383**	-	*3*
Interest	28,875,906	**30,531,935**	*1,656,029*	*4*
	37,317,040	**38,973,069**	*1,656,029*	
Funds from Operations	28,542,610	**32,256,845**	*3,714,235*	
Adjustment:				
Acquisition and integration costs	2,248,751	**2,248,751**	-	
Adjusted Funds from Operations	30,791,361	**34,505,596**	*3,714,235*	

Note 1 - the results from all stores acquired in fiscal 2018, have been adjusted as if the purchase occurred on January 1, 2018. For revenues, we assumed achieved occupancies and rent per square foot were repeated for the period prior to acquisition. Information regarding expenses incurred during 2018 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 continually incur the costs in anticipation of our growth.

Note 4 – annualized amount determined based on experienced interest rate and debt outstanding at December 31, 2018.

Segmented, Existing and New Self Storage and Portable Storage Results

The Corporation operates three reportable business segments - self storage, portable storage and management fees. Self storage involves customers renting space at the Corporation's property for short or long term storage. Portable storage involves delivering a storage unit to the customer. The customer can choose to keep the portable storage unit at their location or have it moved to 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			
	2018	2017	Change		2018	2017	Change	
			$	%			$	%
Revenue								
Existing Self Storage [1]	$ **9,695,142**	$ 9,056,519	$ 638,623	7.1%	$ **38,001,418**	$ 35,883,490	2,117,928	5.9%
New Self Storage [1]	**14,844,433**	9,939,625	4,904,808	49.3%	**50,200,590**	18,769,734	31,430,856	167.5%
Total Self Storage	**24,539,575**	18,996,144	5,543,431	29.2%	**88,202,008**	54,653,224	33,548,784	61.4%
Portable Storage	**1,554,456**	1,369,899	184,557	13.5%	**6,464,800**	6,017,807	446,993	7.4%
Management fees	**468,398**	378,067	90,331	23.9%	**1,716,791**	1,217,483	499,308	41.0%
Combined	**26,562,429**	20,744,110	5,818,319	28.0%	**96,383,599**	61,888,514	34,495,085	55.7%
Operating Costs								
Existing Self Storage	**2,876,437**	2,827,774	48,663	1.7%	**11,740,535**	11,744,003	(3,468)	0.0%
New Self Storage	**4,287,078**	2,979,586	1,307,492	43.9%	**14,529,200**	5,659,932	8,869,268	156.7%
Total Self Storage	**7,163,515**	5,807,360	1,356,155	23.4%	**26,269,735**	17,403,935	8,865,800	50.9%
Portable Storage	**1,108,840**	952,956	155,884	16.4%	**4,254,214**	3,890,543	363,671	9.3%
Combined	**8,272,355**	6,760,316	1,512,039	22.4%	**30,523,949**	21,294,478	9,229,471	43.3%
Net Operating Income [1]								
Existing Self Storage	**6,818,705**	6,228,745	589,960	9.5%	**26,260,883**	24,139,487	2,121,396	8.8%
New Self Storage	**10,557,355**	6,960,039	3,597,316	51.7%	**35,671,390**	13,109,802	22,561,588	172.1%
Total Self Storage	**17,376,060**	13,188,784	4,187,276	31.7%	**61,932,273**	37,249,289	24,682,984	66.3%
Portable Storage	**445,616**	416,943	28,673	6.9%	**2,210,586**	2,127,264	83,322	3.9%
Management fees	**468,398**	378,067	90,331	23.9%	**1,716,791**	1,217,483	499,308	41.0%
Combined	$ **18,290,074**	$ 13,983,794	$ 4,306,280	30.8%	$ **65,859,650**	$ 40,594,036	25,265,614	62.2%

[1] Non -IFRS Measure.

Existing Self Storage

For the three months ended December 31, 2018, Revenue and NOI increased by 7.1% and 9.5%, respectively, over the same prior year period. The strong finish to the year resulted in Revenue and NOI increasing by 5.9% and 8.8% for the full year. The revenue increase was substantially driven from continued execution of our revenue management program, controlling costs through operational efficiencies and with the balance coming from a slight increase in occupancy.

New Self Storage

Increase is a result of acquiring 42 stores throughout 2017 and 15 (plus the balance in two joint ventures) in 2018, resulting in NOI growth quarter over quarter as we commenced reporting results.

Portable Storage

Slight increase in occupancy resulted in revenue and NOI growth over the same prior year period.

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 2018 ('000)					Fiscal 2017 ('000)				
	Q4	**Q3**	**Q2**	**Q1**	**Total**	**Q4**	**Q3**	**Q2**	**Q1**	**Total**
NOI [1]										
Existing Self Storage	$ 6,819	$ 7,126	$ 6,520	$ 5,796	**$ 26,261**	$ 6,229	$ 6,537	$ 6,019	$ 5,355	$ 24,139
New Self Storage	10,557	9,675	8,363	7,076	**35,671**	6,960	4,829	874	446	13,109
Total Self Storage	17,376	16,802	14,883	12,872	**61,932**	13,189	11,366	6,893	5,801	37,249
Portable Storage	446	760	627	377	**2,211**	417	748	612	350	2,127
Management fees	468	442	417	389	**1,716**	378	423	416	-	1,217
	$ 18,290	$18,004	$15,927	$13,638	**$ 65,859**	$13,984	$12,537	$ 7,922	$ 6,151	$ 40,594

[1] Non-IFRS Measure

Existing Self Storage

The increase in Q4 2018 over Q4 2017 was substantially driven from continued execution of our revenue management program, controlling costs through operational efficiencies and with the balance coming from a slight increase in occupancy.

New Self Storage

SVI added 42 stores in 2017 and 15 (plus the balance in two joint ventures) in 2018. These additions have resulted in NOI growth quarter over quarter as we commenced reporting results.

Portable Storage

Slight increase in occupancy resulted in revenue and NOI growth over the same prior year period. 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, when compared to Q2 and Q3.

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
2018- Q4	$26,562,429	($843,810)	($0.002)	($0.002)	$1,022,791,417	$761,864,860	$925,235
2018- Q3	$25,733,852	($6,355,654)	($0.018)	($0.018)	$990,262,630	$731,939,098	$920,981
2018- Q2	$23,173,856	($9,158,368)	($0.026)	($0.026)	$959,256,102	$694,025,713	$920,562
2018- Q1	$20,913,462	($7,793,463)	($0.022)	($0.022)	$922,656,903	$661,214,665	$889,786
Total 2018	**$96,383,599**	**($24,151,295)**	**N/A**	**N/A**	**N/A**	**N/A**	**$3,656,564**
2017- Q4	$20,744,110	$15,343,505	$0.044	$0.044	$895,496,381	$627,421,264	$880,328
2017- Q3 [1]	$18,453,960	($15,402,377)	($0.046)	($0.046)	$839,525,204	$585,777,091	$879,376
2017- Q2	$12,557,306	($2,995,895)	($0.010)	($0.010)	$400,216,946	$237,005,503	$765,016
2017- Q1 [1]	$10,133,138	($10,797,865)	($0.037)	($0.037)	$404,743,767	$238,025,850	$749,946
Total 2017	**$61,888,514**	**($13,852,632)**	**N/A**	**N/A**	**N/A**	**N/A**	**$3,274,666**
2016- Q4	$8,900,182	($18,657,288)	($0.070)	($0.070)	$342,803,581	$187,115,587	$724,931
2016- Q3	$7,307,070	($537,379)	($0.022)	($0.022)	$253,955,856	$131,931,530	$630,309
2016- Q2	$6,320,322	($663,764)	($0.004)	($0.004)	$179,885,223	$118,343,352	$440,398
2016- Q1	$5,296,970	($1,331,005)	($0.008)	($0.008)	$176,728,097	$114,010,014	-
Total 2016	**$27,824,544**	**($21,189,436)**	**N/A**	**N/A**	**N/A**	**N/A**	**$1,795,638**
2015- Q4	$4,795,266	($2,702,281)	($0.026)	($0.026)	$171,486,477	$112,922,559	-
2015- Q3	$3,137,527	($821,330)	($0.012)	($0.012)	$108,865,822	$85,594,955	-
2015- Q2	$2,111,281	($677,127)	($0.012)	($0.012)	$54,449,748	$25,372,609	-
2015- Q1	$1,096,513	($374,472)	($0.010)	($0.010)	$27,910,360	$25,033,929	-
Total 2015	**$11,140,587**	**($4,575,210)**	**N/A**	**N/A**	**N/A**	**N/A**	**-**

Note 1:
The Corporation reversed $12,420,000 of goodwill impairment taken in Q1 2017 and Q3 2017.

The Q1 2017 goodwill impairment that was recorded was $5,361,176, and as a result, Q1 2017 previously reported net loss of $10,797,865, would have been $5,436,689 without such goodwill impairment. The Q3 2017 goodwill impairment that was recorded was $7,058,823 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 $29.3 million for the fiscal year ended December 31, 2018, compared to $16.0 million for the prior year. The increase was primarily due to the operational results from stores purchased in fiscal 2017 and 2018, increased rates through our revenue management systems, continued streamlining and integration of operations and controlling costs.

As at December 31, 2018, the Corporation had $19.7 million of cash compared to $16.2 million at December 31, 2017. The cash will be used to fund acquisitions. The Corporation expects its cash flow from operations to continue to increase as the full benefit of the stores purchased in fiscal 2017 and 2018 are realized. In addition, the Corporation will borrow against low levered assets to fund acquisitions and its expansion plans.

Long Term Debt and Lines of Credit

As at December 31, 2018 and December 31, 2017, the Corporation held the following debt:

	December 31, 2018			December 31, 2017		
	Rate Range	**Weighted Average**	**Balance**	Rate Range	Weighted Average	Balance
Mortgages						
Fixed/Variable	3.18% to 5.20%	4.24%	**555,183,118**	3.18% to 5.50%	4.21%	233,190,726
	Maturity: January 2019 to December 2028			*Maturity: March 2018 to March 2025*		
Deferred financing costs net of accretion of $2,514,319 (Dec 31, 2017 - $1,376,845)			**(2,505,296)**			(2,245,471)
			552,677,822			230,945,255
Lines of Credit						
Variable Rate	Prime plus 1.00% or BA plus 2.35%	4.47%	**149,733,334**	Prime plus 1.00% or BA plus 2.75%	4.21%	332,153,083
	Maturity: July 2019 to April 2021			*Maturity: March 2018 to August 2020*		
			702,411,156			563,098,338

The bank prime rate at December 31, 2018 was 3.95% (December 31, 2017 - 3.20%). The weighted average cost of debt at December 31, 2018 is 4.29% (December 31, 2017 - 4.21%). The increase is due to increases in the BA, bond and prime rates. The Corporation has reduced its variable interest rate exposure by entering into additional fixed interest rate term debt to paydown lines of credit. In the fiscal year, the Corporation entered into over $270 million of 10 year term fixed interest rate debt.

The weighted years to maturity, excluding lines of credit, at December 31, 2018 is 6.18 years (December 31, 2017 – 3.31 years).

Mortgages are secured by a first mortgage charge on the real estate and equipment of the Corporation, general security agreements covering all assets of the Corporation, general assignment of rents and leases

and assignments of insurance coverage over all assets of the Corporation. The Corporation must maintain certain financial ratios to comply with the facilities. These covenants include debt service coverage ratios, a tangible net worth ratio, and a loan to value ratio. As of December 31, 2018 and December 31, 2017, the Corporation is in compliance with all covenants.

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

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

Year 1	$	170,685,310 (includes $149.7 million lines of credit)
Year 2	$	97,527,172
Year 3	$	76,538,824
Year 4	$	83,784,306
Year 5	$	34,109,775
Thereafter	$	242,271,064

Of the repayments shown in Year 1, $12.4 million are required under our amortizing term debt mortgages, $8.5 million relates to loans due in the upcoming twelve months that are expected to be refinanced and $149.7 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, 2018 and December 31, 2017, 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 systems to increase the value of the assets and to ensure that the Corporation has an appropriate mix of assets under our lines of credit.

The Corporation's detailed debt maturity profile are as follows:

Contractural Mortgage Maturities and Interest Rates

Year of debt maturity	Mortgages Payable	Weighted Average Interest Rate	Lines of Credit	Weighted Average Interest Rate	Total Debt	Weighted Average Interest Rate
2019	8,549,192	4.68%	136,750,000	4.41%	145,299,192	4.42%
2020	88,276,678	4.18%	7,983,334	5.20%	96,260,011	4.27%
2021	68,672,576	4.43%	5,000,000	4.95%	73,672,576	4.46%
2022	81,974,244	4.04%	-	-	81,974,244	4.04%
2023	28,756,776	4.74%	-	-	28,756,776	4.74%
Thereafter	278,953,652	4.21%	-	-	278,953,652	4.21%
	555,183,118	4.24%	149,733,334	4.47%	704,916,452	4.29%
Deferred financing costs net of accretion					(2,505,296)	
Balance					702,411,156	

Share Capital

The common shares issued are:

	Number of Shares	Amount
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
Share 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
Issued on asset acquisitions	6,313,955	15,661,727
Dividend reinvestment plan	613,694	1,497,892
Share option and warrant redemption	3,568,391	1,906,263
Share issuance costs	-	(84,962)
Balance, December 31, 2018	355,722,974	$ 338,552,701

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

In fiscal 2017, 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. The NCIB has been renewed to allow the Corporation to purchase for cancellation, during the 12-month period starting September 7, 2018, of up to 17,704,359 of the common shares.

Stock Options and Warrants

A total of 13,537,450 options were outstanding as at December 31, 2018 (December 31, 2017 – 11,555,850). Of the outstanding amount, 13,537,450 options were exercisable (December 31, 2017 – 11,555,850). The details are as follows:

Exercise Price	Vesting Date	Expiry Date	December 31, 2018	December 31, 2017
$0.23	May 6, 2009	May 6, 2019	990,000	1,210,000
$0.33	June 19, 2014	June 19, 2024	180,000	220,000
$0.41	April 28, 2015	April 28, 2025	2,122,450	2,390,850
$0.50	Sept 14, 2015	Sept 14, 2025	1,570,000	1,760,000
$1.36	Dec 21, 2016	Dec 21, 2026	2,825,000	2,975,000
$1.78	Mar 16, 2017	Mar 15, 2027	2,850,000	3,000,000
$2.52	May 4, 2018	May 3, 2028	3,000,000	-
Options exercisable and outstanding			13,537,450	11,555,850

Warrants exercisable and outstanding are as follows:

Exercise Price	Expiry Date	December 31, 2018	December 31, 2017
$0.35	Feb 25, 2018	-	16,666
$0.37	Feb 25, 2018	-	2,533,334
Warrants exercisable and outstanding		-	2,550,000

The Board of Directors of the Corporation may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of the Corporation, non-transferable options to purchase common shares.

Equity Incentive Plan

Under the Corporation's Equity Incentive Plan passed on May 30, 2018 (the "Plan"), directors, employees and consultants are eligible to receive awards, in the form of Restricted Share Units ("RSU's"), Deferred Share Units ("DSU's") and Named Executive Officer Restricted Share Units ("Neo RSU's"), as and when granted by the Board, in its sole discretion. The maximum number of awards that may be issued under the Plan is 17,545,677. The maximum number of shares that may be reserved for issuance under the Plan, together with any of the Corporation's other share-based compensation arrangements, may not exceed 10% of the issued shares of the Corporation.

The RSU's and DSU's that are granted vest in equal annual amounts over 3 years. The Neo RSU's vest 3 years after the date of grant. RSU's, DSU's and Neo RSU's are entitled to be credited with dividend equivalents in the form of additional RSU's, DSU's and Neo RSU's, respectively.

With certain exceptions, the Plan provides that (i) the maximum number of awards that may be granted to any one participant together with any other share-based compensation arrangements, in any 12 month period, may not exceed 5% of the issued shares, and, in the case of any consultant, may not exceed 2% of the issued shares; and (ii) the total value of all securities that may be issued to any non-employee director under all of the Corporation's security based compensation arrangements may not exceed $150,000.00 per annum.

There has been no issuance of any Awards under the Plan as at December 31, 2018.

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 2023 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	$ 1,235,449
Between one and five years	4,986,119
More than five years	20,028,285
	$ 26,249,853

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, 2018 or December 31, 2017.

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, 2018, the Corporation paid total management fees of $nil (December 31, 2017 - $293,321) to Access Results Management Services Inc. ("ARMS"), a corporation controlled by Steven Scott and Iqbal Khan. On March 31, 2017, the Corporation purchased all management contracts from ARMS and therefore, the management agreement has ceased. Pursuant to a management agreement, ARMS was 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 attained 85% or greater of its annual board-approved budgeted NOI for that fiscal year.

During the year ended December 31, 2018, the Corporation reimbursed operational wages of $nil (December 31, 2017 - $1,545,892) and training, travel and related expenses of $nil (December 31, 2017 - $16,804) to ARMS. These expenses, reimbursed at cost, were undertaken exclusively for the benefit of the Corporation.

During the year ended December 31, 2018, the Corporation paid loan guarantee fees of $nil (December 31, 2017 - $127,500) to Access Self Storage Inc., a large shareholder of the Corporation, related to Steven Scott and Iqbal Khan. The loan guarantees payments ceased in 2017. 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 was compensation for the provision of this guarantee and was paid on a monthly basis at the annual rate of 0.5% and 0.4% of the original mortgage principal balances.

The Corporation holds a Master Franchise from Canadian PUPS Franchises Inc. (CPFI) which provides the Corporation with the exclusive Canadian franchise rights for the development and operation of portable storage throughout Canada. CPFI is a corporation related to 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, 2018, the Corporation paid $237,725 (December 31, 2017 - $216,710) for royalties and $920,071 (December 31, 2017 - $1,535,160) 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, 2018 was $22,461 (December 31, 2017 - $33,808) payable to CPFI.

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, 2018	December 31, 2017
Wages, management fees, bonuses and directors fees	**$ 390,194**	$ 129,800
Stock based compensation	**1,625,895**	1,293,914
	$ 2,016,089	$ 1,423,714

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 related party property acquisitions, the Acquisition Committee has the authority to appoint appraisers, environmental consultants, and professional advisors to evaluate and report to the Acquisition Committee on the suitability of such transactions. Thereafter, the Acquisition Committee provides its recommendation as to whether the Board of Directors should approve an acquisition.

The Board of Directors of the Corporation must accept the recommendations that the Acquisition Committee makes with respect to any related party transaction, and in particular, an acquisition involving assets or shares of Access or any of its subsidiaries or affiliates.

ACCOUNTING POLICIES

The Corporation's significant accounting policies are summarized in Note 3 to the December 31, 2018 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, 2017. 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. "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, 2018 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, 2018, 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, 2018.

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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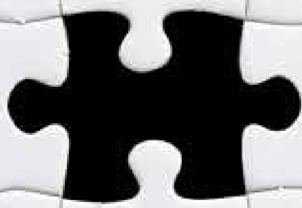
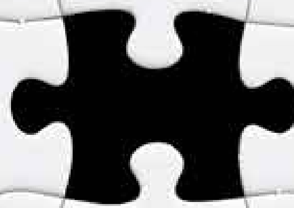
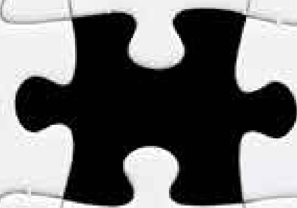
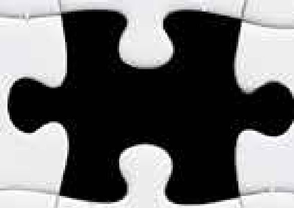
TSX VENTURE EXCHANGE LISTING

SVI

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