

StorageVault Canada Inc.

(the "Corporation")

Form 51-102F1

Management's Discussion and Analysis For Three Months Ended March 31, 2016

The following Management's Discussion and Analysis ("MD&A") provides a review of corporate and market developments, results of operations and the financial position of StorageVault Canada Inc. ("SVI" or "the Corporation") for the three months ended March 31, 2016. This MD&A should be read in conjunction with the March 31, 2016 interim consolidated financial statements and accompanying notes contained therein, which have been prepared in Canadian dollars and in accordance with Canadian generally accepted accounting principles. This MD&A is based on information available to Management as of May 30, 2016.

FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking information. All statements, other than statements of historical fact, included in this MD&A, may be forward-looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "proposed", "is expected", "budgets", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. In particular, forward-looking information included in this MD&A includes statements with respect to: the Corporation's outlook as to the market for self storage and portable storage; economic conditions; the availability of credit; the expectation of cash flows; the Corporation's strategic objectives, growth strategies, goals and plans; potential sources of financing including issuing additional common shares as a source of financing, generally, and as a source of financing for potential acquisitions; future expansion of existing SVI Stores; the size of potential future acquisitions the Corporation may make in 2016; and the general outlook for the Corporation. This forward-looking information is contained in "Nature of Business", "Business and General Corporate Strategy", "Outlook", "Financial Results Overview" and "Working Capital, Long Term Debt and Share Capital" and other sections of this MD&A.

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

Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results 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 should not be relied upon as representing the Corporation's views as of any date subsequent to the date of this MD&A. Such forward-looking information is based on a number of assumptions which may prove to be incorrect, including, but not limited to: the ability of the Corporation to obtain sufficient or necessary financing, satisfy conditions under previously announced acquisition agreements, or satisfy any requirements of the TSX Venture Exchange with respect to these acquisitions and any related private placement; the level of activity in the storage business and the economy generally; consumer interest in the Corporation's services and products; competition and SVI's competitive advantages; trends in the storage industry, including, increased growth and growth in the portable storage business; the availability of attractive and financially competitive asset acquisitions in the future. 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 2016 and revenue and NOI growth for 2016 may be considered a financial outlook, as defined by applicable securities legislation, contained in this MD&A. 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	4
NATURE OF OUR BUSINESS	5
BUSINESS AND GENERAL CORPORATE STRATEGY	6
OUTLOOK	8
DESCRIPTION OF OUR OPERATIONS	9
FINANCIAL RESULTS OVERVIEW	11
WORKING CAPITAL, LONG TERM DEBT AND SHARE CAPITAL	16
CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS	19
RELATED PARTY TRANSACTIONS	20
ACQUISITION COMMITTEE AND ACQUISITION COMMITTEE MANDATE	21
ACCOUNTING POLICIES	21
RISKS AND UNCERTAINTIES	22
CORPORATE CONTACT INFORMATION	25

GLOSSARY OF TERMS

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

“**Costco**” means Costco Wholesale Canada Ltd.;

“**Existing Self Storage**” means store that the Corporation has owned or leased since the beginning of the previous fiscal year;

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

“**IFRS**” means international financial reporting standards;

“**MD & A**” means this management discussion and analysis disclosure document;

“**New Self Storage**” means store that have not been owned or leased continuously since the beginning of the previous fiscal year;

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

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

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

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

“**Store**” means self storage property or location or facility or site;

“**Subsequent Events**” means material transactions that have occurred from April 1, 2016 to May 30, 2016.

“**SVI**” means StorageVault Canada Inc.;

“**The Company**” or “**The Corporation**” or “**We**” or “**Our**” means StorageVault Canada Inc.;

NATURE OF OUR BUSINESS

Business Overview

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

SVI has thirty stores across Canada, operating under the Access Storage and Storage For Your Life brands, totaling 1,568,436 million square feet of rentable storage space comprised of 15,014 rental units.

Our portable storage business is also across Canada and operates under Cubeit and PUPS brands. As at March 31, 2016, we had 3,704 portable storage units in service throughout Canada (480 of these units are operated under third party licensing agreements in British Columbia and the Maritimes and a Franchise Agreement in Ottawa).

SVI's strategic objective is to own and operate self storage and portable storage in the top markets in Canada. The Corporation will focus on acquiring storage assets with strong existing cash flows, in strategic markets, preferably with under-developed land to allow for future development and expansion of our portable storage business. Financing for this growth is intended to come from a combination of free cash flow from operations, mortgage financing and the issuance of additional debt or equity securities.

The Storage Landscape

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

Market Size

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

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

Pricing and Occupancy

A store's rental rates and level of occupancy are dependent upon factors such as population density and growth (approximately 80% of customers live or work within 8 kms of the store location), the local economy, pricing, customer service, curb appeal, etc. We believe in managing our inventory (units) availability through pricing elasticity (if pricing is too low then occupancy is too high and we have no inventory available to rent, and vice versa). Since our rentals are either weekly or monthly, we are able to react to market demand very quickly. Our objective is to maximize revenue and NOI, by increasing achieved rent per square foot first and then through increased occupancy.

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, these promotions burn off and the focus switches to maximizing revenue through price increases. This can result in short term fluctuations in occupancy and revenue per square foot at existing stores.

Seasonality

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

BUSINESS AND GENERAL CORPORATE STRATEGY

SVI owns and operates storage locations offering both self storage and portable storage for rent on a weekly or monthly basis, for personal and business use. We are focused on owning and operating locations in the top markets in Canada with a plan to have multiple stores, where possible, in each market we operate. Our goal is to “own our geography” so we can take advantage of economies of scale.

Growth Strategies

Our growth strategy is described in the following four segments: acquisitions, organic growth through improved performance of existing stores, expansion of our existing stores to meet pent up demand and expansion of our portable storage business.

Acquisitions

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

We intend to be disciplined purchasers in 2016 and beyond, with a focus on Canada’s top markets being consistent with our “own our geography” philosophy. However, as there is more competition to acquire existing stores, especially from US purchasers, we may not be able to find acquisitions that meet our criteria.

Organic Growth

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

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

The most significant evolution in the storage industry over the last three years has been in the area of revenue management. Revenue management is the principle of achieving optimal revenue through a combination of rental rate increases on existing customers (increases the existing revenue base and rent per square foot) and dynamic pricing of available inventory so we are selling the right product, to the right customer at the right time, for the right price. With a focus on revenue management, stores are able to achieve significant top and bottom line growth even when occupancies are stable.

Existing Store Expansion

There is over 500,000 square feet of development potential on the land currently owned and operated by SVI. When the market conditions are suitable and high occupancies indicate pent up demand, we expect to expand a number of our existing locations.

Expansion of Portable Storage Business

The portable storage business is where the self storage business was 20 years ago and has significant growth potential. This belief is supported by Canada's largest pension plan purchase of the world's largest portable storage business for one of their long-term funds in February 2015. 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 grow.

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 common shares.

Financing With Secured Debt and Lines of Credit

The Corporation will partially fund the purchase of storage assets by the use of leverage. A number of factors are considered when evaluating level of debt in our capital structure, as well as the amount of leverage that will either 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. In Q1 of fiscal 2016, SVI closed a non-brokered private placement raising \$5.5 million at 66 cents bringing the total proceeds raised since November 1, 2015 to date of this MD & A via private placement to \$22.6 million. SVI will consider further issuances of additional common shares 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 2016 we expect to purchase approximately \$50 million of acquisitions. However, as there is more competition to acquire existing stores, especially from US purchasers, we may not be able to find acquisitions that meet our criteria. As of the date of this MD & A, we have closed or announced a total of \$12.5 million of acquisitions.

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 2016 as we streamline and integrate operations, increase rates through our revenue management systems and continue to reduce costs on assets purchased in 2015.

New competitors often try to jump-start their lease up periods by offering significant move-in discounts to new customers. This can result in short term fluctuations occupancy and rent per square foot at existing stores. The Corporation may provide discounts in select markets to match competitive forces and retain its customer base. 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.

Announced Items

The following items have been announced by the Corporation:

- On April 14, 2016 announced entering a purchase agreement to acquire additional self storage store in British Columbia for \$8.4 million
- On April 18, 2016 announced the implementation of a Dividend Policy, Dividend Reinvestment Plan and Normal Course Issuer Bid
- On May 11, 2016 announced entering a purchase agreement to acquire two additional self storage stores in South Western Ontario for \$3.3 million

DESCRIPTION OF OUR OPERATIONS

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

Location	Acres	Number of Stores	Units	Rentable Square Feet
British Columbia	18.2	8	4,065	424,058
Alberta	9.4	4	817	86,537
Saskatchewan	10.8	2	342	39,217
Manitoba	4.7	4	2,019	163,569
Ontario	45.2	12	4,547	500,758
Portable Storage Units			3,224	354,297
Total	88.3	30	15,014	1,568,436

Management is focused on increasing value by increasing NOI through the following:

Professional Management

SVI's stores are managed by Access Results Management Services Inc. (ARMS). The management team at ARMS has extensive experience in all aspects of the storage industry including:

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

Revenue Management

In today's competitive climate, revenue per square foot is the greatest driver in creating value. Our management platform has dedicated revenue managers who understand the nuances of each local market. Their in-depth knowledge of our customer base and competition allows us to implement strategic rate increases and optimize proven promotions to attract clientele that will be long-term customers, repeat renters and strong referral sources.

Marketing

We implement specific marketing plans for the different stages and seasons of our business with emphasis on maximizing return on investment for every dollar spent. Our strategies to attract customers include strong search engine marketing, user friendly online presence, community connection programs and development of large national accounts. We conduct specific store and market studies to determine how, when and where to focus our marketing dollars with the goal of efficiently and consistently increasing the value of our stores.

Costco Supplier

Our portable storage business is the exclusive supplier of portable storage services to Costco members across Canada. This relationship provides us access to Costco's vast membership base as a marketing channel.

Storage Solution Centre

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

Technology and Software

SVI stores utilize modern and updated software, technology and security systems. We work with vendors and developers, who have knowledge of the storage business, to take advantage of developing trends, including: (1) exception reports that allow management to monitor key performance and fraud indicators ensuring that management time is more effectively spent preventing and resolving issues than identifying them; and (2) web-based software reporting that allows authorized individuals to view specific store information in real time. The user can choose to see daily rental rates achieved and the number of customers moving-in or moving-out. This tool allows us to adjust quickly to opportunities and competitive threats in each marketplace.

Economies of Scale

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

FINANCIAL RESULTS OVERVIEW

In the prior fiscal year, SVI added 19 stores, at a cost of \$146.2 million in acquisitions, the majority of which, \$111.8 million, taking place in the last 4 months of 2015. Therefore, the comparative results are impacted by the timing of the prior year acquisitions.

Selected Financial Information

	Three Months Ended March 31		Year over Year Change	
	<u>2016</u>	<u>2015</u>	<u>\$</u>	<u>%</u>
Storage revenue and related services	\$ 5,296,970	\$ 1,096,513	4,200,457	383.1%
Operating costs	<u>2,227,599</u>	<u>575,081</u>	1,652,518	287.4%
Net operating income	<u>3,069,371</u>	<u>521,432</u>	2,547,939	488.6%
Less:				
Acquisition and integration costs	318,825	79,120	239,705	303.0%
Selling, general and administrative	435,855	142,401	293,455	206.1%
Interest	1,305,189	275,328	1,029,861	374.0%
Stock based compensation	-	19,320	(19,320)	-100.0%
Depreciation and amortization	<u>2,340,507</u>	<u>379,735</u>	1,960,772	516.4%
	<u>4,400,376</u>	<u>895,904</u>	3,504,472	391.2%
Net Income (Loss)	<u>\$ (1,331,005)</u>	<u>\$ (374,472)</u>	(956,533)	255.4%
Weighted average number of common shares outstanding				
Basic	169,024,722	36,689,044	132,335,678	360.7%
Diluted	169,024,722	36,689,044	132,335,678	360.7%
Net income (loss) per common share				
Basic	\$ (0.008)	\$ (0.010)		
Diluted	\$ (0.008)	\$ (0.010)		

Storage revenue and related services

Revenues increased by \$4.2 million, or 383.1%, for the three months ended March 31, 2016, as compared to the same period in 2015. This increase is primarily attributable to incremental revenue from the properties acquired in 2015. For additional information, see "Segmented, Existing and New Self Storage and Portable Storage Results."

Operating costs

Operating costs for the three months ended March 31, 2016 were \$2.2 million (March 31, 2015 - \$575,081), an increase of 287.4%. The increase in property operating cost relates to the stores acquired in 2015.

Net operating income

For the three months ended March 31, 2016, the Corporation had a NOI, a non-IFRS measure, of \$3.1 million (March 31, 2015 - \$521,432), an increase of 488.6%. The increase was primarily due to the storage assets purchased in fiscal 2015 contributing to the results in Q1.

Acquisition and integration costs

Acquisition and integration costs include professional fees incurred to identify, qualify, close and integrate the assets purchased and pending in fiscal 2016 and fiscal 2015.

Selling, general and administrative

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

Interest

Interest expense increased as the total amount of debt outstanding increased with the 2015 acquisitions compared to the debt outstanding as of March 31, 2015. This increase was moderately offset by a decrease in the average interest rate. At March 31, 2016, our total debt was \$111.1 million compared to \$20.1 million at March 31, 2015.

Depreciation and amortization

The increase in depreciation and amortization expense is primarily due to the depreciating the assets acquired in 2015.

Net Income

The increase in net loss by \$956,533, year over year is a result of:

- i) An increase in depreciation and amortization expense of \$2.0 million relating to assets acquired in 2015;
- ii) Acquisition and integration costs increase of \$239,705 over the prior year for transactions closed or pending to close in fiscal 2016;
- iii) An increase in selling, general and administrative expenses due to the increased corporate activity.

Funds from Operations (FFO)

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

FFO for the three months ended March 31, 2016 was \$1.0 million versus \$24,583 for the same period in 2015. This increase is the result of contribution from the assets purchased in fiscal 2015. The increase was partially offset by onetime acquisition and integration costs relating to the purchased and announced transactions in fiscal 2016.

The FFO for the three months ended March 31, 2016 and 2015 is:

	For the Three Months Ended March 31	
	<u>2016</u>	<u>2015</u>
Net Income (loss)	\$ (1,331,005)	\$ (374,472)
Adjustments:		
Stock based compensation	-	19,320
Depreciation and amortization	2,340,507	379,735
	<u>2,340,507</u>	<u>399,055</u>
FFO	<u>\$ 1,009,502</u>	<u>\$ 24,583</u>

Segmented, Existing and New Self Storage and Portable Storage Results

The Corporation operates two reportable business segments - self storage and portable storage. Self storage involves the customer renting space at the Corporation's property for short or long term storage. Self storage may also include space for storing vehicles and use for small commercial operations. Portable storage involves delivering a storage unit to the customer. The customer can opt to keep the portable storage unit at their location or have it moved to another location for further storage.

Revenue, property operating costs and net operating income

	<u>Three Months Ended March 31</u>		<u>Year over Year Change</u>	
	<u>2016</u>	<u>2015</u>	<u>\$</u>	<u>%</u>
Revenue				
Existing Self Storage	\$ 703,595	\$ 637,265	66,330	10.4%
New Self Storage	3,733,662	-	3,733,662	n/a
Total Self Storage	4,437,257	637,265	3,799,992	596.3%
Portable Storage	859,713	459,248	400,465	87.2%
Combined	5,296,970	1,096,513	4,200,457	383.1%
Operating Costs				
Existing Self Storage	288,709	269,714	18,995	7.0%
New Self Storage	1,311,690	-	1,311,690	n/a
Total Self Storage	1,600,399	269,714	1,330,685	493.4%
Portable Storage	627,200	305,367	321,833	105.4%
Combined	2,227,599	575,081	1,652,518	287.4%
Net Operating Income				
Existing Self Storage	414,886	367,551	47,335	12.9%
New Self Storage	2,421,972	-	2,421,972	n/a
Total Self Storage	2,836,858	367,551	2,469,307	671.8%
Portable Storage	232,513	153,881	78,632	51.1%
Combined	\$ 3,069,371	\$ 521,432	2,547,939	488.6%

Existing Self Storage

The 10.4% increase in revenue is the result of increased occupancy and rental rates, while the growth in expenses of 7.0% was a result of additional repairs and maintenance costs incurred compared to the same period in the prior year. The combination of these factors resulted in a 12.9% increase in NOI, year over year.

New Self Storage

The Corporation purchased 19 properties in fiscal 2015. Q1 represents the first full quarter of owning all of these stores.

Portable Storage

The 51.1% increase in NOI is the result of the Corporation acquiring a portable storage business through a business acquisition on April 28, 2015.

Quarterly net operating income

The Corporation's quarterly results are affected by the timing of acquisitions, both in the current year and prior. SVI also incurs non-recurring startup expenses when a new location is opened or acquired. These costs may include labor, severance, training, travel, advertising 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. 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 that experienced in the Northern US. This seasonality is more significant in the portable storage business as all 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.

	Fiscal 2016		Fiscal 2015			
	Q1	Total	Q4	Q3	Q2	Q1
Net Operating Income						
Existing Self Storage	\$ 414,886	\$ 414,886	521,968	408,115	340,670	367,551
New Self Storage	2,421,972	2,421,972	1,876,751	613,290	225,191	-
Total Self Storage	2,836,858	2,836,858	2,398,719	1,021,405	565,861	367,551
Portable Storage	232,513	232,513	199,020	731,412	400,449	153,881
	\$ 3,069,371	\$ 3,069,371	2,597,739	1,752,817	966,310	521,432

Existing Self Storage

The increase in Q1 2016 over 2015 Q1 is a result of our revenue management program which was partially offset by higher repairs and maintenance costs.

New Self Storage

The Corporation purchased 19 properties throughout fiscal 2015, commencing in 2015 Q2. Q1 2016 represents the first full quarter of owning all of these stores.

Portable Storage

Most of the increase is the result of the Corporation acquiring additional portable storage units through a business acquisition on April 28, 2015. A true comparable of the portable storage business purchased last year will be realized in Q3 2016. The portable storage business is subject to seasonality as all portable units are non-climate controlled resulting in lower results in Q1 and Q4.

Summary of Quarterly Results (unaudited)

Period	Revenue	Net Income / (Loss)	Net Income / (Loss) per share	Fully diluted Net Income / (Loss) per share	Total Assets	Total Long Term Liabilities	Dividends
2016- Q1	\$5,296,970	(\$1,331,005)	(\$0.008)	(\$0.008)	\$176,728,097	\$107,152,841	-
Total 2016	\$5,296,970	(\$1,331,005)	(\$0.008)	(\$0.008)	\$176,728,097	N/A	-
2015- Q4	\$4,769,462	(\$2,702,281)	(\$0.026)	(\$0.026)	\$171,486,477	\$107,676,218	-
2015- Q3	\$3,146,945	(\$821,330)	(\$0.012)	(\$0.012)	\$108,865,822	\$77,070,939	-
2015- Q2	\$2,119,586	(\$677,127)	(\$0.012)	(\$0.012)	\$54,449,748	\$32,755,226	-
2015- Q1	\$1,104,594	(\$374,472)	(\$0.010)	(\$0.010)	\$27,910,360	\$18,483,161	-
Total 2015	\$11,140,587	(\$4,575,210)	(\$0.060)	(\$0.060)	N/A	N/A	-
2014- Q4	\$1,229,934	(\$424,349)	(\$0.012)	(\$0.012)	\$28,604,192	\$18,879,519	-
2014- Q3	\$1,483,755	(\$159,355)	(\$0.004)	(\$0.004)	\$28,445,226	\$22,859,246	-
2014- Q2	\$1,404,725	(\$316,946)	(\$0.009)	(\$0.009)	\$28,753,424	\$22,905,741	-
2014- Q1	\$1,117,806	(\$331,226)	(\$0.009)	(\$0.009)	\$26,097,965	\$20,567,212	-
Total 2014	\$5,236,220	(\$1,231,876)	(\$0.034)	(\$0.034)	N/A	N/A	-

WORKING CAPITAL, LONG TERM DEBT AND SHARE CAPITAL

Working Capital

Cash provided by operating activities was \$2.4 million for the three months ended March 31, 2016 and \$232,091 for the same period in the prior year. The increase was primarily due to results from operations in Q1 of the assets acquired in fiscal 2015. As at March 31, 2016, the Corporation had \$8.5 million of cash and short term deposits compared to \$154,726 at March 31, 2015.

Long Term Debt

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

	March 31, 2016			December 31, 2015		
	Rate Range	Weighted Average	Balance	Rate Range	Weighted Average	Balance
<u>Mortgages</u>						
Fixed Rate	3.81% to 5.05%	4.20%	87,251,334	3.81% to 5.05%	4.21%	48,269,282
	<i>Maturity: March 2018 to August 2020</i>			<i>Maturity: March 2018 to August 2020</i>		
Variable Rate	Prime plus 1.00% or BA plus 2.75%	4.41%	23,483,085	Prime plus 1.00% or BA plus 2.75%	4.34%	62,999,553
	<i>Maturity: October 2017 to November 2020</i>			<i>Maturity: October 2017 to November 2020</i>		
<u>Other</u>						
Defeasance Obligation	1.09%	1.09%	1,409,236	1.09%	1.09%	1,438,991
	<i>Maturity: August 2016</i>			<i>Maturity: August 2016</i>		
Deferred financing costs net of accretion of \$298,177 (December 31, 2015 - \$259,813)			(1,050,338)			(1,088,702)
			111,093,317			111,619,124
Less current portion			3,940,476			3,942,906
			<u>107,152,841</u>			<u>107,676,218</u>

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

The defeasance obligation was created in fiscal year 2012, when the Corporation completed the defeasance of a mortgage on one of its' property. The result was a defeasance obligation (liability) of \$1,789,785 at December 31, 2012 being the present value of the remaining payments under the original mortgage at an effective interest rate of 1.09%. The payments made against this obligation were by the principal and interest earnings of Short and Long Term Investments of initially \$1,764,247 in Government of Canada Bonds bearing interest rates ranging from 1.75% and 3.50% and maturities ranging from March 2013 to June 2016. Both the defeasance obligation and the Short and Long Term Investments are held within 1712066 Alberta Ltd, an entity whose financial statements are consolidated with those of StorageVault Canada Inc. The defeasance obligation matures in August 2016 and will be fully funded with the proceeds of the Short Term Investments of \$1,381,627 as at March 31, 2016.

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

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

Year 1	\$	3,940,475
Year 2	\$	16,133,439
Year 3	\$	5,802,614
Year 4	\$	2,831,704
Year 5	\$	12,939,653
Thereafter	\$	70,495,770

Share Capital

For the three months ended March 31, 2016, the Corporation issued a total of 8,333,332 common shares for \$5,485,170, net of share issuance costs, (fiscal 2015, 131,236,776 common shares valued at \$59,446,088 were issued) mainly to fund acquisitions. The common shares issued are:

	<u>Number of Shares</u>	<u>Amount</u>
Balance, December 31, 2014	36,689,044	\$ 7,421,324
Issued on asset acquisitions	89,696,085	38,395,282
Conversion of preferred shares	15,203,657	4,561,097
Private placement	26,337,034	17,119,072
Share issuance costs	-	(629,363)
Balance, December 31, 2015	<u>167,925,820</u>	<u>\$ 66,867,412</u>
Private placement	8,333,332	5,499,999
Share issuance costs		(14,829)
Balance, March 31, 2016	<u><u>176,259,152</u></u>	<u><u>\$ 72,352,582</u></u>

Stock Options and Warrants

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

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

Warrants exercisable and outstanding are as follows:

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

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

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

Operating Lease Commitments

The Corporation leases a building and lands in Winnipeg, MB and Kamloops, BC. The leases do not contain any contingent rent clauses. It does 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 2027 and 2054, with the lease that is expiring in 2027 having up to 20 years of renewals 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	\$ 513,882
Between one and five years	2,063,041
More than five years	<u>12,824,664</u>
	\$ 15,401,587

Contingency

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

Off-Balance Sheet Arrangements

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

RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2016, the Corporation paid total management fees of \$173,353 (March 31, 2015 - \$nil) to Access Results Management Services Inc. ("ARMS"), a corporation controlled by Steven Scott and Iqbal Khan, who are directors and officers of the Corporation. Pursuant to a management agreement, ARMS is entitled to a base management fee of \$189,086 for fiscal 2016, as well as an annual performance fee of 4% of net operating income, defined as storage and related services revenue less property operating costs, if the Corporation attains 85% or greater of its annual board-approved budgeted net operating income for that fiscal year.

During the three months ended March 31, 2016, the Corporation reimbursed operational wages of \$901,735 (March 31, 2015 - \$nil) and travel and related expenses of \$56,089 (March 31, 2015 - \$nil) to ARMS. These expenses, reimbursed at cost, were undertaken exclusively for the benefit of the Corporation.

During the three months ended March 31, 2016, the Corporation paid loan guarantee fees of \$2,178 (March 31, 2015 - \$2,178) to a director of the Corporation. As a condition of the assumption of a mortgage, the director was required to provide a personal guarantee for the entire outstanding principal balance of the mortgage. The loan guarantee fee is compensation for the provision of this guarantee and is paid on a monthly basis at the annual rate of 0.5% of the original mortgage principal.

The Corporation holds a Master Franchise from Canadian PUPS Franchises Inc. (CPFI) which provides the Corporation with the exclusive Canadian franchise rights for the development and operation of portable storage throughout Canada. CPFI is a corporation related to two directors and officers of the Corporation. The Corporation pays a monthly royalty of 3.5% on the gross sales. During the three months ended March 31, 2016, the Corporation paid \$32,216 (March 31, 2015 - \$17,174) for royalties and \$nil (March 31, 2015- \$nil) for storage containers and other equipment under the Master Franchise Agreement.

Included in accounts payable and accrued liabilities, relating to the previously noted transactions, at March 31, 2016 was \$32,376 (December 31, 2015 - \$44,502) payable to CPFI and \$706,854 (December 31, 2015 - \$365,483) payable to ARMS.

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

	Three Months Ended <u>March 31, 2016</u>	Three Months Ended <u>March 31, 2015</u>
Wages, salaries, management fees, bonuses, directors fees and benefits	\$ -	\$ 52,651
Stock based compensation	<u>\$ -</u>	<u>\$ 52,651</u>

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.

As at March 31, 2016, 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 all acquisition transactions proposed in the context of the current strategic direction of the Corporation. In particular, and with respect to all related party transactions, the Acquisition Committee has the authority to appoint appraisers, environmental consultants, and professional advisors to evaluate and report to the Acquisition Committee on the suitability of such transactions. Thereafter, the Acquisition Committee provides its recommendation as to whether the Board of Directors should approve an acquisition.

The Board of Directors of the Corporation must accept the recommendations that the Acquisition Committee may make with respect to any related party transaction, and in particular, an acquisition that includes the acquisition of 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 interim consolidated financial statements. There has been no change in significant accounting policies from the Corporation's audited consolidated annual financial statements from December 31, 2015. In addition, there has been no change in the Company's financial instrument risks.

Non-IFRS Financial Measures

Management uses both IFRS and Non-IFRS Measures to assess the operating performance of the Company's operations. 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 related property operating costs. NOI does not include interest expense or income, depreciation and amortization, corporate administrative costs, stock based compensation costs or taxes. NOI assists management in assessing profitability and valuation from principal business activities.
- ii. Funds from Operations ("FFO") – FFO is defined as net income (loss) excluding gains or losses from the sale of depreciable real estate, plus depreciation and amortization, stock based compensation expenses, and deferred income taxes; and after adjustments for equity accounted entities and non-controlling interests. FFO should not be viewed as an alternative to cash from operating activities, net income, or other measures calculated in accordance with IFRS. The Corporation believes that FFO can be a beneficial measure, when combined with primary IFRS

measures, to assist in the evaluation of the Corporation's ability to generate cash and evaluate its return on investments as it excludes the effects of real estate amortization and gains and losses from the sale of real estate, all of which are based on historical cost accounting and which may be of limited significance in evaluating current performance.

- iii. Existing Self Storage and New Self Storage performance – “Existing Self Storage” are defined as those that the Corporation has owned or leased for the entirety of the 2016 and 2015 fiscal years. “New Self Storage” are those that have not been owned or leased continuously since the beginning of the previous fiscal year. We believe the use of this metric combined with primary IFRS measures is beneficial in understanding the full operating performance of our operations during a growth period. Comparative figures for the New Self Storage and Existing Self Storage categories may differ from amounts reported in previous MD&A reports.

Recent and Future Accounting Pronouncements

The IASB or 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, 2015 annual audited financial statements.

Disclosure Controls and Procedures

Pursuant to National Instrument 52-109, which requires certification of disclosure in an issuer's annual and interim filings, the Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the Corporation's internal disclosure controls and procedures for the three months ended March 31, 2016, including the design of internal controls over financial reporting, to provide reasonable assurance regarding the reliability of financial reporting in accordance with IFRS. These officers have concluded that the Corporation's disclosure controls and procedures are designed effectively to ensure that information required to be disclosed in reports that are filed or submitted under Canadian securities legislation are recorded, processed and reported within the time specified in those rules.

There have been no changes in the Corporation's internal controls over financial reporting that have materially affected or are reasonably likely to affect the Corporation's internal controls over financial reporting for the three months ended March 31, 2016.

RISKS AND UNCERTAINTIES

As our primary business consists of owning and operating storage real estate, we are exposed to risks related to such ownership and operations that can adversely impact our business and financial position. The following is a brief review of some of the potential risks and the potential impacts these risks and uncertainties may have on the operations of the Corporation:

Real Estate Industry

Real estate investments are subject to varying degrees of risk depending on the nature of each property. Such investments are affected by general economic conditions, local real estate markets, supply and demand for rental space, competition from others with similar developments, the perceived “attractiveness” of a given property and various other factors.

Liquidity Risk

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

Refinancing Risk

There is no certainty that financing will be available upon the maturity of any existing mortgage at terms that are as favorable as the expiring mortgage, or at all. If the Corporation is unable to refinance an existing indebtedness on favorable terms, the Corporation may need to dispose of one or more properties on disadvantageous terms. Prevailing interest rates, limited availability of credit or other factors at the time of refinancing could increase interest expense and ultimately decrease the return to investors.

Economic Conditions

Even though storage is less susceptible to changes in the local economy, as storage space is often needed during times of both growth and recession, downturns in a local economy could negatively affect our revenues and NOI. A significant portion of storage customers use storage during periods of moving from one residence to another or when a residence is being renovated. In times of economic downturn, the level of activity in housing sales and housing renovation could decrease, thereby decreasing storage rental demand.

Environmental Risk

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

Credit Risk

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

Other Self Storage Operators or Storage Alternatives

The Corporation competes with other individuals, corporations and institutions which currently own, or are anticipating owning a similar property in a given region. Competitive forces could have a negative effect on occupancy levels, rental rates or operating costs such as marketing.

Acquisition of Future Locations

Competition also exists when the Corporation attempts to grow through acquisitions of storage locations. An increase in the availability of investment funds in the general market, and a subsequent increase in demand for storage locations would have a tendency to increase the price for future acquisitions of storage locations and reduce the yields thereon.

Anticipated Results from New Acquisitions

The realization of anticipated results and value from acquisitions can be jeopardized from unexpected circumstances in integrating new stores into our existing operations, from situations we did not detect during our due diligence or from increased property tax following reassessment of newly acquired locations.

Increase in Operating Costs

Our operating margins can be negatively impacted from increases in operating costs such as property tax, staffing costs, insurance premiums, repairs and maintenances costs, utility costs and others due to various factors such as the need for governments to raise funds, natural disasters, commodity and energy prices.

Climate and Natural Disasters

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

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

Litigation

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

Use and Dependency on Information Technology Systems

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

StorageVault Canada Inc.

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