

# StorageVault Canada Inc.

## Convertible Senior Unsecured Debentures

### Term Sheet

December 13, 2022

*A preliminary short form prospectus containing important information relating to the securities described in this document has not yet been filed with the securities regulatory authorities in all of the provinces of Canada. A copy of the preliminary short form prospectus is required to be delivered to any investor that received this document and expressed an interest in acquiring the securities. There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final short form prospectus has been issued. This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the preliminary short form prospectus, final short form prospectus and any amendment, for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision. The following is a brief summary of certain attributes and characteristics of the Debentures (as defined below) which does not purport to be complete. For full particulars, reference is made to the applicable trust indenture (the "Indenture") providing for, among other things, the creation and issue of the Debentures. Should any conflict arise between the following summary and the Indenture, the terms of the Indenture will govern.*

<b>ISSUER:</b>	StorageVault Canada Inc. ("StorageVault" or the "Corporation").
<b>OFFERING:</b>	Treasury offering of Convertible Senior Unsecured Debentures (the "Debentures").
<b>ISSUE PRICE:</b>	\$1,000 per Debenture.
<b>ISSUE SIZE:</b>	\$100,000,000.
<b>OVER-ALLOTMENT OPTION:</b>	The Corporation has granted the Underwriters an option, exercisable, in whole or in part, at any time until and including 30 days following the closing of the Offering, to purchase up to an additional \$15,000,000 of Debentures at the Issue Price solely to cover overallotments, if any.
<b>CONCURRENT PRIVATE PLACEMENT:</b>	<p>Concurrent with the Offering, the Corporation has entered into an agreement to sell 50,000 Debentures to an institutional investor, on a private placement basis at the Issue Price for gross proceeds of \$50,000,000 (the "Concurrent Private Placement"). The closing of the Concurrent Private Placement is scheduled to occur on the Closing Date of the Offering and is subject to a number of conditions, including the concurrent closing of the Offering. The securities issued under the Concurrent Private Placement will be subject to a 4 month plus one day statutory hold period commencing on the closing of the Concurrent Private Placement.</p> <p>The closing of the Offering is conditional on the concurrent closing of the Concurrent Private Placement.</p>
<b>USE OF PROCEEDS:</b>	The Corporation intends to use the net proceeds of the Offering, together with the net proceeds from the Concurrent Private Placement, to repay existing indebtedness, fund potential future acquisition opportunities and for general corporate purposes.
<b>COUPON:</b>	The Debentures will bear interest at a rate of 5.00% per annum from the Closing Date, payable semi-annually in arrears on the last day of March and September of each year commencing on March 31, 2023 until the maturity date of the Debentures; the first payment will include accrued and unpaid interest for the period from the Closing Date to, but excluding, March 31, 2023.
<b>MATURITY DATE:</b>	March 31, 2028.

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**CONVERSION:** Each Debenture will be convertible into freely tradeable StorageVault common shares (the “Shares”) at the option of the holder at any time prior to the close of business on the earliest of (i) the last business day before the Maturity Date; or (ii) if called for redemption, the business day immediately preceding the date specified by the Corporation for redemption of the Debentures, at a conversion price of \$8.65 per Share (the “Conversion Price”), being a ratio of approximately 115.6069 Shares per \$1,000 principal amount of Debentures, and representing a premium of approximately 32.5% to the reference Share price of \$6.53.

**DIVIDEND ADJUSTMENT AND ANTI-DILUTION:** Dividend Adjustment: The conversion right will be subject to standard anti-dilution provisions, including an adjustment to the Conversion Price for any cash or stock dividends or distributions paid to holders of the Shares in excess of \$0.002817 per Share per quarter.

Anti-Dilution: The Conversion Price will also be subject to standard anti-dilution adjustments upon, inter alia, share consolidations, share splits, spin-off events, rights issues and reorganizations.

**RANKING:** The Debentures will be direct, senior unsecured obligations of the Corporation and will rank subordinate to all existing and future senior secured and other secured indebtedness of the Corporation; and will rank pari passu with all existing and future senior unsecured indebtedness, including the Corporation’s 5.75% senior unsecured hybrid debentures due January 31, 2026 and the Corporation’s 5.50% senior unsecured hybrid debentures due September 30, 2026.

**REDEMPTION:** The Debentures will not be redeemable prior to March 31, 2026 (the “First Call Date”). On and after the First Call Date and prior to March 31, 2027, the Debentures will be redeemable in whole or in part from time to time at the Corporation’s option at a redemption price equal to par plus accrued and unpaid interest provided that the Current Market Price on the date on which the notice of redemption is given is not less than 125% of the Conversion Price. On and after March 31, 2027 and prior to the Maturity Date, the Debentures will be redeemable, in whole or in part, from time to time at the Corporation’s option at par plus accrued and unpaid interest, if any, up to but excluding the date set for redemption. The Corporation shall provide not more than 60 nor less than 30 days’ prior notice of redemption of the Debentures.

**SHARE PAYMENT OPTION ON REDEMPTION OR MATURITY:** Subject to any required regulatory approval and provided no Event of Default has occurred and is continuing, the Corporation has the option, upon not more than 60 nor less than 30 days’ prior notice, to satisfy its obligations to pay on Redemption or Maturity, the principal amount of and premium (if any) on the Debentures, in whole or in part, by delivering freely tradeable Shares to Debenture holders. Any accrued and unpaid interest will be paid in cash.

In such event, payment will be satisfied by delivering for each \$1,000 due, that number of freely tradeable Shares obtained by dividing \$1,000 by 95% of the Current Market Price on the date fixed for Redemption or Maturity, as the case may be.

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**CURRENT MARKET PRICE:** Current Market Price is defined as, generally, the arithmetic average of the per share volume weighted average trading price of the Shares on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fifth trading day preceding the date of determination.

**RESTRICTION ON SHARE PAYMENT OPTION:** The Corporation shall not, directly or indirectly (through a subsidiary or otherwise) undertake or announce any rights offering, issuance of securities, subdivision of Shares, dividend or other distribution on the Shares or any other securities, capital reorganization, reclassification or any similar type of transaction in which:

- a) the number of securities to be issued;
- b) the price at which securities are to be issued, converted or exchanged; or
- c) any property or cash that is to be distributed or allocated,

is in whole or in part based upon, determined in reference to, related to or a function of, directly or indirectly, (i) the exercise or potential exercise of the Share Payment Option on Redemption or Maturity, or (ii) the Current Market Price determined in connection with the exercise or potential exercise of the Share Payment Option on Redemption or Maturity.

**SHARE INTEREST PAYMENT OPTION:** The Corporation may elect from time to time, subject to any required regulatory approval and provided that no Event of Default has occurred and is continuing, to satisfy all or part of its interest payment obligations under the Debentures by issuing and delivering sufficient freely tradeable Shares to a trustee for sale, in which event holders of Debentures will be entitled to receive a cash payment equal to the interest owed, from the proceeds of the sale of the requisite number of Shares by the trustee.

**CHANGE OF CONTROL:** Upon a change of control, defined generally as the acquisition of voting control or direction over more than 50% of the then issued and outstanding voting shares of the Corporation, by any person or group of persons acting jointly or in concert, or on a sale, transfer or other disposition, directly or indirectly, of all or substantially all of the assets and properties of the Corporation and its subsidiaries, taken as a whole (each a "Change of Control"), the Corporation will be required within 30 days of the occurrence of a Change of Control to make an offer in writing to holders of the Debentures (a "Change of Control Offer") to purchase within the time period more specifically set out in the Indenture, all Debentures then outstanding at a purchase price equal to 100% of the principal amount thereof plus accrued and unpaid interest.

Upon a Change of Control resulting from a transaction or transactions in respect of which 10% or more of the consideration for the Shares consists of (i) cash, other than cash payments for fractional Shares and cash payments made in respect of dissenter's appraisal rights; (ii) equity securities that are not traded or intended to be traded immediately following such transactions on a stock exchange; or (iii) other property that is not traded or intended to be traded immediately following such transactions on a stock exchange, subject to regulatory and stock exchange approvals, holders of the Debentures may, for the period beginning 10 trading days prior to the Change of Control and ending 30 days after notice of the

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Change of Control and the offer to purchase all Debentures is delivered, elect to convert their Debentures and receive, in addition to the number of Shares they otherwise would have been entitled to receive on conversion, an additional number of Shares which will vary depending upon the date on which the Change of Control becomes effective and the actual price paid per Share in the transaction constituting the Change of Control. This will be based on the table of shares grid set forth in the Indenture.

#### EVENTS OF DEFAULT :

The Indenture will provide that an Event of Default in respect of the Debentures will occur if any one or more of the following described events has occurred and is continuing with respect of the Debentures:

- a) failure for 15 days to pay interest on the Debentures when due;
- b) failure to pay principal or premium, if any, on the Debentures when due whether at maturity, upon redemption, by declaration or otherwise;
- c) default in the observance of the covenant of the Corporation relating to maintaining listing of the Shares and Debentures on the Toronto Stock Exchange, and to maintaining the Corporation's status as a "reporting issuer", which defaults continue for 10 business days;
- d) a default in performing or observing any of the covenants, agreements or obligations of the Corporation described in the Indenture and the continuance of such default for 30 days after written notice to the Corporation by the trustee under the Indenture (the "Trustee") or by the holders of not less than 25% in principal amount of outstanding Debentures requiring the same to be remedied;
- e) the failure of the Corporation to (i) make a Change of Control Offer within 30 days of the occurrence of a Change of Control, or (ii) take up and pay for, within the time period set out in the Indenture, any Debentures then outstanding and tendered by any Debenture holders in acceptance of the Change of Control Offer;
- f) default in the delivery, when due, of any Shares, which default continues for 15 days;
- g) cross acceleration to indebtedness subordinated or pari passu to the Debentures, subject to a C\$25 million threshold; and
- h) certain events of bankruptcy, insolvency or reorganization of the Corporation under bankruptcy or insolvency laws.

#### PURCHASE FOR CANCELLATION:

The Corporation will have the right at any time to purchase the Debentures in the market, by tender, by private contract, by normal course issuer bid or otherwise, subject to regulatory requirements and compliance with the Corporation's credit agreement.

#### RATINGS:

The Debentures are unrated. The Corporation does not intend to apply for any credit ratings in respect of the Debentures.

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<b>LISTING:</b>	The Offering is conditional on the Corporation obtaining approval to list the Debentures on the Toronto Stock Exchange. The Corporation shall apply to list on the Toronto Stock Exchange the Debentures distributed under the short form prospectus. Listing will be subject to the Corporation fulfilling all of the listing requirements of the Toronto Stock Exchange.
<b>FORM OF OFFERING:</b>	<p>Public offering, eligible for sale in all provinces of Canada, pursuant to a short form prospectus and into the United States under 144A in such manner so as to not require registration under the U.S. Securities Act of 1933.</p> <p>A copy of the short-form prospectus and any amendments will be available at <a href="http://www.sedar.com">www.sedar.com</a>.</p>
<b>FORM OF UNDERWRITING:</b>	Bought deal, subject to the entering into of an underwriting agreement including “Disaster Out”, “Regulatory Out” and “Material Adverse Change Out” clauses running until the Closing Date, and other industry standard provisions.
<b>ELIGIBILITY:</b>	Eligible for RRSPs, RESPs, RRIFs, RDSPs, TFSAs and DPSPs.
<b>SOLE BOOKRUNNER:</b>	Scotia Capital Inc.
<b>UNDERWRITING FEE:</b>	4.00% on the Offering, payable at closing.
<b>CLOSING DATE:</b>	On or about January 9, 2023.