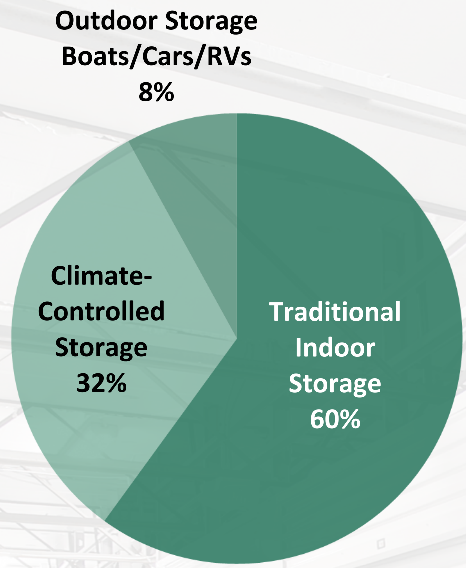
GLOBAL SELF STORAGE

2020 Annual Report

Annual Total Revenues

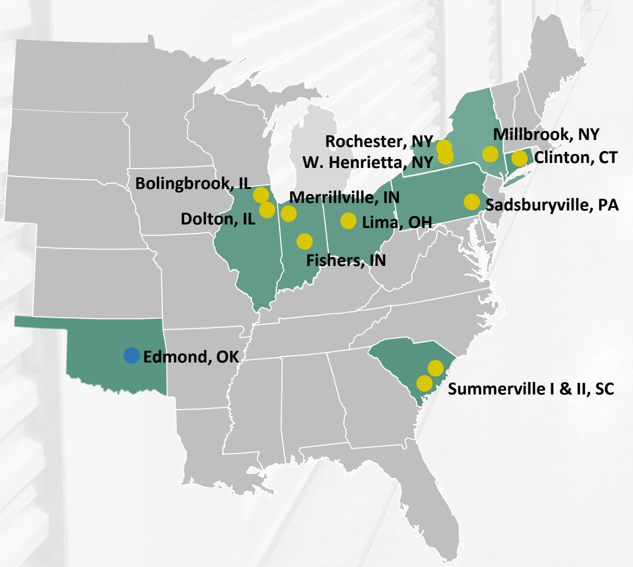
$millions

Diverse Leasing Options



Traditional Indoor Storage includes non-storage space, as of Dec. 31, 2020.

Growing National Presence



Facilities	13
Units	6,972
Leasable Sq. Ft.	969,426

Owned Properties

3rd Party Management Properties

Facility data of December 31, 2020. Includes outside parking (RV, boat, auto), retail, office and commercial space.

Annual Same-Store NOI

$millions

See "Non-GAAP Measures" in the enclosed Form 10-K regarding non-GAAP same-store net operating income (NOI) and its reconciliation to GAAP.

Dear Fellow Stockholders,

In 2020, the COVID-19 pandemic presented unexpected challenges to our business, tenants, employees and the communities in which we operate. However, the self storage industry has once again demonstrated its resiliency. Through innovation, we were able to provide multiple contactless rental and payment options to help insure safe, convenient, and timely service. This allowed our business to persevere despite the many challenges of the pandemic. We successfully:

- Realized significant organic expansion growth with the construction and lease-up of an additional 32,800+ lsf of self-storage units;
- Achieved peer leading same-store net operating income (NOI) growth;
- Attained all-time high revenues and same-store average occupancy above 95%;
- Sustained consistent rent collections throughout our portfolio and decreased same-store cost of operations; and
- Maintained a strong balance sheet to take advantage of growth opportunities.

Our proprietary revenue rate management program also helped us maintain a competitive market price advantage at our owned and managed properties. It enabled us to maximize each store's occupancy, as well as our rental revenue and NOI through existing tenant rent increases.

These favorable results were also driven by our effective internet and digital marketing initiatives, combined with the high-quality of customer service that we believe is essential in building brand loyalty. Our customer service efforts have continued to spur referral and word-of-mouth market demand for our storage units and services, and we have continued to attract high quality, long-term tenants. All of this was accomplished in 2020 without furloughing or eliminating positions due to the impact of the pandemic.

Expansion Lease-up Success

To meet increasing demand, we completed two expansions and a conversion project in 2020 that added a total of more than 32,800 leasable square feet of climate-controlled and drive-up self-storage units.

Early in the year, we completed an expansion project for climate-controlled storage units at our store in Millbrook, New York. The facility's occupancy increased from 45.5% when the expansion was completed in February to 96.1% by year end. As of the end of February 2021, total area occupancy increased further to 97.5%.

For our conversion project to climate-controlled units at our store in McCordsville, Indiana, its total area occupancy increased from 79.1% at project completion in June to 90.3% at year end and then 91.2% at the end of February this year.

Our expansion project in West Henrietta, New York added drive-up storage units. Total area occupancy at this location increased from 77.9% at the project's completion in August to 86.2% by year end. Total area occupancy decreased slightly to 85.4% at the end of February of this year, as would be expected due to seasonality of demand.

We are currently evaluating other potential expansion projects throughout our portfolio.

Global MaxManagement

We continue to offer our third-party management platform, Global MaxManagement℠, which is ideally suited for property developers and single-property/ small-portfolio operators looking to enhance the performance of their self-storage properties. The platform provides us an additional revenue stream through management fees and tenant insurance premiums.

We continue to believe this offering will help foster brand awareness, create a captive acquisition pipeline, and contribute more meaningfully to revenues over time.

*See the "Non-GAAP Measures" section of our 2020 Form 10-K for an explanation of same-store NOI, including a reconciliation to the relevant GAAP measure.

Strong Balance Sheet for Growth

We have continued to maintain a strong balance sheet. At year end, our capital resources totaled about $8.8 million, comprised of $2.0 million in cash, cash equivalents and restricted cash, $1.9 million in marketable equity securities, and $4.9 million available for withdrawal under a revolving credit facility. These capital resources support our ongoing operations and growth strategies.

Looking Ahead

We continue to look at potential acquisitions in secondary and tertiary markets in the Northeast, Mid-Atlantic and Midwest, where we expect to see significantly slower supply growth and less competition from other public self-storage REITs. These locations are where we expect to see above average growth in revenues due to favorable supply and demand dynamics.

From an operational and financial perspective, we entered 2021 in a strong position. We continue to examine ways to further enhance our operational performance as we pursue strategic expansion and acquisitive growth. This includes targeting key markets and prospective properties where we believe our highly effective professional management and best practices can improve operations.

We believe our unique approach to self-storage management has contributed to our strong performance, even during adverse economic times. We also plan to continue to grow our balance sheet through conservative debt financings and disciplined capital raising activities.

We will continue to execute our strategic business plan, which includes funding acquisitions, either directly or through joint ventures; expansion projects at our existing properties; and broadening our revenue base and pipeline of potential acquisitions through developing Global MaxManagement℠, our third-party management platform.

Our board of directors regularly reviews our strategic business plan, including topics and metrices like capital formation, debt versus equity ratios, dividend policy, use of capital and debt, FFO and AFFO performance, and optimal cash levels.

On behalf of our board of directors, I would like to thank our employees and tenants for making 2020 another strong year for Global Self Storage. We are especially grateful for team members serving in the field who have remained steadfast in delivering our customer-essential services despite the many challenges of the COVID-19 pandemic.

I also want to extend our gratitude to you, our valued stockholders, for joining us on this exciting journey of growth and expansion. Given our expansion lease-up success, tailwinds from the current suburban relocation trend, and our proven strategies, Global Self Storage is on target for another successful year.

Sincerely,

Mark Winmill
Chairman of the Board,
President and Chief Executive Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO**

Commission File Number: 001-12681

GLOBAL SELF STORAGE, INC.
(Exact name of registrant as specified in its charter)

Maryland	**13-3926714**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

Global Self Storage, Inc.
11 Hanover Square, 12th Floor
New York, NY 10005
(212) 785-0900
(Address, including zip code, and telephone number, including area code, of Company's principal executive offices)

Donald Klimoski II, Esq.
Global Self Storage, Inc.
11 Hanover Square, 12th Floor
New York, NY 10005
(212) 785-0900
(Address of principal executive officers, including zip code, and telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered or to be registered
Common Stock, $0.01 par value	**SELF**	**The Nasdaq Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☐ NO ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES ☐ NO ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The aggregate market value of the common stock held by non-affiliates of the registrant was $33,524,029 based upon the closing price of the shares on the Nasdaq Capital Market on June 30, 2020, the last business day of the registrant's most recently completed second fiscal quarter. This calculation does not reflect a determination that persons whose shares are excluded from the computation are affiliates for any other purpose.

The number of shares outstanding of the registrant's common stock, par value $0.01 per share, as of March 16, 2021, was 9,356,202.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be issued in connection with the registrant's annual stockholders' meeting to be held in 2021 are incorporated by reference into Part III of this Annual Report on Form 10-K.

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STATEMENT ON FORWARD-LOOKING INFORMATION

Certain information presented in this Annual Report on Form 10-K (this "annual report") may contain "forward-looking statements" within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements concerning the Company's plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, and other information that is not historical information. In some cases, forward-looking statements can be identified by terminology such as "believes," "plans," "intends," "expects," "estimates," "may," "will," "should," or "anticipates," or the negative of such terms or other comparable terminology, or by discussions of strategy. All forward-looking statements by the Company involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company, which may cause the Company's actual results to be materially different from those expressed or implied by such statements. The Company may also make additional forward-looking statements from time to time. All such subsequent forward-looking statements, whether written or oral, by the Company or on its behalf, are also expressly qualified by these cautionary statements. All forward-looking statements, including without limitation, the Company's examination of historical operating trends and estimates of future earnings, are based upon the Company's current expectations and various assumptions. The Company's expectations, beliefs and projections are expressed in good faith and it believes there is a reasonable basis for them, but there can be no assurance that the Company's expectations, beliefs and projections will result or be achieved. All forward-looking statements apply only as of the date made. Except as required by law, the Company undertakes no obligation to publicly update or revise forward-looking statements which may be made to reflect events or circumstances after the date made or to reflect the occurrence of unanticipated events.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in or contemplated by this report. One of the most significant factors is the ongoing impact of the novel coronavirus ("COVID-19") pandemic on the economy, the self storage industry and the broader financial markets. The Company is unable to predict whether the continuing effects of the COVID-19 pandemic will trigger a further economic slowdown and to what extent the Company will experience disruptions related to the COVID-19 pandemic. The outbreak of COVID-19 has also impacted, and is likely to continue to impact, directly or indirectly, many of the other important factors below and the risks described in "Item 1A. Risk Factors." Any forward-looking statements should be considered in light of the risks referenced in "Item 1A. Risk Factors" and in our other filings with the Securities and Exchange Commission (the "SEC"). Such factors include, but are not limited to:

- **general risks associated with the ownership and operation of real estate, including changes in demand, risks related to development of self storage properties, potential liability for environmental contamination, natural disasters and adverse changes in tax, real estate and zoning laws and regulations;**
- **risks associated with downturns in the national and local economies in the markets in which we operate, including risks related to current economic conditions and the economic health of our customers;**
- **the impact of competition from new and existing self storage and commercial properties and other storage alternatives;**
- **difficulties in our ability to successfully evaluate, finance, integrate into our existing operations, and manage acquired and developed properties;**
- **risks related to our development of new properties and/or participation in joint ventures;**
- **risks of ongoing litigation and other legal and regulatory actions, which may divert management's time and attention, require us to pay damages and expenses or restrict the operation of our business;**
- **the impact of the regulatory environment as well as national, state, and local laws and regulations including, without limitation, those governing the environment, taxes and our tenant reinsurance business and real estate investment trusts ("REITs"), and risks related to the impact of new laws and regulations;**

- **risk of increased tax expense associated either with a possible failure by us to qualify as a REIT, or with challenges to intercompany transactions with our taxable REIT subsidiaries;**
- **changes in federal or state tax laws related to the taxation of REITs, which could impact our status as a REIT;**
- **increases in taxes, fees and assessments from state and local jurisdictions;**
- **security breaches or a failure of our networks, systems or technology;**
- **our ability to obtain and maintain financing arrangements on favorable terms;**
- **market trends in our industry, interest rates, the debt and lending markets or the general economy;**
- **the timing of acquisitions and our ability to execute on our acquisition pipeline;**
- **general volatility of the securities markets in which we participate;**
- **changes in the value of our assets;**
- **changes in interest rates and the degree to which our hedging strategies may or may not protect us from interest rate volatility;**
- **our ability to continue to qualify and maintain our qualification as a REIT for U.S. federal income tax purposes;**
- **availability of qualified personnel;**
- **difficulties in raising capital at a reasonable cost;**
- **fiscal policies or inaction at the U.S. federal government level, which may lead to federal government shutdowns or negative impacts on the U.S economy;**
- **estimates relating to our ability to make distributions to our stockholders in the future; and**
- **economic uncertainty due to the impact of terrorism, infectious or contagious diseases or pandemics, or war.**

RISK FACTORY SUMMARY

An investment in our securities involves a high degree of risk. You should carefully consider the risks summarized in Item 1A, “Risk Factors” included in this report. These risks include, but are not limited to, the following:

Risks Related to our Self Storage Properties and our Business

- The outbreak of highly infectious or contagious diseases, including COVID-19, could materially and adversely impact our business, financial condition, results of operations and cash flows. Further, the spread of COVID-19 has caused severe disruptions in the U.S. and global economy and financial markets and has created widespread business continuity issues of an as yet unknown magnitude and duration.
- Adverse economic or other conditions in the markets in which we do business and more broadly could negatively affect our occupancy levels and rental rates and therefore our operating results.
- Our proportionate share of the loan entered into by an affiliate on our behalf under the Paycheck Protection Program may not be forgiven or may subject us to challenges and investigations regarding qualification for the loan.
- Our storage leases are relatively short-term in nature, which exposes us to the risk that we may have to re-lease our units and we may be unable to do so on attractive terms, on a timely basis or at all.
- Our property taxes could increase due to various reasons, including a reassessment, which could adversely impact our operating results and cash flow.
- We face competition from other self storage properties, which may adversely impact the markets in which we invest and in which our self storage properties operate.
- Rental revenues are significantly influenced by demand for self storage space generally, and a decrease in such demand would likely have a greater adverse effect on our rental revenues than if we owned a more diversified real estate portfolio or if we owned a larger number of self storage properties.
- We may acquire properties subject to liabilities which may adversely impact our operating results.
- Our investments in development and redevelopment projects may not yield anticipated returns which could adversely impact our economic performance.
- We may be unable to make distributions in the future, maintain our current level of distributions or increase distributions over time.
- We rely on information technology in our operations, and any material failure, inadequacy, interruption or security breach through cyber-attacks, cyber-intrusions, or other methods could disrupt our information technology networks and related systems and harm our business.

Risks Related to Our Debt Financings

- We depend on external sources of capital that are outside of our control, which could adversely affect our ability to acquire or develop properties, satisfy our debt obligations and/or make distributions to stockholders.
- The terms and covenants relating to our indebtedness could adversely impact our economic performance.

Risks Related to Our Qualification as a REIT

- Our failure to qualify or remain qualified as a REIT would subject us to U.S. federal income tax and applicable state and local taxes, which would reduce the amount of operating cash flow available for distribution to stockholders.
- To maintain our REIT qualification, we may be forced to borrow funds during unfavorable market conditions.

- Failure to make required distributions would subject us to tax, which would reduce the operating cash flow available for distribution to stockholders.
- We may not have cash available to make distributions.

PART I

Item 1. Business.

General

Global Self Storage, Inc. (the "Company") is a self-administered and self-managed real estate investment trust ("REIT") that owns, operates, manages, acquires, develops and redevelops self storage properties ("stores" or "properties") in the United States. Our stores are designed to offer affordable, easily accessible, and secure storage space for residential and commercial customers. As of December 31, 2020, the Company owned and operated, or managed, through its wholly owned subsidiaries, thirteen stores located in Connecticut, Illinois, Indiana, New York, Ohio, Pennsylvania, South Carolina, and Oklahoma. The Company was formerly registered under the Investment Company Act of 1940, as amended (the "1940 Act") as a non-diversified, closed end management investment company. The Securities and Exchange Commission's ("SEC") order approving the Company's application to deregister from the 1940 Act was granted on January 19, 2016. On January 19, 2016, the Company changed its name to Global Self Storage, Inc. from Self Storage Group, Inc., changed its SEC registration from an investment company to an operating company reporting under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and listed its common stock on NASDAQ under the symbol "SELF".

The Company was incorporated on December 12, 1996 under the laws of the state of Maryland. The Company has elected to be treated as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"). To the extent the Company continues to qualify as a REIT, it will not generally be subject to U.S. federal income tax, with certain limited exceptions, on its taxable income that is distributed to its stockholders.

Business Activities

As of December 31, 2020, the Company had 31 total employees and owned and operated, or managed, through its wholly owned subsidiaries, thirteen stores. As of December 31, 2020, these properties totaled 969,426 net leasable square feet and offered 6,972 storage units. In addition to traditional and climate-controlled units, many of the properties feature both covered and outside auto/RV/boat storage. The Company invests in stores by acquiring stores through its wholly owned subsidiaries and operates primarily in one segment: rental operations.

We continue to evaluate and enact a range of new initiatives and opportunities in order to help enable us to maximize our stores' financial performance and stockholder value. Our strategies in seeking to maximize our stores' financial performance and stockholder value include, among others, the following:

- continue to implement and refine our move-in rate management systems in seeking to maximize occupancies and thus revenue derived from our store portfolio;
- continue to implement and refine our existing tenant revenue rate management systems in seeking to maximize revenue per leased square foot from our store portfolio;
- continue to implement and refine our digital, drive-by, and referral marketing programs in seeking to attract more and higher quality (e.g., credit card paying) customers to our stores at a lower net cost; and
- continue to pursue the acquisition of single stores and small portfolios that we believe can add stockholder value.

Our stores are generally located in densely populated and high traffic areas near major roads and highways. All of our stores display prominent road signage and most feature LED marquee boards describing the store features and move-in rent specials. Our stores are generally located in areas with strict zoning laws and attentive planning boards which make it difficult for our competition to develop new properties near ours. As we evaluate potential stores for acquisition, we seek stores in areas with these high barriers to entry.

Most of our stores compete with other well-managed and well-located competitors and we are subject to general economic conditions, particularly those that affect the spending habits of consumers and moving trends. Because we operate in competitive markets, often where self storage consumers have multiple stores from which to choose, such competition has affected and is likely to continue to affect our store results. We experience seasonal fluctuations in occupancy levels as well, with occupancy levels generally higher in the summer months due to increased moving activity. We believe that our centralized information networks, national telephone and online reservation system, the brand name "Global Self Storage," and our economies of scale help enable us to meet such challenges effectively.

In seeking to maximize the performance of our stores, we employ our proprietary revenue rate management systems which help us to analyze, adjust, and set our move-in and existing tenant rental rates on a real-time basis across our portfolio. Among other technologies, we employ internet data scraping of our local competitors' move-in rental rates to help enable us to proactively respond and take advantage of changing market conditions across our store portfolio. Our operating results typically depend significantly on our ability to manage our storage units' rental rates, to respond in a timely manner to prospective tenant inquiries, and to lease available storage units, and on the ability of our tenants to make required storage unit rental payments.

We have registered the trademark and developed the brand "Global Self Storage." We have developed a corporate logo and have incorporated it on all of our on-site signage, advertising and other marketing materials. This branding process has included the creation and development of the www.GlobalSelfStorage.us website, whereby prospective customers can rent a storage unit or learn about the features of any of our self storage properties. We continue to develop the Global Self Storage internet presence through advertising and search engine optimization. We solicit tenant reviews for posting to the "Testimonials" section of our website and encourage others to view these reviews. We have found referrals of current tenants to be a reliable source of new tenants. Existing self storage customers may also pay their storage unit rent online through www.GlobalSelfStorage.us.

Attracting high quality, long-term tenants is a top priority for the Company and we strongly believe in tenant quality over tenant quantity. In our marketing efforts, we have seen success in our referral marketing program, through which our tenants may recommend Global Self Storage to their family, friends, and colleagues. We also believe our store managers' attention to detail – maintaining security, cleanliness, and attentive customer service – is essential to attracting high quality tenants.

Tenant leases at all of our stores are "month-to-month" leases. We seek to deliver at least 30 days' written notice of any rental rate change. Lease rates at each store may be set monthly, semi-annually, annually, or at any other time on a case-by-case basis as determined in the discretion of management. Tenants may be assessed late, administrative, and/or other fees. To date, none of the Company's stores have experienced any material delinquencies.

Each of our stores features a rental and payment center kiosk available 24 hours a day, seven days a week, where prospective tenants can rent a unit and current tenants can pay their rent. All of our stores have on-site property managers who are committed to delivering the finest customer service. We utilize a customer call center to handle telephone inquiries from current and prospective tenants whenever our store managers are not available. They can respond to questions about our properties and storage features, and book reservations. We seek to deliver convenience and high quality customer service to our tenants, as well as maintain clean and secure stores at all times.

Please refer to Item 7 herein for further discussion of, among other things, competitive business conditions, the Company's competitive position in the self storage industry, methods of competition, and the effect of existing or probable government regulations on the Company's business.

Our Acquisition Strategy

General

In our store acquisition strategy, we will seek to continue to focus on secondary and tertiary cities in the Mid-West, Northeast and Mid-Atlantic parts of the country where we believe there is relatively less self storage space per capita available, generally resulting in greater demand for available self storage square feet; where new self storage development and permitting through the local planning and zoning boards is typically more difficult to secure thus creating barriers to entry for new self storage competition; and where local new supply through new development is generally less prevalent.

We continue to review available acquisition opportunities with the awareness that, should interest rates decrease, resulting store capitalization rates may also decrease and store prices may begin to increase. We will seek to continue to employ our strict acquisition underwriting standards and remain a disciplined buyer and only execute acquisitions where we believe that our management techniques and innovations can strengthen our portfolio and increase stockholder value. For future acquisitions, the Company may continue to use various financing and capital raising alternatives including, but not limited to, debt and/or equity offerings, credit facilities, mortgage financing, and joint ventures with third parties.

We continue to actively review a number of store and store portfolio acquisition opportunities and have been working to further develop and expand our current stores. We did not complete any self storage property acquisitions in 2020.

Our Financing Strategy

Our financing strategy is to minimize the cost of our capital in order to maximize the returns generated for our stockholders.

On June 24, 2016, certain of our wholly owned subsidiaries (“Term Loan Secured Subsidiaries”) entered into a loan agreement and certain other related agreements (collectively, the “Term Loan Agreement”) between the Term Loan Secured Subsidiaries and Insurance Strategy Funding IV, LLC (the “Term Loan Lender”). Under the Term Loan Agreement, the Term Loan Secured Subsidiaries borrowed from Term Loan Lender the principal amount of $20 million pursuant to a promissory note (the “Term Loan Promissory Note”). The Term Loan Promissory Note bears interest at a rate equal to 4.192% per annum and is due to mature on July 1, 2036. Pursuant to a security agreement (the “Term Loan Security Agreement”), the obligations under the Term Loan Agreement are secured by certain real estate assets owned by the Term Loan Secured Subsidiaries. J.P. Morgan Investment Management, Inc. acted as Special Purpose Vehicle Agent of the Term Loan Lender. We entered into a non-recourse guaranty (the “Term Loan Guaranty” and together with the Term Loan Agreement, the Term Loan Promissory Note and the Term Loan Security Agreement, the “Term Loan Documents”) on June 24, 2016 to guarantee the payment to the Term Loan Lender of certain obligations of the Term Loan Secured Subsidiaries under the Term Loan Agreement. We have used some of the proceeds from the Term Loan Agreement to acquire four additional self storage properties.

On December 20, 2018, certain of our wholly owned subsidiaries (“Credit Facility Secured Subsidiaries”) entered into a revolving credit loan agreement (collectively, the “Credit Facility Loan Agreement”) between the Credit Facility Secured Subsidiaries and TCF National Bank (“Credit Facility Lender”). Under the Credit Facility Loan Agreement, the Credit Facility Secured Subsidiaries may borrow from the Credit Facility Lender in the principal amount of up to $10 million pursuant to a promissory note (the “Credit Facility Promissory Note”). The Credit Facility Promissory Note bears an interest rate equal to 3.00% over the One Month U.S. Dollar London Inter-Bank Offered Rate and is due to mature on December 20, 2021. The obligations under the Credit Facility Loan Agreement are secured by certain real estate assets owned by the Credit Facility Secured Subsidiaries. We entered into a guaranty of payment on December 20, 2018 (the “Credit Facility Guaranty,” and together with the Credit Facility Loan Agreement, the Credit Facility Promissory Note and related instruments, the “Credit Facility Loan Documents”) to guarantee the payment to the Credit Facility Lender of certain obligations of the Credit Facility Secured Subsidiaries under the Credit Facility Loan Agreement. As of December 31, 2020, we have withdrawn proceeds of $5,144,000 under the Credit Facility Loan Agreement. We currently intend to strategically withdraw proceeds available under the Credit Facility Loan Agreement to fund: (i) the acquisition of additional self storage properties, (ii) expansions at existing self storage properties in our portfolio, and/or (iii) joint ventures with third parties for the acquisition and expansion of self storage properties.

On December 18, 2019, we completed a rights offering whereby we sold and issued an aggregate of 1,601,291 shares of our common stock (“common stock”) at the subscription price of $4.18 per whole share of common stock, pursuant to the exercise of subscriptions and oversubscriptions from our stockholders. We raised aggregate gross proceeds of approximately $6.7 million in the rights offering.

On May 19, 2020, Midas Management Corporation (“MMC”) (the “Borrower”), a subsidiary of Winmill & Co. Incorporated (“Winco”), entered into a Paycheck Protection Program Term Note (“PPP Note”) with Customers Bank on behalf of itself and the Affiliates under the Paycheck Protection Program (the "Program") of the recently enacted Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") administered by the U.S. Small Business Administration. Certain officers and directors of the Company also serve as officers and directors of Winco, Bexil

Corporation, Tuxis Corporation, and their affiliates (collectively with the Company, the "Affiliates"). As of December 31, 2020, certain of the Affiliates owned approximately 7.9% of the Company's outstanding common stock. Pursuant to an arrangement between a professional employer organization and the Affiliates, MMC acts as a conduit payer of compensation and benefits to the Affiliates' employees including those who are concurrently employed by the Company and its Affiliates. The Borrower received total proceeds of $486,602 from the PPP Note. In accordance with the requirements of the CARES Act, the Affiliates expect to use proceeds from the PPP Note primarily for payroll and other eligible costs. Interest accrues on the PPP Note at the rate per annum of 1.00%. The Borrower may apply to Customers Bank for forgiveness of the amount due on the PPP Note which shall be an amount equal to the sum of payroll costs, mortgage interest, rent obligations and covered utility payments incurred during, at the Borrowers discretion, either the eight weeks or twenty-four weeks (the "Covered Period") following disbursement under the PPP Note.

During the period from May 19, 2020 through the six-month anniversary of the date of the PPP Note (the "Deferral Expiration Date"), neither principal nor interest shall be due and payable. On the Deferral Expiration Date, the outstanding principal of the PPP Note or the amount that is not forgiven under the Program shall convert to an amortizing term loan. On May 19, 2022, all accrued interest that is not forgiven under the Program shall be due and payable. Additionally, on December 19, 2020 and continuing on the 19th day of each month thereafter until May 19, 2022 equal installments of principal shall be due and payable, each in an amount determined by the Lender (the "Monthly Principal Amount"). Interest shall be payable at the same time as the Monthly Principal Amount. Any outstanding principal and accrued interest shall be due and payable in full on May 19, 2022. We expect to contribute to the interest payable on the PPP Note in proportion to our share of payroll and other eligible costs used in the original calculation of the loan request.

For the year ended December 31, 2020, there has been no material impact to our operations or cash flows due to the PPP Note. If and when the PPP Note is, in part or wholly forgiven, and legal release is received, we expect to record a gain in an amount proportionate to our share of payroll costs and other eligible expenses incurred during the Covered Period. We expect the loan forgiveness to reduce such expenses and reduce related reimbursements to MMC and Winco accordingly.

Our Third-Party Management Platform

On October 23, 2019, we signed our first self storage client under our third-party management platform. As of December 31, 2020, the property, which was rebranded as "Global Self Storage," had 137,118-leasable square feet and was comprised of 618 climate-controlled and non-climate-controlled units located in Edmond, Oklahoma.

We believe that our third-party management platform, Global MaxManagement^{SM}, will provide an additional revenue stream through management fees and tenant insurance premiums and will help expand our brand awareness, and may also allow us to build a captive acquisition pipeline. Despite the challenges presented by the COVID-19 pandemic, we continue to actively market our third-party management platform to developers, single-property self storage operators, and small-portfolio self storage operators, and we believe these discussions may lead to the addition of new properties to our owned and/or third-party management portfolios. In light of reduced in-person marketing opportunities due to the COVID-19 pandemic, we have pivoted resources to digital and print marketing of our third-party management program. In addition, we may pursue third-party management opportunities of properties owned by certain affiliates or joint venture partners for a fee, and utilize such relationships with third-party owners as a source for future acquisitions and investment opportunities.

Regulation

General

Generally, self storage properties are subject to various laws, ordinances and regulations, including those relating to lien sale rights and procedures, public accommodations, insurance, and the environment. Changes in any of these laws, ordinances or regulations could increase the potential liability existing or created by tenants or others on our properties. Laws, ordinances, or regulations affecting development, construction, operation, upkeep, safety and taxation requirements may result in significant unanticipated expenditures, loss of self storage sites or other impairments to operations, which would adversely affect our cash flows from operating activities.

Under the Americans with Disabilities Act of 1990 (the “ADA”), all places of public accommodation are required to meet certain federal requirements related to access and use by disabled persons. For additional information on the ADA, see “Item 1A. Risk Factors—Risks Related to Our Business—Costs associated with complying with the ADA may result in unanticipated expenses.”

Insurance activities are subject to state insurance laws and regulations as determined by the particular insurance commissioner for each state in accordance with the McCarran-Ferguson Act, as well as subject to the Gramm-Leach-Bliley Act and the privacy regulations promulgated by the Federal Trade Commission pursuant thereto.

Under the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended (“CERCLA”), and comparable state laws, we may be required to investigate and remediate regulated hazardous materials at one or more of our properties. For additional information on environmental matters and regulation, see “Item 1A. Risk Factors—Risks Related to Our Business—Extensive environmental regulation to which we are subject creates uncertainty regarding future environmental expenditures and liabilities.”

Property management activities are often subject to state real estate brokerage laws and regulations as determined by the particular real estate commission for each state.

REIT Qualification

We have elected and we believe that we have qualified to be taxed as a REIT under the Code, commencing with our taxable year ended on December 31, 2013. We generally will not be subject to U.S. federal income tax on our net taxable income to the extent that we distribute annually all of our net taxable income to our stockholders and maintain our qualification as a REIT. We believe that we have been organized and have operated in conformity with the requirements for qualification and taxation as a REIT under the Code, and we expect that our intended manner of operation will enable us to continue to meet the requirements for qualification and taxation as a REIT. To qualify, and maintain our qualification, as a REIT, we must meet on a continuing basis, through our organization and actual investment and operating results, various requirements under the Code relating to, among other things, the sources of our gross income, the composition and values of our assets, our distribution levels and the diversity of ownership of our shares. If we fail to qualify as a REIT in any taxable year and do not qualify for certain statutory relief provisions, we will be subject to U.S. federal income tax at regular corporate rates and may be precluded from qualifying as a REIT for the subsequent four taxable years following the year during which we failed to qualify as a REIT. Even if we qualify for taxation as a REIT, we still may be subject to some U.S. federal, state and local taxes on our income or assets. In addition, subject to maintaining our qualification as a REIT, a portion of our business is conducted through, and a portion of our income is earned by, one or more taxable REIT subsidiaries (“TRSs”), which are subject to U.S. federal corporate income tax at regular rates. Distributions paid by us generally will not be eligible for taxation at the preferential U.S. federal income tax rates that currently apply to certain distributions received by individuals from taxable corporations, unless such distributions are attributable to dividends received by us from a TRS.

Competition

We compete with many other entities engaged in real estate investment activities for customers and acquisitions of self storage properties and other assets, including national, regional, and local owners, operators, and developers of self storage properties. We compete based on a number of factors including location, rental rates, security, suitability of the property’s design to prospective tenants’ needs, and the manner in which the property is operated and marketed. We believe that the primary competition for potential customers comes from other self storage properties within a three to five mile radius from our stores. We have positioned our properties within their respective markets as high-quality operations that emphasize tenant convenience, security, and professionalism.

We also may compete with numerous other potential buyers when pursuing a possible property for acquisition, which can increase the potential cost of a project. These competing bidders also may possess greater resources than us and therefore be in a better position to acquire a property.

Our primary national competitors in many of our markets for both tenants and acquisition opportunities include local and regional operators, institutional investors, private equity funds, as well as the other public self storage REITs. These entities also seek financing through similar channels to the Company. Therefore, we will continue to compete for institutional investors in a market where funds for real estate investment may decrease.

Available Information

The SEC maintains an Internet site at http://www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Additional information about the Company, not contained in this annual report or made a part hereof, may be found at www.GlobalSelfStorage.us. The information on our website is not intended to form a part of or be incorporated by reference into this annual report.

Item 1A. Risk Factors.

Investing in our securities involves a high degree of risk. Before making an investment decision, you should carefully consider the following risk factors, together with the other information contained in this annual report. Any of these risks described could materially adversely affect our business, financial condition, liquidity, results of operations, tax status or ability to make distributions to our stockholders. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations. If this were to happen, the price of our securities could decline significantly, and you could lose a part or all of your investment.

Risks Related to our Self Storage Properties and our Business

Adverse economic or other conditions in the markets in which we do business and more broadly could negatively affect our occupancy levels and rental rates and therefore our operating results.

Our operating results are dependent upon our ability to achieve optimal occupancy levels and rental rates at our self storage properties. Adverse economic or other conditions, such as during a government shutdown, in the markets in which we do business, may lower our occupancy levels and limit our ability to maintain or increase rents or require us to offer rental discounts. No single customer represents a significant concentration of our revenues. The following adverse developments, among others, in the markets in which we do business may adversely affect the operating performance of our properties:

- perceptions by prospective tenants of our self storage properties of the safety, convenience, and attractiveness of such properties and the areas in which they are located;
- industry slowdowns, relocation of businesses and changing demographics may adversely impact the markets in which we invest and in which our self storage properties operate;
- periods of economic slowdown or recession, rising interest rates, or declining demand for self storage or the public perception that any of these events may occur could result in a general decline in rental rates or new rentals or an increase in tenant defaults; and
- actual or perceived oversupply or declining demand for self storage in a particular area.

The outbreak of highly infectious or contagious diseases, including the novel coronavirus ("COVID-19"), could materially and adversely impact our business, financial condition, results of operations and cash flows. Further, the spread of COVID-19 has caused severe disruptions in the U.S. and global economy and financial markets and has created widespread business continuity issues of an as yet unknown magnitude and duration.

The COVID-19 pandemic has severely impacted global economic activity and caused significant volatility and negative pressure in financial markets. The global impact of the pandemic has been rapidly evolving and many countries, including the United States, have reacted by instituting quarantines, mandating business and school closures, requiring restrictions on travel and issuing "shelter-in-place" and/or "stay-at-home" orders, and imposing restrictions on the types of businesses that may continue to operate. While some of these restrictions have been relaxed or phased out, many of these or similar restrictions remain in place, continue to be implemented, or additional restrictions may be considered. Such actions have caused disruptions in global supply chains, and are adversely impacting a number of industries, such as transportation, hospitality and entertainment.

While the containment measures described above generally do not apply to our business as self storage has been identified by the Department of Homeland Security as a Critical Infrastructure Sector and has been deemed an essential business in all states where we have operations, such measures may apply to certain of our tenants, employees, vendors, and lenders and there are no guarantees that, despite remaining open, tenants will be willing to visit our self storage properties or that future measures will not mandate the closure of one or more of our self storage properties. Although many jurisdictions are gradually relaxing a number of these measures, many of these measures are still in place in regions where our self storage properties are located and there are no guarantees that such measures will not be reinstated with respect to the COVID-19 pandemic or a future pandemic.

Outbreaks of pandemic or contagious diseases, such as COVID-19, could materially and adversely affect our business, financial condition, results of operations and cash flows due to, among other factors:

- reduced mobility and economic activity resulting from the containment measures mentioned above or otherwise attributable to a pandemic or the response thereto could result in an economic downturn or prolonged recession, which could negatively impact consumer discretionary spending and could result in a general decline in business activity and demand for self storage and tenant traffic at our self storage properties and such reduction in demand and traffic could adversely affect, among other things, occupancy levels and rental rates at our self storage properties, our revenues, including both rental revenues and revenues from various ancillary products and services, such as moving and packing supplies, and other services, such as tenant insurance, our growth or opportunities for growth, our ability or desire to conduct future acquisitions of self storage properties and/or future or ongoing expansions of our existing self storage properties, and the ability to lease available space at self storage properties that we have expanded or are under ongoing expansion or at properties that we may acquire or have acquired with relatively low occupancy which may also adversely impact the expected performance and success of our strategic endeavors;

- such reduced economic activity and the resulting rise in unemployment and potential disruptions in financial markets resulting therefrom could result in terminations of leases by tenants, tenant bankruptcies and the inability of our tenants to meet their obligations to us in full, or at all, or to otherwise seek modifications of such obligations, and may cause states to put into effect state of emergency orders which may restrict our ability to increase rent or evict delinquent tenants all of which could increase uncollectible receivables and cause reductions in revenue;

- difficulty accessing debt and equity capital on attractive terms, or at all, and a severe disruption and instability in the global financial markets or deteriorations in credit and financing conditions may affect our access to capital necessary to fund business operations, potential acquisitions of self storage properties and/or future or ongoing expansions of our existing self storage properties, or other growth opportunities or to address maturing liabilities on a timely basis;

- the financial impact, including potential decreases in cash from operations resulting therefrom, could negatively impact our future compliance with the financial covenants in our loan agreements and result in a default and potential acceleration of indebtedness, which could negatively impact our ability to make additional borrowings under loan agreements or otherwise and to pay dividends;

- the potential negative impact on the health of our personnel, particularly if a significant number of them are impacted, the interrupted availability of personnel, including our executive officers and other employees, and our potential inability to recruit, attract and retain additional skilled personnel to manage our business and/or self storage properties, and the inability of other third-party vendors we rely on to conduct our business to operate effectively and continue to support our business and operations, including vendors that provide IT services, legal and accounting services, or other operational support services, could result in a deterioration of our business or our ability to ensure business continuity;

- moratoriums on construction and macro-economic factors may cause construction contractors to be unable to perform, which may delay the start or completion of certain development, redevelopment or expansion projects by us and adversely impact our strategic endeavors; and

- any of the above factors, or a combination thereof, could negatively and materially impact significant estimates and assumptions we use including, but not limited to estimates of expected credit losses and the fair value estimates of our assets and liabilities and may cause us to recognize impairment in value of our tangible or intangible assets.

Further, while we carry comprehensive property and casualty insurance along with other insurance policies that may provide some coverage for any losses or costs incurred in connection with an outbreak, given the potential novelty of the issue and the potential scale of losses incurred throughout the world, there can be no assurance that we will be able to recover all or any portion of potential losses and costs under these policies.

The global impact of the COVID-19 pandemic continues to evolve rapidly, and the extent of its effect on our operational and financial performance will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration, scope and severity of the pandemic, the actions taken to contain or mitigate its impact, and the direct and indirect economic effects of the pandemic and related containment measures, among others. However, the COVID-19 pandemic presents material uncertainty and risk with respect to our business, financial condition, results of operations and cash flows. Moreover, to the extent any of these risks and uncertainties adversely impact us in the ways described above or otherwise, they may also have the effect of heightening many of the other risks set forth in this Annual Report on Form 10-K. In addition, if in the future there is an outbreak of another highly infectious or contagious disease or other health concern, we and our self storage properties may be subject to risks similar to those posed by the COVID-19 pandemic.

Our proportionate share of the loan entered into by an affiliate on our behalf under the Paycheck Protection Program may not be forgiven or may subject us to challenges and investigations regarding qualification for the loan.

On May 19, 2020, Midas Management Corporation ("MMC") (the "Borrower"), a subsidiary of Winmill & Co. Incorporated ("Winco"), entered into a Paycheck Protection Program Term Note ("PPP Note") with Customers Bank on behalf of itself and the Affiliates under the Paycheck Protection Program (the "Program") of the recently enacted Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") administered by the U.S. Small Business Administration. Certain officers and directors of the Company also serve as officers and directors of Winco, Bexil Corporation, Tuxis Corporation, and their affiliates (collectively with the Company, the "Affiliates"). As of December 31, 2020, certain of the Affiliates owned approximately 7.9% of the Company's outstanding common stock. Pursuant to an arrangement between a professional employer organization and the Affiliates, MMC acts as a conduit payer of compensation and benefits to the Affiliates' employees including those who are concurrently employed by the Company and its Affiliates. The Borrower received total proceeds of $486,602 from the PPP Note. In accordance with the requirements of the CARES Act, the Affiliates expect to use proceeds from the PPP Note primarily for payroll and other eligible costs. Interest accrues on the PPP Note at the rate per annum of 1.00%. The Borrower may apply to Customers Bank for forgiveness of the amount due on the PPP Note which shall be an amount equal to the sum of payroll costs, mortgage interest, rent obligations and covered utility payments incurred during, at the Borrowers discretion, either the eight weeks or twenty-four weeks (the "Covered Period") following disbursement under the PPP Note.

During the period from May 19, 2020 through the six-month anniversary of the date of the PPP Note (the "Deferral Expiration Date"), neither principal nor interest shall be due and payable. On the Deferral Expiration Date, the outstanding principal of the PPP Note or the amount that is not forgiven under the Program shall convert to an amortizing term loan. On May 19, 2022, all accrued interest that is not forgiven under the Program shall be due and payable. Additionally, on December 19, 2020 and continuing on the 19th day of each month thereafter until May 19, 2022 equal installments of principal shall be due and payable, each in an amount determined by the Lender (the "Monthly Principal Amount"). Interest shall be payable at the same time as the Monthly Principal Amount. Any outstanding principal and accrued interest shall be due and payable in full on May 19, 2022. We expect to contribute to the interest payable on the PPP Note in proportion to our share of payroll and other eligible costs used in the original calculation of the loan request.

For the year ended December 31, 2020, there has been no material impact to our operations or cash flows due to the PPP Note. If and when the PPP Note is, in part or wholly forgiven, and legal release is received, we expect to record a gain in an amount proportionate to our share of payroll costs and other eligible expenses incurred during the Covered Period. We expect the loan forgiveness to reduce such expenses and reduce related reimbursements to MMC and Winco accordingly.

No assurance is provided that we will obtain forgiveness of our portion of the PPP Note in whole or in part. If forgiveness is not granted, our portion of the PPP Note, in whole or in part, will need to be repaid by us, potentially with interest, which could have an adverse effect on our future cash flows and financial condition. Additionally, the Treasury Department and SBA continue to develop and issue new and updated regulations and guidance regarding the Program's loan process, including regarding required borrower certifications and requirements for forgiveness of loans made under the Program. We continue to track the regulations and guidance as they are released and assess and re-assess various aspects of its forgiveness application as necessary.

While the Company currently believes that its use of the loan proceeds will meet the conditions for forgiveness, given the potential for additional legislation, regulation or guidance, we cannot give any assurance that the PPP Note will be forgivable in whole or in part. Finally, we may be subject to CARES Act-specific lookbacks and audits conducted by the Treasury, SBA or other federal agencies, including oversight bodies created under the CARES Act. These bodies have the ability to coordinate investigations and audits and refer matters to the Department of Justice for civil or criminal enforcement and other actions.

Our storage leases are relatively short-term in nature, which exposes us to the risk that we may have to re-lease our units and we may be unable to do so on attractive terms, on a timely basis or at all.

If we are unable to promptly re-let our units or if the rates upon such re-letting are significantly lower than expected, then our business and results of operations would be adversely affected. Any delay in re-letting units as vacancies arise would reduce our revenues and harm our operating results. In addition, lower than expected rental rates upon re-letting could adversely affect our revenues and impede our growth.

Increases in taxes and regulatory compliance costs may reduce our income and adversely impact our cash flows.

Increases in income or other taxes generally are not passed through to tenants under leases and may reduce our net income, funds from operations ("FFO"), cash flows, financial condition, ability to pay or refinance our debt obligations, ability to make cash distributions to stockholders, and the trading price of our securities. Similarly, changes in laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions may result in significant unanticipated expenditures, which could result in similar adverse effects.

Our property taxes could increase due to various reasons, including a reassessment, which could adversely impact our operating results and cash flow.

The value of our properties may be reassessed for property tax purposes by taxing authorities including as a result of the acquisition of new self storage properties. Accordingly, the amount of property taxes we pay in the future may increase substantially from what we have paid in the past. Increases in property or other taxes generally are not passed through to tenants under leases and may reduce our results of operations and cash flow, and could adversely affect our ability to pay any expected dividends to our stockholders.

Increases in operating costs may adversely affect our results of operation and cash flow.

Increases in operating costs, including insurance costs, labor costs, utilities, capital improvements, real estate assessments and other taxes and costs of compliance with REIT requirements and with other laws, regulations and governmental policies could adversely affect our results of operation and cash flow.

We depend upon our on-site personnel to maximize tenant satisfaction at each of our properties, and any difficulties we encounter in hiring, training, and maintaining skilled field personnel may harm our operating performance.

We depend upon our on-site personnel to maximize tenant satisfaction at each of our properties, and any difficulties we encounter in hiring, training and maintaining skilled field personnel may harm our operating performance. The general professionalism of a site's managers and staff are contributing factors to a site's ability to successfully secure rentals and retain tenants. If we are unable to successfully recruit, train and retain qualified field personnel, our quality of service could be adversely affected, which could lead to decreased occupancy levels and reduced operating performance.

We face competition from other self storage properties, which may adversely impact the markets in which we invest and in which our self storage properties operate.

Increased competition in the self storage business has led to both pricing and discount pressures. This increased competition could limit our ability to increase revenues in the markets in which we operate. While some markets may be able to absorb an increase in self storage properties due to superior demographics and density, other markets may not be able to absorb additional properties and may not perform as well.

Rental revenues are significantly influenced by demand for self storage space generally, and a decrease in such demand would likely have a greater adverse effect on our rental revenues than if we owned a more diversified real estate portfolio or if we owned a larger number of self storage properties.

Because our portfolio of properties consists of only self storage properties, we are subject to risks inherent in investments in a single industry. A decrease in the demand for self storage space would have a greater adverse effect on our rental revenues than it would if we owned a more diversified real estate portfolio. Demand for self storage space has been and could be adversely affected by ongoing weakness in the national, regional and local economies, changes in supply of, or demand for, similar or competing self storage properties in an area and the excess amount of self storage space in a particular market. To the extent that any of these conditions occur, they are likely to affect market rents for self storage space, which could cause a decrease in our rental revenue. Any such decrease could impair our operating results, ability to satisfy debt service obligations and ability to make cash distributions to our stockholders.

Further, currently we invest in a limited number of self storage properties. As a result, the potential effect on our financial condition, results of operations, and cash available for distribution to stockholders, resulting from poor performance at one or more of our self storage properties could be more pronounced than if we invested in a larger number of self storage properties.

We may not be successful in identifying and consummating suitable acquisitions, or integrating and operating acquired properties, which may adversely impact our growth.

We expect to make future acquisitions of self storage properties. We may not be successful in identifying and consummating suitable acquisitions that meet our criteria, which may impede our growth. We may encounter competition when we seek to acquire properties, especially for brokered portfolios. Aggressive bidding practices by prospective acquirers have been commonplace and this competition also may be a challenge for our growth strategy and potentially result in our paying higher prices for acquisitions including paying consideration for certain properties that may exceed the value of such properties. Should we pay higher prices for self storage properties or other assets, our potential profitability may be reduced. Also, when we acquire any self storage properties, we will be required to integrate them into our then existing portfolio. The acquired properties may turn out to be less compatible with our growth strategy than originally anticipated, may cause disruptions in our operations or may divert management's attention away from day-to-day operations, which could impair our results of operations. Our ability to acquire or integrate properties may also be constrained by the following additional risks:

- the inability to achieve satisfactory completion of due diligence investigations and other customary closing conditions;
- spending more than the time and amounts budgeted to make necessary improvements or renovations to acquired properties;
- the inability to build a captive pipeline of target properties that meet our rigorous underwriting standards;
- the inability to accurately estimate occupancy levels, rental rates, operating costs or costs of improvements to bring an acquired property up to the standards established for our intended market position; and
- encountering delays in the selection, acquisition, development or redevelopment of self storage properties which could adversely affect returns to stockholders and stockholders could suffer delays in the distribution of cash dividends attributable to any such properties.

We may not be able to develop a captive pipeline of acquisition targets without the use of non-refundable deposits.

We may be required to use non-refundable deposits to develop a captive pipeline of acquisition targets. If we are unable to raise the capital necessary to consummate such acquisitions we may be forced to abandon all or some of the acquisitions and forfeit any non-refundable deposits. If this occurs, it could adversely impact our operating results and our ability to pay any expected dividends to our stockholders.

We may acquire properties subject to liabilities which may adversely impact our operating results.

We may acquire properties subject to liabilities without any recourse, or with only limited recourse, with respect to unknown liabilities such as liabilities for clean-up of undisclosed environmental contamination, claims by persons dealing with the former owners of the properties and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties. The costs associated with these liabilities may adversely impact our operating results.

Our investments in development and redevelopment projects may not yield anticipated returns which could adversely impact our economic performance.

In deciding whether to develop or redevelop a particular property, we make certain assumptions regarding the expected future performance of that property. These assumptions are inherently uncertain, and, if they prove to be wrong, then we may be subject to certain risks including the following:

- we may not complete development projects on schedule or within projected budgeted amounts;
- we may underestimate the costs necessary to bring a property up to the standards established for its intended market position;
- we may encounter delays or refusals in obtaining all necessary zoning, land use, building, occupancy and other required governmental permits and authorizations;
- we may be unable to increase occupancy at a newly acquired property as quickly as expected or at all; and
- we may be unable to obtain financing for these projects on favorable terms or at all.

The occurrence of such events could adversely affect the investment returns from these development or redevelopment projects and may adversely impact our economic performance.

Store ownership through joint ventures may limit our ability to act exclusively in our interest.

We may co-invest with third parties through joint ventures. In any such joint venture, we may not be in a position to exercise sole decision-making authority regarding the stores owned through joint ventures. Investments in joint ventures may, under certain circumstances, involve risks not present when a third party is not involved, including the possibility that joint venture partners might become bankrupt or fail to fund their share of required capital contributions. Joint venture partners may have business interests or goals that are inconsistent with our business interests or goals and may be in a position to take actions contrary to our policies or objectives. Such investments also have the potential risk of impasse on strategic decisions, such as a sale, in cases where neither we nor the joint venture partner would have full control over the joint venture. In other circumstances, joint venture partners may have the ability without our agreement to make certain major decisions, including decisions about sales, capital expenditures, and/or financing. Any disputes that may arise between us and our joint venture partners could result in litigation or arbitration that could increase our expenses and distract our officers and/or directors from focusing their time and effort on our business. In addition, we might in certain circumstances be liable for the actions of our joint venture partners, and the activities of a joint venture could adversely affect our ability to qualify as a REIT, even though we do not control the joint venture.

Our performance is subject to risks associated with the real estate industry.

An investment in us is closely linked to the performance of the real estate markets in which we own self storage properties and subject to the risks associated with the direct ownership of real estate, including fluctuations in interest rates, inflation or deflation; declines in the value of real estate; and competition from other real estate investors with significant capital. Prevailing economic conditions affecting the real estate industry may adversely affect our business, financial condition and results of operations.

Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our properties.

We may be unable to promptly sell one or more properties in response to changing economic, financial and investment conditions. We cannot predict whether we will be able to sell any property for the price or on the terms set by us or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We may be required to expend funds to correct defects or to make improvements before a property can be sold. We cannot give assurances that we will have funds available to correct those defects or to make those improvements. In acquiring a property, we may agree to transfer restrictions that materially restrict us from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. These transfer restrictions may impede our ability to sell a property even if we deem it necessary or appropriate. We may also have joint venture investments in certain of our properties and, consequently, our ability to control decisions relating to such properties may be limited.

Any negative perceptions of the self storage industry generally may result in a decline in our stock price.

To the extent that the investing public has a negative perception of the self storage industry, the value of our securities may be negatively impacted.

Costs associated with complying with the ADA may result in unanticipated expenses.

Our self storage properties also are subject to risks related to changes in, and changes in enforcement of, federal, state and local laws, regulations and governmental policies, including fire and safety requirements, health, zoning and tax laws, governmental fiscal policies and the ADA. Local regulations, including municipal or local ordinances, zoning restrictions and restrictive covenants imposed by community developers may restrict our use of our properties and may require us to obtain approval from local officials or community standards organizations at any time with respect to our properties, including prior to acquiring a property or when undertaking renovations of any of our existing properties. Further, compliance with the ADA and other regulations may require us to make unanticipated expenditures that could significantly reduce cash available for distribution to stockholders. A failure to comply with the ADA or similar state laws could lead to government imposed fines on us and/or litigation, which could also involve an award of damages to individuals affected by the noncompliance. Such noncompliance also could result in an order to correct any noncomplying feature, which could result in substantial capital expenditures.

Extensive environmental regulation to which we are subject creates uncertainty regarding future environmental expenditures and liabilities.

Under environmental regulations such as CERCLA, owners and operators of real estate may be liable for the costs of investigating and remediating certain hazardous substances or other regulated materials on or in such property. Such laws often impose liability, without regard to knowledge or fault, for removal or remediation of hazardous substances or other regulated materials upon owners and operators of contaminated property, even after they no longer own or operate the property. Moreover, the past or present owner or operator of a property from which a release emanates could be liable for any personal injuries or property damages that may result from such releases, as well as any damages to natural resources that may arise from such releases. The presence of such substances or materials, or the failure to properly remediate such substances, may adversely affect the owner’s or operator’s ability to lease, sell or rent such property or to borrow using such property as collateral.

We may become subject to litigation or threatened litigation or other claims that may divert management's time and attention, require us to pay damages and expenses or restrict the operation of our business.

We may become subject to disputes with commercial parties with whom we maintain relationships or other parties with whom we do business. Any such dispute could result in litigation between us and the other parties. Whether or not any dispute actually proceeds to litigation, we may be required to devote significant management time and attention to its successful resolution (through litigation, settlement or otherwise), which would detract from our management's ability to focus on our business. Any such resolution could involve the payment of damages or expenses by us, which may be significant. In addition, any such resolution could involve our agreement with terms that restrict the operation of our business.

From time to time we may be required to resolve tenant claims and litigation and employment-related claims and litigation by corporate level and field personnel which could result in substantial liabilities to us. We also could be sued for personal injuries and/or property damage occurring at our properties. The liability insurance we maintain may not cover all costs and expenses arising from such lawsuits.

Uninsured losses or losses in excess of our insurance coverage could adversely affect our financial condition and cash flow.

We maintain comprehensive liability, fire, flood, earthquake, wind, extended coverage and rental loss insurance (as deemed necessary or as required by our lenders, if any) with respect to our properties. Certain types of losses, however, may be either uninsurable or not economically insurable, such as losses due to earthquakes, hurricanes, tornadoes, riots, acts of war or terrorism. Should an uninsured loss occur, we could lose both our investment in and anticipated profits and cash flow from a property. In addition, if any such loss is insured, we may be required to pay significant amounts on any claim for recovery of such a loss prior to our insurer being obligated to reimburse us for the loss, or the amount of the loss may exceed our coverage for the loss.

To the extent we invest in publicly traded REITs, our performance may be subject to the risks of investment in such securities.

The value of our investments in REITs may fluctuate, sometimes rapidly and unpredictably. Because REITs concentrate their assets in the real estate industry, the performance of REITs is closely linked to the performance of the real estate markets. Property values may fall due to increasing vacancies or declining rents resulting from economic, legal, cultural or technological developments, rising interest rates, and rising capitalization rates. REIT prices also may drop because of the failure of borrowers to pay their loans and poor management. In addition, there are specific risks associated with particular sectors of real estate investments such as self storage, retail, office, hotel, healthcare, and multi-family properties. Many REITs utilize leverage, which increases investment risk and could adversely affect a REIT's operations and market value in periods of rising interest rates as well as risks normally associated with debt financing. In addition, a REIT's failure to qualify as a REIT under the Code, or failure to maintain exemption from registration under the Investment Company Act could adversely affect our operations and our qualification as a REIT under the Code. The failure of these investments to perform as expected may have a significant effect on our performance and our ability to make distributions to stockholders.

We may be unable to make distributions in the future, maintain our current level of distributions or increase distributions over time.

There are many factors that can affect the availability and timing of cash distributions to stockholders and the determination to make distributions will fall within the discretion of our board of directors. Our board of directors' decisions to pay distributions will depend on many factors, such as our historical and projected results of operations, financial condition, cash flows and liquidity, maintenance of our REIT qualification and other tax considerations, capital expenditure and other expense obligations, debt covenants, contractual prohibitions or other limitations and applicable law and such other matters as our board of directors may deem relevant from time to time. Actual cash available for distributions may vary substantially from estimates. We may not have sufficient available cash from operations to make a distribution required to qualify for or maintain our REIT status. We may be required to borrow or make distributions that would constitute a return of capital which may reduce the amount of capital we invest in self storage properties. We cannot assure stockholders that we will be able to make distributions in the future, be able to maintain our current level of distributions or that our distributions will increase over time, and our inability to make distributions, or to make distributions at expected levels, could result in a decrease in the market price of our common stock.

We rely on information technology in our operations, and any material failure, inadequacy, interruption or security breach through cyber-attacks, cyber-intrusions, or other methods could disrupt our information technology networks and related systems and harm our business.

We rely on information technology networks and systems, including the internet, to process, transmit and store electronic information, and to manage or support a variety of business processes, including, but not limited to, financial transactions and records, personally identifiable information, and tenant and lease data. In many cases, we rely significantly on third-party vendors to retain data, process transactions, and provide information technology and other system services. Our networks and operations could be disrupted, and sensitive data could be compromised, by physical or electronic security breaches, targeted against us, our vendors or other organizations, including financial markets or institutions, including by way of or through cyber-attacks or cyber-intrusions over the internet, malware, computer viruses, attachments to e-mails, phishing, employee theft or misuse, or inadequate security controls. We rely on third-party vendors and commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential tenant and other sensitive information. Although we make efforts to protect the security and integrity of our networks and systems, there can be no assurance that these efforts and measures will be effective or that attempted security breaches or disruptions would not be successful, as such attacks and breaches may be difficult to detect (or not detected at all) and are becoming more sophisticated. In such event, we may experience business interruptions or shutdowns; data loss, ransom, misappropriation, or corruption; theft or misuse of confidential or proprietary information; or litigation and investigation by tenants, governmental or regulatory agencies, or other third parties. Such events could also have other adverse impacts on us, including, but not limited to, regulatory penalties, breaches of debt covenants or other contractual or REIT compliance obligations, late or misstated financial reports, and significant diversion of management attention and resources. As a result, such events could have a material adverse effect on our financial condition, results of operations and cash flows and harm our business reputation.

Privacy concerns could result in regulatory changes that may harm our business.

Personal privacy has become a significant issue in the jurisdictions in which we operate. Many jurisdictions in which we operate have imposed restrictions and requirements on the use of personal information by those collecting such information. Changes to law or regulations affecting privacy, if applicable to our business, could impose additional costs and liability on us and could limit our use and disclosure of such information.

Risks Related to Our Organization and Structure

The ability of our board of directors to revoke our REIT election without stockholder approval may cause adverse consequences to our stockholders.

Our board of directors may revoke or otherwise terminate our REIT election without the approval of stockholders if it determines that it is no longer in our best interests to continue to qualify as a REIT. If we cease to qualify as a REIT, we would become subject to U.S. federal income tax on our taxable income and would no longer be required to distribute most of our net taxable income to stockholders, which may have adverse consequences on the total return to our stockholders.

Our business could be harmed if key personnel with business experience in the self storage industry terminate their employment with us.

Our officers have experience in the self storage industry and our success will depend, to a significant extent, on their services. There is no guarantee that any of them will remain employed with us. We do not generally maintain key person life insurance. The loss of services of one or more members of our senior management could harm our business.

There may be conflicts of interest resulting from the relationships among us, our affiliates, and other related parties.

The outside business interests of our officers may divert their time and attention away from us, and may result in a potential conflict with respect to the allocation of business opportunities, which could harm our business. Our board of directors has adopted policies and procedures designed to mitigate these conflicts of interest, such as allocation procedures for determining the appropriate allocation of such business opportunities. Specifically, if any of our officers or directors who also serves as an officer, director, or advisor of our affiliates becomes aware of a potential transaction related primarily to the self storage business that may represent a corporate opportunity for us and one or more of our affiliates, such officer or director has no duty to present that opportunity to such affiliates and we will have the sole right to pursue the transaction if our board of directors so determines. Notwithstanding the foregoing, our officers or directors are encouraged to notify our affiliates of such an opportunity.

Certain provisions of Maryland law could inhibit changes in control of our company.

Certain "business combination" and "control share acquisition" provisions of the Maryland General Corporation Law ("MGCL"), may have the effect of deterring a third party from making a proposal to acquire us or of impeding a change in control under circumstances that otherwise could provide the holders of our common stock with the opportunity to realize a premium over the then-prevailing market price of our common stock. Pursuant to the MGCL, our board of directors has by resolution exempted business combinations between us and any other person. Our bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of shares of our stock. However, there can be no assurance that these exemptions will not be amended or eliminated at any time in the future. Our charter and bylaws and Maryland law also contain other provisions that may delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interest.

Our rights and the rights of our stockholders to take action against our directors and officers are limited, which could limit your recourse in the event of actions not in your best interest.

Our charter limits the liability of our present and former directors and officers to us and our stockholders for money damages to the maximum extent permitted under Maryland law. Under current Maryland law, our present and former directors and officers will not have any liability to us or our stockholders for money damages other than liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or
- active and deliberate dishonesty by the director or officer that was established by a final judgment and is material to the cause of action.

Our charter authorizes us to indemnify our present and former directors and officers for actions taken by them in those capacities to the maximum extent permitted by Maryland law. Our bylaws require us to indemnify each present and former director or officer, to the maximum extent permitted by Maryland law, in connection with any proceeding to which he or she is made, or threatened to be made, a party to or witness in by reason of his or her service to us as a director or officer or in certain other capacities. In addition, we may be obligated to pay or reimburse the expenses incurred by our present and former directors and officers without requiring a preliminary determination of their ultimate entitlement to indemnification. As a result, we and our stockholders may have more limited rights against our present and former directors and officers than might otherwise exist absent the current provisions in our charter and bylaws or that might exist with other companies, which could limit your recourse in the event of actions not in your best interest.

Our charter contains provisions that make removal of our directors difficult, which could make it difficult for our stockholders to effect changes to our management.

Our charter provides that, subject to the rights of holders of one or more classes or series of preferred shares, a director may be removed with cause, by the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of directors. Vacancies on our board of directors generally may be filled only by a majority of the remaining directors in office, even if less than a quorum. These requirements make it more difficult to change our management by removing and replacing directors and may prevent a change in our control that is in the best interests of our stockholders.

We may change our investment and financing strategies and enter into new lines of business without stockholder consent, which may subject us to different risks.

We may change our investment and financing strategies and enter into new lines of business at any time without the consent of our stockholders, which could result in our making investments and engaging in business activities that are different from, and possibly riskier than, the investments and businesses described in this document. A change in our investment strategy or our entry into new lines of business may increase our exposure to other risks or real estate market fluctuations.

If other self storage companies convert to a REIT structure or if tax laws change, we may no longer have an advantage in competing for potential acquisitions.

Because we are structured as a REIT, we are a more attractive acquirer of properties to tax-motivated sellers than our competitors that are not structured as REITs. However, if other self storage companies restructure their holdings to become REITs, this competitive advantage will disappear. In addition, new legislation may be enacted or new interpretations of existing legislation may be issued by the Internal Revenue Service (the "IRS"), or the U.S. Treasury Department that could affect the attractiveness of the REIT structure so that it may no longer assist us in competing for acquisitions.

Our board of directors has the power to issue additional shares of our stock in a manner that may not be in the best interest of our stockholders.

Our charter authorizes our board of directors to issue additional authorized but unissued shares of common stock or preferred stock and to increase the aggregate number of authorized shares or the number of shares of any class or series without stockholder approval. In addition, our board of directors may classify or reclassify any unissued shares of common stock or preferred stock and set the preferences, rights and other terms of the classified or reclassified shares. Our board of directors could issue additional shares of our common stock or establish a series of preferred stock that could have the effect of delaying, deferring or preventing a change in control or other transaction that might involve a premium price for our securities or otherwise not be in the best interests of our stockholders.

Restrictions on ownership and transfer of our shares may restrict change of control or business combination opportunities in which our stockholders might receive a premium for their shares.

In order for us to qualify as a REIT for each taxable year after our taxable year ended December 31, 2013, no more than 50% in value of our outstanding shares may be owned, directly or constructively, by five or fewer individuals during the last half of any calendar year, and at least 100 persons must beneficially own our shares during at least 335 days of a taxable year of 12 months, or during a proportionate portion of a shorter taxable year. "Individuals" for this purpose include natural persons, private foundations, some employee benefit plans and trusts, and some charitable trusts. Our charter contains, among other things, such customary provisions related to our current operation as a REIT and such other provisions that are consistent with the corporate governance profile of our public peers, including certain customary ownership limitations that prohibit, among other limitations, any person from beneficially or constructively owning more than 9.8% in value or in number of shares, whichever is more restrictive, of the outstanding share of our common stock or all classes and series of our capital stock. These ownership limits and the other restrictions on ownership and transfer of our shares in our charter could have the effect of discouraging a takeover or other transaction in which holders of our common stock might receive a premium for their shares over the then prevailing market price or which holders might believe to be otherwise in their best interests.

Risks Related to Our Debt Financings

Disruptions in the financial markets could affect our ability to obtain debt financing on reasonable terms or at all and have other adverse effects.

Uncertainty in the credit markets may negatively impact our ability to access additional debt financing or to refinance existing debt maturities on favorable terms (or at all), which may negatively affect our ability to make acquisitions. A downturn in the credit markets may cause us to seek alternative sources of potentially less attractive financing, and may require us to adjust our business plans accordingly. In addition, these factors may make it more difficult for us to sell properties or may adversely affect the price we receive for properties that we do sell, as prospective buyers may experience increased costs of debt financing or difficulties in obtaining debt financing.

We depend on external sources of capital that are outside of our control, which could adversely affect our ability to acquire or develop properties, satisfy our debt obligations and/or make distributions to stockholders.

We depend on external sources of capital to acquire properties, to satisfy our debt obligations and to make distributions to our stockholders required to maintain our qualification as a REIT, and these sources of capital may not be available on favorable terms, or at all. Our access to external sources of capital depends on a number of factors, including the market's perception of our growth potential and our current and potential future earnings and our ability to continue to qualify as a REIT for U.S. federal income tax purposes. If we are unable to obtain external sources of capital, we may not be able to acquire properties when strategic opportunities exist, satisfy our debt obligations or make cash distributions to our stockholders that would permit us to qualify as a REIT or avoid paying U.S. federal income tax on all of our net taxable income.

The terms and covenants relating to our indebtedness could adversely impact our economic performance.

The loan documentation for our credit facility and term loan contain (and any new or amended loan and/or facility we may enter into from time to time will likely contain) customary affirmative and negative covenants, including financial covenants that, among other things, require us to comply with a minimum net worth (as defined in our loan documentation) of at least the outstanding principal balance of the term loan and a minimum liquidity standard of at least 10% of the outstanding principal balance of the term loan (as defined in our loan documentation). In the event that we fail to satisfy our covenants, we would be in default under our loan documentation and may be required to repay such debt with capital from other sources. Under such circumstances, other sources of debt or equity capital may not be available to us, or may be available only on unattractive terms. Moreover, the presence of such covenants could cause us to operate our business with a view toward compliance with such covenants, which might not produce optimal returns for stockholders.

Risks Related to Our Qualification as a REIT

Our failure to qualify or remain qualified as a REIT would subject us to U.S. federal income tax and applicable state and local taxes, which would reduce the amount of operating cash flow available for distribution to stockholders.

We have elected, and believe that we have been qualified, to be taxed as a REIT commencing with the taxable year ended December 31, 2013. Qualification for treatment as a REIT involves the application of highly technical and extremely complex Code provisions for which there are only limited judicial and administrative interpretations. The determination of various factual matters and circumstances not entirely within our control may affect our ability to qualify for REIT treatment. To qualify as a REIT, we must meet, on an ongoing basis through actual operating results, various tests regarding the nature and diversification of our assets and our income, the ownership of our outstanding shares and the amount of our distributions. Our compliance with the REIT income and quarterly asset requirements also depends upon our ability to manage successfully the composition of our income and assets on an ongoing basis. Our ability to satisfy these asset tests depends upon an analysis of the characterization and fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals. In addition, we have held and may continue to hold investments in other publicly traded REITs. If any such publicly traded REIT fails to qualify as a REIT with respect to any period during which we hold or have held shares of such REIT, or if our interests in these REITs are otherwise not treated as equity in a REIT for U.S. federal income tax purposes, our ability to satisfy the REIT requirements could be adversely affected. Moreover, new legislation, court decisions or administrative guidance may, in each case possibly with retroactive effect, make it more difficult or impossible for us to qualify as a REIT. Thus, while we believe that we have been organized and operated and intend to operate so that we will continue to qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations and the possibility of future changes in our circumstances, no assurance can be given that we have qualified or will so qualify for any particular year. These considerations also might restrict the types of assets that we can acquire or services that we can provide in the future. We have not requested and do not plan to request a ruling from the IRS regarding our qualification as a REIT.

In order to qualify as a REIT, among other requirements, we must ensure that at least 75% of our gross income for each taxable year, excluding certain amounts, is derived from certain real property-related sources, and at least 95% of our gross income for each taxable year, excluding certain amounts, is derived from certain real property-related sources and passive income such as dividends and interest. For purposes of these rules, income from the rental of real property is generally treated as qualifying income, whereas service income is generally treated as nonqualifying income. Furthermore, for purposes of these rules, services provided to tenants at a property could cause all income from the property to be nonqualifying if the income from such services, or the costs of providing those services, exceed certain thresholds. We have provided and may continue to provide certain services to our tenants, such as access to insurance. We believe that these services have been provided in a manner that does not cause our rental income to fail to be treated as qualifying income for purposes of the REIT gross income tests. However, if the IRS were to successfully challenge our characterization of these services, our qualification as a REIT could be adversely impacted. In addition, where we have provided services that may generate nonqualifying income, we believe the income attributable to these services and the costs of providing these services are sufficiently small so as not to cause us to fail to satisfy the REIT gross income tests. However, there is limited guidance regarding what costs are taken into account for this purpose. If the IRS were to successfully assert that our income from these services or the costs of providing these services exceeded certain thresholds, we could fail to qualify as a REIT.

If we fail to qualify for treatment as a REIT at any time and do not qualify for certain statutory relief provisions, we would be required to pay U.S. federal income tax on our taxable income, and possibly could be required to borrow money or sell assets to pay that tax, thus substantially reducing the funds available for distribution for each year involved. Unless entitled to relief under specific statutory provisions, we would also be disqualified from treatment as a REIT for the four taxable years following the year during which we lost our qualification. In addition, all distributions to stockholders, including capital gain dividends, would be subject to tax as regular dividends to the extent of our earnings and profits.

Even if we qualify as a REIT, we may face other tax liabilities that reduce our cash flow.

Even though we believe that we currently qualify for U.S. federal income tax purposes as a REIT, we may face tax liabilities that will reduce our cash flow, including taxes on any undistributed income, state or local income and property and transfer taxes, including real property transfer taxes. In addition, we could, in certain circumstances, be required to pay an excise or penalty tax (which could be significant in amount) in order to utilize one or more relief provisions under the Code to maintain our qualification as a REIT. Any of these taxes would decrease operating cash flow to our stockholders. In addition, in order to meet the REIT qualification requirements, or to avert the imposition of a 100% tax that applies to certain gains derived by a REIT from dealer property or inventory, we hold some of our assets and provide certain services to our tenants through one or more TRSs, or other subsidiary corporations that will be subject to corporate-level income tax at regular corporate rates. Any TRSs or other taxable corporations in which we invest will be subject to U.S. federal, state and local corporate taxes. Furthermore, if we acquire appreciated assets from a corporation that is or has been a subchapter C corporation in a transaction in which the adjusted tax basis of such assets in the our hands is less than the fair market value of the assets, determined at the time we acquired such assets, and if we subsequently dispose of any such assets during the 5-year period (or with respect to certain prior years the 10-year period) following the acquisition of the assets from the C corporation, we will be subject to tax at the highest corporate tax rates on any gain from the disposition of such assets to the extent of the excess of the fair market value of the assets on the date that we acquired such assets over the basis of such assets on such date, which are referred to as built-in gains. Payment of these taxes generally could materially and adversely affect our income, cash flow, results of operations, financial condition, liquidity and prospects, and could adversely affect the value of our common stock and the ability to make distributions to stockholders.

To maintain our REIT qualification, we may be forced to borrow funds during unfavorable market conditions.

In order to maintain our REIT qualification and avoid the payment of income and excise taxes, we may need to borrow funds to meet the REIT distribution requirements even if the then prevailing market conditions are not favorable for these borrowings. These borrowing needs could result from, among other things, timing differences between the actual receipt of cash and inclusion of income for U.S. federal income tax purposes, or the effect of non-deductible capital expenditures, the creation of reserves or required debt or amortization payments. These sources, however, may not be available on favorable terms or at all. Our access to third-party sources of capital depends on a number of factors, including the market's perception of our growth potential, current debt levels, the per share trading price of our common stock, and our current and potential future earnings. We cannot assure you that we will have access to such capital on favorable terms at the desired times, or at all, which may cause us to curtail investment activities and/or to dispose of assets at inopportune times, and could adversely affect our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock.

Failure to make required distributions would subject us to tax, which would reduce the operating cash flow available for distribution to stockholders.

Failure to make required distributions would subject us to tax, which would reduce the operating cash flow to our stockholders. In order to qualify as a REIT, we must distribute to our stockholders each calendar year at least 90% of our net taxable income (excluding net capital gain). To the extent that we satisfy the 90% distribution requirement, but distribute less than 100% of our net taxable income (including net capital gain), we would be subject to U.S. federal corporate income tax on our undistributed net taxable income. In addition, we will incur a 4% non-deductible excise tax on the amount, if any, by which our distributions in any calendar year are less than a minimum amount specified under U.S. federal income tax laws. Although we intend to distribute our net taxable income to our stockholders in a manner intended to satisfy the REIT 90% distribution requirement and to avoid the 4% non-deductible excise tax, it is possible that we, from time to time, may not have sufficient cash to distribute 100% of our net taxable income. There may be timing differences between our actual receipt of cash and the inclusion of items in our income for U.S. federal income tax purposes. Accordingly, there can be no assurance that we will be able to distribute net taxable income to stockholders in a manner that satisfies the REIT distribution requirements and avoids the 4% non-deductible excise tax.

Complying with the REIT requirements may cause us to forgo and/or liquidate otherwise attractive investments.

To qualify as a REIT for U.S. federal tax purposes, we must continually satisfy various requirements concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders, and the ownership of shares. Among other requirements, to qualify as a REIT, we must satisfy certain annual gross income tests and we must ensure that, at the end of each calendar quarter, at least 75% of the value of our total assets consists of cash, cash items, U.S. government securities and qualified real estate assets. The remainder of our investment in securities generally cannot include more than 10% of the outstanding voting securities of any one issuer (other than U.S. government securities, securities of corporations that are treated as TRSs and qualified real estate assets) or more than 10% of the total value of the outstanding securities of any one issuer (other than government securities, securities of corporations that are treated as TRSs and qualified real estate assets). In addition, in general, no more than 5% of the value of our assets can consist of the securities of any one issuer (other than U.S. government securities, securities of corporations that are treated as TRSs and qualified real estate assets), no more than 20% of the value of our total assets can be represented by securities of one or more TRSs and no more than 25% of the value of our assets can consist of debt instruments issued by publicly offered REITs that are not otherwise secured by real property. If we fail to comply with these asset requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences.

To meet these tests, we may be required to take or forgo taking actions that we would otherwise consider advantageous. For instance, in order to satisfy the gross income or asset tests applicable to REITs under the Code, we may be required to forgo investments that we otherwise would make. Furthermore, we may be required to liquidate from our portfolio otherwise attractive investments. In addition, we may be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution. These actions could reduce our income and amounts available for distribution to stockholders. Thus, compliance with the REIT requirements may hinder our investment performance.

We may be subject to a 100% tax on income from "prohibited transactions," and this tax may limit our ability to sell assets or require us to restructure certain of our activities in order to avoid being subject to the tax.

We are subject to a 100% tax on any income from a prohibited transaction. "Prohibited transactions" generally include sales or other dispositions of property (other than property treated as foreclosure property under the Code) that is held as inventory or primarily for sale to customers in the ordinary course of a trade or business by a REIT, either directly or indirectly through certain pass-through subsidiaries. The characterization of an asset sale as a prohibited transaction depends on the particular facts and circumstances.

The 100% tax will not apply to gains from the sale of inventory that is held through a TRS or other taxable corporation, although such income will be subject to tax in the hands of the corporation at regular corporate income tax rates. We have sold items such as locks, boxes, and packing materials to tenants and third parties directly rather than through a TRS, and as a result could be liable for this tax with respect to these sales. To the extent that we continue to sell such inventory items, other than through a TRS, we may be subject to this 100% tax.

Our TRSs will be subject to U.S. federal income tax and will be required to pay a 100% penalty tax on certain income or deductions if transactions with such TRSs are not conducted on arm's length terms.

We conduct certain activities (such as selling packing supplies and locks and renting trucks or other moving equipment) through one or more TRSs.

A TRS is a corporation other than a REIT in which a REIT directly or indirectly holds stock, and that has made a joint election with such REIT to be treated as a TRS. If a TRS owns more than 35% of the total voting power or value of the outstanding securities of another corporation, such other corporation will also be treated as a TRS. Other than some activities relating to lodging and health care properties, a TRS may generally engage in any business, including the provision of customary or non-customary services to tenants of its parent REIT. A TRS is subject to U.S. federal income tax as a regular C corporation.

No more than 20% of the value of a REIT's total assets may consist of stock or securities of one or more TRSs. This requirement limits the extent to which we can conduct our activities through TRSs. The values of some of our assets, including assets that we hold through TRSs, may not be subject to precise determination, and values are subject to change in the future. In addition, the Code imposes a 100% tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's length basis. We intend to structure transactions with any TRS on terms that we believe are arm's length to avoid incurring the 100% excise tax described above. There can be no assurances, however, that we will be able to avoid application of the 100% tax.

We may not have cash available to make distributions.

Our taxable income may exceed our cash flow for a year, which could necessitate our borrowing funds and/or subject us to tax, thus reducing the cash available for distribution to our stockholders. We intend to make cash distributions each year sufficient to satisfy REIT distribution requirements and to avoid liability for the REIT excise tax. There can be no assurance, however, that we will be able to do so. Our taxable income may substantially exceed our net income as determined based on GAAP, as well as our cash flow, because, for example, realized capital losses will be deducted in determining GAAP net income but may not be deductible in computing taxable income or because we acquired assets that generate taxable income in excess of economic income or in advance of the corresponding cash flow from the assets. Under the Tax Cuts and Jobs Act of 2017 (the "TCJA"), which was signed into law on December 22, 2017, we generally will be required to recognize certain amounts in income no later than the time such amounts are reflected on our financial statements. Also, in certain circumstances our ability to deduct interest expenses for U.S. federal income tax purposes may be limited by provisions of the TCJA. If the cash flow we generate in a particular year is less than our taxable income, we may be required to use cash reserves, incur short-term, or possibly long-term, debt or liquidate non-cash assets at rates or at times that are unfavorable in order to make the necessary distributions.

Our REIT qualification could be adversely affected by the REIT qualification of any REIT in which we hold an interest.

In connection with our conversion from a regulated investment company (a "RIC") to a REIT, we disposed of the majority of our assets and acquired government securities and shares of publicly traded REITs. As a result, the qualification of our as a REIT has depended on the REIT qualification of the publicly traded REITs in which we have invested. Furthermore, we may continue to hold interests in publicly traded REITs, and as a result our REIT qualification may continue to depend on the REIT qualification of any publicly traded REITs in which we continue to hold an interest. We do not generally independently investigate the REIT qualification of such REITs, but rather generally rely on statements made by such REITs in their public filings. In the event that one or more of the publicly traded REITs in which we invested was not properly treated as a REIT for U.S. federal income tax purposes, or if our interests in these REITs were otherwise not treated as equity in a REIT for U.S. federal income tax purposes, it is possible that we may not have met certain of the REIT asset and income requirements, in which case we could have failed to qualify as a REIT. Similarly, if we hold an interest in a publicly traded REIT in the future that fails to qualify as a REIT, such failure could adversely impact our REIT qualification.

We could fail to qualify as a REIT if we have not distributed any earnings and profits attributable to a taxable year before we elected to be taxed as a REIT.

A corporation does not qualify as a REIT for a given taxable year if, as of the final day of the taxable year, the corporation has any undistributed earnings and profits that accumulated during a period that the corporation was not treated as a REIT. Because we were not treated as a REIT for our entire existence (such period prior to our election to be taxed as a REIT, the "Pre-REIT period"), it is possible that we could have undistributed earnings and profits from the Pre-REIT period, in which case we would be required to pay a deficiency dividend in order to comply with this requirement or could fail to qualify as a REIT. We believe that, since December 31, 2013, we have not had any earnings and profits accumulated from the Pre-REIT period because all such earnings and profits were distributed prior to December 31, 2013. In particular, prior to December 31, 2013, we believe that we qualified as a RIC for U.S. federal income tax purposes, and as a RIC, we distributed our earnings on an annual basis in order to avoid being subject to U.S. federal income tax on our undistributed earnings. However, if it is determined that we have accumulated earnings and profits from the Pre-REIT period, we could be required to pay a deficiency dividend to stockholders after the relevant determination in order to maintain our qualification as a REIT, or we could fail to qualify as a REIT.

We may not have satisfied requirements related to the ownership of our outstanding stock, which could cause us to fail to qualify as a REIT.

In order to qualify as a REIT, not more than 50% in value of our outstanding stock may be owned, directly or indirectly, through the application of certain attribution rules under the Code, by five or fewer individuals, as defined in the Code to include specified entities, during the last half of any taxable year other than the first taxable year during which we qualified as a REIT (the "5/50 Test"). Prior to October 20, 2017, our charter did not contain customary REIT ownership restrictions and therefore did not ensure that we satisfied the 5/50 Test. Effective as of October 20, 2017, our charter was revised to include, among other things, certain customary ownership limitations that prohibit, among other limitations, any person from beneficially or constructively owning more than 9.8% in value or in number of shares, whichever is more restrictive, of the outstanding share of our common stock or all classes and series of our capital stock. These provisions are intended to assist us in satisfying the 5/50 Test. With respect to the period between January 1, 2013 and October 20, 2017, we monitored purchases and transfers of shares of our common stock by regularly reviewing, among other things, ownership filings required by the federal securities laws to monitor the beneficial ownership of our shares in an attempt to ensure that we met the 5/50 Test. However, the attribution rules under the Code are broad, and we may not have had the information necessary to ascertain with certainty whether or not we satisfied the 5/50 Test during such period. As a result, no assurance can be provided that we satisfied the 5/50 Test during such period. If it were determined that we failed to satisfy the 5/50 Test, we could fail to qualify as a REIT or, assuming we qualify for a statutory relief provision under the Code, be required to pay a penalty tax.

Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities.

The REIT provisions of the Code may limit our ability to hedge our assets and operations. Under these provisions, any income that we generate from transactions intended to hedge interest rate risk will be excluded from gross income for purposes of the REIT 75% and 95% gross income tests if (i) the instrument (a) hedges interest rate risk on liabilities used to carry or acquire real estate assets or (b) hedges an instrument described in clause (a) for a period following the extinguishment of the liability or the disposition of the asset that was previously hedged by the hedged instrument, and (ii) the relevant instrument is properly identified under applicable Treasury regulations. Income from hedging transactions that do not meet these requirements will generally constitute non-qualifying income for purposes of both the REIT 75% and 95% gross income tests. As a result of these rules, we may have to limit our use of hedging techniques that might otherwise be advantageous or implement those hedges through a TRS. This could increase the cost of our hedging activities because our TRS would be subject to tax on gains or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses in our TRS will generally not provide any tax benefit, except for being carried back or forward against past or future taxable income in the TRS.

Legislative or regulatory tax changes related to REITs could materially and adversely affect our business.

The U.S. federal income tax laws and regulations governing REITs and their stockholders, as well as the administrative interpretations of those laws and regulations, are constantly under review and may be changed at any time, possibly with retroactive effect. No assurance can be given as to whether, when, or in what form, the U.S. federal income tax laws applicable to us and our stockholders may be enacted. Changes to the U.S. federal income tax laws and interpretations of U.S. federal tax laws could adversely affect an investment in our common stock.

In addition, the TCJA, which was signed into law on December 22, 2017, significantly changed U.S. federal income tax laws applicable to businesses and their owners, including REITs and their stockholders, and have lessened the relative competitive advantage of operating as a REIT rather than as a C corporation. For additional discussion, see “Recent U.S. Federal Income Tax Legislation”.

Risks Related to Our Common Stock

The future sales of shares of our common stock may depress the price of our common stock and dilute stockholders’ beneficial ownership.

We cannot predict whether future issuances of shares of our common stock or the availability of shares of our common stock for resale in the open market will decrease the market price of our common stock. Any sales of a substantial number of shares of our common stock in the public market or the perception that such sales might occur, may cause the market price of our common stock to decline. In addition, future issuances of our common stock may be dilutive to existing stockholders.

Any future offerings of debt, which would be senior to our common stock upon liquidation, and/or preferred equity securities which may be senior to our common stock for purposes of dividend distributions or upon liquidation, may adversely affect the market price of our common stock.

In the future, we may increase our capital resources by making offerings of debt or preferred equity securities, including trust preferred securities, senior or subordinated notes and preferred stock. Upon liquidation, holders of our debt securities and shares of preferred stock and lenders with respect to other borrowings will receive distributions of our available assets prior to the holders of our common stock. Additional equity offerings may dilute the holdings of our existing stockholders or reduce the market price of our common stock, or both. Holders of our common stock are not entitled to preemptive rights or other protections against dilution. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future offerings reducing the market price of our common stock and diluting their stock holdings in us.

The market price and trading volume of our common stock may vary substantially.

Our common stock is listed on NASDAQ under the symbol “SELF.” The stock markets, including NASDAQ, have experienced significant price and volume fluctuations over the past several years. As a result, the market price of our common stock is likely to be similarly volatile, and investors in our common stock may experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. Accordingly, no assurance can be given as to the ability of our stockholders to sell their common stock or the price that our stockholders may obtain for their common stock.

Some of the factors that could negatively affect the market price of our common stock include:

- our actual or projected operating results, financial condition, cash flows and liquidity or changes in business strategy or prospects;
- actual or perceived conflicts of interest with our directors, officers and employees;
- equity issuances by us, or share resales by our stockholders, or the perception that such issuances or resales may occur;
- the impact of accounting principles and policies on our financial positions and results;
- publication of research reports about us or the real estate industry;
- changes in market valuations of similar companies;
- adverse market reaction to any increased indebtedness we may incur in the future;
- additions to or departures of our key personnel;

- speculation in the press or investment community;
- our failure to meet, or the lowering of, our earnings estimates or those of any securities analysts;
- increases in market interest rates, which may lead investors to demand a higher distribution yield for our common stock and would result in increased interest expenses on our debt;
- failure to maintain our REIT qualification or exclusion from registration under the 1940 Act, as amended;
- price and volume fluctuations in the stock market generally; and
- general market and economic conditions, including the current state of the credit and capital markets.

Market factors unrelated to our performance could also negatively impact the market price of our common stock. One of the factors that investors may consider in deciding whether to buy or sell our common stock is our distribution rate as a percentage of our stock price relative to market interest rates. If market interest rates increase, prospective investors may demand a higher distribution rate or seek alternative investments paying higher dividends or interest. As a result, interest rate fluctuations and conditions in capital markets can affect the market value of our common stock. For instance, if interest rates rise, it is likely that the market price of our common stock will decrease as market rates on interest-bearing securities increase.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

GLOBAL SELF STORAGE STORES
(As of December 31, 2020)

Property[(1)]	Address	Year Store Opened / Acquired-Managed	Number of Units	Net Leasable Square Feet[(2)]	December 31, 2020 Square Foot Occupancy %	December 31, 2019 Square Foot Occupancy %
OWNED STORES						
SSG BOLINGBROOK LLC	296 North Weber Road, Bolingbrook, IL 60440	1997 / 2013	804	113,700	98.7%	94.0%
SSG CLINTON LLC	6 Heritage Park Road, Clinton, CT 06413	1996 / 2016	182	30,408	99.1%	89.6%
SSG DOLTON LLC	14900 Woodlawn Avenue, Dolton, IL 60419	2007 / 2013	652	86,590	94.7%	93.6%
SSG LIMA LLC	1910 West Robb Avenue, Lima, OH 60419	1996 / 2016	729	98,055	92.7%	91.1%
SSG MERRILLVILLE LLC	6590 Broadway, Merrillville, IN 46410	2005 / 2013	568	80,870	94.0%	89.6%
SSG ROCHESTER LLC	2255 Buffalo Road, Rochester, NY 14624	2010 / 2012	640	68,126	95.5%	96.0%
SSG SADSBURY LLC	21 Aim Boulevard, Sadsburyville, PA 19369	2006 / 2012	691	78,857	95.3%	90.4%
SSG SUMMERVILLE I LLC	1713 Old Trolley Road, Summerville, SC 29485	1990 / 2013	564	76,560	91.9%	88.2%
SSG SUMMERVILLE II LLC	900 North Gum Street, Summerville, SC 29483	1997 / 2013	248	42,760	95.9%	90.4%
TOTAL/AVERAGE SAME-STORES[(3)]			**5,078**	**675,926**	**95.1%**	**91.7%**
SSG FISHERS LLC	13942 East 96th Street, McCordsville, IN 46055	2007 / 2016	535	76,360	90.3%	89.2%
SSG MILLBROOK LLC	3814 Route 44, Millbrook, NY 12545	2008 / 2016	260	24,472	96.1%	88.4%
SSG WEST HENRIETTA LLC	70 Erie Station Road, West Henrietta, NY 14586	2016 / 2019	481	55,550	86.2%	75.7%
TOTAL/AVERAGE NON SAME-STORES			**1,276**	**156,382**	**89.8%**	**84.6%**
TOTAL/AVERAGE SAME-STORES AND NON SAME-STORES			**6,354**	**832,308**	**94.1%**	**90.5%**
MANAGED STORES[(4)]						
TPM EDMOND LLC	14000 N I 35 Service Rd, Edmond, OK 73013	2015 / 2019	618	137,118	96.7%	93.5%
TOTAL/AVERAGE MANAGED STORES			**618**	**137,118**	**96.7%**	**93.5%**
TOTAL/AVERAGE ALL OWNED/MANAGED STORES			**6,972**	**969,426**	**94.5%**	**90.9%**

(1) Each property is directly owned or managed by the Company's wholly owned subsidiary listed in the table.
(2) Certain stores' leasable square feet in the chart above includes outside auto/RV/boat storage space: approximately 13,000 square feet at SSG Sadsbury LLC; 15,700 square feet at SSG Bolingbrook LLC; 9,000 square feet at SSG Dolton LLC; 1,000 square feet at SSG Merrillville LLC; 7,200 square feet at SSG

Summerville II LLC; and 8,750 square feet at SSG Clinton LLC. For SSG Lima LLC, approximately 12,683 square feet of non-storage commercial and student housing space is included. Approximately 32% of our total available units are climate-controlled, 60% are traditional, and 8% are parking.

(3) Same-store occupancy does not include properties that have recently undergone significant expansion or redevelopment, such as our properties in Millbrook, NY, McCordsville, IN and West Henrietta, NY.

(4) As of December 31, 2020, we managed one store for a third party in Edmond, OK with 137,118-leasable square feet, bringing the total number of stores which we own and/or manage to 13, and total leasable square feet to 969,426.

In 2019, the Company broke ground on the Millbrook, NY expansion, which, upon completion in February 2020, added approximately 11,800 leasable square feet of all-climate-controlled units. As a result of the expansion construction, certain units at the existing Millbrook, NY property were required to be temporarily vacated. This resulted in artificially reduced occupancy at our Millbrook, NY property for the year ended December 31, 2019. Upon completion in February 2020 of the Millbrook, NY store expansion project, its area occupancy dropped from approximately 88.6% to approximately 45.5%. Lease-up of the Millbrook, NY expansion has gone faster than expected. As of December 31, 2020, the Millbrook, NY store's total area occupancy stood at 96.1% and as of February 28, 2021 total area occupancy was 97.5%.

In the first quarter of 2020, the Company began reviewing plans to convert certain commercially-leased space to all-climate-controlled units at the McCordsville, IN property. In April 2020, the Company commenced such conversion, which was completed in June 2020, resulting in a new total of 535 units and 76,360 leasable square feet at the McCordsville, IN property. Upon completion in June 2020 of the McCordsville, IN store conversion project, its total area occupancy dropped from what would have been approximately 97.4% to approximately 79.1%. As of December 31, 2020, the McCordsville, IN store's total area occupancy stood at 90.3% and as of February 28, 2021 total area occupancy was 91.2%. There is no guarantee that we will experience demand for the newly added McCordsville, IN store conversion or that we will be able to successfully lease-up the expansion to the occupancy level of our other properties.

Our West Henrietta, NY store expansion project, completed in August 2020, added approximately 7,300 leasable square feet of drive-up storage units. Upon completion of the expansion project the West Henrietta, NY store's total area occupancy dropped from approximately 89.6% to approximately 77.9%. As of December 31, 2020, the West Henrietta, NY store's total area occupancy stood at 86.2% and as of February 28, 2021 total area occupancy was 85.4%. There is no guarantee that we will experience demand for the newly added West Henrietta, NY expansion or that we will be able to successfully lease-up the expansion to the occupancy level of our other properties.

Item 3. Legal Proceedings.

From time to time, the Company or its subsidiaries may be named in legal actions and proceedings. These actions may seek substantial or indeterminate compensatory as well as punitive damages or injunctive relief. We are also subject to governmental or regulatory examinations or investigations. Examinations or investigations can result in adverse judgments, settlements, fines, injunctions, restitutions or other relief. For any such matters, the Company will seek to include in its financial statements the necessary provisions for losses that it believes are probable and estimable. Furthermore, the Company will seek to evaluate whether there exist losses which may be reasonably possible and, if material, make the necessary disclosures. The Company currently does not have any material pending legal proceedings to which the Company or any of its subsidiaries is a party or of which any of their property is the subject.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

The Company's shares of common stock are listed on NASDAQ under the ticker symbol SELF.

Holders

As of March 15, 2021, there were approximately 3,800 record and beneficial holders of the Company's common stock.

Item 6. Selected Financial Data.

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

CAUTIONARY LANGUAGE

The following discussion and analysis should be read in conjunction with our selected consolidated historical financial data together with the consolidated pro forma financial data and historical financial statements and related notes thereto included elsewhere in this annual report. We make statements in this section that may be forward-looking statements within the meaning of the federal securities laws. For a complete discussion of forward-looking statements, see the section in this annual report entitled "Statement on Forward-looking Information."

CRITICAL ACCOUNTING POLICIES

Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements contained elsewhere in this annual report, which have been prepared in accordance with generally accepted accounting principles ("GAAP"). Our notes to the condensed consolidated financial statements contained elsewhere in this annual report describe the significant accounting policies essential to our condensed consolidated financial statements. Preparation of our financial statements requires estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions that we have used are appropriate and correct based on information available at the time they were made. These estimates, judgments and assumptions can affect our reported assets and liabilities as of the date of the financial statements, as well as the reported revenues and expenses during the period presented. If there are material differences between these estimates, judgments and assumptions and actual facts, our financial statements may be affected.

In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP and does not require our judgment in its application. There are areas in which our judgment in selecting among available alternatives would not produce a materially different result, but there are some areas in which our judgment in selecting among available alternatives would produce a materially different result. See the notes to the condensed consolidated financial statements that contain additional information regarding our accounting policies and other disclosures.

Management's Discussion and Analysis Overview

The Company is a self-administered and self-managed REIT that owns, operates, manages, acquires, develops and redevelops self storage properties ("stores" or "properties") in the United States. Our stores are designed to offer affordable, easily accessible and secure storage space for residential and commercial customers. As of December 31, 2020, the Company owned and operated, or managed, through its wholly owned subsidiaries, thirteen stores located in Connecticut, Illinois, Indiana, New York, Ohio, Pennsylvania, South Carolina, and Oklahoma. The Company was formerly registered under the Investment Company Act of 1940, as amended (the "1940 Act") as a non-diversified, closed end management investment company. The Securities and Exchange Commission's ("SEC") order approving the Company's application to deregister from the 1940 Act was granted on January 19, 2016. On January 19, 2016, the Company changed its name to Global Self Storage, Inc. from Self Storage Group, Inc., changed its SEC registration from an investment company to an operating company reporting under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and listed its common stock on NASDAQ under the symbol "SELF".

The Company was incorporated on December 12, 1996 under the laws of the state of Maryland. The Company has elected to be treated as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"). To the extent the Company continues to qualify as a REIT, it will not generally be subject to U.S. federal income tax, with certain limited exceptions, on its taxable income that is distributed to its stockholders.

Our store operations generated most of our net income for all periods presented herein. Accordingly, a significant portion of management's time is devoted to seeking to maximize cash flows from our existing stores, as well as seeking investments in additional stores. The Company expects to continue to earn a majority of its gross income from its store operations as its current store operations continue to develop and as it makes additional store acquisitions. Over time, the Company expects to divest its remaining portfolio of investment securities and use the proceeds to acquire and operate additional stores. The Company expects its income from investment securities to continue to decrease as it continues to divest its holdings of investment securities.

Financial Condition and Results of Operations

Our financing strategy is to minimize the cost of our capital in order to maximize the returns generated for our stockholders. For future acquisitions, the Company may continue to use various financing and capital raising alternatives including, but not limited to, debt and/or equity offerings, credit facilities, mortgage financing, and joint ventures with third parties.

On June 24, 2016, certain of our wholly owned subsidiaries ("Term Loan Secured Subsidiaries") entered into a loan agreement and certain other related agreements (collectively, the "Term Loan Agreement") between the Term Loan Secured Subsidiaries and Insurance Strategy Funding IV, LLC (the "Term Loan Lender"). Under the Term Loan Agreement, the Term Loan Secured Subsidiaries are borrowing from Term Loan Lender in the principal amount of \$20 million pursuant to a promissory note (the "Term Loan Promissory Note"). The Term Loan Promissory Note bears an interest rate equal to 4.192% per annum and is due to mature on July 1, 2036. Pursuant to a security agreement (the "Term Loan Security Agreement"), the obligations under the Term Loan Agreement are secured by certain real estate assets owned by the Term Loan Secured Subsidiaries. J.P. Morgan Investment Management, Inc. acted as Special Purpose Vehicle Agent of the Term Loan Lender. We entered into a non-recourse guaranty (the "Term Loan Guaranty," and together with the Term Loan Agreement, the Term Loan Promissory Note and the Term Loan Security Agreement, the "Term Loan Documents") on June 24, 2016 to guarantee the payment to the Term Loan Lender of certain obligations of the Term Loan Secured Subsidiaries under the Term Loan Agreement. The Term Loan Documents require the Term Loan Secured Subsidiaries and the Company to comply with certain covenants, including, among others, a minimum net worth test and other customary covenants. The Term Loan Lender may accelerate amounts outstanding under the Term Loan Documents upon the occurrence of an Event of Default (as defined in the Term Loan Agreement) including, but not limited to, the failure to pay amounts due or commencement of bankruptcy proceedings. The Company and the Term Loan Secured Subsidiaries paid customary fees and expenses in connection with their entry into the Term Loan Documents. There is no material relationship between the Company, its Term Loan Secured Subsidiaries, or its affiliates and the Term Loan Lender, other than in respect of the Term Loan Documents. The foregoing description is qualified in its entirety by the full terms and conditions of the Term Loan Documents, filed as Exhibits 10.1, 10.2, 10.3 and 10.4 to the Current Report on Form 8-K filed on June 30, 2016. We used the proceeds of such debt financing primarily in connection with store acquisitions and development.

On December 20, 2018, certain of our wholly owned subsidiaries ("Credit Facility Secured Subsidiaries") entered into a revolving credit loan agreement (collectively, the "Credit Facility Loan Agreement") between the Credit Facility Secured Subsidiaries and TCF National Bank ("Credit Facility Lender"). Under the Credit Facility Loan Agreement, the Credit Facility Secured Subsidiaries may borrow from the Credit Facility Lender in the principal amount of up to \$10 million pursuant to a promissory note (the "Credit Facility Promissory Note"). The Credit Facility Promissory Note bears an interest rate equal to 3.00% over the One Month U.S. Dollar London Inter-Bank Offered Rate and is due to mature on December 20, 2021. The obligations under the Credit Facility Loan Agreement are secured by certain real estate assets owned by the Credit Facility Secured Subsidiaries. We entered into a guaranty of payment on December 20, 2018 (the "Credit Facility Guaranty," and together with the Credit Facility Loan Agreement, the Credit Facility Promissory Note and related instruments, the "Credit Facility Loan Documents") to guarantee the payment to the Credit Facility Lender of certain obligations of the Credit Facility Secured Subsidiaries under the Credit Facility Loan Agreement. The Company and the Credit Facility Secured Subsidiaries paid customary fees and expenses in connection with their entry into the Credit Facility Loan Documents. The Company also maintains a bank account at the Credit Facility Lender. The foregoing description is qualified in its entirety by the full terms and conditions of the Credit Facility Loan Documents, filed as Exhibits 10.1 and 10.2 to the Current Report on Form 8-K filed on December 21, 2018. As of December 31, 2020, we have withdrawn proceeds of \$5,144,000 under the Credit Facility Loan Agreement. We currently intend to strategically withdraw proceeds available under the Credit Facility Loan Agreement to fund: (i) the acquisition of additional self storage properties, (ii) expansions at existing self storage properties in our portfolio, and/or (iii) joint ventures with third parties for the acquisition and expansion of self storage properties.

On May 19, 2020, Midas Management Corporation ("MMC") (the "Borrower"), a subsidiary of Winmill & Co. Incorporated ("Winco"), entered into a Paycheck Protection Program Term Note ("PPP Note") with Customers Bank on behalf of itself and the Affiliates under the Paycheck Protection Program (the "Program") of the recently enacted Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") administered by the U.S. Small Business Administration. Certain officers and directors of the Company also serve as officers and directors of Winco, Bexil Corporation, Tuxis Corporation, and their affiliates (collectively with the Company, the "Affiliates"). As of December 31, 2020, certain of the Affiliates owned approximately 7.9% of the Company's outstanding common stock. Pursuant to an arrangement between a professional employer organization and the Affiliates, MMC acts as a conduit payer of compensation and benefits to the Affiliates' employees including those who are concurrently employed by the Company and its Affiliates. The Borrower received total proceeds of $486,602 from the PPP Note. In accordance with the requirements of the CARES Act, the Affiliates expect to use proceeds from the PPP Note primarily for payroll and other eligible costs. Interest accrues on the PPP Note at the rate per annum of 1.00%. The Borrower may apply to Customers Bank for forgiveness of the amount due on the PPP Note which shall be an amount equal to the sum of payroll costs, mortgage interest, rent obligations and covered utility payments incurred during, at the Borrowers discretion, either the eight weeks or twenty-four weeks (the "Covered Period") following disbursement under the PPP Note.

During the period from May 19, 2020 through the six-month anniversary of the date of the PPP Note (the "Deferral Expiration Date"), neither principal nor interest shall be due and payable. On the Deferral Expiration Date, the outstanding principal of the PPP Note or the amount that is not forgiven under the Program shall convert to an amortizing term loan. On May 19, 2022, all accrued interest that is not forgiven under the Program shall be due and payable. Additionally, on December 19, 2020 and continuing on the 19th day of each month thereafter until May 19, 2022 equal installments of principal shall be due and payable, each in an amount determined by the Lender (the "Monthly Principal Amount"). Interest shall be payable at the same time as the Monthly Principal Amount. Any outstanding principal and accrued interest shall be due and payable in full on May 19, 2022. The Company expects to contribute to the interest payable on the PPP Note in proportion to its share of payroll and other eligible costs used in the original calculation of the loan request.

For the year ended December 31, 2020, there has been no material impact to the Company's operations or cash flows due to the PPP Note. If and when the PPP Note is, in part or wholly forgiven, and legal release is received, the Company expects to record a gain in an amount proportionate to its share of payroll costs and other eligible expenses incurred during the Covered Period. The Company expects the loan forgiveness to reduce such expenses and reduce related reimbursements to MMC and Winco accordingly.

We expect in the near-term there may be a lower volume of acquisition transactions in the self storage sector generally due to uncertainty from the COVID-19 pandemic. However, we continue to actively review a number of store and store portfolio acquisition opportunities and have been working to further develop and expand our current stores. We did not make any acquisitions in the year ended December 31, 2020.

We believe that our third-party management platform, Global MaxManagement℠, will provide an additional revenue stream through management fees and tenant insurance premiums and will help expand our brand awareness, and may also allow us to build a captive acquisition pipeline. Despite the challenges presented by the COVID-19 pandemic, we continue to actively market our third-party management platform to developers, single-property self storage operators, and small-portfolio self storage operators, and we believe these discussions may lead to the addition of new properties to our owned and/or third-party management portfolios. In light of reduced in-person marketing opportunities due to the COVID-19 pandemic, we have pivoted resources to digital and print marketing of our third-party management program. In addition, we may pursue third-party management opportunities of properties owned by certain affiliates or joint venture partners for a fee, and utilize such relationships with third-party owners as a source for future acquisitions and investment opportunities. As of December 31, 2020, we managed one third-party owned property, which was rebranded as "Global Self Storage," had 137,118-leasable square feet and was comprised of 618 climate-controlled and non-climate-controlled units located in Edmond, Oklahoma.

In addition to actively reviewing a number of store and portfolio acquisition opportunities, we have been working to further develop and expand our current stores. In the year ending December 31, 2020, we completed expansion / conversion projects at our properties located in Millbrook, NY, McCordsville, IN, and West Henrietta, NY.

In 2019, the Company broke ground on the Millbrook, NY expansion, which, upon completion in February 2020, added approximately 11,800 leasable square feet of all-climate-controlled units. Upon completion in February 2020 of the Millbrook, NY store expansion project, its area occupancy dropped from approximately 88.6% to approximately 45.5%. Lease-up of the Millbrook, NY expansion has gone faster than expected. As of December 31, 2020, the Millbrook, NY store's total area occupancy stood at 96.1% and as of February 28, 2021 total area occupancy was 97.5%.

In the first quarter of 2020, the Company began reviewing plans to convert certain commercially-leased space to all-climate-controlled units at the McCordsville, IN property. In April 2020, the Company commenced such conversion, which was completed in June 2020, resulting in a new total of 535 units and 76,360 leasable square feet at the McCordsville, IN property. Upon completion in June 2020 of the McCordsville, IN store conversion project, its total area occupancy dropped from what would have been approximately 97.4% to approximately 79.1%. As of December 31, 2020, the McCordsville, IN store's total area occupancy stood at 90.3% and as of February 28, 2021 total area occupancy was 91.2%. There is no guarantee that we will experience demand for the newly added West Henrietta, NY expansion or that we will be able to successfully lease-up the expansion to the occupancy level of our other properties.

Our West Henrietta, NY store expansion project, completed in August 2020, added approximately 7,300 leasable square feet of drive-up storage units. Upon completion of the expansion project the West Henrietta, NY store's total area occupancy dropped from approximately 89.6% to approximately 77.9%. As of December 31, 2020, the West Henrietta, NY store's total area occupancy stood at 86.2% and as of February 28, 2021 total area occupancy was 85.4%. There is no guarantee that we will experience demand for the newly added McCordsville, IN store conversion or that we will be able to successfully lease-up the expansion to the occupancy level of our other properties.

We expect we will have sufficient cash from current sources to meet our liquidity needs for the next twelve months. However, we may opt to supplement our equity capital and increase potential returns to our stockholders through the use of prudent levels of borrowings. We may use debt when the available terms and conditions are favorable to long-term investing and well-aligned with our business plan. In light of the COVID-19 pandemic and its impact on the global economy, we are closely monitoring overall liquidity levels and changes in our business performance (including our properties) to be in a position to enact changes to ensure adequate liquidity going forward.

As of December 31, 2020, we had capital resources totaling approximately $8.8 million, comprised of $2.0 million of cash, cash equivalents, and restricted cash, $1.9 million of marketable securities, and $4.9 million available for withdrawal under the Credit Facility Loan Agreement. Capital resources derived from retained cash flow have been and are currently expected to continue to be negligible. Retained operating cash flow represents our expected cash flow provided by operating activities, less stockholder distributions and capital expenditures to maintain stores. These capital resources allow us to continue to execute our strategic business plan, which includes funding acquisitions, either directly or through joint ventures; expansion projects at our existing properties; and broadening our revenue base and pipeline of potential acquisitions through developing Global MaxManagement℠, our third-party management platform. Our board of directors regularly reviews our strategic business plan, including topics and metrices like capital formation, debt versus equity ratios, dividend policy, use of capital and debt, funds from operations ("FFO") and adjusted funds from operations ("AFFO") performance, and optimal cash levels.

We expect that the results of our operations will be affected by a number of factors. Many of the factors that will affect our operating results are beyond our control. The Company and its properties could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the COVID-19 pandemic. The COVID-19 pandemic has severely impacted global economic activity and caused significant volatility and negative pressure in financial markets. The global impact of the outbreak has been rapidly evolving and many countries, including the United States, have reacted by, among other things, instituting quarantines, mandating business and school closures, requiring restrictions on travel, and issuing "shelter-in-place" and/or "stay-at-home" orders, and imposing restrictions on the types of businesses that may continue to operate. While some of these restrictions have been relaxed or phased out, many of these or similar restrictions remain in place, continue to be implemented, or additional restrictions may be considered. Such actions have caused disruptions in global supply chains, and are adversely impacting a number of industries, such as transportation, hospitality and entertainment. The outbreak could have a continued adverse impact on economic and market conditions and has triggered a period of economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of the COVID-19 pandemic.

The containment measures described above generally do not apply to businesses, like ours, but may apply to certain of our tenants, employees, vendors, and lenders. Self storage has been identified by the Department of Homeland Security as a Critical Infrastructure Sector and has been deemed an essential business in all states where we have operations. We believe this is because self-storage facilities play an important role in local supply chains, and are used by residents and businesses to store a variety of critical supplies for residential and commercial use. As such, we are proud to continue to serve our communities in this way and currently expect to remain fully operational for the duration of the COVID-19 pandemic. In addition, we are practicing social distancing and enhanced cleaning and disinfectant activities to protect our employees and tenants. We have long provided online leasing and payment options, as well as on-site contactless solutions using kiosks that can facilitate rentals and even automatically dispense locks. Our kiosks are available 24/7 at each of our stores where prospective tenants can select and rent a unit, or current tenants can pay their rent.

Nevertheless, the COVID-19 pandemic presents material uncertainty and risk with respect to the Company’s business, financial condition, results of operations and cash flows, and our tenant's ability to pay rent. The extent to which our financial condition and results of operations operating will continue to be affected by the COVID-19 pandemic will largely depend on future developments, which are highly uncertain and cannot be accurately predicted.

Results of Operations for the Year Ended December 31, 2020 Compared with the Year Ended December 31, 2019

Revenues

Total revenues increased from $8,668,322 during the year ended December 31, 2019 to $9,196,524 during the year ended December 31, 2020, an increase of $528,202, or 6.1%. Rental income increased from $8,371,292 during the year ended December 31, 2019 to $8,789,548 during the year ended December 31, 2020, an increase of $418,256, or 5.0%. The increase in total revenues was due primarily to a 6.0% increase in net leased square footage, and the results of our revenue rate management program of raising existing tenant rates. This increase in net leased square feet, which is primarily the result of our expansions at West Henrietta, NY and Millbrook, NY and our conversion at McCordsville, IN, is expected to positively affect combined revenues in 2021.

Other store related income consists of customer insurance fees, sales of storage supplies, and other ancillary revenues. Other store related income increased from $283,570 in the year ended December 31, 2019 to $337,166 in the year ended December 31, 2020, an increase of $53,596, or 18.9%. This increase was primarily attributable to increased insurance fees due to the acquisition of the West Henrietta, NY property, an increase in net leased square feet, which is primarily the result of our expansions at West Henrietta, NY and Millbrook, NY and our conversion at McCordsville, IN, and increased insurance participation at our wholly-owned and managed properties.

Operating Expenses

Total expenses increased from $7,267,498 during the year ended December 31, 2019 to $7,976,312 during the year ended December 31, 2020, an increase of $708,814, or 9.8%, which was primarily due to increased depreciation and amortization attributable to the acquisition of the West Henrietta, NY property, and to a lesser extent, an increase in certain general and administrative expenses. Store operating expenses increased from $3,577,358 in the year ended December 31, 2019 to $3,586,593 in the year ended December 31, 2020, an increase of $9,235, or 0.3%.

Depreciation and amortization increased from $1,438,908 in the year ended December 31, 2019 to $1,989,761 in the year ended December 31, 2020, an increase of $550,853, or 38.3%, which was primarily attributable to depreciation of the building and fixtures at our West Henrietta, NY acquisition and Millbrook, NY expansion, and amortization of the in-place customer leases related to the 2019 store acquisition in West Henrietta, NY.

General and administrative expenses increased 12.3% or $262,156 for the year ended December 31, 2020 as compared to the year ended December 31, 2019. The change is primarily attributable to an increase in certain professional fees, and to a lesser extent, increased employment expenses.

Business development, capital raising, and store acquisition expenses decreased from $124,428 to $10,998 during the year ended December 31, 2020 as compared to the year ended December 31, 2019. These costs primarily consisted of consulting costs in connection with business development, capital raising, and future potential store acquisitions, and expenses related to our third party management platform marketing initiatives. The majority of these expenses are non-recurring and fluctuate based on business development activity during the time period.

Operating Income

Operating income decreased from $1,400,824 during the year ended December 31, 2019 to $1,220,212 during the year ended December 31, 2020, a decrease of $180,612 or 12.9%, which was primarily due to increased depreciation and amortization attributable to the acquisition of the West Henrietta, NY property, and to a lesser extent, an increase in certain general and administrative expenses.

Other income (expense)

Interest expense on loans increased from $1,075,576 during the year ended December 31, 2019 to $1,180,341 during the year ended December 31, 2020, an increase of $104,765. This increase was primarily attributable to increased borrowings under our Credit Facility Loan Agreement for the year ended December 31, 2020.

Dividend and interest income was $79,331 during the year ended December 31, 2020 compared to $71,666 during the year ended December 31, 2019.

The Company recognizes changes in the fair value of its investments in equity securities with readily determinable fair values in net income and, as such, recorded an unrealized gain of $155,139 for the year ended December 31, 2020 compared to $193,705 during the year ended December 31, 2019.

Net income (loss)

For the year ended December 31, 2020, net income was $274,341 or $0.03 per fully diluted share. For the year ended December 31, 2019, net income was $590,619 or $0.08 per fully diluted share.

Non-GAAP Measures

Funds from Operations ("FFO") and FFO per share are non-GAAP measures defined by the National Association of Real Estate Investment Trusts ("NAREIT") and are considered helpful measures of REIT performance by REITs and many REIT analysts. NAREIT defines FFO as a REIT's net income, excluding gains or losses from sales of property, and adding back real estate depreciation and amortization. FFO and FFO per share are not a substitute for net income or earnings per share. FFO is not a substitute for GAAP net cash flow in evaluating our liquidity or ability to pay dividends, because it excludes financing activities presented on our statements of cash flows. In addition, other REITs may compute these measures differently, so comparisons among REITs may not be helpful. However, the Company believes that to further understand the performance of its stores, FFO should be considered along with the net income and cash flows reported in accordance with GAAP and as presented in the Company's financial statements.

Adjusted FFO ("AFFO") represents FFO excluding the effects of business development, capital raising, and acquisition related costs and non-recurring items, which we believe are not indicative of the Company's operating results. We present AFFO because we believe it is a helpful measure in understanding our results of operations insofar as we believe that the items noted above that are included in FFO, but excluded from AFFO, are not indicative of our ongoing operating results. We also believe that the analyst community considers our AFFO (or similar measures using different terminology) when evaluating us. Because other REITs or real estate companies may not compute AFFO in the same manner as we do, and may use different terminology, our computation of AFFO may not be comparable to AFFO reported by other REITs or real estate companies.

We believe net operating income or "NOI" is a meaningful measure of operating performance because we utilize NOI in making decisions with respect to, among other things, capital allocations, determining current store values, evaluating store performance, and in comparing period-to-period and market-to-market store operating results. In addition, we believe the investment community utilizes NOI in determining operating performance and real estate values, and does not consider depreciation expense because it is based upon historical cost. NOI is defined as net store earnings before general and administrative expenses, interest, taxes, depreciation, and amortization.

NOI is not a substitute for net income, net operating cash flow, or other related GAAP financial measures, in evaluating our operating results.

Same-Store Self Storage Operations

We consider our same-store portfolio to consist of only those stores owned and operated on a stabilized basis at the beginning and at the end of the applicable periods presented. We consider a store to be stabilized once it has achieved an occupancy rate that we believe, based on our assessment of market-specific data, is representative of similar self storage assets in the applicable market for a full year measured as of the most recent January 1 and has not been significantly damaged by natural disaster or undergone significant renovation or expansion. We believe that same-store results are useful to investors in evaluating our performance because they provide information relating to changes in store-level operating performance without taking into account the effects of acquisitions, dispositions or new ground-up developments. At December 31, 2020, we owned nine same-store properties and three non-same-store properties. The Company believes that by providing same-store results from a stabilized pool of stores, with accompanying operating metrics including, but not limited to, variances in occupancy, rental revenue, operating expenses, NOI, etc., stockholders and potential investors are able to evaluate operating performance without the effects of non-stabilized occupancy levels, rent levels, expense levels, acquisitions or completed developments. Same-store results should not be used as a basis for future same-store performance or for the performance of the Company's stores as a whole.

Same-store occupancy for the three months and year ended December 31, 2020 increased by 340 basis points to 95.1% from 91.7% for the same period in 2019.

We grew our top-line results by increasing same-store revenues by 2.0% for the three months ended December 31, 2020 versus the three months ended December 31, 2019, and by 0.7% for the year ended December 31, 2020 versus the year ended December 31, 2019. Same-store cost of operations decreased by 4.7% for the three months ended December 31, 2020 versus the three months ended December 31, 2019, and decreased by 8.8% for the twelve months ended December 31, 2020 versus the twelve months ended December 31, 2019. All major categories of expenses for same-store cost of operations (including categories for employment, professional, marketing, real estate property tax, administrative, lien administration, and general) decreased for the year ended December 31, 2020. Same-store NOI increased by 7.8% for the twelve months ended December 31, 2020 versus the twelve months ended December 31, 2019.

We believe that our results were driven by, among other things, our internet and digital marketing initiatives which helped maintain our overall average occupancy in the 95% range as of December 31, 2020. Also, contributing to our results were our customer service efforts which we believe were essential in building local brand loyalty resulting in powerful referral and word-of-mouth market demand for our storage units and services. Another significant contributing factor to our results was our success in controlling store-level cost of operations, maximizing tenant occupancy, and limiting the decrease in revenues caused by the COVID-19 pandemic.

These results are summarized as follows:

SAME - STORE PROPERTIES

Twelve Months Ended December 31,	2020	2019	Variance	% Change
Revenues	$7,429,913	$7,380,379	$ 49,534	0.7%
Cost of operations	$2,876,893	$3,155,142	$(278,249)	-8.8%
Net operating income	$4,553,020	$4,225,237	$ 327,783	7.8%
Depreciation and amortization	$ 952,958	$ 947,159	$ 5,799	0.6%
Net leasable square footage at period end*	675,926	674,196	1,730	0.3%
Net leased square footage at period end	642,883	618,305	24,578	4.0%
Overall square foot occupancy at period end	95.1%	91.7%	3.4%	3.7%
Total annualized revenue per leased square foot	$ 11.56	$ 11.94	$ (0.38)	-3.2%
Total available leasable storage units*	5,078	5,066	12	0.2%
Number of leased storage units*	4,800	4,589	211	4.6%

SAME - STORE PROPERTIES

Three Months Ended December 31,	2020	2019	Variance	% Change
Revenues	$1,886,844	$1,849,549	$ 37,295	2.0%
Cost of operations	$ 702,155	$ 736,896	$ (34,741)	-4.7%
Net operating income	$1,184,689	$1,112,653	$ 72,036	6.5%
Depreciation and amortization	$ 239,250	$ 236,455	$ 2,795	1.2%
Net leasable square footage at period end*	675,926	674,196	1,730	0.3%
Net leased square footage at period end*	642,883	618,305	24,578	4.0%
Overall square foot occupancy at period end	95.1%	91.7%	3.4%	3.7%
Total annualized revenue per leased square foot	$ 11.74	$ 11.97	$ (0.23)	-1.9%
Total available leasable storage units*	5,078	5,066	12	0.2%
Number of leased storage units*	4,800	4,589	211	4.6%

* From time to time, as guided by market conditions, net leasable square footage, net leased square footage and total available storage units at our properties may increase or decrease as a result of consolidation, division or reconfiguration of storage units. Similarly, leasable square footage may increase or decrease due to expansion or redevelopment of our properties.

The following table presents a reconciliation of same-store net operating income to net income as presented on our consolidated statements of operations for the periods indicated (unaudited):

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2020	2019	2020	2019
Net income	$ 315,785	$ 16,718	$ 274,341	$ 590,619
Adjustments:				
Management fees and other income	(17,469)	(13,460)	(69,810)	(13,460)
General and administrative	566,607	482,747	2,388,960	2,126,804
Depreciation and amortization	461,859	382,821	1,989,761	1,438,908
Business development, capital raising, and property acquisition costs	470	28,443	10,998	124,428
Dividend and interest income	(17,313)	(19,840)	(79,331)	(71,666)
Unrealized (gain) loss on marketable equity securities	(127,737)	161,397	(155,139)	(193,705)
Interest expense	289,234	302,342	1,180,341	1,075,576
Non same-store revenues	(472,546)	(362,868)	(1,696,801)	(1,274,483)
Non same-store cost of operations	185,799	134,353	709,700	422,216
Total same-store net operating income	$1,184,689	$1,112,653	$ 4,553,020	$ 4,225,237

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2020	2019	2020	2019
Same-store revenues	$1,886,844	$1,849,549	$ 7,429,913	$ 7,380,379
Same-store cost of operations	702,155	736,896	2,876,893	3,155,142
Total same-store net operating income	$1,184,689	$1,112,653	$ 4,553,020	$ 4,225,237

Analysis of Same-Store Revenue

For the three and twelve months ended December 31, 2020, revenue increased 2.0% and 0.7%, respectively, as compared to the same periods in 2019. These increases were due primarily to a 4.0% increase in net leased square footage, and the results of our revenue rate management program of raising existing tenant rates. Same store average overall square foot occupancy for all of the Company's same-stores combined increased by 340 basis points to 95.1% in the twelve months ended December 31, 2020 from 91.7% in the twelve months ended December 31, 2019.

We believe that high occupancies help maximize our rental income. We seek to maintain our average square foot occupancy level at about 90% by regularly adjusting the rental rates and promotions offered to attract new tenants as well as adjusting our online marketing efforts in order to generate sufficient move-in volume to replace tenants that vacate. Demand fluctuates due to various local and regional factors, including the overall economy. Demand is generally higher in the summer months than in the winter months and, as a result, rental rates charged to new tenants are typically higher in the summer months than in the winter months.

During the period from late March 2020 through May 2020, we experienced reduced activity with fewer move-ins and move-outs, and received periodic tenant requests for the waiver of late fees due to COVID-19 related hardships. However, we have seen increased demand for self storage since June 2020, as various areas of the United States emerged from stay at home orders. These trends may be temporary or even reverse, to the extent they are driven by short-term factors such as stay at home orders and delays in our auction process. We temporarily suspended our existing tenant rental rate increase program, but have since restarted it at all of our properties as of July 2020. Because existing tenant rental rate increases have contributed significantly to increases in rental income in recent years, suspension of these increases may have a material adverse impact on our revenue growth. This temporary suspension has impacted our revenue for the twelve months ended December 31, 2020. It is possible that the COVID-19 pandemic could change consumer behavior, either due to economic recession, uncertainty, or dislocation, as well as other factors, which could increase customer sensitivity and propensity to move-out in response to rate increases, either in the short or longer term.

As of December 31, 2020, we observed no material degradation in rent collections. However, we believe that our bad debt losses (which are reflected as a reduction in revenues) could increase from historical levels, due to (i) cumulative stress on our customers' financial capacity, (ii) reduced rent recoveries from auctioned units, and (iii) the continued delay of auctions in certain locations, which began in March 2020.

We may experience a change in the move-out patterns of our long-term customers due to economic uncertainty and the significant increase in unemployment recently. This could lead to lower occupancies and rent "roll down" as long-term customers are replaced with new customers at lower rates.

If and when the COVID-19 pandemic subsides, we currently expect rental income growth, if any, to come from a combination of the following: (i) continued existing tenant rent increases, (ii) higher rental rates charged to new tenants, (iii) lower promotional discounts, and (iv) higher occupancies. Our future rental income growth will likely also be dependent upon many factors for each market that we operate in, including, among other things, demand for self storage space, the level of competitor supply of self storage space, and the average length of stay of our tenants. Increasing existing tenant rental rates, generally on an annual basis, is a key component of our revenue growth. We typically determine the level of rental increases based upon our expectations regarding the impact of existing tenant rate increases on incremental move-outs. We currently expect existing tenant rent increases for 2021, if any, to be higher than those for the year ended December 31, 2020.

Due to the uncertainty of the COVID-19 pandemic, it is difficult to predict trends in move-in, move-out, in place contractual rents, and occupancy levels. Current trends, when viewed in the short-term, are volatile and not necessarily predictive of our revenues going forward because they may be subject to many short-term factors. Such factors include, among others, the impact of the COVID-19 pandemic, initial move-in rates, seasonal factors, unit size and geographical mix of the specific tenants moving in or moving out, the length of stay of the tenants moving in or moving out, changes in our pricing strategies, and the degree and timing of rate increases previously passed to existing tenants.

Importantly, we continue to refine our ongoing revenue rate management program which includes regular internet data scraping of local competitors' prices. We believe this program helps maintain our competitive market price advantage for our various sized storage units at our stores and maximize each store's occupancies and our self storage revenue and NOI. We believe that, through our various marketing initiatives, we can continue to attract high quality, long term tenants who we expect will be storing with us for years. As of December 31, 2020, our average tenant duration of stay was approximately 3.0 years, approximately the same as of December 31, 2019.

Analysis of Same-Store Cost of Operations

Same-store cost of operations decreased 4.7% or $34,741 for the three months ended December 31, 2020 versus the three months ended December 31, 2019, and decreased 8.8% or $278,249 for the twelve months ended December 31, 2020 versus the twelve months ended December 31, 2019. All major categories of expenses for same-store cost of operations (including categories for employment, professional, marketing, real estate property tax, administrative, lien administration, and general) decreased for the year ended December 31, 2020.

Employment. On-site store manager, regional manager and district payroll expense decreased 3.4% or $8,033 for the three months ended December 31, 2020 versus the three months ended December 31, 2019, and decreased 5.7% or $54,123 for the twelve months ended December 31, 2020 as compared to the same period in 2019. This decrease was due primarily to lower employee health plan expenses resulting from our successful efforts to obtain more competitive employee health plan pricing and routine employee departures. We currently expect inflationary increases in compensation rates for existing employees and other increases in compensation costs as we potentially add new stores as well as district, regional, and store managers.

Real Estate Property Tax. Store property tax expense decreased 4.3% or $12,652 for the three months ended December 31, 2020 versus the three months ended December 31, 2019, and decreased 8.0% or $96,801 for the twelve months ended December 31, 2020 as compared to the same period in 2019. The decrease in property tax expense during the year ended December 31, 2020 is primarily due to the accrual in the twelve months ended December 31, 2019 of an unexpected increase of property tax expense invoiced in the first half of 2019 for the 2018 tax year. See the section titled "Property Tax Expenses at Dolton, IL" for additional detail. We currently expect same-store property tax expenses to increase during 2021, primarily due to an expected phaseout of the Class 8 tax incentive granted to SSG Dolton LLC and increased property assessment valuations.

Administrative. We classify administrative expenses as bank charges related to processing the stores' cash receipts, credit card fees, repairs and maintenance, utilities, landscaping, alarm monitoring and trash removal. Administrative expenses increased 9.0% or $9,518 in the three months ended December 31, 2020 as compared to the same period in 2019, and decreased 13.5% or $72,370 in the twelve months ended December 31, 2020 as compared to the same period in 2019. We experienced a decrease in administrative expenses in the year ended December 31, 2020 due primarily to lower repairs and maintenance, utilities, and landscaping expense. Decreased expenses for repairs and maintenance, utilities, and landscaping for the year ended December 31, 2020 contributed to the decrease in administrative expenses as compared with the same period in 2019. Credit card fees increased for the year ended December 31, 2020 due to increased occupancy and a higher proportion of rental payments being received through credit cards, which is one of the results of our initiatives in building a higher quality overall tenant base. We currently expect moderate increases in other direct store costs in 2021.

Repairs and maintenance expense decreased 66.1% or $7,711 for the three months ended December 31, 2020 versus the three months ended December 31, 2019, and decreased 26.8% or $30,232 for the twelve months ended December 31, 2020 as compared to the same period in 2019 due primarily to certain one-time repairs completed during the year ended 2019.

Our utility expenses are currently comprised of electricity, oil, and gas costs, which vary by store and are dependent upon energy prices and usage levels. Changes in usage levels are driven primarily by weather and temperature. Also, affecting our utilities expenses over time is our ongoing LED light replacement program at all of our stores which has already resulted in lower electricity usage. Utility expense increased 0.8% or $281 for the three months ended December 31, 2020 versus the three months ended December 31, 2019, and decreased 13.5% or $24,219 for the twelve months ended December 31, 2020 as compared to the same period in 2019 primarily due to temperature and weather-related conditions. It is difficult to estimate future utility costs because weather, temperature, and energy prices are volatile and unpredictable. However, based upon current trends and expectations regarding commercial electricity rates, we currently expect inflationary increases in rates combined with lower usage resulting in slightly higher net utility costs in 2021.

Landscaping expenses, which include snow removal costs, decreased 4.0% or $1,045 for the three months ended December 31, 2020 versus the three months ended December 31, 2019, and decreased 24.0% or $25,631 in the twelve months ended December 31, 2020 compared to the same period in 2019. Landscaping expense levels are dependent upon many factors such as weather conditions, which can impact landscaping needs including, among other things, snow removal, inflation in material and labor costs, and random events. We currently expect inflationary increases in landscaping expense in 2021, excluding snow removal expense, which is primarily weather dependent and unpredictable.

Marketing. Marketing expense is comprised principally of internet advertising and the operating costs of our 24/7 kiosk and telephone call and reservation center. Marketing expense varies based upon demand, occupancy levels, and other factors. Internet advertising, in particular, can increase or decrease significantly in the short term in response to these factors. Marketing expense increased 0.5% or $238 for the three months ended December 31, 2020 versus the three months ended December 31, 2019, and decreased 5.3% or $10,830 for the twelve months ended December 31, 2020 as compared to the same period in 2019 primarily due to lower internet advertising and promotion expenses during the year ended 2020. Based upon current trends in move-ins, move-outs, and occupancies, we currently expect marketing expense to increase in 2021.

General. Other direct store costs include general expenses incurred at the stores. General expenses include items such as store insurance, business license costs, and the cost of operating each store's rental office including supplies and telephone and data communication lines. General expenses decreased 44.3% or $20,463 in the three months ended December 31, 2020 as compared to the same period in 2019, and decreased 16.5% or $35,763 in the twelve months ended December 31, 2020 as compared to the same period in 2019, primarily due to decreased expenses for travel, office supplies, and IT maintenance and support.

Lien Administration. Lien administration expenses decreased 50.2% or $3,350 in the three months ended December 31, 2020 as compared to the same period in 2019, and decreased 28.1% or $5,863 in the twelve months ended December 31, 2020 as compared to the same period in 2019. Decreased tenants' stored items auctions contributed to the decreased expenses. We currently expect moderate increases in other direct store costs in 2021.

Combined Same-Store and Non Same-Store Self Storage Operations

At December 31, 2020, we owned nine same-store properties and three non same-store properties. The non same-store properties are McCordsville, IN, Millbrook, NY, and West Henrietta, NY.

Combined same-store and non same-store average overall square foot occupancy at the end of the three months and year ended December 31, 2020 increased by 360 basis points to 94.1% from 90.5% for the same period in 2019. Combined same-store and non same-store occupancy includes all of our properties as of the indicated date, including those that have recently undergone significant expansion or redevelopment, such as our expansions at West Henrietta, NY and Millbrook, NY and our conversion at McCordsville, IN. As a result of the Millbrook, NY expansion construction, certain units at the existing Millbrook, NY property were required to be temporarily vacated. This resulted in artificially reduced occupancy at our Millbrook, NY property for the year ended December 31, 2019 and was reflected in our non same-store occupancy statistics.

We grew our top-line results by increasing combined same-store and non same-store ("Combined store") revenues by 6.6% for the three months ended December 31, 2020 versus the three months ended December 31, 2019, and by 5.5% for the twelve months ended December 31, 2020 versus the twelve months ended December 31, 2019. Combined store cost of operations increased by 1.9% for the three months ended December 31, 2020 versus the three months ended December 31, 2019, and increased by 0.3% for the twelve months ended December 31, 2020 versus the twelve months ended December 31, 2019. Combined store NOI increased by 9.7% for the three months ended December 31, 2020 versus the three months ended December 31, 2019, and by 9.1% for the twelve months ended December 31, 2020 versus the twelve months ended December 31, 2019.

We believe that our results were driven by, among other things, our internet and digital marketing initiatives which helped maintain our overall average occupancy in the 95% range as of December 31, 2020. Also, contributing to our strong results were our customer service efforts which we believe were essential in building local brand loyalty resulting in referral and word-of-mouth market demand for our storage units and services. Another significant contributing factor to our results was our success in controlling store-level cost of operations, maximizing tenant occupancy, and limiting the decrease in revenues caused by the COVID-19 pandemic.

These results are summarized as follows:

COMBINED SAME - STORE AND NON SAME - STORE PROPERTIES

Twelve Months Ended December 31,	2020	2019	Variance	% Change
Revenues	$9,126,714	$8,654,862	$ 471,852	5.5%
Cost of operations	$3,586,593	$3,577,358	$ 9,235	0.3%
Net operating income	$5,540,121	$5,077,504	$ 462,617	9.1%
Depreciation and amortization	$1,813,592	$1,234,174	$ 579,418	46.9%
Net leasable square footage at period end*	832,308	817,132	15,176	1.9%
Net leased square footage at period end	783,237	739,161	44,076	6.0%
Overall square foot occupancy at period end	94.1%	90.5%	3.6%	4.0%
Total annualized revenue per leased square foot	$ 11.65	$ 11.71	$ (0.06)	-0.5%
Total available leasable storage units	6,354	6,067	287	4.7%
Number of leased storage units*	5,906	5,369	537	10.0%

COMBINED SAME - STORE AND NON SAME - STORE PROPERTIES

Three Months Ended December 31,	2020	2019	Variance	% Change
Revenues	$2,359,390	$2,212,417	$ 146,973	6.6%
Cost of operations	$ 887,954	$ 871,249	$ 16,705	1.9%
Net operating income	$1,471,436	$1,341,168	$ 130,268	9.7%
Depreciation and amortization	$ 414,933	$ 331,624	$ 83,309	25.1%
Net leasable square footage at period end*	832,308	817,132	15,176	1.9%
Net leased square footage at period end	783,237	739,161	44,076	6.0%
Overall square foot occupancy at period end	94.1%	90.5%	3.6%	4.0%
Total annualized revenue per leased square foot	$ 12.05	$ 11.97	$ 0.08	0.7%
Total available leasable storage units	6,354	6,067	287	4.7%
Number of leased storage units*	5,906	5,369	537	10.0%

* From time to time, as guided by market conditions, net leasable square footage, net leased square footage and total available storage units at our properties may increase or decrease as a result of consolidation, division or reconfiguration of storage units. Similarly, leasable square footage may increase or decrease due to expansion or redevelopment of our properties.

The following table presents a reconciliation of combined same-store and non same-store net operating income to net income as presented on our consolidated statements of operations for the periods indicated (unaudited):

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2020	2019	2020	2019
Net income	$ 315,785	$ 16,718	$ 274,341	$ 590,619
Adjustments:				
Management fees and other income	(17,469)	(13,460)	(69,810)	(13,460)
General and administrative	566,607	482,747	2,388,960	2,126,804
Depreciation and amortization	461,859	382,821	1,989,761	1,438,908
Business development, capital raising, and property acquisition costs	470	28,443	10,998	124,428
Dividend and interest income	(17,313)	(19,840)	(79,331)	(71,666)
Unrealized (gain) loss on marketable equity securities	(127,737)	161,397	(155,139)	(193,705)
Interest expense	289,234	302,342	1,180,341	1,075,576
Total combined same-store and non same-store net operating income	$1,471,436	$1,341,168	$ 5,540,121	$5,077,504

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2020	2019	2020	2019
Combined same-store and non same-store revenues	$2,359,390	$2,212,417	$ 9,126,714	$8,654,862
Combined same-store and non same-store cost of operations	887,954	871,249	3,586,593	3,577,358
Total combined same-store and non same-store net operating income	$1,471,436	$1,341,168	$ 5,540,121	$5,077,504

Analysis of Combined Same-Store and Non Same-Store Revenue

Combined same-store and non same-store average overall square foot occupancy at the end of the three months and year ended December 31, 2020 increased by 360 basis points to 94.1% from 90.5% for the same period in 2019.

For the three and twelve months ended December 31, 2020, revenue increased 6.6% and 5.5%, respectively, as compared to the same periods in 2019. These increases were due primarily to a 6.0% increase in net leased square footage, and the results of our revenue rate management program of raising existing tenant rates. This increase in net leased square feet, which is primarily the result of our expansions at West Henrietta, NY and Millbrook, NY and our conversion at McCordsville, IN, is expected to positively affect combined revenues in 2021. Combined revenues benefited from existing tenant rent increases, an increase in available climate-controlled leasable square feet. As a result of the Millbrook, NY expansion construction, certain units at the existing Millbrook, NY property were required to be temporarily vacated. This resulted in artificially reduced occupancy at our Millbrook, NY property for the year ended December 31, 2019 and was reflected in our non same-store occupancy statistics.

We believe that high occupancies help maximize our rental income. We seek to maintain an average square foot occupancy level at or above 90% by regularly adjusting the rental rates and promotions offered to attract new tenants as well as adjusting our marketing efforts on the internet in order to generate sufficient move-in volume to replace tenants that vacate. Demand fluctuates due to various local and regional factors, including the overall economy. Demand is typically higher in the summer months than in the winter months and, as a result, rental rates charged to new tenants are typically higher in the summer months than in the winter months.

During the period from late March 2020 through May 2020, we experienced reduced activity with fewer move-ins and move-outs, and received periodic tenant requests for the waiver of late fees due to COVID-19 related hardships. However, we have seen increased demand for self storage since June 2020, as various areas of the United States emerged from stay at home orders. These trends may be temporary or even reverse, to the extent they are driven by short-term factors such as stay at home orders and delays in our auction process. We temporarily suspended our existing tenant rental rate increase program, but have since restarted it at all of our properties as of July 2020. Because existing tenant rental rate increases have contributed significantly to increases in rental income in recent years, suspension of these increases may have a material adverse impact on our revenue growth. This temporary suspension has impacted our revenue for the twelve months ended December 31, 2020. It is possible that the COVID-19 pandemic could change consumer behavior, either due to economic recession, uncertainty, or dislocation, as well as other factors, which could increase customer sensitivity and propensity to move-out in response to rate increases, either in the short or longer term.

As of December 31, 2020, we observed no material degradation in rent collections. However, we believe that our bad debt losses (which are reflected as a reduction in revenues) could increase from historical levels, due to (i) cumulative stress on our customers' financial capacity, (ii) reduced rent recoveries from auctioned units, and (iii) the continued delay of auctions in certain locations, which began in March 2020.

We may experience a change in the move-out patterns of our long-term customers due to economic uncertainty and the significant increase in unemployment recently. This could lead to lower occupancies and rent "roll down" as long-term customers are replaced with new customers at lower rates.

If and when the COVID-19 pandemic subsides, we currently expect rental income growth, if any, to come from a combination of the following: (i) continued existing tenant rent increases, (ii) higher rental rates charged to new tenants, (iii) lower promotional discounts, and (iv) higher occupancies. Our future rental income growth will likely also be dependent upon many factors for each market that we operate in, including, among other things, demand for self storage space, the level of competitor supply of self storage space, and the average length of stay of our tenants. Increasing existing tenant rental rates, generally on an annual basis, is a key component of our revenue growth. We typically determine the level of rental increases based upon our expectations regarding the impact of existing tenant rate increases on incremental move-outs. We currently expect existing tenant rent increases for 2021, if any, to be higher than those for the year ended December 31, 2020.

Due to the uncertainty of the COVID-19 pandemic, it is difficult to predict trends in move-in, move-out, in place contractual rents, and occupancy levels. Current trends, when viewed in the short-term, are volatile and not necessarily predictive of our revenues going forward because they may be subject to many short-term factors. Such factors include, among others, the impact of the COVID-19 pandemic, initial move-in rates, seasonal factors, unit size and geographical mix of the specific tenants moving in or moving out, the length of stay of the tenants moving in or moving out, changes in our pricing strategies, and the degree and timing of rate increases previously passed to existing tenants.

Importantly, we continue to refine our ongoing revenue rate management program which includes regular internet data scraping of local competitors' prices. We believe this program helps maintain our competitive market price advantage for our various sized storage units at our stores and maximize each store's occupancies and our self storage revenue and NOI. We believe that, through our various marketing initiatives, we can continue to attract high quality, long term tenants who we expect will be storing with us for years. As of December 31, 2020, our average tenant duration of stay was approximately 2.7 years, down slightly from 2.9 years, as of December 31, 2019.

Analysis of Combined Same-Store and Non Same-Store Cost of Operations

Combined same-store and non same-store cost of operations increased 1.9% or $16,705 for the three months ended December 31, 2020 versus the three months ended December 31, 2019, and increased 0.3% or $9,235 for the twelve months ended December 31, 2020 versus the twelve months ended December 31, 2019. The year over year increase in combined same-store and non same-store cost of operations was due primarily to increased store level expenses relating to marketing and employment.

Employment. On-site store manager payroll expense increased 6.3% or $16,972 for the three months ended December 31, 2020 versus the three months ended December 31, 2019, and increased 4.6% or $48,381 for the twelve months ended December 31, 2020 as compared to the same period in 2019. The increase for the year ended December 31, 2019, was due primarily to an increase in the number of store level employees, and wage increases. We currently expect inflationary increases in compensation rates for existing employees and other increases in compensation costs as we potentially add new stores as well as district and regional managers.

Real Estate Property Tax. Store property tax expense decreased 2.1% or $6,818 for the three months ended December 31, 2020 versus the three months ended December 31, 2019, and decreased 4.1% or $54,816 in the twelve months ended December 31, 2020 as compared to the same period in 2019. The decrease in property tax expense during the year ended 2020 versus 2019 is primarily due to the accrual in the twelve months ended December 31, 2019 of an unexpected increase of property tax expense invoiced in the first half of 2019 for the 2018 tax year. See the section titled “Property Tax Expenses at Dolton, IL” for additional detail. We currently expect store property tax expenses to increase during 2021, primarily due to the phaseout of the Class 8 tax incentive granted to SSG Dolton LLC and higher assessed property values.

Administrative. We classify administrative expenses as bank charges related to processing the stores’ cash receipts, credit card fees, repairs and maintenance, utilities, landscaping, alarm monitoring and trash removal. Administrative expenses increased 15.5% or $21,981 in the three months ended December 31, 2020 as compared to the same period in 2019, and decreased 2.2% or $14,607 in the twelve months ended December 31, 2020 as compared to the same period in 2019. We experienced a decrease in administrative expenses for the year ended December 31, 2020 due primarily to lower repairs and maintenance and landscaping expense. Credit card fees increased for the year ended December 31, 2020 due to increased occupancy and a higher proportion of rental payments being received through credit cards, which is one of the results of our initiatives in building a higher quality overall tenant base. We currently expect moderate increases in other direct store costs in 2021.

Repairs and maintenance expense increased 55.1% or $12,410 for the three months ended December 31, 2020 versus the three months ended December 31, 2019, and decreased 12.6% or $17,213 for the twelve months ended December 31, 2020 as compared to the same period in 2019. Contributing to the decrease in repair and maintenance expense for the year ended December 31, 2020, is certain one-time repairs completed during the year ended 2019, which were partially offset by certain one-time repairs completed during the last three months of 2020.

Our utility expenses are currently comprised of electricity, oil, and gas costs, which vary by store and are dependent upon energy prices and usage levels. Changes in usage levels are driven primarily by weather and temperature. Also, affecting our utilities expenses over time is our ongoing LED light replacement program at all of our stores which has already resulted in lower electricity usage. Utility expense increased 2.5% or $1,177 for the three months ended December 31, 2020 versus the three months ended December 31, 2019, and increased 0.0% or $88 for the twelve months ended December 31, 2020 as compared to the same period in 2019 primarily due to temperature and weather-related conditions. It is difficult to estimate future utility costs because weather, temperature, and energy prices are volatile and unpredictable. However, based upon current trends and expectations regarding commercial electricity rates, we currently expect inflationary increases in rates combined with lower usage resulting in slightly higher net utility costs in 2021.

Landscaping expenses, which include snow removal costs, increased 2.0% or $610 for the three months ended December 31, 2020 versus the three months ended December 31, 2019, and decreased 15.0% or $19,011 in the twelve months ended December 31, 2020 compared to the same period in 2019 primarily due to increased landscaping expense, including the landscaping expense attributable to our property in West Henrietta, NY acquired in November 2019. Landscaping expense levels are dependent upon many factors such as weather conditions, which can impact landscaping needs including, among other things, snow removal, inflation in material and labor costs, and random events. We currently expect inflationary increases in landscaping expense in 2021, excluding snow removal expense, which is primarily weather dependent and unpredictable.

Marketing. Marketing expense is comprised principally of internet advertising and the operating costs of our 24/7 kiosk and telephone call and reservation center. Marketing expense varies based upon demand, occupancy levels, and other factors. Internet advertising, in particular, can increase or decrease significantly in the short term in response to these factors. Marketing expense increased 17.3% or $10,867 for the three months ended December 31, 2020 versus the three months ended December 31, 2019, and increased 22.0% or $53,684 for the twelve months ended December 31, 2020 as compared to the same period in 2019 primarily due to increased internet advertising and promotion expense for our property in West Henrietta, NY acquired in November 2019. Based upon current trends in move-ins, move-outs, and occupancies, we currently expect marketing expense to increase in 2021.

General. Other direct store costs include general expenses incurred at the stores. General expenses include items such as store insurance, business license costs, and the cost of operating each store's rental office including supplies and telephone and data communication lines. General expenses decreased 36.4% or $23,141 in the three months ended December 31, 2020 as compared to the same period in 2019, and decreased 5.8% or $15,369 in the twelve months ended December 31, 2020 as compared to the same period in 2019, primarily due to decreased expenses for travel and IT maintenance and support.

Property Tax Expenses at Dolton, IL

Late in the third quarter of 2017, our Dolton, IL property was reassessed by the municipality and separately, our Class 8 tax incentive renewal hearing was held. As a result of those two events, our Dolton, IL property was reassessed at approximately 52% higher and the Class 8 tax incentive was not renewed. These events were applied retroactively to take effect on January 1, 2017. The combined impact was an increase in property tax expenses from $105,000 during 2016 to $210,000 during 2017, $240,000 during 2018, $344,000 during 2019, and $399,000 during 2020. The Class 8 tax incentive phases out over the years 2017, 2018, 2019 and 2020. We currently expect the property tax expenses at our Dolton, IL property to increase by approximately 20% in 2021. Both the property tax reassessment and our Class 8 tax incentive renewal status are currently under appeal. However, there is no guarantee that either the assessment will be reduced or our Class 8 tax incentive status will be reinstated.

Analysis of Global Self Storage Funds from Operations ("FFO") and Funds from Operations as Adjusted ("AFFO")

The following tables present a reconciliation and computation of net income to funds from operations ("FFO") and adjusted funds from operations ("AFFO") and earnings per share to FFO and AFFO per share (unaudited):

	Three Months Ended December 31, 2020	Three Months Ended December 31, 2019	Twelve Months Ended December 31, 2020	Twelve Months Ended December 31, 2019
Net income	$ 315,785	$ 16,718	$ 274,341	$ 590,619
Eliminate items excluded from FFO:				
Unrealized (gain) loss on marketable equity securities	(127,737)	161,397	(155,139)	(193,705)
Depreciation and amortization	461,859	382,821	1,989,761	1,438,908
FFO attributable to common stockholders	**649,907**	**560,936**	**2,108,963**	**1,835,822**
Adjustments:				
Compensation expense related to stock-based awards	26,273	(32,331)	126,035	102,989
Business development, capital raising, and property acquisition costs	470	28,443	10,998	124,428
AFFO attributable to common stockholders	**$ 676,650**	**$ 557,048**	**$ 2,245,996**	**$ 2,063,239**
Earnings per share attributable to common stockholders - basic	$ 0.03	$ 0.00	$ 0.03	$ 0.08
Earnings per share attributable to common stockholders - diluted	$ 0.03	$ 0.00	$ 0.03	$ 0.08
FFO per share - diluted	$ 0.07	$ 0.07	$ 0.23	$ 0.24
AFFO per share - diluted	$ 0.07	$ 0.07	$ 0.24	$ 0.27
Weighted average shares outstanding - basic	9,284,634	7,879,132	9,273,554	7,699,966
Weighted average shares outstanding - diluted	9,294,516	7,886,098	9,282,687	7,702,117

Analysis of Global Self Storage Store Expansions

In addition to actively reviewing a number of store and portfolio acquisition candidates, we have been working to further develop and expand our current stores. In the year ending December 31, 2020, we completed three expansion / conversion projects at our properties located in Millbrook, NY, McCordsville, IN, and West Henrietta, NY.

In 2019, the Company broke ground on the Millbrook, NY expansion, which, upon completion in February 2020, added approximately 11,800 leasable square feet of all-climate-controlled units. Upon completion in February 2020 of the Millbrook, NY store expansion project, its area occupancy dropped from approximately 88.6% to approximately 45.5%. Lease-up of the Millbrook, NY expansion has gone faster than expected. As of December 31, 2020, the Millbrook, NY store's total area occupancy stood at 96.1% and as of February 28, 2021 total area occupancy was 97.5%.

In the first quarter of 2020, the Company began reviewing plans to convert certain commercially-leased space to all-climate-controlled units at the McCordsville, IN property. In April 2020, the Company commenced such conversion, which was completed in June 2020, resulting in a new total of 535 units and 76,360 leasable square feet at the McCordsville, IN property. Upon completion in June 2020 of the McCordsville, IN store conversion project, its total area occupancy dropped from what would have been approximately 97.4% to approximately 79.1%. As of December 31, 2020, the McCordsville, IN store's total area occupancy stood at 90.3% and as of February 28, 2021 total area occupancy was 91.2%.

Our West Henrietta, NY store expansion project, completed in August 2020, added approximately 7,300 leasable square feet of drive-up storage units. Upon completion of the expansion project the West Henrietta, NY store's total area occupancy dropped from approximately 89.6% to approximately 77.9%. As of December 31, 2020, the West Henrietta, NY store's total area occupancy stood at 86.2% and as of February 28, 2021 total area occupancy was 85.4%. There is no guarantee that we will experience demand for the newly added West Henrietta, NY expansion or that we will be able to successfully lease-up the expansion to the occupancy level of our other properties.

Analysis of Realized and Unrealized Gains (Losses)

Unrealized gains on the Company's investment in marketable equity securities for the twelve months ended December 31, 2020 and December 31, 2019 were $155,139 and $193,705, respectively. There were no realized gains for the sale of marketable equity securities during 2020 or 2019. In accordance with the adoption of ASU 2016-01, as of January 1, 2018, the Company recognizes changes in the fair value of its investments in equity securities with readily determinable fair values in net income. Previously, changes in fair value of the Company's investments in equity securities were recognized in accumulated other comprehensive income on the Company's consolidated balance sheets. As we continue to acquire and/or develop additional stores, as part of the funding for such activities, we plan to liquidate our investment in marketable equity securities and potentially realize gains or losses. As of December 31, 2020, our unrealized gain on marketable equity securities was $1,160,964. There were no realized gains or losses for the twelve months ended December 31, 2020 and December 31, 2019, respectively.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 8. Financial Statements and Supplementary Data.

The financial statements are included in this annual report beginning on page F-3.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

There were no disagreements with our accountants on accounting and financial disclosures during the last two fiscal years.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures to ensure that information required to be disclosed in the reports we file pursuant to the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based on the definition of "disclosure controls and procedures" in Rule 13a-15(e) of the Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can only provide a reasonable assurance of achieving the desired control objectives, and in reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

We have a disclosure controls and procedures committee, comprised of the Chief Executive Officer and Chief Financial Officer, which meets as necessary and is responsible for considering the materiality of information and determining our disclosure obligations on a timely basis.

The disclosure controls and procedures committee carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our board of directors, audit committee, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and board of directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Our management, including our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2020. In making this assessment, our management used criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (2013 Framework).

Based on this assessment, our management believes that, as of December 31, 2020, our internal control over financial reporting was effective based on those criteria.

Changes in Control Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(d) and 15d-15(d) under the Exchange Act) that occurred during our fiscal fourth quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information regarding our executive officers and certain other matters required by Item 401 of Regulation S-K is incorporated herein by reference to our definitive proxy statement relating to our annual meeting of stockholders (the "Proxy Statement"), to be filed with the SEC within 120 days after December 31, 2020.

The information regarding compliance with Section 16(a) of the Exchange Act required by Item 405 of Regulation S-K is incorporated herein by reference to the Proxy Statement to be filed with the SEC within 120 days after December 31, 2020.

The information regarding our Code of Business Conduct and Ethics required by Item 406 of Regulation S-K is incorporated herein by reference to the Proxy Statement to be filed with the SEC within 120 days after December 31, 2020.

The information regarding certain matters pertaining to our corporate governance required by Item 407(c)(3), (d)(4) and (d)(5) of Regulation S-K is incorporated by reference to the Proxy Statement to be filed with the SEC within 120 days after December 31, 2020.

Item 11. Executive Compensation.

The information regarding executive compensation and other compensation related matters required by Items 402 and 407(e)(4) and (e)(5) of Regulation S-K is incorporated herein by reference to the Proxy Statement to be filed with the SEC within 120 days after December 31, 2020.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The tables on equity compensation plan information and beneficial ownership of the Company required by Items 201(d) and 403 of Regulation S-K are incorporated herein by reference to the Proxy Statement to be filed with the SEC within 120 days after December 31, 2020.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information regarding transactions with related persons, promoters and certain control persons and trustee independence required by Items 404 and 407(a) of Regulation S-K is incorporated herein by reference to the Proxy Statement to be filed with the SEC within 120 days after December 31, 2020.

Item 14. Principal Accounting Fees and Services.

The information concerning principal accounting fees and services and the Audit Committee's pre-approval policies and procedures required by Item 14 is incorporated herein by reference to the Proxy Statement to be filed with the SEC within 120 days after December 31, 2020.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) Documents filed as part of this report:

1. Financial Statements.

(1) and (2). All Financial Statements and Financial Statement Schedules filed as part of this annual report are included in Part II, Item 8—"Financial Statements and Supplementary Data" of this annual report and reference is made thereto.

(3) The list of exhibits filed with this annual report is set forth in response to Item 15(b).

(b) Exhibits. The following documents are filed or incorporated by references as exhibits to this report:

Exhibit Item	Number and Description	Incorporated by Reference	Filed Herewith
3.1.1.	Articles Supplementary of Global Self Storage, Inc. (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on October 20, 2017 and incorporated herein by reference)	X	
3.1.2.	Articles of Amendment and Restatement of Global Self Storage, Inc. (filed as Exhibit 3.2 to the Company's Current Report on Form 8-K filed on October 20, 2017 and incorporated herein by reference)	X	
3.2.	Third Amended and Restated Bylaws of Global Self Storage, Inc. (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on October 16, 2020 and incorporated herein by reference)	X	
4.1	Rights Agreement (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on February 2, 2016 and incorporated herein by reference)	X	
4.2	First Amendment, dated October 20, 2017, to Rights Agreement, dated as of January 29, 2016, between Global Self Storage, Inc. and American Stock Transfer & Trust Company, LLC (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on October 20, 2017 and incorporated herein by reference)	X	
4.3	Form of Registration Rights Agreement by and between the Company and Tuxis (filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on November 30, 2016 and incorporated herein by reference)	X	
4.4	Description of Securities of Global Self Storage, Inc.		X
10.1	Guaranty dated June 24, 2016 by Global Self Storage, Inc. in favor of Insurance Strategy Funding IV, LLC (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 30, 2016 and incorporated herein by reference)	X	
10.2	Loan Agreement dated June 24, 2016 between certain subsidiaries of Global Self Storage, Inc. and Insurance Strategy Funding IV, LLC (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on June 30, 2016 and incorporated herein by reference)	X	
10.3	Promissory Note dated June 24, 2016 between certain subsidiaries of Global Self Storage, Inc. and Insurance Strategy Funding IV, LLC (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on June 30, 2016 and incorporated herein by reference)	X	
10.4	Form of Mortgage, Assignment of Leases and Rents and Security Agreement (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on June 30, 2016 and incorporated herein by reference)	X	

Exhibit Item	Number and Description	Incorporated by Reference	Filed Herewith
10.5	Employment Agreement between Mark C. Winmill and the Company dated March 29, 2018 (filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K filed on April 2, 2018 and incorporated herein by reference)	X	
10.6	Global Self Storage, Inc. 2017 Equity Incentive Plan (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 20, 2017 and incorporated herein by reference)	X	
10.7	Form of Restricted Share Award Agreement (filed as Exhibit 4.2 to the Company's Registration Statement on Form S-8 filed on March 28, 2018 and incorporated herein by reference)	X	
10.8	Form of Performance Share Award Agreement		X
10.9	Loan Agreement dated December 20, 2018 between certain subsidiaries of Global Self Storage, Inc. and TCF National Bank (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 21, 2018 and incorporated herein by reference)	X	
10.10	Guaranty dated December 20, 2018 by Global Self Storage, Inc. in favor of TCF National Bank (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 21, 2018 and incorporated herein by reference)	X	
21.1	Subsidiaries of the Company		X
23.1	Consent of RSM US LLP for Global Self Storage, Inc.		X
24.1	Powers of Attorney (included as part of the signature pages hereto)		
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002		X
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002		X
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		X
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		X
101.	The following materials from Global Self Storage, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2020, are formatted in XBRL (eXtensible Business Reporting Language): (1) consolidated balance sheets; (2) consolidated statements of operations; (3) consolidated statements of comprehensive income (loss); (4) consolidated statement of changes in equity; (5) consolidated statements of cash flows; (6) notes to consolidated financial statements; and (7) financial statement schedule III.		X

Item 16. Form 10-K Summary.

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GLOBAL SELF STORAGE, INC.

Date: March 31, 2021	/s/ Mark C. Winmill By: Mark C. Winmill *Chief Executive Officer, President and Chairman of the Board of Directors (Principal Executive Officer)*

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Mark C. Winmill, Donald Klimoski II, and Russell Kamerman, and each of them, with full power to act without the other, such person's true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign this Form 10-K and any and all amendments thereto, and to file the same, with exhibits and schedules thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing necessary or desirable to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: March 31, 2021	/s/ Mark C. Winmill By: Mark C. Winmill *Chief Executive Officer, President and Chairman of the Board of Directors (Principal Executive Officer)*
Date: March 31, 2021	/s/ Thomas O'Malley By: Thomas O'Malley *Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)*
Date: March 31, 2021	/s/ Thomas B. Winmill By: Thomas B. Winmill *Director*
Date: March 31, 2021	/s/ Russell E. Burke III By: Russell E. Burke III *Director*
Date: March 31, 2021	/s/ George B. Langa By: George B. Langa *Director*
Date: March 31, 2021	/s/ William C. Zachary By: William C. Zachary *Director*

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Global Self Storage, Inc.

Financial Statements`

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Global Self Storage, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Global Self Storage, Inc. and its subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations and comprehensive income, stockholders' equity and cash flows for the years then ended, and the related notes and schedule (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ RSM US LLP

We have served as the Company's auditor since 2019.

Stamford, Connecticut
March 31, 2021

GLOBAL SELF STORAGE, INC.
CONSOLIDATED BALANCE SHEETS

	December 31, 2020	December 31, 2019
Assets		
Real estate assets, net	$ 59,768,533	$ 59,752,153
Cash and cash equivalents	1,614,771	3,990,160
Restricted cash	340,672	263,405
Investments in securities	1,916,451	1,761,312
Accounts receivable	106,521	164,078
Prepaid expenses and other assets	351,764	325,450
Line of credit issuance costs, net	152,542	311,869
Intangible assets, net	—	398,795
Goodwill	694,121	694,121
Total assets	$ 64,945,375	$ 67,661,343
Liabilities and equity		
Note payable, net	$ 18,389,176	$ 18,839,787
Line of credit borrowing	5,144,000	4,914,000
Accounts payable and accrued expenses	1,373,308	1,841,640
Total liabilities	24,906,484	25,595,427
Commitments and contingencies		
Equity		
Preferred stock, $0.01 par value: 50,000,000 shares authorized, no shares outstanding	—	—
Common stock, $0.01 par value: 450,000,000 shares authorized, 9,343,118 and 9,330,297 issued and outstanding at December 31, 2020 and 2019, respectively	93,431	93,303
Additional paid in capital	40,455,409	40,329,502
Accumulated comprehensive income	—	—
(Accumulated deficit) Retained earnings	(509,949)	1,643,111
Total equity	40,038,891	42,065,916
Total liabilities and equity	$ 64,945,375	$ 67,661,343

See notes to consolidated financial statements.

GLOBAL SELF STORAGE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Year Ended December 31, 2020	Year Ended December 31, 2019
Revenues		
Rental income	$ 8,789,548	$ 8,371,292
Other property related income	337,166	283,570
Management fees and other income	69,810	13,460
Total revenues	9,196,524	8,668,322
Expenses		
Property operations	3,586,593	3,577,358
General and administrative	2,388,960	2,126,804
Depreciation and amortization	1,989,761	1,438,908
Business development	10,998	124,428
Total expenses	7,976,312	7,267,498
Operating income	1,220,212	1,400,824
Other income (expense)		
Dividend and interest income	79,331	71,666
Unrealized gain on marketable equity securities	155,139	193,705
Interest expense	(1,180,341)	(1,075,576)
Total other income (expense), net	(945,871)	(810,205)
Net income and comprehensive income	$ 274,341	$ 590,619
Earnings per share		
Basic	$ 0.03	$ 0.08
Diluted	$ 0.03	$ 0.08
Weighted average shares outstanding		
Basic	9,273,554	7,699,966
Diluted	9,282,687	7,702,117

See notes to consolidated financial statements.

GLOBAL SELF STORAGE, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Paid in	(Accumulated Deficit) Retained	Total Stockholders'
	Shares	Par Value	Capital	Earnings	Equity
Balance at December 31, 2018	7,692,624	$ 76,926	$ 33,961,903	$ 3,167,047	$ 37,205,876
Restricted stock grants issued	41,343	414	(414)	—	—
Restricted stock grant forfeitures	(4,961)	(50)	50	—	—
Issuance of common stock under rights offering, net of expenses	1,601,291	16,013	6,264,974	—	6,280,987
Stock-based compensation	—	—	102,989	—	102,989
Net income	—	—	—	590,619	590,619
Dividends	—	—	—	(2,114,555)	(2,114,555)
Balance at December 31, 2019	9,330,297	93,303	40,329,502	1,643,111	42,065,916
Restricted stock grants issued	12,821	128	(128)	—	—
Stock-based compensation	—	—	126,035	—	126,035
Net income	—	—	—	274,341	274,341
Dividends	—	—	—	(2,427,401)	(2,427,401)
Balance at December 31, 2020	9,343,118	$ 93,431	$ 40,455,409	$ (509,949)	$ 40,038,891

See notes to consolidated financial statements.

GLOBAL SELF STORAGE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2020	Year Ended December 31, 2019
Cash flows from operating activities		
Net income	$ 274,341	$ 590,619
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	1,989,761	1,438,908
Unrealized gain on marketable equity securities	(155,139)	(193,705)
Amortization of loan procurement costs	199,797	200,819
Stock-based compensation	126,035	102,989
Changes in operating assets and liabilities:		
Accounts receivable	57,557	(96,474)
Prepaid expenses and other assets	(26,314)	(37,436)
Accounts payable and accrued expenses	(468,710)	(298,390)
Net cash provided by operating activities	1,997,328	1,707,330
Cash flows from investing activities		
Construction	(1,404,269)	(1,437,419)
Improvements and equipment additions	(203,077)	(58,186)
Acquisition of self storage properties	—	(6,287,082)
Net cash used in investing activities	(1,607,346)	(7,782,687)
Cash flows from financing activities		
Line of credit borrowing	230,000	4,914,000
Principal payments on note payable	(491,081)	(470,955)
Issuance of common stock under rights offering, net of expenses	—	6,280,987
Dividends paid	(2,427,023)	(2,107,376)
Net cash (used in) provided by financing activities	(2,688,104)	8,616,656
Net (decrease) increase in cash, cash equivalents, and restricted cash	(2,298,122)	2,541,299
Cash, cash equivalents, and restricted cash, beginning of period	4,253,565	1,712,266
Cash, cash equivalents, and restricted cash, end of period	$ 1,955,443	$ 4,253,565
Supplemental cash flow and noncash information		
Cash paid for interest	$ 996,904	$ 821,434
Supplemental disclosure of noncash activities:		
Dividends payable	$ 358	$ 7,179

See notes to consolidated financial statements.

GLOBAL SELF STORAGE, INC.
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION

Global Self Storage, Inc. (the "Company," "we," "our," "us") is a self-administered and self-managed Maryland real estate investment trust ("REIT") that owns, operates, manages, acquires, develops and redevelops self storage properties ("stores" or "properties") in the United States. Through its wholly owned subsidiaries, the Company owns and/or manages 13 self-storage properties in Connecticut, Illinois, Indiana, New York, Ohio, Pennsylvania, South Carolina, and Oklahoma. The Company operates primarily in one segment: rental operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Upon deregistration as an investment company, effective January 19, 2016, the Company's status changed to an operating company from an investment company since it no longer met the assessment of an investment company under the Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 946 ("ASC 946"). The Company discontinued applying the guidance in ASC 946 and began to account for the change in status prospectively by accounting for its investments in accordance with other U.S. generally accepted accounting principles ("GAAP") topics as of the date of the change in status.

The consolidated financial statements of the Company are presented on the accrual basis of accounting in accordance with GAAP and include the accounts of the Company and its wholly owned subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation.

Reclassifications

Certain amounts from the prior year have been reclassified to conform to current year presentation as described below.

Cash, Cash Equivalents, and Restricted Cash

The Company's cash is deposited with financial institutions located throughout the United States and at times may exceed federally insured limits. The Company considers all highly liquid investments, which may include money market fund shares, with a maturity of three months or less to be cash equivalents. Restricted cash is comprised of escrowed funds deposited with a bank relating to capital expenditures.

The carrying amount reported on the balance sheet for cash, cash equivalents, and restricted cash approximates fair value

The following table provides a reconciliation of cash, cash equivalents, and restricted cash in our consolidated balance sheets to the total amount shown in our consolidated statements of cash flows:

	December 31, 2020	December 31, 2019
Cash and cash equivalents	$ 1,614,771	$ 3,990,160
Restricted cash	340,672	263,405
Total cash, cash equivalents, and restricted cash as shown in our consolidated statements of cash flows	$ 1,955,443	$ 4,253,565

Income Taxes

The Company has elected to be treated as a REIT under the IRC. In order to maintain its qualification as a REIT, among other things, the Company is required to distribute at least 90% of its REIT taxable income to its stockholders and meet certain tests regarding the nature of its income and assets. As a REIT, the Company is not subject to federal income tax with respect to that portion of its income which meets certain criteria and is distributed annually to stockholders. The Company plans to continue to operate so that it meets the requirements for taxation as a REIT.

Many of these requirements, however, are highly technical and complex. If the Company were to fail to meet these requirements, it would be subject to federal income tax. In management's opinion, the requirements to maintain these elections are being met. The Company is subject to certain state and local taxes.

The Company has elected to treat its corporate subsidiary, SSG TRS LLC, as a taxable REIT subsidiary ("TRS"). In general, the Company's TRS may perform additional services for tenants and may engage in any real estate or non-real estate related business. A TRS is subject to federal and state and local corporate income tax.

The Company recognizes the tax benefits of uncertain tax positions only where the position is "more likely than not" to be sustained assuming examination by tax authorities. The Company has reviewed its tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on federal, state, and local income tax returns for open tax years (2017 – 2019), or is expected to be taken in the Company's 2020 tax returns.

Marketable Equity Securities

Investments in equity securities that have readily determinable fair values are measured at fair value. Gains or losses from changes in the fair value of equity securities are recorded in net income, until the investment is sold or otherwise disposed. The specific identification method is used to determine the realized gain or loss on investments sold or otherwise disposed.

Fair value is determined using a valuation hierarchy generally by reference to an active trading market, using quoted closing or bid prices. Judgment is used to ascertain if a formerly active market has become inactive and in determining fair values when markets have become inactive.

Real Estate Assets

Real estate assets are carried at the appreciated value as of January 19, 2016, the effective date of the Company's change in status to an operating company, less accumulated depreciation from that date. Purchases subsequent to the effective date of the change in status are carried at cost, less accumulated depreciation. Direct and allowable internal costs associated with the development, construction, renovation, and improvement of real estate assets are capitalized. Property taxes and other costs associated with development incurred during a construction period are capitalized. A construction period begins when expenditures for a real estate asset have been made and activities that are necessary to prepare the asset for its intended use are in progress. A construction period ends when an asset is substantially complete and ready for its intended use.

Acquisition costs are accounted for in accordance with Accounting Standard Update ("ASU") No. 2017-01 Business Combinations (Topic 805): Clarifying the Definition of a Business, which was adopted on January 1, 2018 and are generally capitalized for acquisitions that qualify as asset acquisitions. When properties are acquired, the purchase price is allocated to the tangible and intangible assets acquired and liabilities assumed based on estimated fair values. Allocations to land, building and improvements, and equipment are recorded based upon their respective fair values as estimated by management.

In allocating the purchase price for an acquisition, the Company determines whether the acquisition includes intangible assets or liabilities. The Company allocates a portion of the purchase price to an intangible asset attributed to the value of in-place leases. This intangible is generally amortized to expense over the expected remaining term of the respective leases. Substantially all of the leases in place at acquired properties are at market rates, as the majority of the leases are month-to-month contracts.

Repairs and maintenance costs are charged to expense as incurred. Major replacements and betterments that improve or extend the life of the asset are capitalized and depreciated over their estimated useful lives. Depreciation is computed using the straight-line method over the estimated useful lives of the buildings and improvements, which are generally between 5 and 39 years.

Derivative Financial Instruments

The Company carries all derivative financial instruments on the balance sheet at fair value. Fair value of derivatives is determined by reference to observable prices that are based on inputs not quoted on active markets, but corroborated by market data. The accounting for changes in the fair value of a derivative instrument depends on whether the derivative has been designated and qualifies as part of a hedging relationship. The Company's use of derivative instruments has been limited to an interest rate cap agreement. The fair values of derivative instruments are included in prepaid expenses and other assets in the accompanying balance sheets. For derivative instruments not designated as cash flow hedges, the unrealized gains and losses are included in interest expense in the accompanying statements of operations. For derivatives designated as cash flow hedges, the effective portion of the changes in the fair value of the derivatives is initially reported in accumulated other comprehensive income (loss) in the Company's balance sheets and subsequently reclassified into earnings when the hedged transaction affects earnings. The valuation analysis of the interest rate cap reflects the contractual terms of derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves.

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses primarily consist of property tax accruals, unearned rental income, and trade payables.

Revenue and Expense Recognition

Revenues from stores, which are primarily composed of rental income earned pursuant to month-to-month leases for storage space, as well as associated late charges and administrative fees, are recognized as earned in accordance with ASC Topic 842, *Leases*. Promotional discounts reduce rental income over the promotional period. Ancillary revenues from sales of merchandise and tenant insurance and other income are recognized when earned.

The Company's management fees are earned subject to the terms of the related property management services agreements ("PSAs"). These PSAs provide that the Company will perform management services, which include leasing and operating the property and providing accounting, marketing, banking, maintenance and other services. These services are provided in exchange for monthly management fees, which are based on a percentage of revenues collected from stores owned by third parties. PSAs generally have original terms of three years, after which management services are provided on a month-to-month basis unless terminated. Management fees are due on the last day of each calendar month that management services are provided.

The Company accounts for the management services provided to a customer as a single performance obligation which are rendered over time each month in accordance with ASC Topic 606, *Revenue from Contracts with Customers*. The total amount of consideration from the contract is variable as it is based on monthly revenues, which are influenced by multiple factors, some of which are outside the Company's control. Therefore, the Company recognizes the revenue at the end of each month once the uncertainty is resolved. No disaggregated information relating to PSAs is presented as the Company currently has only one contract.

The Company accrues for property tax expense based upon actual amounts billed and, in some circumstances, estimates and historical trends when bills or assessments have not been received from the taxing authorities or such bills and assessments are in dispute. Cost of operations and general and administrative expense are expensed as incurred.

Evaluation of Asset Impairment

The Company evaluates its real estate assets and intangible assets consisting of in-place leases for indicators of impairment. If there are indicators of impairment and we determine that the asset is not recoverable from future undiscounted cash flows to be received through the asset's remaining life (or, if earlier, the expected disposal date), we record an impairment charge to the extent the carrying amount exceeds the asset's estimated fair value or net proceeds from expected disposal.

The Company evaluates goodwill for impairment annually and whenever relevant events, circumstances, and other related factors indicate that fair value may be less that carrying amounts. If it is determined that the carrying amount of goodwill exceeds the amount that would be allocated to goodwill if the reporting unit were acquired for estimated fair value, an impairment charge is recorded. There were no indicators of impairment to goodwill, real estate assets, and intangible assets and no impairment charges were recorded during 2020 or 2019.

Stock-based Compensation

The measurement and recognition of compensation expense for all stock-based compensation awards to employees are based on estimated fair values. Awards granted are measured at fair value and any compensation expense is recognized over the service periods of each award. For awards granted which contain a graded vesting schedule and the only condition for vesting is a service condition, compensation cost is recognized as an expense on a straight-line basis over the requisite service period as if the award was, in substance, a single award. For awards granted for which vesting is subject to a performance condition, compensation cost is recognized over the requisite service period if and when the Company concludes it is probable that the performance condition will be achieved.

Loan Procurement Costs

Loan procurement costs, net are presented as a direct deduction from the carrying amount of the related debt liability. If there is not an associated debt liability recorded on the consolidated balance sheets, the costs are recorded as an asset net of accumulated amortization. Loan procurement costs associated with the Company's revolving credit facility remain in Line of credit issuance costs, net of amortization on the Company's consolidated balance sheets. The costs are amortized over the estimated life of the related debt.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The effects of the COVID-19 pandemic may negatively and materially impact significant estimates and assumptions used by the Company including, but not limited to estimates of expected credit losses and the fair value estimates of the Company’s assets and liabilities. Actual results could materially differ from management’s estimates.

Recently Issued Accounting Standards

In August 2017, the FASB issued ASU No. 2017-12 – Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities. The purpose of this updated guidance is to better align a company’s financial reporting for hedging activities with the economic objectives of those activities. The Company adopted this guidance on January 1, 2020, with no material impact on the Company’s consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13 – Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The new guidance changes how entities measure credit losses for most financial assets. This standard requires an entity to estimate its lifetime expected credit loss and record an allowance that, when deducted from the amortized cost basis of the financial asset, presents the net amount expected to be collected on the financial asset. In November 2018, the FASB issued ASU No. 2018-19 – Codification Improvements to Topic 326, Financial Instruments - Credit Losses, which clarifies that receivables arising from operating leases are within the scope of the leasing standard (ASU No. 2016-02), and not within the scope of ASU No. 2016-13. The Company adopted this standard on January 1, 2020, with no material impact on the Company’s consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848)." ASU 2020-04 contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. The guidance in ASU 2020-04 is optional and may be elected over time as reference rate reform activities occur. The Company continues to evaluate the impact of the guidance and may apply other elections as applicable as additional changes in the market occur.

3. REAL ESTATE ASSETS

The carry value of the Company's real estate assets is summarized as follows:

	December 31, 2020	December 31, 2019
Land	$ 6,122,065	$ 6,122,065
Buildings, improvements, and equipment	60,317,918	57,178,338
Construction in progress	—	1,532,235
Self storage properties	66,439,983	64,832,638
Less: Accumulated depreciation	(6,671,450)	(5,080,485)
Real estate assets, net	$ 59,768,533	$ 59,752,153

In 2019, the Company broke ground on the Millbrook, NY expansion, which, upon completion in February 2020, added approximately 16,500 of gross square feet of all-climate-controlled units. As of December 31, 2020 and 2019, development costs for this project have been capitalized and are reflected in real estate assets, net on the Company's consolidated balance sheets.

In November 2019, the Company acquired a self storage property. The acquisition of the property was accounted for as an asset acquisition. The cost of the property, including closing costs, was assigned to land, buildings, equipment, and in-place customer leases based on their relative fair values.

The purchase price of the property acquired in 2019 has been assigned as follows:

				Consideration Paid		Acquisition Date Fair Value			
State	Number of Properties	Date of Acquisition	Purchase Price	Cash Paid	Net Other Liabilities Assumed (Assets Acquired)	Land	Building and Equipment	In-Place Customer Leases	Closing Costs Expensed
NY	1	11/19/2019	$6,282,514	$6,287,082	$ (4,568)	$628,251	$5,240,825	$413,438	$ —
Total			$6,282,514	$6,287,082	$ (4,568)	$628,251	$5,240,825	$413,438	$ —

The Company measures the fair value of in-place customer lease intangible assets based on the Company's experience with customer turnover and the estimated cost to replace the in-place leases. The Company amortizes in-place customer leases on a straight-line basis over 12 months (the estimated future benefit period). Amortization expense related to in-place customer leases was $398,795 and $14,643 for the years ended December 31, 2020 and 2019, respectively.

During the year ended December 31, 2020, the Company did not make any acquisitions.

4. MARKETABLE EQUITY SECURITIES

Investments in marketable equity securities consisted of the following:

December 31, 2020	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Value
Investment in marketable equity securities				
Common stocks	$ 755,487	$ 1,160,964	$ —	$ 1,916,451
Total investment in marketable equity securities	$ 755,487	$ 1,160,964	$ —	$ 1,916,451

December 31, 2019	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Value
Investment in marketable equity securities				
Common stocks	$ 755,487	$ 1,005,825	$ —	$ 1,761,312
Total investment in marketable equity securities	$ 755,487	$ 1,005,825	$ —	$ 1,761,312

5. FAIR VALUE MEASUREMENTS

The use of fair value to measure the financial instruments held by the Company and its subsidiaries is fundamental to its consolidated financial statements and is a critical accounting estimate because a substantial portion of its assets and liabilities are recorded at estimated fair value. The application of fair value measurements may be on a recurring or nonrecurring basis depending on the accounting principles applicable to the specific asset or liability or whether management has elected to carry the item at its estimated fair value.

The hierarchy of valuation techniques is based on whether the inputs to those techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 — Quoted prices in active markets for identical instruments or liabilities.

Level 2 — Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants would use in pricing an asset or liability and are developed based on market data obtained from sources independent of the Company. These may include quoted prices for similar assets and liabilities, interest rates, prepayment speeds, credit risk, and market-corroborated inputs.

Level 3 — Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Company's own assumptions about the factors that market participants use in pricing an asset or liability and are based on the best information available in the circumstances.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when estimating fair value. The valuation method used to estimate fair value may produce a fair value measurement that may not be indicative of ultimate realizable value. Furthermore, while management believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methods or assumptions to estimate the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Those estimated values may differ significantly from the values that would have been used had a readily available market for such loans or investments existed, or had such loans or investments been liquidated, and those differences could be material to the financial statements.

Fair valued assets consist of shares of equity securities and an interest rate cap. The value of the equity securities is based on a traded market price and is considered to be a level 1 measurement, and the value of the interest rate cap is based on its maturity, observable market-based inputs including interest rate curves and is considered to be a level 2 measurement.

The following table provides the assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2020 and December 31, 2019:

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Marketable equity securities	$1,916,451	$ —	$ —	$1,916,451
Interest rate cap	—	4	—	4
Total assets at fair value	$1,916,451	$ 4	$ —	$1,916,455

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Marketable equity securities	$1,761,312	$ —	$ —	$1,761,312
Interest rate cap	—	51	—	51
Total assets at fair value	$1,761,312	$ 51	$ —	$1,761,363

There were no assets transferred from level 1 to level 2 as of December 31, 2019 or December 31, 2018. The Company did not have any assets or liabilities that are re-measured on a recurring basis using significant unobservable inputs as of December 31, 2020 or December 31, 2019.

The fair values of financial instruments including cash and cash equivalents, restricted cash, accounts receivable, and accounts payable approximated their respective carrying values as of December 31, 2020 and 2019. The aggregate estimated fair value of the Company's debt was $24,596,649 and $24,474,174 as of December 31, 2020 and 2019, respectively. These estimates were based on market interest rates for comparable obligations, general market conditions and maturity.

6. DERIVATIVES

The Company's objective in using an interest rate derivative is to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company uses an interest rate cap to manage interest rate risk. The Company carries the premium paid for the interest rate cap as an asset on the balance sheet at fair value. The change in the unrealized gain or loss of the premium is recorded as an increase or decrease to interest expense.

The following table summarizes the terms of the Company's derivative financial instrument as of December 31, 2020:

	Notional Amount			Effective	Maturity
Product	December 31, 2020	December 31, 2019	Strike	Date	Date
Cap Agreement	$ 7,500,000	$ 7,500,000	3.50 % - 4.00%	12/24/2018	12/20/2021

7. NOTE PAYABLE AND REVOLVING LINE OF CREDIT

Note Payable

On June 24, 2016, certain wholly owned subsidiaries (the "Secured Subsidiaries") of the Company entered into a loan agreement (the "Loan Agreement") borrowing the principal amount of $20 million pursuant to a promissory note (the "Promissory Note"). The Promissory Note bears an interest rate equal to 4.192% per annum and is due to mature on July 1, 2036. Pursuant to a security agreement (the "Security Agreement"), the obligations under the Loan Agreement are secured by certain real estate assets owned by the Secured Subsidiaries.

The Company entered into a non-recourse guaranty on June 24, 2016 (the "Guaranty," and together with the Loan Agreement, the Promissory Note and the Security Agreement, the "Loan Documents") to guarantee the payment to Lender of certain obligations of the Secured Subsidiaries under the Loan Agreement.

The Loan Documents require the Secured Subsidiaries and the Company to comply with certain covenants, including, among others, a minimum net worth test and other customary covenants. The Lender may accelerate amounts outstanding under the Loan Documents upon the occurrence of an Event of Default (as defined in the Loan Agreement) including, but not limited to, the failure to pay amounts due or commencement of bankruptcy proceedings. As of December 31, 2020 and 2019, the Company was in compliance with these covenants.

The Company incurred loan procurement costs of $646,246 and such costs have been recorded net of the note payable on the consolidated balance sheets. The costs are amortized over the term of the loan using the effective interest method and are recorded as an adjustment to interest expense. The Company recorded amortization expense of $40,470 and $41,492 for the years ended December 31, 2020 and 2019, respectively.

As of December 31, 2020 and 2019 the carrying value of the Company's note payable is summarized as follows:

Note Payable	**December 31, 2020**	**December 31, 2019**
Principal balance outstanding	$18,847,475	$19,338,556
Less: Loan procurement costs, net	(458,299)	(498,769)
Total note payable, net	$18,389,176	$18,839,787

As of December 31, 2020, the note payable was secured by certain of its self storage properties with an aggregate net book value of approximately $25.9 million. The following table represents the future principal payment requirements on the note payable as of December 31, 2020:

2021	$ 513,857
2022	535,816
2023	558,714
2024	582,591
2025	607,488
2026 and thereafter	16,049,009
Total principal payments	$18,847,475

Revolving Line of Credit

On December 20, 2018, certain wholly owned subsidiaries (the "Subsidiaries") of the Company entered into a revolving credit loan agreement (the "Agreement") between the Subsidiaries and TCF National Bank (the "Lender"). Under the Agreement, the Subsidiaries are borrowing from the Lender in the principal amount of up to $10 million pursuant to a promissory note (the "Note"). The Note bears an interest rate equal to 3.00% over the One Month U.S. Dollar London Inter-Bank Offered Rate and is due to mature on December 20, 2021. The obligations under the Agreement are secured by certain real estate assets owned by the Subsidiaries. The Company is considering, among other things, refinancing or finding a suitable replacement for the revolving line of credit in light of its upcoming maturity.

The Company entered into a guaranty of payment on December 20, 2018 (the "Guaranty," and together with the Agreement, the Note and related instruments, the "Revolver") to guarantee the payment to Lender of certain obligations of the Subsidiaries under the Agreement.

The Revolver requires the Subsidiaries and the Company to comply with certain covenants, including, among others, customary financial covenants. The Lender may accelerate amounts outstanding under the Loan Documents upon the occurrence of an Event of Default (as defined in the Agreement) including, but not limited to, the failure to pay amounts due to the Lender or commencement of bankruptcy proceedings.

The Company incurred issuance costs of $477,981 and such costs are amortized as an adjustment to interest expense over the term of the loan. The Company recorded amortization expense of $159,327 and $159,327 for the years ended December 31, 2020 and 2019, respectively. The outstanding loan balance under the Revolver was $5,144,000 and $4,914,000 as of December 31, 2020 and 2019, respectively.

8. LEASES

Global Self Storage as Lessor

The Company's property rental revenue is primarily related to rents received from tenants at its operating stores. The Company's leases with its self storage tenants are generally on month-to-month terms, include automatic monthly renewals, allow flexibility to increase rental rates over time as market conditions permit, and provide for the collection of contingent fees such as late fees. These leases do not include any terms or conditions that allow the tenants to purchase the leased space. All self-storage leases for which the Company acts as lessor have been classified as operating leases. The real estate assets related to the Company's stores are included in "Real estate assets, net" on the Company's consolidated balance sheets and are presented at historical cost less accumulated depreciation and impairment, if any. Rental income related to these operating leases is included in Property rental revenue on the Company's consolidated statements of operations, and is recognized each month during the month-to-month terms at the rental rate in place during each month.

Global Self Storage as Lessee

The Company is a lessee in a lease agreement for an automobile entered into November 2019 with a lease term of 3 years. The lease agreement does not contain any material residual value guarantees or material restrictive covenants. As a result of the Company’s election of the package of practical expedients permitted within ASC 842, which among other things, allows for the carryforward of historical lease classification, all of the Company’s lease agreements have been classified as operating leases. Lease expense for payments related to the Company’s operating leases is recognized on a straight-line basis over the lease term.

Right-of-use assets represent the Company’s right to use an underlying asset during the lease term and lease liabilities represent the Company’s obligation to make lease payments as specified in the lease. Right-of-use assets and lease liabilities related to the Company’s operating leases are recognized at the lease commencement date based on the present value of the remaining lease payments over the lease term. As the Company’s leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available surrounding the Company’s secured borrowing rates and implied secured spread at the lease commencement date in determining the present value of lease payments. The right-of-use asset also includes any lease payments made at or before lease commencement less any lease incentives. The Company had right-of-use assets and lease liabilities related to its operating leases of $24,972 and $24,972 and $37,700 and $37,700, respectively, as of December 31, 2020 and 2019, respectively. Such amounts are included in Other assets, net and Accounts payable, accrued expenses and other liabilities on the Company’s consolidated balance sheets, respectively. As of December 31, 2020, the Company’s weighted average remaining lease term and weighted average discount rate related to its operating leases were approximately 2 years and 4.78%, respectively.

The future minimum lease payments under the automobile lease are $14,254 and $11,878 for the years ending December 31, 2021 and 2022, respectively.

9. EARNINGS PER SHARE

Basic earnings per share is computed using the weighted average number of shares outstanding. Diluted earnings per share is computed using the weighted average number of shares outstanding adjusted for the incremental shares attributed to potentially diluted securities. The following table sets forth the computation of basic and diluted earnings per share:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Net income	$ 274,341	$ 590,619
Weighted average common shares outstanding:		
Average number of common shares outstanding - basic	9,273,554	7,699,966
Net effect of dilutive unvested restricted stock awards included for treasury stock method	9,133	2,151
Average number of common shares outstanding - diluted	9,282,687	7,702,117
Earnings per common share		
Basic	$ 0.03	$ 0.08
Diluted	$ 0.03	$ 0.08

Common stock dividends paid in cash totaled $2,427,401 ($0.26 per share) and $2,107,376 ($0.26 per share) for the years ended December 31, 2020 and 2019, respectively.

10. RELATED PARTY TRANSACTIONS

Certain officers and directors of the Company also serve as officers and directors of Winmill & Co. Incorporated (“Winco”), Bexil Corporation (“Bexil”), Tuxis Corporation (“Tuxis”), and their affiliates (collectively with the Company, the “Affiliates”). As of December 31, 2020, certain of the Affiliates owned approximately 7.9% of the Company’s outstanding common stock. Pursuant to an arrangement between a professional employer organization (“PEO”) and the Affiliates, the PEO provides payroll, benefits, compliance, and related services for employees of the Affiliates in accordance with applicable rules and regulations under the IRC and, in connection therewith, Midas Management Corporation (“MMC”), a subsidiary of Winco, acts as a conduit payer of compensation and benefits to the Affiliates’ employees including those who are concurrently employed by the Company and its Affiliates. Rent expense of concurrently used office space and overhead expenses for various concurrently used administrative and support functions incurred by the Affiliates are allocated at cost among them. The Affiliates participate in a 401(k) retirement savings plan for substantially all qualified employees. A matching expense based upon a percentage of contributions to the plan by eligible employees is incurred and allocated among the Affiliates. The matching expense is accrued and funded on a current basis and may not exceed the amount permitted as a deductible expense under the IRC. The aggregate rent and overhead accrued and paid by the Company to Winco for the years ended December 31, 2020 and 2019 was $73,823 and $77,850, respectively. The Company had reimbursements payable to MMC and Winco for compensation and benefits and rent and overhead of $18,902 and $19,096 as of December 31, 2020 and 2019, respectively.

The Company currently reimburses monthly automobile expenses of $1,000 per month to its President, Mark C. Winmill. To the extent that the monthly payment under the Company’s automobile lease exceeds the current monthly reimbursement amount, Mr. Winmill voluntarily reimburses the Company for the excess amount. In this regard, Mr. Winmill has reimbursed the Company $2,254 and $3,228 for the years ended December 31, 2020 and 2019, respectively.

The Company leases office space and storage to certain Affiliates under rental agreements. The terms of occupancy are month to month and automatically renew unless terminated by either party on ten days’ written notice. The Company earned rental income pursuant to such agreements of $9,204 and $9,204 for the years ended December 31, 2020 and 2019, respectively.

In December 2019, the Company paid Tuxis $900,000 in connection with the purchase of a property made in 2016.

On May 19, 2020, MMC (the “Borrower”) entered into a Paycheck Protection Program Term Note (“PPP Note”) with Customers Bank on behalf of itself and the Affiliates under the Paycheck Protection Program (the "Program") of the recently enacted Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") administered by the U.S. Small Business Administration. The Borrower received total proceeds of $486,602 from the PPP Note. In accordance with the requirements of the CARES Act, the Affiliates expect to use proceeds from the PPP Note primarily for payroll and other eligible costs. Interest accrues on the PPP Note at the rate per annum of 1.00%. The Borrower may apply to Customers Bank for forgiveness of the amount due on the PPP Note which shall be an amount equal to the sum of payroll costs, mortgage interest, rent obligations and covered utility payments incurred during, at the Borrowers discretion, either the eight weeks or twenty-four weeks (the “Covered Period”) following disbursement under the PPP Note.

During the period from May 19, 2020 through the six-month anniversary of the date of the PPP Note (the “Deferral Expiration Date”), neither principal nor interest shall be due and payable. On the Deferral Expiration Date, the outstanding principal of the PPP Note or the amount that is not forgiven under the Program shall convert to an amortizing term loan. On May 19, 2022, all accrued interest that is not forgiven under the Program shall be due and payable. Additionally, on December 19, 2020 and continuing on the 19th day of each month thereafter until May 19, 2022 equal installments of principal shall be due and payable, each in an amount determined by the Lender (the “Monthly Principal Amount”). Interest shall be payable at the same time as the Monthly Principal Amount. Any outstanding principal and accrued interest shall be due and payable in full on May 19, 2022. The Company expects to contribute to the interest payable on the PPP Note in proportion to its share of payroll and other eligible costs used in the original calculation of the loan request.

For the year ended December 31, 2020, there has been no material impact to the Company’s operations or cash flows due to the PPP Note. If and when the PPP Note is, in part or wholly forgiven, and legal release is received, the Company expects to record a gain in an amount proportionate to its share of payroll costs and other eligible expenses incurred during the Covered Period. The Company expects the loan forgiveness to reduce such expenses and reduce related reimbursements to MMC and Winco accordingly.

11. CAPITAL STOCK

As of December 31, 2020, the Company was authorized to issue 450,000,000 shares of $0.01 par value common stock of which 9,343,118 had been issued and was outstanding. The Company was also authorized to issue 50,000,000 shares of preferred stock, $0.01 par value, authorized, of which none has been issued.

On November 18, 2019, the Company commenced a rights offering to eligible common stockholders of the Company for the purchase of up to approximately $11.6 million of newly issued shares of the Company’s common stock. The rights offering concluded on December 13, 2019, with the Company raising $6,280,987, net of offering costs, from the sale of 1,601,291 shares at $4.18 per share.

12. STOCK-BASED COMPENSATION

On October 16, 2017 (“Effective Date”), the Company’s stockholders approved the Company’s 2017 Equity Incentive Plan (the “Plan”). The Plan is designed to provide equity-based incentives to certain eligible persons, as defined in the Plan, in the form of options, share appreciation rights, restricted stock, restricted stock units, dividend equivalent rights or other forms of equity-based compensation as determined in the discretion of the Board of Directors, the Compensation Committee of the Board of Directors, or other designee thereof. The total number of shares of common stock reserved and available for issuance under the Plan on the Effective Date was 760,000.

On March 26, 2020, the Company approved restricted stock awards under the Plan to certain of its officers and employees in the aggregate amount of 25,905 shares, of which 10,880 shares are time-based grants and 15,025 shares are performance-based grants. During 2019, Company approved restricted stock awards under the Plan to certain of its officers and employees in the aggregate amount of 28,755 shares, of which 13,730 shares are time-based grants and 15,025 shares are performance-based grants. The Company recorded $126,035 and $102,989 of expense in general and administrative expense in its statement of operations related to restricted stock awards for the years ended December 31, 2020 and 2019, respectively. At December 31, 2020, there was $131,119 and $76,771 of unrecognized compensation expense related to unvested time-based and performance-based restricted stock awards, respectively. That cost is expected to be recognized over a weighted—average period of 1.9 years and 2.3 years for time-based and performance-based awards, respectively. The fair value of common stock awards is determined based on the closing trading price of the Company's common stock on the grant date.

Time-Based Restricted Stock Grants

These time-based grants vest solely based on continued employment, with 6.25% of the shares eligible to vest on each three-month anniversary of the grant date during the four-year vesting period. Time-based restricted stock cannot be transferred during the vesting period. Grants of time-based restricted stock entitle the holder to dividends paid by the Company on shares of its common stock.

A summary of the Company's time-based restricted stock grant activity is as follows:

Time-Based Restricted Stock Grants	Stock		Weighted-Average Grant-Date Fair Value
Unvested at December 31, 2019	39,932	$	4.31
Granted	10,880	$	3.58
Vested	(18,582)	$	4.26
Unvested at December 31, 2020	32,230	$	4.10

Performance-Based Restricted Stock Grants

Performance-based restricted stock grants vest based on continued employment and the achievement of certain Funds from Operations, as adjusted ("AFFO") and same store revenue growth ("SSRG") goals by the Company during 2020. Between 0% and 200% of these shares will be earned based on achievement of the AFFO and SSRG goals in 2020, and the shares which are earned will remain subject to quarterly vesting during the remaining four-year time vesting period. Dividends paid by the Company prior to the determination of how many shares are earned will be retained by the Company and released only with respect to earned shares. If a Change in Control (as defined in the Plan) occurs during 2020, the number of shares earned will equal the greater of the number of shares granted and the number of shares which would have been earned based on the AFFO and SSRG through the date of the Change in Control. If following a Change in Control, a grantee is terminated by the Company without Cause or by the grantee with Good Reason (as each is defined in the Plan), all unvested restricted stock will fully vest. Performance-based restricted stock earned during 2020 and 2019 were 1,941 shares and 15,025 shares, respectively.

A summary of the Company's performance-based restricted stock grant activity is as follows:

Performance-based Stock Grants	Stock		Weighted-Average Grant-Date Fair Value
Unvested at December 31, 2019	27,739	$	4.21
Granted	1,941	$	3.58
Vested	(11,028)	$	4.23
Unvested at December 31, 2020	18,652	$	4.13

Forfeitures are accounted for as they occur, compensation cost previously recognized for an award that is forfeited because of a failure to satisfy a service or performance condition is reversed in the period of the forfeiture.

13. COMMITMENTS AND CONTINGENCIES

The Company enters into contracts that contain a variety of representations and warranties and which may provide general indemnifications. The Company's maximum exposure under these arrangements is unknown as it involves future claims that may be made against the Company under circumstances that have not occurred.

14. RISKS AND UNCERTANTIES

COVID-19

The outbreak of the novel coronavirus pandemic ("COVID-19") around the globe continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. The global impact of the outbreak has been rapidly evolving and many countries, including the United States, have reacted by, among other things, instituting quarantines, mandating business and school closures, requiring restrictions on travel and issuing "shelter-in-place" and/or "stay-at-home" orders, and imposing restrictions on the types of businesses that may continue to operate. While some of these restrictions have been relaxed or phased out, many of these or similar restrictions remain in place, continue to be implemented, or additional restrictions are being considered. Such actions are creating significant disruption in global supply chains, and adversely impacting a number of industries, such as transportation, hospitality and entertainment.

The major disruption caused by COVID-19 significantly reduced economic activity in most of the United States resulting in a significant increase in unemployment claims.

COVID-19 has had a continued and prolonged adverse impact on economic and market conditions and has triggered a period of economic slowdown which could have a material adverse effect on the Company's results and financial condition.

The full impact of COVID-19 on the real estate industry, the credit markets and consequently on the Company's financial condition and results of operations is uncertain and cannot be predicted at the current time as it depends on several factors beyond the control of the Company including, but not limited to (i) the uncertainty around the severity and duration of the outbreak, (ii) the effectiveness of the United States public health response, (iii) the pandemic's impact on the U.S. and global economies, (iv) the timing, scope and effectiveness of additional governmental responses to the pandemic, (v) the timing and speed of economic recovery, including the availability of a treatment or vaccination for COVID-19, and (vi) the negative impact on our properties.

Credit Risk

Credit risk - Financial assets that are exposed to credit risk consist primarily of cash and cash equivalents and certain portions of accounts receivable including rents receivable from our tenants. Cash and cash equivalents are on deposit with highly rated commercial banks.

15. SUBSEQUENT EVENTS

On March 25, 2021, the Company approved restricted share awards under the Plan to certain of its officers and employees in the aggregate amount of 74,955 shares, of which 15,025 shares are performance-based grants and the remainder of the shares are time-based grants. Between 0% and 200% of these shares will be earned based on achievement of the AFFO and SSRG goals in 2021, and the shares which are earned will remain subject to quarterly vesting during the remaining four-year time vesting period. Dividends paid by the Company prior to the determination of how many shares are earned will be retained by the Company and released only with respect to earned shares. If a Change in Control (as defined in the Plan) occurs during 2021, the number of shares earned will equal the greater of the number of shares granted and the number of shares which would have been earned based on the AFFO and SSRG through the date of the Change in Control. If following a Change in Control, a grantee is terminated by the Company without Cause or by the grantee with Good Reason (as each is defined in the Plan), all unvested restricted shares will fully vest.

On March 1, 2021, the Company declared a cash dividend of $0.065 per common share payable on March 31, 2021 to stockholders of record as of March 15, 2021.

GLOBAL SELF STORAGE, INC.
SCHEDULE III
REAL ESTATE AND RELATED DEPRECIATION
December 31, 2020

			Initial cost			Gross Carrying Amount at December 31, 2020			
Description	Square Footage		Land	Buildings & Improvements	Costs Subsequent to Acquisition	Land	Buildings & Improvements	Total	Accumulated Depreciation
Clinton, CT (B)	30,408		$ 356,040	$ 3,108,285	$ 14,197	$ 356,040	$ 3,122,482	$ 3,478,522	$ 309,989
Bolingbrook, IL (A)	113,700		633,914	5,491,409	2,456,374	633,914	7,947,783	8,581,697	1,006,053
Dolton, IL (A)	86,590		614,413	5,227,313	9,611	614,413	5,236,924	5,851,337	696,926
McCordsville, IN (B)	76,360		770,000	6,776,000	474,336	770,000	7,250,336	8,020,336	732,035
Merrillville, IN (A)	80,570		597,229	5,104,011	464,324	597,229	5,568,335	6,165,564	712,701
Millbrook, NY (B)	24,472		423,960	2,900,895	2,343,125	423,960	5,244,020	5,667,980	330,581
Rochester, NY (A)	68,126		571,583	5,227,630	22,503	571,583	5,250,133	5,821,716	656,730
Lima, OH (B)	98,055		530,000	4,664,000	112,915	530,000	4,776,915	5,306,915	514,747
Sadsburyville, PA (A)	78,857		462,749	5,146,579	28,362	462,749	5,174,941	5,637,690	687,125
Summerville, SC (A)	76,560	(1)	345,160	2,989,159	8,400	345,160	2,997,559	3,342,719	379,348
Summerville, SC (A)	42,760	(2)	188,766	1,605,405	14,725	188,766	1,620,130	1,808,896	205,853
West Henrietta, NY (B)	55,550		628,251	5,229,481	262,333	628,251	5,229,481	5,857,732	32,148
	832,008		$ 6,122,065	$ 53,470,167	$ 6,211,205	$ 6,122,065	$ 59,419,039	$ 65,541,104	$ 6,264,236

(A) This property is held as collateral under the Loan Agreement with an outstanding balance of $18,847,475 as of December 31, 2020.

(B) This property is held as collateral under the Revolver with an outstanding balance of $5,144,000 as of December 31, 2020

(1) SSG Summerville I LLC.

(2) SSG Summerville II LLC

Activity in storage properties during the years ended December 31, 2020 and 2019 is as follows:

	2020	2019
Storage properties *		
Balance at beginning of period	$64,832,638	$57,467,957
Acquisitions and improvements	1,607,345	7,364,681
Balance at end of period	66,439,983	64,832,638
Accumulated depreciation		
Balance at beginning of period	(5,080,485)	(3,656,220)
Depreciation expense	(1,590,965)	(1,424,265)
Balance at end of period	(6,671,450)	(5,080,485)
Storage properties, net	$59,768,533	$59,752,153

* These amounts include equipment that is housed at the Company's properties and construction in progress which is excluded from Schedule III above.

As of December 31, 2020, the aggregate cost of real estate for U.S. federal income tax purposes was $63,788,287.

BOARD OF DIRECTORS

Mark C. Winmill
President, Chief Executive Officer, Chairman of the Board

Russell E. Burke III
Director

George B. Langa
Director

Thomas B. Winmill
Director

William C. Zachary
Director

EXECUTIVE TEAM

Mark C. Winmill
President, Chief Executive Officer, Chairman of the Board

Thomas O'Malley
Chief Financial Officer, Treasurer, Vice President

Donald Klimoski II
Vice President, General Counsel, Secretary, Chief Compliance Officer

CORPORATE COUNSEL

Clifford Chance LLP

INDEPENDENT AUDITOR

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