

## Risk Factors Comparison 2025-03-26 to 2024-03-26 Form: 10-K

**Legend:** New Text Removed Text Unchanged Text Moved Text Section

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 the safety, convenience, and attractiveness 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. Our operations may be affected by general economic, political and market conditions. Our operations may be affected by global and national economic, political and market conditions generally. Any of the following events could result in substantial impact to our business, financial condition, results of operations and cash flows: • changes in global, national, regional or local economic, demographic or capital market conditions; • a recession, slowdown or sustained downturn in the U. S. market, and to a lesser extent, the global economy (or any particular segment thereof); • overall weakening of, or disruptions in, the financial markets; • perceived or actual economic distress or failures of financial institutions; • increases in interest rates, inflationary pressures; • supply chain related disruptions, such as those caused by the ~~recent~~ COVID- 19 pandemic; • geopolitical challenges and uncertainties (including wars and other forms of conflict, terrorist acts and security operations), such as the ongoing conflict between Russia and Ukraine and the severe economic sanctions and export controls imposed by the U. S. and other governments against Russia and Russian interests, and the ongoing conflict between Israel and Hamas; and • changes in government rules, regulations and fiscal policies, including increases in taxes, changes in zoning laws and increasing costs to comply with environmental laws. All of these factors are beyond our control. Any negative changes in these factors could affect our business, financial condition, results of operations and cash flows. 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-lease~~ let-lease our units or if the rates upon such re- ~~letting-leasing~~ letting-leasing are significantly lower than expected, then our business and results of operations would be adversely affected. Any delay in re- ~~letting-leasing~~ letting-leasing units as vacancies arise would reduce our revenues and harm our operating results. In addition, lower than expected rental rates upon re- ~~letting-leasing~~ letting-leasing 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-store’ s managers and staff are contributing factors to a site-store’ 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, 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 redevelopment projects may not yield anticipated returns which could adversely impact our economic performance. In deciding whether to 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 redevelopment 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 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 **various federal, state and local laws, regulations and governmental policies including 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. Climate change and regulatory and other efforts to reduce climate change could adversely affect our business. We face a number of risks associated with climate change including both transition and physical risks. The transition risks that could impact **our the company Company** include those risks related to the impact of U. S. and foreign climate- and ESG- related legislation and regulation, as well as risks arising from climate- related business trends. Moreover, we are subject to risks stemming from the physical impacts of climate change. New climate change- related regulations or interpretations of existing laws may result in enhanced disclosure obligations that could negatively affect us and materially increase our regulatory burden. Increased regulations generally increase the costs to us, and those higher costs may continue to increase if new laws require additional resources, including spending more time, hiring additional personnel or investing in new technologies. We also face business trend- related climate risks. **Certain investors investors** are increasingly taking into account ESG factors, including climate risks, in determining whether to invest in companies. Additionally, our reputation and investor relationships could be damaged as a result of our involvement with activities perceived to be causing or exacerbating climate change, as well as any decisions we make to continue to conduct or change our activities in response to considerations relating to climate change. **Recently, the United States federal government and certain states have enacted or proposed " anti- ESG " executive orders, policies or legislation and certain investors, customers and governmental authorities may oppose ESG initiatives. These increasingly divergent views on ESG matters increase the risk that any action or lack of action taken by the Company with respect to ESG matters may be perceived negatively by at least some investors and customers and adversely impact our reputation and business.** Further, significant physical effects of climate change including extreme weather events can also have an adverse impact on our properties. Additionally, both transition and physical risks associated with climate change could result in increased operating costs for our properties. As the effects of climate change increase, we expect the frequency and impact of weather and climate related events and conditions to increase as well. These risks may adversely impact our business, financial condition and results of operations. 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 **as well as associated costs of legal and other advisors** 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 **that** 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 **the law-laws** 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. Major public health issues and related disruptions in the U. S. and global economy and financial markets could adversely impact or disrupt our financial condition and results of operations. In recent years, the outbreaks of a number of diseases, including COVID- 19, avian influenza, H1N1, and other viruses , have increased the risk of a pandemic or major public health issues. We believe that our level of business activity and the profitability of our business, as well as the values of, and the cash flows from, the assets we may own could in the future be impacted by a pandemic or other major public health issue. While we have taken preventive measures and other precautions, no predictions of specific scenarios can be made with certainty and such measures may not adequately predict the impact on our business from such events. The extent of the impact of a pandemic and any other pandemic or major health issue on us will depend on many factors, including the duration and scope of the public health emergency, the actions taken by governmental authorities to contain such pandemics or public health issues and their financial and economic impact, the implementation of travel advisories and restrictions, the efficacy and availability of vaccines, the disparities in vaccination rates and vaccine hesitancy, the rise of new variants and the severity of such variants, the impact of the public health emergency on overall supply and demand, goods and services, consumer confidence and levels of economic activity and the extent of its disruption to global, regional, and local supply chains and economic markets, all of which are uncertain and difficult to assess. Moreover, many risk factors set forth in this annual report on Form 10- K should be interpreted as heightened risks as a result of the impact of a pandemic or other major public health issue.

**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 impact our ability to qualify or remain qualified as a REIT, or 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 shares** 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 financing that are outside of our control, which could adversely affect our ability to acquire or redevelop properties, satisfy our debt obligations and / or make distributions to stockholders. We depend on external sources of financing 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 financing may not be available on favorable terms, or at all. Our access to external sources of financing 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 financing, 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 **Second** Amended Credit Facility Loan Documents and **the** Term Loan Documents 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 the **Second** Amended Credit Facility Loan Documents and Term Loan Documents) of at least the outstanding principal balance of the **Term-term Loan-loan** and a minimum liquidity standard of at least 10 % of the outstanding principal balance of the term loan (as defined in the **Second** Amended Credit Facility Loan Documents and Term Loan Documents). In the event that we fail to satisfy our covenants, we would be in default under the **Second** Amended Credit Facility Loan Documents and **the** Term Loan Documents 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 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, our qualification 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.

**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.