

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: 000-55617

SmartStop Self Storage REIT, Inc.

(Exact name of Registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

46-1722812
(IRS Employer
Identification No.)

10 Terrace Rd,
Ladera Ranch, California 92694
(Address of principal executive offices)

(877) 327-3485
(Registrant's telephone number)

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
None	None	None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, \$0.001 par value per share

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 definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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 account 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 ☒

There is currently no established public market for the registrant's shares of common stock. Based on the \$10.40 offering price of the Class A shares and the Class T shares in effect on June 30, 2020, the aggregate market value of the stock held by non-affiliates of the registrant on such date was approximately \$623,169,019.

As of March 18, 2021, there were 76,092,445 outstanding shares of Class A common stock and 7,948,354 outstanding shares of Class T common stock of the registrant.

Documents Incorporated by Reference:

The registrant incorporates by reference in Part III (Items 10, 11, 12, 13 and 14) of this Form 10-K portions of its Definitive Proxy Statement for the 2021 Annual Meeting of Stockholders.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Form 10-K of SmartStop Self Storage REIT, Inc., other than historical facts, may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). We intend for all such forward-looking statements to be covered by the applicable safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act and Section 21E of the Exchange Act, as applicable. Such statements include, in particular, statements about our plans, strategies, and prospects and are subject to certain risks and uncertainties, including known and unknown risks, which could cause actual results to differ materially from those projected or anticipated. Therefore, such statements are not intended to be a guarantee of our performance in future periods. Such forward-looking statements can generally be identified by our use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “anticipate,” “estimate,” “believe,” “seek,” “continue,” or other similar words. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date this report is filed with the Securities and Exchange Commission. We cannot guarantee the accuracy of any such forward-looking statements contained in this Form 10-K, and we do not intend to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Any such forward-looking statements are subject to risks, uncertainties, and other factors and are based on a number of assumptions involving judgments with respect to, among other things, future economic, competitive, and market conditions, including without limitation changes in the political and economic climate, economic conditions and fiscal imbalances in the United States, and other major developments, including wars, natural disasters, epidemics and pandemics, including the outbreak of novel coronavirus (COVID-19), military actions, and terrorist attacks. The occurrence or severity of any such event or circumstance is difficult or impossible to predict accurately. To the extent that our assumptions differ from actual results, our ability to realize the plans, strategies and prospects contemplated by such forward-looking statements, including our ability to generate positive cash flow from operations and provide distributions to stockholders, and our ability to find suitable investment properties, may be significantly hindered.

For further information regarding risks and uncertainties associated with our business, and important factors that could cause our actual results to vary materially from those expressed or implied in such forward-looking statements, please refer to the factors listed and described under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the “Risk Factors” sections of the documents we file from time to time with the U.S. Securities and Exchange Commission, including, but not limited to, this report and our quarterly reports on Form 10-Q, copies of which may be obtained from our website at www.strategicreit.com.

SUMMARY OF PRINCIPAL RISK FACTORS

Below is a summary of the principal risk factors we face. Please read it carefully and refer to the more detailed descriptions of the risk factors in Item 1A, “Risk Factors.”

- We have paid, and may continue to pay, distributions from sources other than cash flow from operations; therefore, we will have fewer funds available for the acquisition of properties, and our stockholders’ overall return may be reduced.
- There is currently no public trading market for our shares and there may never be one; therefore, it will be difficult for our stockholders to sell their shares. Our charter does not require us to pursue a liquidity transaction at any time.
- Our share redemption program is partially suspended, and even if stockholders are able to have their shares redeemed, our stockholders may not be able to recover the amount of their investment in our shares.
- We have issued Series A Convertible Preferred Stock that ranks senior to all common stock and grants the holder superior rights compared to common stockholders, which may have the effect of diluting our stockholders’ interests in us and discouraging a takeover or other similar transaction.
- We may only calculate the estimated value per share for our shares annually and, therefore, our stockholders may not be able to determine the estimated net asset value of their shares on an ongoing basis.
- We recently became a self-managed REIT and have limited operating experience being self-managed.

- Our future results may suffer as a result of the effect of recent mergers and other strategic transactions.
- Our officers and certain of our key personnel will face competing demands relating to their time, and this may cause our operating results to suffer.
- Our stockholders' interests in us will be diluted as we issue additional shares.
- Because we are focused on the self storage industry, our rental revenues will be 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.
- A high concentration of our properties in a particular geographic area would magnify the effects of downturns in that geographic area.
- Property taxes may increase, which would adversely affect our net operating income and cash available for distributions.
- Changes in the Canadian Dollar/USD exchange rate could have an adverse effect on our operating results and value of the investment of our stockholders.
- We have broad authority to incur debt, and high debt levels could hinder our ability to continue to pay distributions at the current rate and could decrease the value of our stockholders' investments.
- If we or the other parties to our loans breach covenants thereunder, such loan or loans could be deemed in default, which could accelerate our repayment date and materially adversely affect the value of our stockholders' investment in us.
- We have incurred and intend to continue to incur, mortgage indebtedness and other borrowings, which may increase our business risks.
- Increases in interest rates could increase the amount of our debt payments and adversely affect our ability to continue to pay distributions at the current rate to our stockholders.
- Revenue and earnings from the Managed REIT Platform are uncertain.
- A subsidiary of ours is the sponsor of the Managed REITs and may sponsor additional future programs. As a result, we could be subject to any litigation that may arise by investors in those entities or the respective operations of those entities.
- Failure to continue to qualify as a REIT would adversely affect our operations and our ability to continue to pay distributions at our current level as we will incur additional tax liabilities.

PART I

ITEM 1. BUSINESS

Corporate History

SmartStop Self Storage REIT, Inc, a Maryland corporation (the “Company”), is a self-managed and fully-integrated self storage real estate investment trust (“REIT”). We acquire, own and operate self storage facilities—including facilities owned by us as well as those owned by the entities sponsored by us. As of March 17, 2021, we owned 136 self storage facilities located in 18 states (Alabama, Arizona, California, Colorado, Florida, Illinois, Indiana, Maryland, Massachusetts, Michigan, New Jersey, Nevada, North Carolina, Ohio, South Carolina, Texas, Virginia and Washington) and the Greater Toronto Area of Ontario, Canada. As discussed herein, we, through our subsidiaries, also served as the sponsor of Strategic Storage Trust IV, Inc., a public non-traded REIT (“SST IV”) through March 17, 2021, and currently serve as the sponsor of Strategic Storage Growth Trust II, Inc., a private non-traded REIT (“SSGT II”) and Strategic Storage Trust VI, Inc., a private non-traded REIT (“SST VI”) (SSGT II, SST VI, and prior to March 17, 2021, SST IV, the “Managed REITs”), and operate the properties owned by the Managed REITs, consisting of 37 properties and approximately 30,000 units and 3.1 million rentable square feet. Our year-end is December 31. As used in this report, “we,” “us,” “our,” and “Company” refer to SmartStop Self Storage REIT, Inc. and each of our subsidiaries.

Significant Acquisitions and Transactions

SST IV Merger

On March 17, 2021, we closed on our merger with SST IV (the “SST IV Merger”). As a result, we acquired all of the real estate owned by SST IV, consisting of (i) 24 self storage facilities located in 9 states comprising approximately 18,000 self storage units and approximately 2.0 million net rentable square feet, and (ii) SST IV’s 50% equity interest in six unconsolidated real estate ventures located in the Greater Toronto Area of Ontario, Canada (the “JV Properties”). The JV Properties consist of three operating self storage properties and three parcels of land being developed into self storage facilities, with subsidiaries of SmartCentres Real Estate Investment Trust, an unaffiliated third party (“SmartCentres”). Additionally, we obtained the rights to acquire, upon its completion, a self storage property that is being developed in San Gabriel, California.

See Note 16 - Subsequent Events, for additional information related to the SST IV Merger.

New Credit Facility

On March 17, 2021, we, through SmartStop OP, L.P. (our “Operating Partnership”), entered into a credit facility with KeyBank, National Association as administrative agent, with an initial aggregate amount of \$500 million (the “Credit Facility”), which consists of a \$250 million revolving credit facility and a \$250 million term loan. The revolving credit facility has an initial term of three years, with a one year extension option, and the term loan has a term of five years, with no extension option. Borrowings under the new Credit Facility may be in either U.S. dollars or Canadian dollars. Upon the closing of the Credit Facility, we immediately made the following drawdowns: (i) under the Credit Facility revolver (A) \$199 million in USD borrowings and (B) CAD\$2.5 million in Canadian dollar borrowings (approximately \$2 million equivalent in U.S. dollars), and (ii) under the Credit Facility term loan (A) \$150 million in US borrowings and (B) CAD\$124.7 million in Canadian dollar borrowings (approximately \$100 million equivalent in U.S. dollars), for an aggregate amount of approximately \$451 million. We used the proceeds primarily to pay off certain existing indebtedness as well as indebtedness of SST IV in connection with the SST IV Merger.

See Note 16 - Subsequent Events, for additional information related to the Credit Facility.

Self Administration Transaction

On June 28, 2019, we acquired the self storage advisory, asset management and property management businesses and certain joint venture interests (the “Self Storage Platform”) of SmartStop Asset Management, LLC, our former sponsor (“SAM”), along with certain other assets of SAM (collectively, the “Self Administration Transaction”). As a result of the Self Administration Transaction, we became self-managed and now, through our subsidiaries, serve as the sponsor of the Managed REITs. In addition, we have the internal capability to originate, structure and manage additional investment products (the “Managed REIT Platform”) which would be sponsored by SmartStop REIT Advisors, LLC (“SRA”), our indirect subsidiary. See Note 4 – Self Administration Transaction and Note 11 – Related Party Transactions of the Notes to the Consolidated Financial Statements, for more information.

On October 1, 2018, we, our Operating Partnership, and SST II Growth Acquisition, LLC, our wholly-owned subsidiary (“SSGT Merger Sub”), entered into an Agreement and Plan of Merger (the “SSGT Merger Agreement”) with Strategic Storage Growth Trust, Inc. (“SSGT”), a non-traded REIT then sponsored by SAM, and SS Growth Operating Partnership, L.P. (“SSGT OP”). Pursuant to the terms and conditions set forth in the SSGT Merger Agreement, on January 24, 2019: (i) we acquired SSGT by way of a merger of SSGT with and into SSGT Merger Sub, with SSGT Merger Sub being the surviving entity (the “SSGT REIT Merger”); and (ii) immediately after the SSGT REIT Merger, SSGT OP merged with and into our Operating Partnership, with the Operating Partnership continuing as the surviving entity and remaining a subsidiary of the Company (the “SSGT Partnership Merger” and, together with the SSGT REIT Merger, the “SSGT Mergers”). SSGT was a REIT with stated investment objectives to acquire opportunistic self storage properties, including development and lease-up properties. See Note 3, Real Estate Facilities—Merger with Strategic Storage Growth Trust, Inc., of the Notes to the Consolidated Financial Statements, for more information.

Equity

The Company was formed on January 8, 2013, under the Maryland General Corporation Law. We commenced our initial public offering in January 2014, in which we offered a maximum of \$1.0 billion in common shares for sale to the public (the “Primary Offering”) and \$95.0 million in common shares for sale pursuant to our distribution reinvestment plan (collectively, the “Offering”). At the termination of our offering in January 2017, we had sold approximately 48.4 million shares of Class A common stock (“Class A Shares”) and approximately 7.3 million shares of Class T common stock (“Class T Shares”) for approximately \$493 million and \$73 million respectively.

In November 2016, we filed with the SEC a Registration Statement on Form S-3, which registered up to an additional \$100.9 million in shares under our distribution reinvestment plan (our “DRP Offering”). The DRP Offering may be terminated at any time upon 10 days’ prior written notice to stockholders. As of December 31, 2020, we had sold approximately 5.3 million Class A Shares and approximately 0.8 million Class T Shares for approximately \$55.5 million and \$8.5 million, respectively, in our DRP Offering.

On October 29, 2019 (the “Commitment Date”), we entered into a preferred stock purchase agreement (the “Purchase Agreement”) with Extra Space Storage LP (the “Investor”), a subsidiary of Extra Space Storage Inc. (NYSE: EXR), pursuant to which the Investor committed to purchase up to \$200 million in shares (the aggregate shares to be purchased, the “Preferred Shares”) of our Series A Convertible Preferred Stock (the “Series A Convertible Preferred Stock”), in one or more closings (each, a “Closing,” and collectively, the “Closings”). The initial closing (the “Initial Closing”) in the amount of \$150 million occurred on the Commitment Date, and the second and final closing in the amount of \$50 million occurred on October 26, 2020.

The shares of Series A Convertible Preferred Stock rank senior to all other shares of our capital stock, including our common stock, with respect to rights to receive dividends and to participate in distributions or payments upon any voluntary or involuntary liquidation, dissolution or winding up of the Company. Dividends payable on each share of Series A Convertible Preferred Stock will initially be equal to a rate of 6.25% per annum. If the Series A Convertible Preferred Stock has not been redeemed on or prior to the fifth anniversary date of the Initial Closing, the dividend rate will increase an additional 0.75% per annum each year thereafter to a maximum of 9.0% per annum until the tenth anniversary of the Initial Closing, at which time the dividend rate shall increase 0.75% per annum each year thereafter until the Series A Convertible Preferred Stock is redeemed or repurchased in full. See Note 8, Preferred Equity, of the Notes to the Consolidated Financial Statements, for more information.

On April 20, 2020, our board of directors, upon recommendation of our Nominating and Corporate Governance Committee, approved an estimated value per share of our common stock of \$10.40 for our Class A Shares and Class T Shares based on the estimated value of our assets less the estimated value of our liabilities, or net asset value, divided by the number of shares outstanding on a fully diluted basis, calculated as of December 31, 2019.

As a result of the calculation of our estimated value per share, beginning in May 2020, shares sold pursuant to our DRP Offering are being sold at the estimated value per share of \$10.40 for both Class A Shares and Class T Shares.

COVID-19

The global economy has been adversely impacted by the COVID-19 pandemic, including in the United States and in the markets in which we operate. The COVID-19 pandemic and the resulting effects, including shutdowns or weakness in national, regional and local economies have affected our business, primarily starting in late March of 2020. During the second quarter of 2020, many of the factors underlying the demand for self storage were negatively impacted, but improved during the third and fourth quarters. Future governmental orders or broad economic weakness could adversely impact our business, financial condition, liquidity and results of operations, however, the extent and duration to which our operations will be impacted is highly uncertain and cannot be predicted.

Strategic Storage Trust VI

We, through our subsidiary, SRA, now serve as sponsor for SST VI, a private REIT focused on acquiring income and growth self storage properties. On March 10, 2021, SmartStop OP made an investment of \$5.0 million in Strategic Storage Operating Partnership VI, L.P. ("SST VI OP"), the operating partnership of SST VI, in exchange for common units of limited partnership interest in SST VI OP. On March 11, 2021, SST VI OP, through a wholly-owned subsidiary, acquired its first self storage facility in Phoenix, Arizona for approximately \$16 million. SST VI commenced a private offering in the first quarter of 2021. Given our current level of ownership, we initially expect to consolidate SST VI in our financial statements until the equity raised in SST VI's private offering increases the level of outside ownership.

In connection with SST VI's acquisition of the Phoenix property, we provided a \$3.5 million mezzanine loan to a wholly-owned subsidiary of SST VI's operating partnership with an initial interest rate of 8.5% and term of six months; as well as a 180 day extension option which, if exercised, would increase the interest rate to 9.25%. In addition to the aforementioned mezzanine loan, SST VI financed the acquisition, in part, by obtaining a third party mortgage loan on the property of approximately \$9 million, which had an initial interest rate of 3.5%, and a three year term, with two one year extension options.

Industry and Competition

"Self storage" refers to properties that offer do-it-yourself, month-to-month storage unit rental for personal or business use. Self storage offers a cost-effective and flexible storage alternative. Customers rent fully-enclosed spaces that can vary in size according to their specific needs. Customers typically have access to their storage units from 6:00AM – 10:00PM (365 days per year), and some of our facilities provide 24-hour access. Customers have responsibility for moving their items into and out of their units. Self storage unit sizes typically range from five feet by five feet to 10 feet by 30 feet.

Self storage provides a convenient way for individuals and businesses to store their possessions, whether due to a life change or simply because of a need for extra storage space. According to the 2020 Self Storage Almanac, self storage facilities generally have a customer mix of approximately 79% residential, 14% commercial, 4% military and 3% students. The mix of residential customers using a self storage property is determined by a property's local demographics and often includes people who are looking to downsize their living space or who are not yet settled in a large home. The items that residential customers place in self storage properties range from furniture, household items and appliances to cars, boats and recreational vehicles. Commercial customers tend to include small business owners who require easy and frequent access to their goods, records or extra inventory, or storage for seasonal goods. Self storage properties provide an accessible storage alternative at a relatively low cost. Properties generally have on-site managers who supervise and run the day-to-day operations, providing customers with assistance as needed.

The six key demand drivers of self storage are: (1) population growth; (2) percentage of renter-occupied housing units; (3) average household size; (4) average household income; (5) supply constraints; and (6) economic growth. Customers choose a self storage property based largely on the convenience of the site to their home or business. Therefore, high-density, high-traffic population centers are ideal locations for a self storage property. A property's perceived security and the general

professionalism of the site managers and staff are also contributing factors to a site's ability to secure rentals. Although most self storage units are leased to customers on a month-to-month basis, customers tend to continue their leases for extended periods of time. However, there are seasonal fluctuations in occupancy rates for self storage properties. Generally, there is increased leasing activity at self storage properties during the late spring and early summer months due to the higher number of people who relocate during this period.

As population densities have increased in the U.S., there has been an increase in self storage awareness and development. According to the 2020 Self Storage Almanac:

- at the end of 2020 there were 49,233 self storage facilities in the U.S.;
- at the end of 2019 there were 47,863 self storage facilities in the U.S.;
- at the end of 2018 there were 45,547 self storage facilities in the U.S.; and
- at the end of 2017 there were 44,149 self storage facilities in the U.S.;

The growth in the industry has created more competition in various geographic regions and the extent of competition in a market area depends significantly on local market conditions. This has led to an increased emphasis on site location, property design, rental rates, innovation and functionality to accommodate local planning and zoning boards and to distinguish a facility from other offerings in the market. This is especially true for new sites slated for high-density population centers. We believe we will compete successfully on these bases. However, many of our competitors are larger and have substantially greater resources than we do. Such competitors may, among other possible advantages, be capable of paying higher prices for acquisitions and obtaining financing on better terms than us.

Self storage operators have placed increased emphasis on offering ancillary products that provide incremental revenues. Moving and packing supplies, such as locks and boxes, and the offering of other services, such as tenant insurance, protection or insurance plans, or other indemnity programs and truck rentals, help to increase revenues. As more sophisticated self storage operators continue to develop innovative products and services such as online rentals, 24-hour accessibility, digital gate access and unit security, climate-controlled storage, wine storage, customer-service call center access and after-hours storage, local operators may be increasingly unable to meet higher customer expectations, which could encourage consolidation in the industry.

We also believe that the self storage industry possesses attractive characteristics not found in other commercial real estate sectors, including the following:

- no reliance on a "single large customer" whose vacating can have a devastating impact on rental revenue;
- no leasing commissions and/or tenant improvements;
- relatively low capital expenditures;
- brand names can be developed at local, regional and even national levels;
- opportunity for a great deal of geographic diversification, which could enhance the stability and predictability of cash flows; and
- the lowest loan default rate of any commercial property type.

Industry Segments

Prior to the Self Administration Transaction on June 28, 2019, we internally evaluated all of our properties and interests therein as one industry segment and, accordingly, did not report segment information.

Subsequent to the Self Administration Transaction, we now operate in two reportable business segments: (i) self storage operations and (ii) our Managed REIT Platform business.

Management evaluates performance based upon net operating income ("NOI"). For our self storage operations, NOI is defined as leasing and related revenues, less property level operating expenses. NOI for the Company's Managed REIT Platform business represents Managed REIT Platform revenues less Managed REIT Platform expenses.

General Business Strategies

We acquire, own and operate self storage facilities—including facilities owned by us as well as those owned by our Managed REITs. We are also continually looking for investment opportunities to grow our business in a way that achieves our investment objectives.

Operational

As an operating business, self storage requires a much greater focus on strategic planning and tactical operation plans. Our in-house sales center allows us to centralize our sales efforts as we capture new business over the phone, email, web-based chat, and text mediums. As we have grown our portfolio of self storage facilities, we have been able to consolidate and streamline a number of aspects of our operations through economies of scale. For example, our size and geographic diversification, as well as institution of a blanket property and casualty insurance program over all properties owned or managed by us nationwide, reduces our total insurance costs per property. We also utilize our digital marketing breadth and expertise which allows us to acquire customers efficiently by leveraging our portfolio size and technological proficiency. To the extent we acquired facilities in clusters within geographic regions, we see property management efficiencies resulting in reduction of personnel and other administrative costs.

Investment Objectives

We focus on investing in self storage facilities and related self storage real estate investments that are expected to support sustainable stockholder distributions over the long term. Our primary investment objectives are to: (1) invest in real property in a manner that allows us to qualify as a REIT for federal income tax purposes; (2) provide regular cash distributions to our stockholders; (3) preserve and protect our stockholders' invested capital; (4) achieve appreciation in the value of our properties over the long term; and (5) grow net cash flow from operations in order to provide sustainable cash distributions to our stockholders over the long-term. We have adopted an investment allocation policy, pursuant to which we will have first priority for investment opportunities, and if we decline any such opportunity, we will allocate it to another program sponsored by us after considering various factors.

Joint Ventures

We may enter into joint ventures, general partnerships, co-tenancies and other participations with real estate developers, owners and others for the purpose of owning and leasing real properties. Among other reasons, we may want to acquire properties through a joint venture with third parties or affiliates in order to diversify our portfolio of properties in terms of geographic region or property type or to co-invest with one of our property management partners. Joint ventures may also allow us to acquire an interest in a property without requiring that we fund the entire purchase price. In addition, certain properties may be available to us only through joint ventures. For example, in connection with the Self Administration Transaction, we acquired a joint venture arrangement with SmartCentres pursuant to which we and SmartCentres work together to identify primarily self storage development opportunities in certain regions in Canada. In general, we have historically participated in these opportunities through one of our Managed REITs on a 50/50 basis with SmartCentres; however, we have several current purchase and sale agreements related to properties which may be acquired pursuant to the SmartCentres joint venture arrangement. Additionally, as discussed in Item 1 herein, on March 17, 2021 we closed on the SST IV Merger, whereby we acquired 6 SmartCentres joint venture properties. Historically, SmartCentres has been responsible for the development of the properties and we have been responsible for the operation of the facilities upon completion. For more information, please see Note 3—Real Estate Facilities and Note 16 – Subsequent Events of the Notes to the Consolidated Financial Statements, for more information.

To the extent possible and if approved by our board of directors, including a majority of our independent directors, we will attempt to obtain a right of first refusal or option to buy if such venture partner elects to sell its interest in the joint venture entity or the property held by the joint venture. In the event that the venture partner were to elect to sell property held in any such joint venture, however, we may not have sufficient funds to exercise our right of first refusal to buy the venture partner's interest in the property held by the joint venture.

Liquidity Events

Subject to then-existing market conditions, and in the sole discretion of our board of directors, we intend to seek one or more of the following liquidity events within the next few years: (1) merge, reorganize or otherwise transfer our company or

its assets to another entity with listed securities; (2) commence the sale of all of our properties and liquidate our company; (3) list our shares on a national securities exchange; or (4) otherwise create a liquidity event for our stockholders. Notwithstanding the foregoing, there is no requirement for us to complete one of these liquidity events and our board of directors has the sole discretion to continue operations indefinitely if it deems such continuation to be in the best interests of our stockholders.

Government Regulations

Our business is subject to many laws and governmental regulations. Changes in these laws and regulations, or their interpretation by agencies and courts, occur frequently.

Accommodations for Persons with Disabilities

We are subject to various rules, regulations and standards with respect to accommodations we must make for individuals with disabilities. For example, in the United States, under the Americans with Disabilities Act of 1990, or ADA, all public accommodations and commercial facilities are required to meet certain federal requirements related to access and use by disabled persons. We are also subject to similar requirements in Ontario, Canada, under the Accessibility for Ontarians with Disabilities Act, or AODA. Complying with such requirements could require us to remove access barriers. Failing to comply could result in the imposition of fines by various governmental agencies or an award of damages to private litigants. Although we intend to acquire properties that substantially comply with these requirements, we may incur additional costs related to compliance. In addition, a number of additional governmental laws may require us to modify any properties we purchase, or may restrict further renovations thereof, with respect to access by disabled persons. Additional legislation could impose financial obligations or restrictions with respect to access by disabled persons. Although we believe that these costs will not have a material adverse effect on us, if required changes involve a greater amount of expenditures than we currently anticipate, our ability to make distributions to our stockholders could be adversely affected.

Environmental Matters

Under various federal, state and local laws, ordinances and regulations, a current or previous owner or operator of real property may be held liable for the costs of removing or remediating hazardous or toxic substances. These laws often impose clean-up responsibility and liability without regard to whether the owner or operator was responsible for, or even knew of, the presence of the hazardous or toxic substances. The costs of investigating, removing or remediating these substances may be substantial, and the presence of these substances may adversely affect our ability to rent units or sell the property, or to borrow using the property as collateral, and may expose us to liability resulting from any release of or exposure to these substances. If we arrange for the disposal or treatment of hazardous or toxic substances at another location, we may be liable for the costs of removing or remediating these substances at the disposal or treatment facility, whether or not the facility is owned or operated by us. We may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from a site that we own or operate. Certain environmental laws also impose liability in connection with the handling of or exposure to asbestos containing materials, pursuant to which third parties may seek recovery from owners or operators of real properties for personal injury associated with asbestos-containing materials and other hazardous or toxic substances.

Other Regulations

The properties we acquire will be subject to various federal, state and local regulatory requirements, such as zoning and state and local fire and life safety requirements. Failure to comply with these requirements could result in the imposition of fines by governmental authorities or awards of damages to private litigants. We intend to acquire properties that are in material compliance with all such regulatory requirements. However, we cannot make assurances that these requirements will not be changed or that new requirements will not be imposed which would require significant unanticipated expenditures by us and could have an adverse effect on our financial condition and results of operations.

Employees and Human Capital

As of December 31, 2020, we had approximately 400 employees, none of which are represented by a collective bargaining agreement. We continually assess and strive to enhance employee satisfaction and engagement. We believe our relationship with our employees is good and that we provide them with adequate flexibility to meet personal and family needs. We also appreciate the importance of retention, growth and development of our employees and we believe we offer competitive compensation (including salary and bonuses) and benefits packages to our employees. Further, from professional

development opportunities to leadership training, we have development programs and on-demand opportunities to cultivate talent throughout our organization.

While our criteria for recruitment, hiring, development, training, compensation and advancement are based on qualifications, performance, skills and experience, we are growing our focus on diversity and inclusion strengths and opportunities and evaluating strategies to support further progress in that area. We also endeavor to maintain workplaces that are free from discrimination or harassment on the basis of color, race, sex, national origin, ethnicity, religion, age, disability, sexual orientation, gender identification or expression or any other status protected by applicable law. To that end, we conduct annual training to raise awareness of (and with the goal of preventing) all forms of harassment and discrimination.

For a discussion of additional measures taken by us with respect to our employees in response to the COVID-19 pandemic, see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Recent Market Conditions,” below.

Available Information

We make available on the “Information – SEC Filings” subpage of our website (www.strategicreit.com/site/sst2) free of charge our annual reports on Form 10-K, including this report, quarterly reports on Form 10-Q, current reports on Form 8-K, ownership reports on Forms 3, 4 and 5 and any amendments to those reports as soon as practicable after we electronically file such reports with the SEC. Our electronically filed reports can also be obtained on the SEC’s internet site at <http://www.sec.gov>. Further, copies of our Code of Ethics and the charters for the Audit, Compensation, and Nominating and Corporate Governance Committees of our Board are also available on the “Information – Governance” subpage of our website.

ITEM 1A. RISK FACTORS

Below are risks and uncertainties that could adversely affect our operations that we believe are material to stockholders. Additional risks and uncertainties not presently known to us or that we do not consider material based on the information currently available to us may also harm our business. Unless the context otherwise requires, references to stockholders are generally intended to be references to our common stockholders.

Risks Related to an Investment in SmartStop Self Storage REIT, Inc.

We have incurred a net loss to date and have an accumulated deficit, and we may not be profitable in the future.

We incurred a net loss attributable to our common stockholders of approximately \$54 million for the fiscal year ended December 31, 2020. Our accumulated deficit was approximately \$141 million as of December 31, 2020. The extent of our future operating losses and the timing of when we will achieve profitability are uncertain, and we may never achieve or sustain profitability.

We have paid, and may continue to pay, distributions from sources other than cash flow from operations; therefore, we will have fewer funds available for the acquisition of properties, and our stockholders' overall return may be reduced.

Our distributions during 2020 were funded using cash flow from operations, proceeds from our DRP Offering and other financing sources. In the future we may borrow, issue additional securities, or sell assets in order to fund the distributions or make the distributions out of proceeds from our DRP. We are not prohibited from undertaking such activities by our charter, bylaws or investment policies, and we may use an unlimited amount from any source to pay our distributions. For the year ended December 31, 2020, we funded 54% of our distributions using cash flows from operations, 14% using cash provided by financing activities, and 32% using proceeds from our DRP Offering. If we fund distributions from financings, then such financings will need to be repaid, and if we fund distributions from operating cash flows, then we will have fewer funds available for acquisition of properties or working capital, which may affect our ability to generate future cash flows from operations and may reduce our stockholders' overall returns. Additionally, to the extent distributions exceed cash flow from operations, a stockholder's basis in our stock may be reduced and, to the extent distributions exceed a stockholder's basis, the stockholder may recognize a capital gain.

There is currently no public trading market for our shares and there may never be one; therefore, it will be difficult for our stockholders to sell their shares. Our charter does not require us to pursue a liquidity transaction at any time.

There is currently no public market for our shares and there may never be one. Stockholders may not sell their shares unless the buyer meets applicable suitability and minimum purchase standards. Our charter also prohibits the ownership by any one individual of more than 9.8% of our stock, unless waived by our board of directors, which may inhibit large investors from desiring to purchase our stockholders' shares. As described below, our share redemption program is partially suspended. If we lift such suspension of our share redemption program, stockholders will continue to be limited in terms of the amount of shares which may be redeemed. Therefore, it may be difficult for our stockholders to sell their shares promptly or at all. If our stockholders are able to sell their shares, they will likely have to sell them at a substantial discount to the price they paid for the shares. It also is likely that the shares would not be accepted as the primary collateral for a loan. Our stockholders should purchase shares only as a long-term investment because of the illiquid nature of the shares.

Our share redemption program is partially suspended, and even if stockholders are able to have their shares redeemed, our stockholders may not be able to recover the amount of their investment in our shares.

Presently, our share redemption program is suspended except for redemption requests related to the death or disability of such stockholder (including redemption due to confinement to a long-term care facility), or other exigent circumstances.

If our share redemption program is reinstated or a common stockholder is otherwise able to have their shares redeemed, such stockholders should be fully aware that our share redemption program contains significant restrictions and limitations. Further, our board of directors may limit, suspend, terminate or amend any provision of the share redemption program upon 30 days' notice. Redemptions of shares, when requested, will generally be made quarterly to the extent we have sufficient funds available to us to fund such redemptions. During any calendar year, we will not redeem in excess of 5% of the weighted average number of shares outstanding during the prior calendar year and redemptions will be funded solely from proceeds from our distribution reinvestment plan. We are not obligated to redeem shares under our share redemption program. Therefore, our common stockholders should not assume that they will be able to sell any of their shares back to us pursuant to our share redemption program at any time or at all.

The purchase price for shares we repurchase under our share redemption program is equal to the most recently published estimated net asset value per share of the applicable share class. Accordingly, our common stockholders may receive less by selling their shares back to us than they would receive if our investments were sold for their estimated values and such proceeds were distributed in our liquidation.

We have issued Series A Convertible Preferred Stock that ranks senior to all common stock and grants the holder superior rights compared to common stockholders, which may have the effect of diluting our stockholders' interests in us and discouraging a takeover or other similar transaction.

We have issued Series A Convertible Preferred Stock that ranks senior to all other shares of our stock, including our common stock, and grants the holder (the "Preferred Investor") certain rights that are superior to the rights of common stockholders, including with respect to the payment of distributions, liquidation preference, redemption rights, and conversion rights.

Distributions on the Series A Convertible Preferred Stock are cumulative and are declared and payable quarterly in arrears. We are obligated to pay the Preferred Investor its current distributions and any accumulated and unpaid distributions prior to any distributions being paid to our common stockholders and, therefore, any cash available for distribution is used first to pay distributions to the Preferred Investor. If we fail to pay distributions on the Series A Convertible Preferred Stock for four quarters (whether or not consecutive), the Preferred Investor is permitted to vote on any matter submitted to a vote of the common stockholders of the Company, upon which the Preferred Investor and common stockholders shall vote together as a single class. In such a case, the Preferred Investor's vote would have a dilutive effect on the voting power of our common stockholders.

The Series A Convertible Preferred Stock has a liquidation preference in the event of our voluntary or involuntary liquidation, dissolution, or winding up of our affairs (a "liquidation") which could negatively affect any payments to the common stockholders in the event of a liquidation. Furthermore, the Series A Convertible Preferred Stock is redeemable in certain circumstances. A redemption of our Series A Convertible Preferred Stock, whether at our option or at the option of the holder of our Series A Preferred Stock, could have an adverse effect on our financial condition, cash flow and the amount available for distributions to our common stockholders.

The Preferred Investor also has, upon the occurrence of certain events, the right to convert any or all of the Series A Convertible Preferred Stock held by the Preferred Investor into shares of our common stock. The issuance of common stock upon conversion of the Series A Convertible Preferred Stock would result in dilution to our common stockholders. As of December 31, 2020, we had \$200 million of Series A Convertible Preferred Stock outstanding, which would represent approximately 24% of our common stock on an as converted, fully diluted basis. See Note 8, Preferred Equity, of the Notes to the Consolidated Financial Statements, for more information.

The Series A Convertible Preferred Stock also imposes several negative covenants on us such as not permitting us to exceed a leverage ratio of 60% loan-to-value or prohibiting us from entering into a merger with another entity whose assets are not at least 80% self storage related, in each case without an affirmative vote by the Preferred Investor. Because of these superior rights, the existence of the Series A Convertible Preferred Stock could have the effect of discouraging a takeover or other transaction in which holders of some or a majority of our outstanding common stock might receive a premium for their shares.

We may only calculate the estimated value per share for our shares annually and, therefore, our stockholders may not be able to determine the estimated net asset value of their shares on an ongoing basis.

On April 20, 2020, our board of directors approved an estimated value per share for our Class A shares and Class T shares of \$10.40. Our board of directors approved this estimated value per share pursuant to rules promulgated by FINRA. When determining the estimated value per share there are currently no SEC, federal and state rules that establish requirements specifying the methodology to employ in determining an estimated value per share; provided, however, that the determination of the estimated value per share must be conducted by, or with the material assistance or confirmation of, a third-party valuation expert or service and must be derived from a methodology that conforms to standard industry practice.

We calculated our estimated value per share as of December 31, 2019, which was prior to the emergence of the novel coronavirus (“COVID-19”) in the United States. At the time the estimated value per share was calculated, we were unable to quantify the potential impact of the COVID-19 pandemic, and therefore the estimated value per share did not take into account the impact of the pandemic on our operations or the broader economic environment. Future valuations of our properties or other assets and liabilities could be affected by COVID-19 or any associated weakened economic conditions. We intend to use this estimated per share value of our shares until the next net asset valuation approved by our board of directors, which we are required to approve at least annually. We may not calculate the net asset value per share for our shares more than annually. Therefore, you may not be able to determine the net asset value of your shares on an ongoing basis.

In determining our estimated value per share, we primarily relied upon a valuation of our portfolio of properties as of December 31, 2019. Valuations and appraisals of our properties are estimates of fair value and may not necessarily correspond to realizable value upon the sale of such properties; therefore our estimated net asset value per share may not reflect the amount that would be realized upon a sale of each of our properties.

For the purposes of calculating the estimated value per share, an independent third party appraiser valued our properties as of December 31, 2019. The valuation methodologies used to value our properties involved certain subjective judgments. Ultimate realization of the value of an asset depends to a great extent on economic and other conditions beyond our control and the control of our independent appraiser. Further, valuations do not necessarily represent the price at which an asset would sell, since market prices of assets can only be determined by negotiation between a willing buyer and seller. Therefore, the valuations of our properties and our investments in real estate related assets may not correspond to the timely realizable value upon a sale of those assets. Because our share prices are primarily based on the estimated net asset value per share, our stockholders may pay more than realizable value when such shares are purchased or receive less than realizable value when such shares are sold.

We may be unable to pay or maintain cash distributions or increase distributions over time.

There are many factors that can affect the availability and timing of cash distributions to stockholders. We are required to pay dividends with respect to our Series A Preferred Stock rate of 6.25% per annum. Distributions to our common stockholders will be based principally on distribution expectations of our investors and cash available from our operations. The amount of cash available for distribution will be affected by many factors, such as the yields on securities of other real estate programs that we invest in and our operating expense levels, as well as many other variables. Actual cash available for distribution may vary substantially from estimates. We cannot assure our stockholders that we will be able to pay or maintain distributions or that distributions will increase over time, nor can we give any assurance that rents from the properties will increase, that the securities we buy will increase in value or provide constant or increased distributions over time, or that future acquisitions of real properties will increase our cash available for distribution to stockholders. Our actual results may differ significantly from the assumptions used by our board of directors in establishing the distribution rate to stockholders. If we fail to pay distributions on the Series A Convertible Preferred Stock for four quarters (whether or not consecutive), the Preferred Investor is permitted to vote on any matter submitted to a vote of the common stockholders of the Company, upon which the Preferred Investor and common stockholders shall vote together as a single class. In such a case, the Preferred Investor’s vote would have a dilutive effect on the voting power of our common stockholders.

If we lose or are unable to retain our executive officers, our ability to implement our investment objectives could be delayed or hindered, which could adversely affect our ability to continue to pay distributions and the value of our stockholders' investment.

Our success depends to a significant degree upon the contributions of our executive officers. While we have adopted an Executive Severance and Change of Control Plan which is applicable to each of these officers, we do not have an employment agreement with any of these key personnel and we cannot guarantee that all, or any particular one, will remain employed by us. If any of these executive officers were to cease their affiliation with us, our operating results could suffer. If we lose or are unable to retain our executive officers or do not establish or maintain appropriate strategic relationships, our ability to implement our investment strategies could be delayed or hindered, which could adversely affect our ability to continue to pay distributions at the current rate and the value of our stockholders' investment.

Our Executive Severance and Change of Control Plan and the related agreements with our executive officers may result in significant expense for us and may deter a third party from engaging in a change of control transaction with us.

We have adopted an Executive Severance and Change of Control Plan that is applicable to our executive officers and have entered into an associated Severance Agreement with each of our executive officers. Pursuant to such documents, if the officer's employment is terminated other than for cause or if the officer elects to terminate his employment with us for good reason, we will make a severance payment equal to the officer's highest annual compensation in the prior two years plus the officer's average cash performance bonus earned for the prior three years, multiplied by an amount specified in the Executive Severance and Change of Control Plan, together with continuation of medical coverage for a period of time specified in the Executive Severance and Change of Control Plan. In addition, certain outstanding equity awards may be subject to accelerated vesting or may remain eligible for vesting, as specified further in the Executive Severance and Change of Control Plan. These agreements may result in a significant expense for us if an executive officer's employment is terminated for certain reasons, and may discourage a third party from acquiring us.

Impairment of goodwill or other intangible assets resulting from the Self Administration Transaction may adversely affect our financial condition and results of operations.

Potential impairment of goodwill or other intangible assets, including trademarks and other acquired intangibles, resulting from the Self Administration Transaction could adversely affect our financial condition and results of operations. We assess our goodwill and other intangible assets and long-lived assets for impairment at least annually or upon the occurrence of a triggering event, as required by GAAP. We are required to record an impairment charge if circumstances indicate that the asset carrying values exceed their fair values. Our assessment of goodwill, other intangible assets, or long-lived assets could indicate that an impairment of the carrying value of such assets may have occurred that could result in a material, non-cash write-down of such assets, which could have a material adverse effect on our results of operations and future earnings. See Note 5—Self Administration Transaction - Intangibles, Goodwill, and Certain Other Assets and Liabilities to the Notes to the Consolidated Financial Statements for additional information.

Our trademarks are important.

We own trademarks and other intellectual property rights, including but not limited to the "SmartStop®" and "Strategic Storage®" brands, which are important to our success and competitive position, and the loss of or our inability to enforce trademark and other proprietary intellectual property rights could harm our business. We will devote substantial resources to the establishment and protection of our trademarks and other proprietary intellectual property rights.

Our efforts to protect our intellectual property may not be adequate. Third parties may misappropriate or infringe on our intellectual property. From time to time, we may engage in litigation to protect our intellectual property, which could result in substantial costs as well as diversion of management attention. The occurrence of any of these risks could adversely affect our business and results of operations. See Note 5—Self Administration Transaction - Intangibles, Goodwill, and Certain Other Assets and Liabilities to the Notes to the Consolidated Financial Statements for additional information.

We recently became a self-managed REIT and have limited operating experience being self-managed.

As a result of the Self Administration Transaction, we are a newly self-managed REIT. We no longer bear the costs of the various fees and expense reimbursements previously paid to our former external advisor and its affiliates; however, our expenses now include the compensation and benefits of our officers and employees, as well as overhead previously paid by our former external advisor and its affiliates. Our employees now provide services historically provided by the external advisors and their affiliates. We are subject to potential liabilities that are commonly faced by employers, such as workers' disability and compensation claims, potential labor disputes, and other employee-related liabilities and grievances, and we

bear the cost of the establishment and maintenance of any employee compensation plans. In addition, prior to June 28, 2019, we had not previously operated as a self-managed REIT and may encounter unforeseen costs, expenses, and difficulties associated with providing these services on a self-advised basis. If we incur unexpected expenses as a result of our self-management, our results of operations could be more negatively impacted than they otherwise would have been.

Strategic Transfer Agent Services, LLC, our Transfer Agent, has a limited operating history and a failure by our Transfer Agent to perform its functions for us effectively may adversely affect our operations.

Our Transfer Agent is a related party. While it is a registered transfer agent with the SEC, the business was formed in October 2017 and has had only limited operations to date. Because of its limited experience, there is no assurance that our Transfer Agent will be able to effectively provide transfer agent and registrar services to us. Furthermore, our Transfer Agent will be responsible for supervising third party service providers who may, at times, be responsible for executing certain transfer agent and registrar services. If our Transfer Agent fails to perform its functions for us effectively, our operations may be adversely affected.

Our cash could be adversely affected if the financial institutions in which we hold our cash fail.

We maintain domestic cash deposits in Federal Deposit Insurance Corporation ("FDIC") insured banks and in money market accounts. Our balances may exceed FDIC insurance limits or may otherwise not be subject to FDIC coverage. Our balances could be impacted if one or more of the financial institutions in which we deposit monies fails or is subject to other adverse conditions in the financial or credit markets. We can provide no assurance that access to our cash and cash equivalents will not be impacted by adverse conditions in the financial and credit markets.

Our bylaws designate the Circuit Court for Baltimore City, Maryland as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that Court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division, shall be the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders with respect to our Company, our directors, our officers, or our employees. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that the stockholder believes is favorable for disputes with us or our directors, officers, or employees, which may discourage meritorious claims from being asserted against us and our directors, officers, and employees. Alternatively, if a court were to find this provision of our bylaws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition, or results of operations.

Our future results may suffer as a result of the effect of recent mergers and other strategic transactions.

We consummated the SSGT Mergers in January 2019 and recently consummated the SST IV Merger on March 17, 2021. We will likely continue to expand our operations through additional acquisitions and other strategic transactions, some of which may involve complex challenges. Our future success will depend, in part, upon our ability to manage our expansion opportunities, integrate new operations into our existing business in an efficient and timely manner, successfully monitoring our operations, costs and service quality, and maintaining other necessary internal controls. There can be no assurance that our expansion or acquisition opportunities will be successful, or that we will realize our expected operating efficiencies, cost savings, revenue enhancements, synergies, or other benefits. Moreover, we assumed the liabilities of SSGT and SST IV in connection with the respective mergers. These liabilities could have a material adverse effect on our business to the extent we have not identified such liabilities or have underestimated the amount of such liabilities.

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

The California Consumer Privacy Act (the "CCPA") went into effect on January 1, 2020. The CCPA is intended to protect consumer privacy rights, and, among other things, it provides California residents with the ability to know what information companies collect about them, to request, in certain circumstances, the deletion of such information, and to affirmatively opt out of the sale of their personal information. However, regulations from the California Attorney General have not been finalized, and it is expected that additional amendments to the CCPA will be introduced in 2020. It therefore remains unclear what, if any, modifications will be made to the CCPA or how these will be interpreted. While we believe we have developed processes to comply with CCPA requirements, a regulatory agency may not agree with certain of our

implementation decisions, which could subject us to litigation, regulatory actions or changes to our business practices that could increase costs or reduce revenues. Other states have also considered or are considering privacy laws similar to the CCPA. Similar laws may be implemented in other jurisdictions that we do business in and in ways that may be more restrictive than the CCPA, increasing the cost of compliance, as well as the risk of noncompliance, on our business.

Risks Related to Conflicts of Interest

Our officers and certain of our key personnel will face competing demands relating to their time, and this may cause our operating results to suffer.

Our officers and certain of our key personnel and their respective affiliates are key personnel, advisors, managers, and sponsors of other real estate programs having investment objectives and legal and financial obligations similar to ours, including the Managed REITs. Because these persons have competing demands on their time and resources, they may have conflicts of interest in allocating their time between our business and these other activities. During times of intense activity in other programs and ventures, they may devote less time and fewer resources to our business than is necessary or appropriate. If this occurs, the returns on our stockholders' investments may suffer.

Certain of our officers face conflicts of interest related to the positions they hold with affiliated entities, which could hinder our ability to successfully implement our investment objectives and to generate returns to our stockholders.

Certain of our executive officers are also officers of affiliated entities, including the Managed REITs. As a result, these individuals owe fiduciary duties to these other entities and their owners, which fiduciary duties may conflict with the duties that they owe to our stockholders and us. Their loyalties to these other entities could result in actions or inactions that are detrimental to our business, which could harm the implementation of our investment objectives. Conflicts with our business and interests are most likely to arise from involvement in activities related to (1) allocation of new investments and management time and services between us and the other entities, (2) our purchase of properties from, or sale of properties to, affiliated entities, (3) the timing and terms of the investment in or sale of an asset, (4) development of our properties by affiliates, and (5) investments with affiliates. If we do not successfully implement our investment objectives, we may be unable to generate cash needed to continue to pay distributions at the current rate to our stockholders and to maintain or increase the value of our assets.

We may face a conflict of interest if we purchase properties from, or sell properties to, our affiliates, including the Managed REITs.

We may purchase properties from, or sell properties to, one or more of our affiliates, including the Managed REITs, in the future. A conflict of interest may exist if such acquisition or disposition occurs. The business interests of our affiliates may be adverse to, or to the detriment of, our interests. Additionally, if we purchase properties from our affiliates, the prices we pay to these affiliates for our properties may be equal to, or in excess of, the prices paid by them, plus the costs incurred by them relating to the acquisition and financing of the properties. If we sell properties to our affiliates, the offers we receive from these affiliates for our properties may be equal to, or less than, the prices we paid for the properties. These prices will not be the subject of arm's-length negotiations, which could mean that the acquisitions may be on terms less favorable to us than those negotiated in an arm's-length transaction. Even though we intend to use an independent third-party appraiser to determine fair market value when acquiring properties from, or selling properties to, our affiliates, we may pay more, or may not be offered as much, for particular properties than we would have in an arm's-length transaction, which would reduce our cash available for investment in other properties or distribution to our stockholders.

Furthermore, because any agreement that we enter into with our affiliates will not be negotiated in an arm's-length transaction, we may be reluctant to enforce the agreements against those affiliated entities.

We will face conflicts of interest relating to joint ventures that we may form with our affiliates, which conflicts could result in a disproportionate benefit to other joint venture partners at our expense.

We may enter into joint ventures with our affiliates, including the Managed REITs, for the acquisition, development, or improvement of properties. We may have conflicts of interest in determining which program should enter into any particular joint venture agreement. The co-venturer may have economic or business interests or goals that are or may become inconsistent with our business interests or goals. In addition, we may face a conflict in structuring the terms of the relationship between our interests and the interest of the affiliated co-venturer and in managing the joint venture. Agreements and transactions between us and the co-venturers with respect to any such joint venture will not have the benefit of arm's-length negotiation of the type normally conducted between unrelated co-venturers, which may result in the co-venturers receiving benefits greater than the benefits that we receive. In addition, we may assume liabilities related to the joint venture that exceeds the percentage of our investment in the joint venture, and this could reduce the returns on investment.

Our Executive Chairman is a controlling person of an entity that owns a minority interest in our Operating Partnership and Class A Shares, and therefore may face conflicts with regard to his fiduciary duties to us and his fiduciary duties to that entity, including conditions pertaining to redemption of our common stock or the limited partnership interests and voting matters related to such interests.

Our Executive Chairman is a controlling person of SAM, our former sponsor, which indirectly currently owns an approximately 13% interest in limited partnership interests in our Operating Partnership and 0.8% of our common stock. Such limited partnership interests may be exchanged for our common stock in the future. In addition, in certain circumstances such as a merger, sale of all or substantially all of our assets, share exchange, conversion, dissolution or amendment to our charter, in each case where the vote of our stockholders is required under Maryland law, the consent of our Operating Partnership will also be required, which could result in our Executive Chairman being able to influence such matters submitted to a vote of our stockholders. This may result in an outcome that may not be favorable to our stockholders. Our Executive Chairman may also make decisions on behalf of SAM related to redemptions of either its limited partnership interests or its common stock which may negatively impact our stockholders.

There is no separate counsel for us and our affiliates, which could result in conflicts of interest.

Nelson Mullins Riley & Scarborough LLP (Nelson Mullins) acts as legal counsel to us and also represents some of our affiliates, including the Managed REITs. There is a possibility in the future that the interests of the various parties may become adverse and, under the code of professional responsibility of the legal profession, Nelson Mullins may be precluded from representing any one or all of such parties. If any situation arises in which our interests appear to be in conflict with those of our affiliates, additional counsel may be retained by one or more of the parties to assure that their interests are adequately protected. Moreover, should a conflict of interest not be readily apparent, Nelson Mullins may inadvertently act in derogation of the interest of the parties, which could affect our ability to meet our investment objectives.

Risks Related to Our Corporate Structure

The limit on the number of shares a person may own may discourage a takeover that could otherwise result in a premium price to our stockholders.

In order for us to qualify as a REIT, no more than 50% of our outstanding stock may be beneficially owned, directly or indirectly, by five or fewer individuals (including certain types of entities) at any time during the last half of each taxable year. To ensure that we do not fail to qualify as a REIT under this test, our charter restricts ownership by one person or entity to no more than 9.8% of the value of our then-outstanding capital stock or more than 9.8% of the value or number of shares, whichever is more restrictive, of our then outstanding common stock. This restriction may have the effect of delaying, deferring, or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer, or sale of all or substantially all of our assets) that might provide a premium price for holders of our common stock.

Our charter permits our board of directors to issue stock with terms that may subordinate the rights of common stockholders or discourage a third party from acquiring us in a manner that might result in a premium price to our stockholders.

Our charter permits our board of directors to issue up to 900,000,000 shares of capital stock. In addition, our board of directors, without any action by our stockholders, may amend our charter from time to time to increase or decrease the aggregate number of shares or the number of shares of any class or series of stock that we have authority to issue. Our board of directors may classify or reclassify any unissued common stock or preferred stock and establish the preferences, conversion or other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms or conditions of redemption of any such stock. Thus, our board of directors could authorize the issuance of preferred stock with terms and conditions that have a priority as to distributions and amounts payable upon liquidation over the rights of the holders of our common stock, such as our Series A Convertible Preferred Stock. See the risk factor captioned “We have issued Series A Convertible Preferred Stock that ranks senior to all common stock and grants the holder superior rights compared to common stockholders, which may have the effect of diluting our stockholders’ interests in us and discouraging a takeover or other similar transaction.” in the section titled “Risks Related to an Investment in SmartStop Self Storage REIT, Inc.,” above. Preferred stock could also have the effect of delaying, deferring, or preventing a change in control of our company, including an extraordinary transaction (such as a merger, tender offer, or sale of all or substantially all of our assets) that might provide a premium price for holders of our common stock.

We will not be afforded the protection of Maryland law relating to business combinations.

Under Maryland law, “business combinations” between a Maryland corporation and an interested stockholder (as defined in the statute) or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange, or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

- any person who beneficially owns 10% or more of the voting power of the corporation’s shares; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting stock of the corporation.

These prohibitions are intended to prevent a change of control by interested stockholders who do not have the support of our board of directors. Pursuant to the statute, our board of directors has by resolution exempted business combinations between us and any person, provided that the business combination is first approved by our board of directors. We cannot assure you that our board of directors will not amend or repeal this resolution in the future. Therefore, we will not be afforded the protections of this statute and, accordingly, there is no guarantee that the ownership limitations in our charter would provide the same measure of protection as the business combinations statute and prevent an undesired change of control by an interested stockholder.

Our rights and the rights of our stockholders to recover claims against our officers and directors are limited, which could reduce our stockholders’ and our recovery against them if they cause us to incur losses.

Maryland law provides that a director has no liability in that capacity if the director performs their duties in good faith, in a manner the director reasonably believes to be in the corporation’s best interests, and with the care that an ordinarily prudent person in a like position would use under similar circumstances. Our charter requires us to indemnify our directors, officers, employees and agents for actions taken by them in good faith and without negligence or misconduct. Additionally, our charter limits the liability of our directors and officers for monetary damages to the maximum extent permitted under Maryland law. As a result, we and our stockholders may have more limited rights against our directors, officers, employees and agents than might otherwise exist under common law, which could reduce our stockholders’ and our recovery against them. We have also entered into indemnification agreements with each of our directors and executive officers, which obligate us to indemnify such persons in certain circumstances, including if they are or are threatened to be made a party to, or witness in, any proceeding by reason of their status as a present or former director or officer of us. In addition, we may be obligated to fund the defense costs incurred by our directors, officers, employees and agents in some cases which would decrease the cash otherwise available for distribution to our stockholders.

Our board of directors may change any of our investment objectives, including our focus on self storage facilities.

Our board of directors may change any of our investment objectives, including our focus on self storage facilities. If our stockholders do not agree with a decision of our board to change any of our investment objectives, our stockholders only have limited control over such changes. Additionally, we cannot assure our stockholders that we would be successful in attaining any of these investment objectives, which may adversely impact our financial performance and ability to make distributions to our stockholders.

Our stockholders' interests in us will be diluted as we issue additional shares.

Our stockholders will not have preemptive rights to any shares issued by us in the future. Subject to any limitations set forth under Maryland law, our board of directors may increase the number of authorized shares of stock (currently 900,000,000 shares), increase or decrease the number of shares of any class or series of stock designated, or reclassify any unissued shares without the necessity of obtaining stockholder approval. All such shares may be issued in the discretion of our board of directors. Further, our Series A Convertible Preferred Stock may be converted into our common stock under certain circumstances. In addition, we have granted, and expect to grant in the future, equity awards to our independent directors and certain of our employees, including our executive officers, which to date consist of restricted stock of the Company and LTIP units of our Operating Partnership, which are convertible into shares of our common stock subject to satisfaction of certain conditions. Finally, a subsidiary of SAM owns units of limited partnership interest in our Operating Partnership which are convertible into shares of our Class A common stock under certain circumstances. Therefore, existing stockholders will experience dilution of their equity investment in us as we (1) sell additional shares in the future, including those issued pursuant to our distribution reinvestment plan, (2) sell securities that are convertible into shares of our common stock, (3) issue shares of our common stock in a private offering of securities, (4) issue restricted shares of our common stock or other equity-based securities to our independent directors and executive officers, (5) issue shares of our common stock in a merger or to sellers of properties acquired by us in connection with an exchange of limited partnership interests of our Operating Partnership, or (6) convert shares of our Series A Convertible Preferred Stock into shares of our common stock. Because the limited partnership interests of our Operating Partnership may, in the discretion of our board of directors, be exchanged for shares of our common stock, any merger, exchange or conversion between our Operating Partnership and another entity ultimately could result in the issuance of a substantial number of shares of our common stock, thereby diluting the percentage ownership interest of other stockholders. Because of these and other reasons, our stockholders may experience substantial dilution in their percentage ownership of our shares.

We are uncertain of our sources of debt or equity for funding our future capital needs. If we cannot obtain funding on acceptable terms, our ability to make necessary capital improvements to our properties, pay other expenses, or expand our business may be impaired or delayed.

We expect our primary use of capital to be paying distributions to our stockholders and making capital investments into our assets and our business. In addition, in order to continue to qualify as a REIT, we generally must distribute to our stockholders at least 90% of our taxable income each year, excluding capital gains. Because of this distribution requirement, it is not likely that we will be able to fund a significant portion of our future capital needs from retained earnings. We have limited any additional sources of capital for future funding, and such sources of funding may not be available to us on favorable terms or at all. If we do not have access to sufficient funding in the future, we may not be able to make necessary capital improvements to our properties, pay other expenses or expand our business.

Risks Related to the Self Storage Industry

Because we are focused on the self storage industry, our rental revenues will be 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.

Because our portfolio of properties consists primarily of self storage facilities, we are subject to risks inherent in investments in a single industry. A decrease in the demand for self storage space would likely have a greater adverse effect on our rental revenues than if we owned a more diversified real estate portfolio. Demand for self storage space has been and could be adversely affected by weakness in the national, regional, and local economies and changes in supply of or demand for similar or competing self storage facilities in an area. To the extent that any of these conditions occur, they are likely to affect demand, and market rents, for self storage space, which could cause a decrease in our rental revenue. Any such decrease could impair our ability to continue to pay distributions at the current rate to our stockholders. We do not expect to invest in other real estate or businesses to hedge against the risk that industry trends might decrease the profitability of our self storage-related investments.

We face significant competition in the self storage industry, which may increase the cost of acquisitions or developments or impede our ability to retain customers or re-let space when existing customers vacate.

We face intense competition in every market in which we purchase self storage facilities. We compete with numerous national, regional, and local developers, owners and operators in the self storage industry, including the Managed REITs and other REITs. Moreover, development of self-storage facilities has increased in recent years, which has intensified competition, and we expect it will continue to do so as newly developed facilities are opened. In addition, competition for suitable investments may reduce the number of suitable investment opportunities available to us, may increase acquisition costs, and may reduce demand for self storage units in certain areas where our facilities are located, all of which may adversely affect our operating results. Additionally, an economic slowdown in a particular market could have a negative effect on our self storage revenues.

If competitors build new facilities that compete with our facilities or offer space at rental rates below the rental rates we charge our customers, we may lose potential or existing customers and we may be pressured to discount our rental rates to retain customers. As a result, our rental revenues may become insufficient to continue to pay distributions at the current rate to our stockholders. In addition, increased competition for customers may require us to make capital improvements to facilities that we would not otherwise make, which could reduce cash available for distribution to our stockholders.

The acquisition of new properties may give rise to difficulties in predicting revenue potential.

New acquisitions could fail to perform in accordance with our expectations. If we fail to accurately estimate occupancy levels, rental rates, operating costs, or costs of improvements to bring an acquired facility up to our standards, the performance of the facility may be below expectations. Properties we acquire may have characteristics or deficiencies affecting their valuation or revenue potential that we have not yet discovered. We cannot assure our stockholders that the performance of properties we acquire will increase or be maintained under our management.

We may be unable to promptly re-let units within our facilities at satisfactory rental rates.

Generally, our unit leases are on a month-to-month basis. Delays in re-letting units as vacancies arise would reduce our revenues and could adversely affect our operating performance. In addition, lower-than-expected rental rates and higher rental concessions upon re-letting could adversely affect our rental revenues and impede our growth.

We depend on our on-site personnel to maximize customer satisfaction at each of our facilities, and any difficulties we encounter in hiring, training, and retaining skilled field personnel may adversely affect our rental revenues.

The customer service, marketing skills, knowledge of local market demand and competitive dynamics of our facility managers are contributing factors to our ability to maximize our rental income and to achieve the highest sustainable rent levels at each of our facilities. If we are unable to successfully recruit, train, and retain qualified field personnel, our rental revenues may be adversely affected, which could impair our ability to continue to pay distributions at the current rate to our stockholders.

Legal claims related to moisture infiltration and mold could arise in one or more of our properties, which could adversely affect our revenues.

There has been an increasing number of claims and litigation against owners and managers of rental and self storage properties relating to moisture infiltration, which can result in mold or other property damage. We cannot guarantee that moisture infiltration will not occur at one or more of our properties. When we receive a complaint concerning moisture infiltration, condensation, or mold problems and/or become aware that an air quality concern exists, we will implement corrective measures in accordance with guidelines and protocols we have developed with the assistance of outside experts. We cannot assure our stockholders that material legal claims relating to moisture infiltration and the presence of, or exposure to, mold will not arise in the future. These legal claims could require significant expenditures for legal defense representation which could adversely affect our revenues.

Delays in development and lease-up of our properties would reduce our profitability.

We may acquire properties that require repositioning or redeveloping such properties with the goal of increasing cash flow, value or both. Construction delays to new or existing self storage properties due to weather, unforeseen site conditions, personnel problems (including as a result of the COVID-19 outbreak), and other factors could delay our anticipated customer occupancy plan which could adversely affect our profitability and cash flow. Furthermore, our estimate of the costs of repositioning or redeveloping an acquired property may prove to be inaccurate, which may result in our failure to meet our profitability goals. We may also encounter unforeseen cost increases associated with building materials or construction services resulting from trade tensions, disruptions, tariffs, duties or restrictions or an epidemic, pandemic or other health crisis, such as the COVID-19 outbreak. Additionally, we may acquire a new property that has a relatively low physical occupancy, and the cash flow from existing operations may be insufficient to pay the operating expenses associated with that property until the property is adequately leased. If one or more of these properties do not perform as expected or we are unable to successfully integrate new properties into our existing operations, our financial performance and our ability to make distributions may be adversely affected.

The risks associated with storage contents may increase our operating costs or expose us to potential liability that may not be covered by insurance, which may have adverse effects on our results of operations and returns to our stockholders.

The self storage facilities we own and operate are leased directly to customers who store their belongings without any immediate inspections or oversight from us. We may unintentionally lease space to groups engaged in illegal and dangerous activities. Damage to storage contents may occur due to, among other occurrences, the following: war, acts of terrorism, earthquakes, floods, hurricanes, pollution, environmental matters, fires or events caused by fault of a customer, fault of a third party, or fault of our own. Such damage may or may not be covered by insurance maintained by us, if any. We will determine the amounts and types of insurance coverage that we will maintain, including any coverage over the contents of any properties in which we may invest. Such determinations will be made on a case-by-case basis based on the type, value, location, and risks associated with each investment, as well as any lender requirements, among any other factors we may consider relevant. There is no guarantee as to the type of insurance that we will obtain for any investments that we may make and there is no guarantee that any particular damage to storage contents would be covered by such insurance, even if obtained. The costs associated with maintaining such insurance, as well as any liability imposed upon us due to damage to storage contents, may have an adverse effect on our results of operations and returns to our stockholders.

Additionally, although we require our customers to sign an agreement stating that they will not store flammable, hazardous, illegal, or dangerous contents in the self storage units, we cannot ensure that our customers will abide by such agreement. The storage of such materials might cause destruction to a facility or impose liability on us for the costs of removal or remediation if these various contents or substances are released on, from or in a facility, which may have an adverse effect on our results of operations and returns to our stockholders.

Our operating results may be affected by regulatory changes that have an adverse impact on our specific facilities, which may adversely affect our results of operations and returns to our stockholders.

Certain regulatory changes may have a direct impact on our self storage facilities, including but not limited to, land use, zoning, and permitting requirements by governmental authorities at the local level, which can restrict the availability of land for development, and special zoning codes which omit certain uses of property from a zoning category. These special uses (i.e., hospitals, schools, and self storage facilities) are allowed in that particular zoning classification only by obtaining a special use permit and the permission of local zoning authority. If we are delayed in obtaining or unable to obtain a special use permit where one is required, new developments or expansion of existing developments could be delayed or reduced. Additionally, certain municipalities require holders of a special use permit to have higher levels of liability coverage than is normally required. The acquisition of, or the inability to obtain, a special use permit and the possibility of higher levels of insurance coverage associated therewith may have an adverse effect on our results of operations and returns to our stockholders.

A failure in, or breach of, our operational or security systems or infrastructure, or those of our third party vendors and other service providers or other third parties, including as a result of cyber attacks, could disrupt our businesses, result in the disclosure or misuse of confidential or proprietary information, damage our reputation, increase our costs, and cause losses.

We rely heavily on communications and information systems to conduct our business. Information security risks for our business have generally increased in recent years in part because of the proliferation of new technologies; the use of the

Internet and telecommunications technologies to process, transmit and store electronic information, including the management and support of a variety of business processes, including financial transactions and records, personally identifiable information, and tenant and lease data; and the increased sophistication and activities of organized crime, hackers, and terrorists, activists, and other external parties. As customer, public, and regulatory expectations regarding operational and information security have increased, our operating systems and infrastructure must continue to be safeguarded and monitored for potential failures, disruptions, and breakdowns. Our business, financial, accounting, and data processing systems, or other operating systems and facilities, may stop operating properly or become disabled or damaged as a result of a number of factors, including events that are wholly or partially beyond our control. For example, there could be electrical or telecommunication outages; natural disasters such as earthquakes, tornadoes, and hurricanes; disease pandemics; events arising from local or larger scale political or social matters, including terrorist acts; and as described below, cyber attacks.

Our business relies on its digital technologies, computer and email systems, software and networks to conduct its operations. Although we have information security procedures and controls in place, our technologies, systems and networks and, because the nature of our business involves the receipt and retention of personal information about our customers, our customers' personal accounts may become the target of cyber attacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss, or destruction of our or our customers' or other third parties' confidential information. Third parties with whom we do business or who facilitate our business activities, including intermediaries or vendors that provide service or security solutions for our operations, and other third parties, could also be sources of operational and information security risk to us, including from breakdowns or failures of their own systems or capacity constraints. In addition, hardware, software or applications we develop or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security.

While we have disaster recovery and other policies and procedures designed to prevent or limit the effect of the failure, interruption or security breach of our information systems, there can be no assurance that any such failures, interruptions or security breaches will not occur or, if they do occur, that they will be adequately addressed. Our risk and exposure to these matters remain heightened because of the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of our controls, processes, and practices designed to protect our systems, computers, software, data, and networks from attack, damage or unauthorized access remain a focus for us. As threats continue to evolve, we may be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate information security vulnerabilities. Disruptions or failures in the physical infrastructure or operating systems that support our businesses and customers, or cyber attacks or security breaches of the networks, systems or devices that our customers use to access our products and services, could result in customer attrition, regulatory fines, penalties or intervention, reputation damage, reimbursement or other compensation costs, and/or additional compliance costs, any of which could have a material effect on our results of operations or financial condition. Furthermore, if such attacks are not detected immediately, their effect could be compounded.

If we enter into non-compete agreements with the sellers of the self storage properties that we acquire, and the terms of those agreements expire, the sellers may compete with us within the general location of one of our self storage facilities, which could have an adverse effect on our operating results and returns to our stockholders.

We may enter into non-compete agreements with the sellers of the self storage properties that we acquire in order to prohibit the seller from owning, operating, or being employed by a competing self storage property for a predetermined time frame and within a geographic radius of a self storage facility we acquire. When these non-compete agreements expire, we may face the risk that the seller will develop, own, operate, or become employed by a competing self storage facility within the general location of one of our properties, which could have an adverse effect on our operating results and returns to our stockholders.

We face risks related to an epidemic, pandemic or other health crisis, such as the recent outbreak of the novel coronavirus ("COVID-19"), which could have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects.

We face risks related to an epidemic, pandemic or other health crisis, including the ongoing COVID-19 pandemic which impacts the United States, Canada and the markets in which we operate and could have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects. Our rental revenue and operating results depend significantly on the demand for self storage space. While we have not seen a continuing material impact on the demand for self storage space resulting from the COVID-19 pandemic as of the date of this report, if the pandemic causes weakness in national, regional and local economies that negatively impact the demand for self storage space and/or increase

bad debts, our business, financial condition, liquidity, results of operations and prospects could be adversely impacted. Additionally, we typically conduct aspects of our leasing activity at our facilities, as well as the offering of various ancillary products, including moving and packing supplies, such as locks and boxes, and other services, such as protection plans, tenant insurance or similar programs. Accordingly, reductions in the ability and willingness of customers to visit our facilities due to the COVID-19 pandemic could reduce rental revenue and ancillary operating revenue produced by our facilities. Concerns relating to such a pandemic could also impact the availability of our personnel to report for work at our facilities, which could adversely affect our ability to adequately manage our facilities. In order to prevent the spread of COVID-19 there have been, and may continue to be, temporary shut downs or restrictions placed on businesses by cities, counties, states, or the federal government. These orders have impacted, and may continue to impact, our facilities and operations. The ultimate extent of the impact of the COVID-19 pandemic on our business, financial condition, liquidity, results of operations and prospects will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the breadth or severity of the COVID-19 pandemic and the actions to contain or treat its impact, among others.

General Risks Related to Investments in Real Estate

Our operating results will be affected by economic and regulatory changes that have an adverse impact on the real estate market in general, and we cannot assure our stockholders that we will be profitable or that we will realize growth in the value of our real estate properties.

Our operating results will be subject to risks generally incident to the ownership of real estate, including:

- changes in general economic or local conditions;
- changes in supply of or demand for similar or competing properties in an area;
- changes in interest rates and availability of permanent mortgage funds that may render the sale of a property difficult or unattractive;
- changes in tax, real estate, environmental, and zoning laws;
- changes in property tax assessments and insurance costs; and
- increases in interest rates and tight money supply.

These and other reasons may prevent us from being profitable or from realizing growth or maintaining the value of our real estate properties.

We may suffer reduced or delayed revenues for, or have difficulty selling, properties with vacancies.

We anticipate that the majority of the properties we own or will acquire will ultimately have stabilized occupancy levels (at or above 75%). However, certain of the real properties we own or will acquire may have some level of vacancy at the time of closing either because the property is in the process of being developed and constructed, it is newly constructed and in the process of obtaining customers, or because of economic or competitive or other factors. Shortly after a new property is opened, during a time of development and construction, or because of economic or competitive or other factors, we may suffer reduced revenues resulting in lower cash distributions to our stockholders due to a lack of an optimum level of customers. The resale value of properties with prolonged low occupancy rates could suffer, which could further reduce our stockholders' returns.

A high concentration of our properties in a particular geographic area would magnify the effects of downturns in that geographic area.

In the event that we have a concentration of properties in any particular geographic area, any adverse situation that disproportionately affects that geographic area would have a magnified adverse effect on our portfolio. For the month of December 2020, approximately 24%, 21%, and 13% of our rental income was concentrated in California, Florida, and Ontario (Canada), respectively. Moreover, if the SST IV Merger had been effected prior to the month of December 2020, approximately 21%, 22%, and 11% of the combined company's rental income for the month of December 2020 would have been concentrated in California, Florida, and Ontario (Canada), respectively.

We may obtain only limited warranties when we purchase a property.

The seller of a property will often sell such property in its “as is” condition on a “where is” basis and “with all faults,” without any warranties of merchantability or fitness for a particular use or purpose. In addition, purchase agreements may contain only limited warranties, representations, and indemnifications that will only survive for a limited period after the closing. Also, many sellers of real estate are single purpose entities without significant other assets. The purchase of properties with limited warranties or from undercapitalized sellers increases the risk that we may lose some or all of our invested capital in the property as well as rental income from that property.

Our inability to sell a property when we desire to do so could adversely impact our ability to pay cash distributions to our stockholders.

The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond our control. 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 cannot predict the length of time needed to find a willing purchaser and to close the sale of a property. Real estate generally cannot be sold quickly. Also, the tax laws applicable to REITs require that we hold our facilities for investment, rather than for sale in the ordinary course of business, which may cause us to forego or defer sales of facilities that otherwise would be in our best interest. Therefore, we may not be able to dispose of facilities promptly, or on favorable terms, in response to economic or other market conditions, and this may adversely impact our ability to continue to pay distributions at the current rate to our stockholders.

In addition, we may be required to expend funds to correct defects or to make improvements before a property can be sold. We cannot assure our stockholders that we will have funds available to correct such defects or to make such improvements.

In acquiring a property, we may agree to restrictions that prohibit the sale of 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 provisions would also restrict our ability to sell a property.

We may not be able to sell our properties at a price equal to, or greater than, the price for which we purchased such properties, which may lead to a decrease in the value of our assets.

We may be purchasing our properties at a time when capitalization rates are at historically low levels and purchase prices are high. Therefore, the value of our properties may not increase over time, which may restrict our ability to sell our properties, or in the event we are able to sell such property, may lead to a sale price less than the price that we paid to purchase the properties.

We may acquire or finance properties with lock-out provisions, which may prohibit us from selling a property, or may require us to maintain specified debt levels for a period of years on some properties.

Lock-out provisions are provisions that generally prohibit repayment of a loan balance for a certain number of years following the origination date of a loan. Such provisions are typically provided for by the Code or the terms of the agreement underlying a loan. Lock-out provisions could materially restrict us from selling or otherwise disposing of or refinancing properties. These provisions would affect our ability to turn our investments into cash and thus affect cash available for distribution to our stockholders. Lock-out provisions may prohibit us from reducing the outstanding indebtedness with respect to any properties, refinancing such indebtedness on a non-recourse basis at maturity, or increasing the amount of indebtedness with respect to such properties.

Lock-out provisions could impair our ability to take actions during the lock-out period that would otherwise be in our stockholders’ best interests and, therefore, may have an adverse impact on the value of the shares, relative to the value that would result if the lock-out provisions did not exist. In particular, lock-out provisions could preclude us from participating in major transactions that could result in a disposition of our assets or a change in control, even though that disposition or change in control might be in our stockholders’ best interests.

Rising expenses could reduce cash available for future acquisitions.

Any properties that we buy in the future will be subject to operating risks common to real estate in general, any or all of which may negatively affect us. If any property is not fully occupied or if rents are being paid in an amount that is

insufficient to cover operating expenses, we could be required to expend funds for that property's operating expenses. Our properties will be subject to increases in tax rates, utility costs, operating expenses, insurance costs, repairs and maintenance and administrative expenses.

If we are unable to offset such cost increases through rent increases, we could be required to fund those increases in operating costs which could adversely affect funds available for future acquisitions or cash available for distribution.

Adverse economic conditions will negatively affect our returns and profitability.

The following market and economic challenges may adversely affect our operating results:

- poor economic times may result in customer defaults under leases or bankruptcy;
- re-leasing may require reduced rental rates under the new leases; and
- increased insurance premiums, resulting in part from the increased risk of terrorism and natural disasters, may reduce funds available for distribution.

We are susceptible to the effects of adverse macro-economic events that can result in higher unemployment, shrinking demand for products, large-scale business failures, and tight credit markets. Because our portfolio of facilities consists of self storage facilities, we are subject to risks inherent in investments in a single industry, and our results of operations are sensitive to changes in overall economic conditions that impact consumer spending, including discretionary spending, as well as to increased bad debts due to recessionary pressures. A continuation of, or slow recovery from, ongoing adverse economic conditions affecting disposable consumer income, such as employment levels, business conditions, interest rates, tax rates, and fuel and energy costs, could reduce consumer spending or cause consumers to shift their spending to other products and services. A general reduction in the level of discretionary spending or shifts in consumer discretionary spending could adversely affect our growth and profitability.

Since we cannot predict when real estate markets may recover, the value of the properties we acquire may decline if market conditions persist or worsen. Further, the results of operations for a property in any one period may not be indicative of results in future periods, and the long-term performance of such property generally may not be comparable to, and cash flows may not be as predictable as, other properties owned by third parties in the same or similar industry.

Our tenant insurance and tenant protection plan businesses are, in some cases, subject to governmental regulation, which may adversely affect our results.

Depending on the jurisdiction, we provide either tenant insurance or a tenant protection plan to customers at our properties. These businesses, including the payments associated with these arrangements, may be subject to state-specific or provincial-specific governmental regulation. Such regulatory authorities generally have broad discretion to promulgate, interpret and implement regulations, to adopt new or additional licensing requirements, to grant, renew and revoke licenses and approvals, and to evaluate compliance with regulations through periodic examinations, audits, investigations and inquiries. In addition, there has been and may continue to be regulatory or private action in the jurisdictions in which we operate. The impact of such actions could adversely affect our business and results of operations.

If we suffer losses that are not covered by insurance or that are in excess of insurance coverage, we could lose invested capital and anticipated profits.

Material losses may occur in excess of insurance proceeds with respect to any property, as insurance may not be sufficient to fund the losses. However, there are types of losses, generally of a catastrophic nature, such as losses due to wars, acts of terrorism, earthquakes, floods, fires, hurricanes, pollution or environmental matters, which are either uninsurable or not economically insurable, or may be insured subject to limitations such as large deductibles or co-payments. Insurance risks associated with potential terrorist acts could sharply increase the premiums we pay for coverage against property and casualty claims. Additionally, mortgage lenders in some cases require that commercial property owners purchase specific coverage against terrorism as a condition for providing mortgage loans. It is uncertain whether such insurance policies will be available, or available at reasonable cost, which could inhibit our ability to finance or refinance our potential properties. In these instances, we may be required to provide other financial support, either through financial assurances or self-insurance, to cover potential losses. We cannot assure our stockholders that we will have adequate coverage for such losses. The Terrorism Risk Insurance Act of 2002 is designed for a sharing of terrorism losses between insurance companies and the federal government and requires that insurers make terrorism insurance available under their property and casualty insurance

policies, but this legislation does not regulate the pricing of such insurance. We cannot be certain how this act will impact us or what additional cost to us, if any, could result. If such an event damaged or destroyed one or more of our properties, we could lose both our invested capital and anticipated profits from such property.

We disclose funds from operations and funds from operations, as adjusted, each a non-GAAP financial measure, in communications with investors, including documents filed with the SEC. However, funds from operations and funds from operations, as adjusted, are not equivalent to our net income or loss or cash flow from operations as determined under GAAP, and stockholders should consider GAAP measures to be more relevant to our operating performance.

We use, and we disclose to investors, funds from operations (“FFO”) and FFO, as adjusted, which are non-GAAP financial measures. FFO and FFO, as adjusted, are not equivalent to our net income or loss or cash flow from operations as determined in accordance with GAAP, and investors should consider GAAP measures to be more relevant in evaluating our operating performance and ability to pay distributions. FFO and FFO, as adjusted, differ from GAAP net income because FFO and FFO, as adjusted, exclude gains or losses from sales of property and asset impairment write downs, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO on the same basis. In determining FFO, as adjusted, we make further adjustments to FFO to exclude the effects of non-real estate related intangible amortization, acquisition related costs, contingent earnout expenses, accretion of fair value of debt adjustments, gains or losses from extinguishment of debt, accretion of deferred tax liabilities, realized and unrealized gains/losses on foreign exchange transactions, and gains/losses on foreign exchange and interest rate derivatives not designated for hedge accounting. FFO, as adjusted, also reflects adjustments for unconsolidated partnerships and jointly owned investments.

Because of these differences, FFO and FFO, as adjusted, may not be accurate indicators of our operating performance, especially during periods in which we are acquiring properties. In addition, FFO and FFO, as adjusted, are not indicative of cash flow available to fund cash needs and investors should not consider FFO and FFO, as adjusted, as alternatives to cash flows from operations or an indication of our liquidity or of funds available to fund our cash needs, including our ability to pay distributions to our stockholders.

Neither the SEC nor any other regulatory body has passed judgment on the acceptability of the adjustments that we use to calculate FFO and FFO, as adjusted. Also, because not all companies calculate FFO and FFO, as adjusted, the same way, comparisons with other companies may not be meaningful.

Costs of complying with governmental laws and regulations, including those relating to environmental matters, may adversely affect our income and the cash available for distribution.

All real property, including our self storage properties, and the operations conducted on real property are subject to federal, state, and local laws and regulations relating to environmental protection and human health and safety. These laws and regulations generally govern wastewater discharges, air emissions, the operation and removal of underground and above-ground storage tanks, the use, storage, treatment, transportation, and disposal of solid and hazardous materials, and the remediation of contamination associated with disposals. Some of these laws and regulations may impose joint and several liability on customers, owners, or operators for the costs to investigate or remediate contaminated properties, regardless of fault or whether the acts causing the contamination were legal. This liability could be substantial. In addition, the presence of hazardous substances, or the failure to properly remediate these substances, may adversely affect our ability to sell or rent a property, or to pledge such property as collateral for future borrowings.

Some of these laws and regulations have been amended so as to require compliance with new or more stringent standards as of future dates. Compliance with new or more stringent laws or regulations or stricter interpretation of existing laws may require us to incur material expenditures. Future laws, ordinances or regulations may impose material environmental liability. Additionally, our customers’ activities, the existing condition of land when we buy it, operations in the vicinity of our properties, such as the presence of underground storage tanks, or activities of unrelated third parties may affect our properties. In addition, there are various local, state, and federal fire, health, life-safety, and similar regulations with which we may be required to comply, and that may subject us to liability in the form of fines or damages for noncompliance. Any material expenditures, fines, or damages we must pay will reduce our ability to continue to pay distributions at the current rate to our stockholders and may reduce the value of our stockholders’ investments.

We cannot assure our stockholders that the independent third party environmental assessments we obtain prior to acquiring any properties we purchase will reveal all environmental liabilities or that a prior owner of a property did not create a material environmental condition not known to us. We cannot predict what other environmental legislation or regulations will be enacted in the future, how existing or future laws or regulations will be administered or interpreted, or what environmental conditions may be found to exist in the future. We cannot assure our stockholders that our business, assets,

results of operations, liquidity, or financial condition will not be adversely affected by these laws, which may adversely affect cash available for distribution, and the amount of distributions to our stockholders.

Costs of complying with governmental laws and regulations, including those relating to regulations accommodating disabilities, may affect cash available for distribution.

We are subject to various rules, regulations and standards with respect to accommodations we must make for individuals with disabilities. For example, in the United States, under the Americans with Disabilities Act of 1990, or ADA, all public accommodations and commercial facilities are required to meet certain federal requirements related to access and use by disabled persons. We are also subject to similar requirements in Ontario, Canada, under the Accessibility for Ontarians with Disabilities Act, or AODA. Under these regulations, places of public accommodation, which include our self storage facilities, are required to comply with certain requirements related to access and use by disabled persons. These requirements could require removal of access barriers and could result in the imposition of injunctive relief, monetary penalties, or, in some cases, an award of damages. We will attempt to acquire properties that comply with such regulations or place the burden on the seller or other third party to ensure compliance with such regulations. However, we cannot assure our stockholders that we will be able to acquire properties or allocate responsibilities in this manner. If we cannot, our funds used for such compliance may affect cash available for distribution and the amount of distributions to our stockholders.

If we sell properties by providing financing to purchasers, defaults by the purchasers would adversely affect our cash flows.

In some instances, we may sell our properties by providing financing to purchasers. When we provide financing to purchasers, we will bear the risk that the purchaser may default, which could negatively impact our cash distributions to stockholders. Additionally, the distribution of the proceeds of sales to our stockholders, or their reinvestment in other assets, will be delayed until the promissory notes or other property we may accept upon the sale are actually paid, sold, refinanced, or otherwise disposed of. In some cases, we may receive initial down payments in cash and other property in the year of sale in an amount less than the selling price and subsequent payments will be spread over a number of years. If any purchaser defaults under a financing arrangement with us, it could negatively impact our ability to continue to pay distributions at the current rate to our stockholders.

Property taxes may increase, which would adversely affect our net operating income and cash available for distributions.

Each of the properties we acquire will be subject to real property taxes. Some local real property tax assessors may seek to reassess some of our properties as a result of our acquisition of the property. From time to time, our property taxes may increase as property values or assessment rates change or for other reasons deemed relevant by the assessors. In addition, state or local governments may increase tax rates or assessment levels (See the risk factor immediately below). Increases in real property taxes will adversely affect our net operating income and cash available for distributions.

Our property taxes could increase due to reassessment or property tax rate changes.

Real property taxes on our properties may increase as our properties are reassessed by taxing authorities or as property tax rates change. For example, a current California law commonly referred to as Proposition 13 generally limits annual real estate tax increases on California properties to 2% of assessed value. Accordingly, the assessed value and resulting property tax we pay is less than it would be if the properties were assessed at current values. From time to time, proposals have been made to reduce the beneficial impact of Proposition 13, particularly with respect to commercial property, which would include self-storage facilities. While these initiatives have failed to pass to date, there can be no assurance that Proposition 13 will not be repealed or amended at some point, which could cause our property tax expense to increase substantially, adversely affecting our cash flow from operations and net income.

Investments in properties or other real estate investments outside the United States subject us to foreign currency risks, which may adversely affect distributions and our REIT status.

Revenues generated from any properties or other real estate investments we acquire or ventures we enter into relating to transactions involving assets located in markets outside the United States likely will be denominated in the local currency. Therefore, any investments we make outside the United States may subject us to foreign currency risk due to potential fluctuations in exchange rates between foreign currencies and the U.S. dollar. As a result, changes in exchange rates of any such foreign currency to U.S. dollars may affect our revenues, operating margins, and distributions and may also affect the book value of our assets and the amount of stockholders' equity.

Changes in foreign currency exchange rates used to value a REIT's foreign assets may be considered changes in the value of the REIT's assets. These changes may adversely affect our ability to qualify as a REIT. Further, bank accounts in foreign currency which are not considered cash or cash equivalents may adversely affect our ability to qualify as a REIT.

Changes in the Canadian Dollar/USD exchange rate could have a material adverse effect on our operating results and value of the investment of our stockholders.

We have purchased and may continue to purchase properties in Canada. In addition, our Managed REITs own properties in Canada where we, through our subsidiaries, serve as the property manager. As a result, our financial results may be adversely affected by fluctuations in the Canadian Dollar/USD exchange rate. We cannot predict with any certainty changes in foreign currency exchange rates or our ability to mitigate these risks. Several factors may affect the Canadian Dollar/USD exchange rate, including:

- sovereign debt levels and trade deficits;
- domestic and foreign inflation rates and interest rates and investors' expectations concerning those rates;
- other currency exchange rates;
- changing supply and demand for a particular currency;
- monetary policies of governments;
- changes in balances of payments and trade;
- trade restrictions;
- direct sovereign intervention, such as currency devaluations and revaluations;
- investment and trading activities of mutual funds, hedge funds, and currency funds; and
- other global or regional political, economic, or financial events and situations.

These events and actions are unpredictable. In addition, the Canadian Dollar may not maintain its long term value in terms of purchasing power in the future. The resulting volatility in the Canadian Dollar/USD exchange rate could materially and adversely affect our performance.

We are subject to additional risks due to the location of any of the properties that we either own or operate in Canada.

In addition to currency exchange rates, the value of any properties we purchase in Canada may be affected by factors peculiar to the laws and business practices of Canada. Canadian laws and business practices may expose us to risks that are different from and in addition to those commonly found in the United States. Ownership and operation of foreign assets pose several risks, including, but not limited to the following:

- the burden of complying with both Canadian and United States' laws;
- changing governmental rules and policies, including changes in land use and zoning laws, more stringent environmental laws or changes in such laws;
- existing or new Canadian laws relating to the foreign ownership of real property or loans and laws restricting the ability of Canadian persons or companies to remove profits earned from activities within the country to the person's or company's country of origin;
- the potential for expropriation;
- possible currency transfer restrictions;
- imposition of adverse or confiscatory taxes;
- changes in real estate and other tax rates or laws and changes in other operating expenses in Canada;
- possible challenges to the anticipated tax treatment of our revenue and our properties;
- adverse market conditions caused by terrorism, civil unrest and changes in national or local governmental or economic conditions;

- the potential difficulty of enforcing obligations in other countries;
- changes in the availability, cost, and terms of loan funds resulting from varying Canadian economic policies; and
- our limited experience and expertise in foreign countries relative to our experience and expertise in the United States.

Risks Associated with Debt Financing

We have broad authority to incur debt, and high debt levels could hinder our ability to continue to pay distributions at the current rate and could decrease the value of our stockholders' investments.

Our board may approve unlimited levels of debt. High debt levels would cause us to incur higher interest charges, would result in higher debt service payments, and could be accompanied by restrictive covenants. These factors could limit the amount of cash we have available to distribute and could result in a decline in the value of our stockholders' investments.

If we or the other parties to our loans breach covenants thereunder, such loan or loans could be deemed in default, which could accelerate our repayment date and materially adversely affect the value of our stockholders' investment in us.

Certain of our loans are secured by first mortgages on some of our properties and other loans are secured by pledges of equity interests in the entities that own certain of our properties. Such loans also impose a number of financial or other covenant requirements on us. If we, or the other parties to these loans, should breach certain of those financial or other covenant requirements, or otherwise default on such loans, then the respective lenders, as the case may be, could accelerate our repayment dates. If we do not have sufficient cash to repay the applicable loan at that time, such lenders could foreclose on the property securing the applicable loan or take control of the pledged collateral, as the case may be. Such foreclosure could result in a material loss for us and would adversely affect the value of our stockholders' investment in us. In addition, certain of these loans are cross-collateralized and cross-defaulted with each other such that a default under one loan would cause a default under the other loans. See Note 7 – Debt, and Note 16 – Subsequent Events of the Notes to the Consolidated Financial Statements for more information on such loans.

Discontinuation, reform, or replacement of LIBOR may adversely affect the amount of interest that we pay on our variable rate debt.

A significant portion of our borrowings are at variable rates of interest, primarily based on the London Interbank Offered Rate for deposits of U.S. dollars ("LIBOR"). In July 2017, the United Kingdom Financial Conduct Authority (the authority that regulates LIBOR) announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. The Federal Reserve, in conjunction with the Alternative Reference Rates Committee ("ARRC"), a steering committee comprised of large U.S. financial institutions, announced replacement of U.S. dollar LIBOR with a new index calculated by short-term repurchase agreements, backed by U.S. Treasury securities called the Secured Overnight Financing Rate ("SOFR"). The first publication of SOFR was released in 2018. Whether or not SOFR attains market traction as a LIBOR replacement tool remains in question and the future of LIBOR remains uncertain. Providing some clarification, in November 2020, the ICE Benchmark Administration ("IBA") announced that it will consult on its intentions to cease the publication of one week and two month USD LIBOR following the LIBOR publication on December 31, 2021, and to cease the publication of the remaining USD LIBOR settings following the LIBOR publication on June 30, 2023, effectively extending the transition timeline. At this time, it is unclear what LIBOR or new methods of calculating LIBOR will look like after 2021.

In conjunction with the transition away from LIBOR, we and our lenders will cooperate in establishing an alternate rate of interest, which we would expect to be comparable to LIBOR on a historical basis prior to such determination. However, during the time that an alternate rate of interest is determined, we may be limited in our ability to draw upon Eurodollar Loans and may be required to draw upon alternative base rate loans. See Note 7 – Debt and Note 16 – Subsequent Events of the Notes to the Consolidated Financial Statements for more information on such loans. In addition, the U.S. Federal Reserve Board, in conjunction with the Alternative Reference Rates Committee, is considering replacing U.S. dollar LIBOR with a newly created index, calculated with a broad set of short-term repurchase agreements backed by treasury securities. It is not possible to predict the effect of the foregoing, including any related reforms or the establishment of alternative reference rates in the U.S. or elsewhere. To the extent these interest rates increase, our interest expense will increase, in which event we may have difficulties making interest payments and funding our other fixed costs, and our available cash flow for general corporate requirements may be adversely affected.

We have incurred and intend to continue to incur, mortgage indebtedness and other borrowings, which may increase our business risks.

We have placed, and intend to continue to place, permanent financing on our properties and we may obtain additional credit facilities or other similar financing arrangements in order to acquire additional properties. We may also decide to later further leverage our properties. We may incur mortgage debt and pledge all or some of our real properties as security for that debt to obtain funds to acquire real properties. If we default on our secured indebtedness, the lender may foreclose and we could lose our entire investment in the properties securing such loan, which could adversely affect distributions to our stockholders. To the extent lenders require us to cross-collateralize our properties, or our loan agreements contain cross-default provisions, a default under a single loan agreement could subject multiple properties to foreclosure.

In connection with the SST IV Merger, we assumed certain loans and entered into a new credit facility (See Note 16 Subsequent Events of the Notes to the Consolidated Financial Statements for more information on such loans). Accordingly, we may be subject to an increased risk that our cash flow could be insufficient to meet required payments on our debt. Our increased indebtedness as a result of the SST IV Merger, compared to our level of indebtedness prior to the SST IV Merger, could have important consequences to our stockholders, including:

- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, and other general corporate requirements;
- requiring the use of a substantial portion of our cash flow from operations for the payment of principal and interest on its indebtedness, thereby reducing our ability to use our cash flow to fund working capital, acquisitions, capital expenditures, and general corporate requirements;
- limiting our flexibility in planning for, or reacting to, changes in our business and industry; and
- putting us at a disadvantage compared to our competitors with comparatively less indebtedness.

In addition, we may borrow if we need funds to pay a desired distribution rate to our stockholders. We may also borrow if we deem it necessary or advisable to assure that we maintain our qualification as a REIT for federal income tax purposes. If there is a shortfall between the cash flow from our properties and the cash flow needed to service mortgage debt, then the amount available for distribution to our stockholders may be reduced.

Our obligation to make balloon payments could increase the risk of default.

Our debt may have balloon payments of up to 100% of the principal amount of such loans due on the respective maturity dates. Thus, such debt will have a substantial payment due at the scheduled maturity date, unless previously prepaid or refinanced. Loans with a substantial remaining principal balance on their stated maturity involve greater degrees of risk of non-payment at stated maturity than fully amortizing loans. As a result, our ability to repay such loans on their respective maturity dates will largely depend upon our ability either to prepay such loans, refinance such loans or to sell, to the extent permitted, all or a portion of the properties encumbered by such loans, if any. Our ability to accomplish any of these goals will be affected by a number of factors at the time of attempted prepayment, refinancing, or sale, including, but not limited to: (i) the availability of, and competition for, credit for commercial real estate; (ii) prevailing interest rates; (iii) the net operating income generated by our properties; (iv) the fair market value of our properties; (v) our equity in our properties; (vi) our financial condition; (vii) the operating history and occupancy level of our properties; (viii) the tax laws; and (ix) the prevailing general and regional economic conditions.

Lenders have required and will likely continue to require us to enter into restrictive covenants relating to our operations, which could limit our ability to continue to pay distributions to our stockholders.

When providing financing, lenders often impose restrictions on us that affect our distribution and operating policies and our ability to incur additional debt. Loan documents we enter into may contain covenants that limit our ability to further mortgage the property or discontinue insurance coverage. We are also required to obtain the affirmative vote of the holders of a majority of the Series A Convertible Preferred Stock before entering into certain transactions. These or other limitations may adversely affect our flexibility and limit our ability to continue to pay distributions at the current rate to our stockholders. If the limits set forth in these covenants prevent us from satisfying our distribution requirements, we could fail to qualify for federal income tax purposes as a REIT. If the limits set forth in these covenants do not jeopardize our qualification for taxation as a REIT, but prevent us from distributing 100% of our REIT taxable income, we will be subject to U.S. federal income tax, and potentially a nondeductible excise tax, on the retained amounts.

Increases in interest rates could increase the amount of our debt payments and adversely affect our ability to continue to pay distributions at the current rate to our stockholders.

We currently have outstanding debt payments which are indexed to variable interest rates. We may also incur additional debt or issue additional preferred equity in the future which rely on variable interest rates. Increases in these variable interest rates in the future would increase our interest costs and preferred equity distribution payments, which would likely reduce our cash flows and our ability to continue to pay distributions at the current rate to our stockholders. In addition, if we need to make payments on instruments which contain variable interest during periods of rising interest rates, we could be required to liquidate one or more of our investments in properties at times that may not permit realization of the maximum return on such investments.

Disruptions in the credit markets could have a material adverse effect on our results of operations, financial condition, and ability to pay distributions to our stockholders.

Domestic and international financial markets have experienced significant disruptions in the past which were brought about in large part by failures in the U.S. banking system. These disruptions severely impacted the availability of credit and contributed to rising costs associated with obtaining credit. Future credit market disruptions, including those associated with the worldwide COVID-19 outbreak, may have similar effects or otherwise make obtaining additional and replacement external sources of liquidity more difficult and more costly, if available at all. If debt financing is not available on terms and conditions we find acceptable, we may not be able to obtain financing for investments. If these disruptions in the credit markets resurface, our ability to borrow monies to finance the purchase of, or other activities related to, real estate assets will be negatively impacted. If we are unable to borrow monies on terms and conditions that we find acceptable, we may be forced to use a greater proportion of our Offering proceeds to finance our acquisitions, reduce the number of properties we can purchase, and/or dispose of some of our assets. These disruptions could also adversely affect the return on the properties we do purchase. In addition, if we pay fees to lock in a favorable interest rate, falling interest rates or other factors could require us to forfeit these fees. All of these events would have a material adverse effect on our results of operations, financial condition, and ability to pay distributions.

Risks Associated with Our Managed REIT Platform

Revenue and earnings from the Managed REIT Platform are uncertain.

Increasing our revenue from the Managed REIT Platform is dependent in large part on the ability to raise capital in offerings for existing or future Managed REITs or other future programs, as well as on our ability to make investments that meet the investment criteria of existing and future entities, both of which are subject to uncertainty with respect to capital market and real estate market conditions. This uncertainty could have an adverse impact on our earnings. Moreover, revenue generated from asset management fees, property management fees, and other fees and distributions relating to the Managed REITs' offerings and the investment and management of their respective assets may be affected by factors that include not only our ability to increase the Managed REITs' portfolio of properties under management, but also changes in valuation of those properties, sales of the Managed REIT properties and assets and our ability to successfully operate the Managed REIT properties.

The Managed REITs may not generate sufficient revenue or may incur significant debt, which either due to liquidity problems or restrictive covenants contained in their borrowing agreements could restrict their ability to pay or reimburse fees and expenses owed to us when due. In addition, the revenue payable by the Managed REITs is subject to certain limits set forth in their respective advisory agreements, which may limit the growth of our revenue. Furthermore, our ability to earn

certain subordinated distributions from the Managed REITs is tied to providing liquidity events for the Managed REITs. Our ability to provide such liquidity events, and to do so under circumstances that will satisfy the applicable subordination requirements, will depend on market conditions at the relevant time, which may vary considerably over a period of years. If we are unable to satisfy such subordination requirements, certain equity interests we hold in the Managed REITs may be impaired.

Because the revenue streams from the advisory agreements with the Managed REITs are subject to limitation or cancellation, any such termination could adversely affect our financial condition, cash flow and the amount available for distributions to our common stockholders.

Our advisory agreement with the SST VI Advisor is renewable annually, and our advisory agreement with the SSGT II Advisor has an initial term of 10 years and is renewable annually thereafter, and each may generally be terminated by each Managed REIT, without cause or penalty, upon 60 days' written notice. There can be no assurance that the advisory agreements will be renewed before they expire or that the advisory agreements will not be terminated. Any such non-renewal or termination could adversely affect our financial condition, cash flow and the amount available for distributions to our common stockholders.

We will face conflicts of interest relating to the purchase of properties, including conflicts with the Managed REITs, and there can be no assurance that our investment allocation policy will adequately address all of the conflicts that may arise or that it will address such conflicts in a manner that is more favorable to us than to the Managed REITs.

We own the entities that serve as the sponsor and advisor to the Managed REITs, which have investment objectives similar to ours, and we may be buying properties at the same time as one or more of the Managed REITs, or other programs managed by us, our officers, our key personnel or our subsidiaries (the "Other Programs"). Accordingly, we will have conflicts of interest in allocating potential properties, acquisition expenses, management time, services, and other functions between various existing enterprises or future enterprises with which the Managed REITs may be or become involved. SSGT II is a private Managed REIT that invests in self storage properties and had assets of approximately \$141 million as of December 31, 2020, and SST VI is a private Managed REIT that was in its early stage of operations in early 2021.

While we have adopted an investment allocation policy in an effort to appropriately allocate acquisitions among us, the Managed REITs and the Other Programs, there can be no assurance that such allocation policy will adequately address all of the conflicts that may arise or that it will address such conflicts in a manner that is more favorable to us than to the Managed REITs or the Other Programs. In addition, conflicts of interest may exist in the valuation of our investments and regarding decisions about the allocation of specific investment opportunities among us, the Managed REITs and the Other Programs and the allocation of fees and costs among us, the Managed REITs and the Other Programs. To the extent we fail to appropriately deal with any such conflicts, it could negatively impact our reputation and ability to raise additional funds or result in potential litigation against us.

A subsidiary of ours is the sponsor of the Managed REITs and may sponsor additional future programs. As a result, we could be subject to any litigation that may arise by investors in those entities or the respective operations of those entities.

In the course of their operations, the Managed REITs and the other future programs may be subject to lawsuits. We may be named in such lawsuits as the sponsor of such entities and may, in some instances, be found to be subject to liability. In such an instance, our ability to seek reimbursement or indemnification from such programs may be limited. If we are subject to significant legal expenses, it could have an adverse effect on our financial condition.

Federal Income Tax Risks

Failure to continue to qualify as a REIT would adversely affect our operations and our ability to continue to pay distributions at our current level as we will incur additional tax liabilities.

We believe we operate in a manner that allows us to qualify as a REIT for U.S. federal income tax purposes under the Code. Qualification as a REIT involves highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. Our qualification as a REIT will depend upon our ability to meet, through investments, actual operating results, distributions and satisfaction of specific stockholder rules, the various tests imposed by the Code.

If we fail to qualify as a REIT for any taxable year, we will be subject to federal income tax and any applicable alternative minimum tax on our taxable income at regular corporate rates. If our REIT status is terminated for any reason, we would generally be disqualified from treatment as a REIT for the four taxable years following the year of such termination. Losing our REIT status would reduce our net earnings available for investment or distribution to stockholders because of the additional tax liability. In addition, distributions to stockholders would no longer qualify for the distributions paid deduction, and we would no longer be required to make distributions. In addition, if we fail to qualify as a REIT, we may be required to repurchase the Series A Convertible Preferred Stock. If this occurs, we might be required to borrow funds or liquidate some investments in order to pay the applicable tax and redeem holders of the Series A Convertible Preferred Stock.

In the event that any REIT we have acquired in a nontaxable merger transaction, including SST IV, is found to have failed to qualify as a REIT for any period prior to our acquisition, we may be liable for certain entity level taxes of such acquired REIT for such tax periods as a result of such acquisition, that could substantially reduce our cash available for distribution, including cash available to pay dividends to our stockholders, because:

- the acquired REIT would be subject to U.S. federal corporate income tax on its net income for the years it did not qualify for taxation as a REIT (and, for such years, would not be allowed a deduction for dividends paid to stockholders in computing its taxable income);
- the acquired REIT could be subject to the federal alternative minimum tax for taxable years prior to the Merger and possibly increased state and local taxes.

In addition, if any such acquired REIT, including SST IV, failed to qualify as a REIT for any taxable period prior to our acquisition, in the event of a taxable disposition of an asset formerly held by such acquired REIT during a period of up to five years following our acquisition, we would be subject to U.S. federal corporate income tax with respect to any built-in gain inherent in such asset as of the closing of our acquisition.

Qualification as a REIT is subject to the satisfaction of tax requirements and various factual matters and circumstances that are not entirely within our control. New legislation, regulations, administrative interpretations or court decisions could change the tax laws with respect to qualification as a REIT or the federal income tax consequences of being a REIT. Our failure to continue to qualify as a REIT would adversely affect the return of our stockholders' investment.

To qualify as a REIT, and to avoid the payment of federal income and excise taxes and maintain our REIT status, we may be forced to borrow funds, use proceeds from the issuance of securities, or sell assets to pay distributions, which may result in our distributing amounts that may otherwise be used for our operations.

To obtain the favorable tax treatment accorded to REITs, we normally will be required each year to distribute to our stockholders at least 90% of our REIT taxable income, generally determined without regard to the deduction for distributions paid and by excluding net capital gains. We will be subject to federal income tax on our undistributed taxable income and net capital gain and subject to a 4% nondeductible excise tax on any amount by which distributions we pay with respect to any calendar year are less than the sum of (1) 85% of our ordinary income, (2) 95% of our capital gain net income, and (3) 100% of our undistributed income from prior years. These requirements could cause us to distribute amounts that otherwise would be spent on the acquisition, maintenance or development of properties and it is possible that we might be required to borrow funds, use proceeds from the issuance of securities or sell assets in order to distribute enough of our taxable income to maintain our REIT status and to avoid the payment of federal income and excise taxes. We may be required to make distributions to stockholders at times it would be more advantageous to reinvest cash in our business or when we do not have cash readily available for distribution, and we may be forced to liquidate assets on terms and at times unfavorable to us. These methods of obtaining funding could affect future distributions by increasing operating costs and decreasing available cash. In addition, such distributions may constitute a return of investor's capital for federal income tax purposes.

Our stockholders may have tax liability on distributions they elect to reinvest in our common stock.

If our stockholders participate in our distribution reinvestment plan, our stockholders will be deemed to have received, and for income tax purposes will be taxed on, the amount reinvested in common stock to the extent the amount reinvested was not a tax-free return of capital. As a result, unless our stockholders are a tax-exempt entity, our stockholders may have to use funds from other sources to pay their tax liability on the value of the common stock received.

If any of our partnerships fails to maintain its status as a partnership for federal income tax purposes, its income would be subject to taxation and our REIT status would be terminated.

We intend to maintain the status of our partnerships, including our Operating Partnership, as partnerships for federal income tax purposes. However, if the Internal Revenue Service (IRS) were to successfully challenge the status of any of our partnerships as a partnership, it would be taxable as a corporation. Such an event would reduce the amount of distributions that such partnership could make to us. This would also result in our losing REIT status and becoming subject to a corporate level tax on our own income. This would substantially reduce our cash available to pay distributions and the return on our stockholders' investments. In addition, if any of the entities through which any of our partnerships owns its properties, in whole or in part, loses its characterization as a partnership for federal income tax purposes, it would be subject to taxation as a corporation, thereby reducing distributions to such partnership. Such a recharacterization of any of our partnerships or an underlying property owner could also threaten our ability to maintain REIT status.

In certain circumstances, we may be subject to federal and state income taxes as a REIT, which would reduce our cash available for distribution to our stockholders.

Even if we qualify and maintain our status as a REIT, we may be subject to federal income taxes or state taxes. For example, net income from a "prohibited transaction" will be subject to a 100% tax. We may not be able to make sufficient distributions to avoid excise taxes applicable to REITs. We may also decide to retain income we earn from the sale or other disposition of our property and pay income tax directly on such income. In that event, our stockholders would be treated as if they earned that income and paid the tax on it directly. However, stockholders that are tax-exempt, such as charities or qualified pension plans, would have no benefit from their deemed payment of such tax liability. We may also be subject to state and local taxes on our income or property, either directly, at the level of our Operating Partnership, or at the level of any other companies through which we indirectly own our assets. Any federal or state taxes we pay will reduce our cash available for distribution to our stockholders.

We may be required to pay some taxes due to actions of our taxable REIT subsidiaries, which would reduce our cash available for distribution to our stockholders.

Any net taxable income earned directly by our taxable REIT subsidiaries, or through entities that are disregarded for federal income tax purposes as entities separate from our taxable REIT subsidiaries, will be subject to federal and possibly state corporate income tax. We have elected to treat SmartStop TRS, Inc. as a taxable REIT subsidiary, and we may elect to treat other subsidiaries as taxable REIT subsidiaries in the future. In this regard, several provisions of the laws applicable to REITs and their subsidiaries ensure that a taxable REIT subsidiary will be subject to an appropriate level of federal income taxation. For example, a taxable REIT subsidiary is limited in its ability to deduct certain interest payments made to an affiliated REIT. In addition, the REIT has to pay a 100% penalty tax on some payments that it receives or on some deductions taken by a taxable REIT subsidiary if the economic arrangements between the REIT, the REIT's customers, and the taxable REIT subsidiary are not comparable to similar arrangements between unrelated parties. Finally, some state and local jurisdictions may tax some of our income even though as a REIT we are not subject to federal income tax on that income, because not all states and localities follow the federal income tax treatment of REITs. To the extent that we and our affiliates are required to pay federal, state, and local taxes, we will have less cash available for distributions to our stockholders.

Distributions to tax-exempt investors may be classified as unrelated business taxable income.

Neither ordinary nor capital gain distributions with respect to our common stock, nor gain from the sale of common stock, should generally constitute unrelated business taxable income ("UBTI") to a tax-exempt investor. However, there are certain exceptions to this rule. In particular:

- part of the income and gain recognized by certain qualified employee pension trusts with respect to our common stock may be treated as UBTI if shares of our common stock are predominately held by qualified employee pension trusts, and we are required to rely on a special look-through rule for purposes of meeting one of the REIT share ownership tests, and we are not operated in a manner to avoid treatment of such income or gain as UBTI;
- part of the income and gain recognized by a tax-exempt investor with respect to our common stock would constitute UBTI if the investor incurs debt in order to acquire the common stock; and
- part or all of the income or gain recognized with respect to our common stock by social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts and qualified group legal services plans which are exempt from federal income taxation under Sections 501(c)(7), (9), (17), or (20) of the Code may be treated as UBTI.

Complying with the REIT requirements may cause us to forego otherwise attractive opportunities.

To qualify as a REIT for federal income tax purposes, we must continually satisfy tests 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 of our common stock. We may be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution, or we may be required to liquidate otherwise attractive investments in order to comply with the REIT tests. Thus, compliance with the REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

Legislative or regulatory action could adversely affect investors.

Individuals with incomes below certain thresholds are subject to taxation at a 15% qualified dividend rate. For those with income above such thresholds, the qualified dividend rate is 20%. These tax rates are generally not applicable to distributions paid by a REIT, unless such distributions represent earnings on which the REIT itself has been taxed. As a result, distributions (other than capital gain distributions) we pay to individual investors generally will be subject to the tax rates that are otherwise applicable to ordinary income for federal income tax purposes, subject to a 20% deduction for REIT dividends available under “An Act to provide reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018” (the “2017 Tax Act”). This disparity in tax treatment may make an investment in our shares comparatively less attractive to individual investors than an investment in the shares of non-REIT corporations, and could have an adverse effect on the value of our common stock. Our stockholders are urged to consult with their own tax advisor with respect to the impact of recent legislation on their investment in our common stock and the status of legislative, regulatory, or administrative developments and proposals and their potential effect on an investment in our common stock.

Foreign purchasers of our common stock may be subject to FIRPTA tax upon the sale of their shares.

A foreign person disposing of a U.S. real property interest, including shares of a U.S. corporation whose assets consist principally of U.S. real property interests, is generally subject to a tax, known as FIRPTA tax, on the gain recognized on the disposition. Such FIRPTA tax does not apply, however, to the disposition of stock in a REIT if the REIT is “domestically controlled.” A REIT is “domestically controlled” if less than 50% of the REIT’s stock, by value, has been owned directly or indirectly by persons who are not qualifying U.S. persons during a continuous five-year period ending on the date of disposition or, if shorter, during the entire period of the REIT’s existence.

We cannot assure our stockholders that we will qualify as a “domestically controlled” REIT. If we were to fail to so qualify, gain realized by foreign investors on a sale of our shares would be subject to FIRPTA tax, unless our shares were traded on an established securities market and the foreign investor did not at any time during a specified testing period directly or indirectly own more than 10% of the value of our outstanding common stock.

ERISA Risks

There are special considerations that apply to qualified pension or profit-sharing trusts or IRAs investing in our shares which could cause an investment in our company to be a prohibited transaction and could result in additional tax consequences.

If our stockholders are investing the assets of a qualified pension, profit-sharing, 401(k), Keogh, or other qualified retirement plan or the assets of an IRA in our common stock, they should satisfy themselves that, among other things:

- their investment is consistent with their fiduciary obligations under ERISA and the Code;
- their investment is made in accordance with the documents and instruments governing their plan or IRA, including their plan’s investment policy;
- their investment satisfies the prudence and diversification requirements of ERISA;
- their investment will not impair the liquidity of the plan or IRA;
- their investment will not produce UBTI for the plan or IRA;
- they will be able to value the assets of the plan annually in accordance with ERISA requirements; and
- their investment will not constitute a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

Persons investing the assets of employee benefit plans, IRAs, and other tax-favored benefit accounts should consider ERISA and related risks of investing in the shares.

ERISA and Code Section 4975 prohibit certain transactions that involve (1) certain pension, profit-sharing, employee benefit, or retirement plans or individual retirement accounts and Keogh plans, and (2) any person who is a “party-in-interest” or “disqualified person” with respect to such a plan. Consequently, the fiduciary of a plan contemplating an investment in the shares should consider whether we, any other person associated with the issuance of the shares, or any of their affiliates is or might become a “party-in-interest” or “disqualified person” with respect to the plan and, if so, whether an exemption from such prohibited transaction rules is applicable. In addition, the Department of Labor (“DOL”) plan asset regulations provide that, subject to certain exceptions, the assets of an entity in which a plan holds an equity interest may be treated as assets of an investing plan, in which event the underlying assets of such entity (and transactions involving such assets) would be subject to the prohibited transaction provisions. We intend to take such steps as may be necessary to qualify us for one or more of the exemptions available, and thereby prevent our assets as being treated as assets of any investing plan.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of December 31, 2020, we owned 112 operating self storage facilities located in 17 states (Alabama, Arizona, California, Colorado, Florida, Illinois, Indiana, Maryland, Massachusetts, Michigan, New Jersey, Nevada, North Carolina, Ohio, South Carolina, Texas and Washington) and Ontario, Canada (the Greater Toronto Area) comprising approximately 72,000 units and approximately 8.2 million rentable square feet. See Note 7 – Debt, of the Notes to the Consolidated Financial Statements contained in this report for more information about our indebtedness secured by our properties.

As of December 31, 2020, our self storage portfolio was comprised as follows:

State	No. of Properties	Units ⁽¹⁾	Sq. Ft. (net) ⁽²⁾	% of Total Rentable Sq. Ft.	Physical Occupancy % ⁽³⁾	Rental Income % ⁽⁴⁾
Alabama	1	1,080	159,000	1.9%	89.8%	1.1%
Arizona	2	1,815	190,700	2.3%	90.4%	1.8%
California	24	15,230	1,588,000	19.3%	93.0%	24.1%
Colorado	6	3,190	348,500	4.2%	89.8%	3.6%
Florida	17	13,260	1,512,300	18.4%	92.5%	21.0%
Illinois	5	2,920	305,800	3.7%	91.8%	2.9%
Indiana	2	1,000	112,100	1.4%	89.4%	0.9%
Massachusetts	1	840	93,000	1.1%	91.1%	2.2%
Maryland	2	1,610	172,900	2.1%	91.3%	2.2%
Michigan	4	2,180	261,000	3.2%	91.5%	2.8%
New Jersey	1	460	51,000	0.6%	92.6%	0.6%
Nevada	6	5,040	623,500	7.6%	92.8%	6.8%
North Carolina	17	7,230	1,019,300	12.4%	91.5%	9.1%
Ohio	5	2,210	272,300	3.3%	90.7%	2.3%
South Carolina	3	1,920	242,600	2.9%	89.0%	2.3%
Texas	3	1,690	230,800	2.8%	88.9%	2.3%
Washington	1	490	48,100	0.6%	86.2%	0.6%
Ontario, Canada	12	9,540	1,006,700	12.2%	87.7%	13.4%
Total	112	71,705	8,237,600	100%	91.3%	100%

(1) Includes all rentable units, consisting of storage units and parking (approximately 2,400 units).

(2) Includes all rentable square feet, consisting of storage units and parking (approximately 678,000 square feet).

(3) Represents the occupied square feet of all facilities we owned in a state or province divided by total rentable square feet of all the facilities we owned in such state or area as of December 31, 2020.

(4) Represents rental income (excludes administrative fees, late fees, and other ancillary income) for all facilities we owned in a state or province divided by our total rental income for the month ended December 31, 2020.

As of March 17, 2021, upon the closing of the SST IV Merger, we wholly-owned 136 operating self storage properties located in 18 states (Alabama, Arizona, California, Colorado, Florida, Illinois, Indiana, Maryland, Massachusetts, Michigan, New Jersey, Nevada, North Carolina, Ohio, South Carolina, Texas, Virginia and Washington) and Ontario, Canada (the Greater Toronto Area) comprising approximately 90,000 units and 10.3 million net rentable square feet as well as 50% equity interests in six unconsolidated real estate ventures located in the Greater Toronto Area. Our unconsolidated real estate ventures consist of three operating self storage properties and three parcels of land being developed into self storage facilities, with subsidiaries of SmartCentres owning the other 50% of such entities.

As of March 17, 2021, including the properties acquired in the SST IV Merger, our wholly-owned self storage portfolio was comprised as follows:

State	No. of Properties	Units ⁽¹⁾	Sq. Ft. (net) ⁽²⁾	% of Total Rentable Sq. Ft.	Physical Occupancy % ⁽³⁾	Rental Income % ⁽⁴⁾
Alabama	1	1,080	159,000	1.6%	89.8%	0.9%
Arizona	3	2,535	269,700	2.6%	89.9%	2.0%
California	26	16,850	1,742,000	17.1%	91.7%	20.9%
Colorado	6	3,190	348,500	3.4%	89.8%	3.0%
Florida	22	17,090	2,031,400	19.8%	91.3%	21.8%
Illinois	5	2,920	305,800	3.1%	91.8%	2.4%
Indiana	2	1,000	112,100	1.1%	89.4%	0.7%
Massachusetts	1	840	93,000	0.9%	91.1%	1.8%
Maryland	2	1,610	172,900	1.7%	91.3%	1.8%
Michigan	4	2,180	261,000	2.6%	91.5%	2.3%
New Jersey	19	9,140	1,195,800	11.6%	90.7%	8.8%
Nevada	2	2,360	209,000	1.4%	91.2%	2.5%
North Carolina	8	6,260	755,000	7.4%	92.6%	7.0%
Ohio	5	2,210	272,300	2.7%	90.7%	1.9%
South Carolina	3	1,920	242,600	2.4%	89.0%	1.9%
Texas	11	6,300	836,700	8.2%	91.3%	6.5%
Virginia	1	830	71,000	0.7%	94.9%	0.9%
Washington	3	1,670	194,100	1.9%	88.4%	1.9%
Ontario, Canada	12	9,540	1,006,700	9.8%	87.7%	11.0%
Total	136	89,525	10,278,600	100%	90.8%	100%

(1) Includes all rentable units, consisting of storage units and parking (approximately 3,100 units).

(2) Includes all rentable square feet, consisting of storage units and parking (approximately 930,000 square feet).

(3) Represents the occupied square feet of all facilities in a state or province divided by total rentable square feet of all the facilities in such state or area as of December 31, 2020.

(4) Represents rental income (excludes administrative fees, late fees, and other ancillary income) for all facilities we owned in a state or province divided by our total rental income for the month ended December 31, 2020.

Additionally, we own our office located at 10 Terrace Rd, Ladera Ranch, California (the “Ladera Office”) which houses our corporate headquarters.

Investments in Unconsolidated Real Estate Ventures

In connection with the SST IV Merger, we acquired their interest in various joint venture agreements with a subsidiary of SmartCentres, an unaffiliated third party, to develop and operate self storage facilities.

The following table summarizes our investments in unconsolidated real estate ventures as of March 17, 2021:

Property	Location	Real Estate Venture Status	Equity Ownership %
Oshawa	Oshawa, Ontario	Under Development	50%
East York	East York, Ontario	Commenced Operations June 2020	50%
Brampton	Brampton, Ontario	Commenced Operations November 2020	50%
Vaughan	Vaughan, Ontario	Commenced Operations January 2021	50%
Scarborough	Scarborough, Ontario	Under Development	50%
Kingspoint	Kingspoint, Ontario	Under-Development	50%

ITEM 3. LEGAL PROCEEDINGS

- (a) From time to time, we are party to legal, regulatory and other proceedings that arise in the ordinary course of our business. In accordance with applicable accounting guidance, management accrues an estimated liability when those matters present loss contingencies that are both probable and reasonably estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. We are not aware of any such proceedings of which the outcome is reasonably likely to have a material adverse effect on our results of operations or financial condition.
- (b) None.

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

As of March 18, 2021, we had approximately 76.1 million Class A Shares outstanding and approximately 7.9 million Class T Shares outstanding, held by a total of approximately 18,200 stockholders of record, which includes approximately 23.1 million Class A Shares issued on March 17, 2021 to 5,700 former SST IV stockholders in connection with the SST IV Merger.

There is no established trading market for our common stock. Therefore, there is a risk that a stockholder may not be able to sell our stock at a time or price acceptable to the stockholder, or at all. Our Offering terminated on January 9, 2017. As of now, we only offer Class A Shares and Class T Shares pursuant to our DRP Offering, both of which are offered at a price of \$10.40 per share. Pursuant to the terms of our charter, certain restrictions are imposed on the ownership and transfer of shares.

Unless and until our shares are listed for trading on a national securities exchange, it is not expected that a public market for our shares will develop. To assist fiduciaries of plans subject to the annual reporting requirements of ERISA and account trustees or custodians to prepare reports relating to an investment in our shares, we intend to provide reports of our quarterly and annual determinations of the current value of our net assets per outstanding share to those fiduciaries (including account trustees and custodians) who identify themselves to us and request the reports.

Determination of Estimated Per Share Net Asset Value

On April 20, 2020, our board of directors, upon the recommendation of our Nominating and Corporate Governance Committee (the "Committee"), approved an estimated net asset value per share ("Estimated Per Share NAV") of our common stock of \$10.40 for our Class A Shares and Class T Shares based on the estimated value of our assets less the estimated value of our liabilities, or net asset value, divided by the approximate number of shares outstanding on a fully diluted basis, calculated as of December 31, 2019, prior to the emergence of COVID-19 in the United States. We are providing this Estimated Per Share NAV to assist broker-dealers in connection with their obligations under Financial Industry Regulatory Authority ("FINRA") Rule 2231, with respect to customer account statements. This valuation was performed in accordance with the provisions of the Investment Program Association Practice Guideline 2013-01, *Valuations of Publicly Registered Non-Listed REITs*, issued in April 2013 (the "IPA Valuation Guidelines").

The Committee, which is comprised solely of independent directors, was responsible for the oversight of the valuation process, including the review and approval of the valuation process and methodology used to determine the Estimated Per Share NAV, the consistency of the valuation and appraisal methodologies with real estate industry standards and practices, and the reasonableness of the assumptions used in the valuations and appraisals.

The Estimated Per Share NAV was determined after consultation with our management and Robert A. Stanger & Co, Inc. ("Stanger"), an independent third-party valuation firm. The engagement of Stanger was approved by the Committee. Stanger prepared an appraisal report (the "Stanger Appraisal Report") summarizing key information and assumptions and providing an appraised value on 114 properties (the "Stanger Appraised Properties") in our portfolio as of December 31, 2019. Stanger also prepared a net asset value report (the "Stanger NAV Report") which estimates the net asset value per share of each of our Class A common stock and Class T common stock as of December 31, 2019. The Stanger NAV Report relied upon: (i) the Stanger Appraisal Report for the Stanger Appraised Properties; (ii) Stanger's estimated value of the Managed REIT Platform; (iii) Stanger's estimated fair market value of our secured notes payable; and (iv) our estimate of the value of our cash, other assets, liabilities, and preferred equity, to calculate an estimated net asset value per share of our common stock. The process for estimating the value of our assets and liabilities was performed in accordance with the provisions of the IPA Valuation Guidelines.

Upon the Committee's receipt and review of the Stanger Appraisal Report and the Stanger NAV Report (the "Reports"), the Committee recommended \$10.40 as the Estimated Per Share NAV of each of the Company's Class A Shares and Class T Shares as of December 31, 2019 to the Board. Upon the Board's receipt and review of the Reports and recommendation of the Committee, the Board approved \$10.40 as the Estimated Per Share NAV of each of the Company's Class A Shares and Class T Shares as of December 31, 2019.

The table below sets forth the calculation of the Company's Estimated Per Share NAV as of December 31, 2019 and the Company's previous estimated value per share as of March 31, 2019:

	December 31, 2019	March 31, 2019
Assets		
Real Estate Properties	\$ 1,462,770,744	\$ 1,401,326,048
Additional assets		
Cash	62,279,757	13,929,024
Restricted Cash	6,291,366	5,957,748
Other assets	5,511,883	5,354,187
Managed REIT Platform	79,000,000	-
Total Assets	\$ 1,615,853,750	\$ 1,426,567,007
Liabilities		
Debt	\$ 719,769,887	\$ 775,218,482
Mark-to-market on mortgage debt	12,258,272	3,989,306
Accounts payable and accrued liabilities	18,576,230	13,790,985
Due to affiliates	406,590	217,193
Incentive distribution	-	5,616,134
Distributions payable	5,159,105	2,922,647
Total Liabilities	\$ 756,170,084	\$ 801,754,747
Net Asset Value	859,683,666	624,812,260
Preferred Equity	150,000,000	-
Net Asset Value to Common	\$ 709,683,666	\$ 624,812,260
Net Asset Value for Class A shares	\$ 629,594,488	\$ 544,207,162
Number of Class A shares outstanding ⁽¹⁾⁽²⁾	60,530,153	51,055,712
Estimated value per Class A share	<u>\$ 10.40</u>	<u>\$ 10.66</u>
Net Asset Value for Class T shares	\$ 80,089,178	\$ 80,605,097
Number of Class T shares outstanding	7,699,893	7,562,103
Estimated value per Class T share	<u>\$ 10.40</u>	<u>\$ 10.66</u>

(1) Includes outstanding units in our operating partnership ("OP Units") and unvested restricted stock issued to the Company's directors and management.

(2) Excludes Class A-2 operating partnership units, which are contingent on growth in assets under management or triggering events before being converted to a class of operating partnership units equivalent to a common share

Methodology and Key Assumptions

In determining the Estimated Per Share NAV, the board of directors considered the recommendation of the Committee, the Reports provided by Stanger and information provided by the Company. Our goal in calculating the Estimated Per Share NAV was to arrive at a value that is reasonable and supportable using what the Committee and the board of directors each deems to be appropriate valuation methodologies and assumptions.

FINRA's current rules provide no guidance on the methodology an issuer must use to determine its Estimated Per Share NAV. As with any valuation methodology, the methodologies used are based upon a number of estimates and assumptions that may not be accurate or complete. Different parties with different assumptions and estimates could derive a different Estimated Per Share NAV, and these differences could be significant. The Estimated Per Share NAV is not audited and does not represent the fair value of our assets less our liabilities according to U.S. generally accepted accounting principles ("GAAP"), nor does it represent a liquidation value of our assets and liabilities or the amount our shares of common stock would trade at on a national securities exchange. The estimated asset values may not, however, represent current market value or book value. The estimated value of the Stanger Appraised Properties does not necessarily represent

the value we would receive or accept if the assets were marketed for sale. The Estimated Per Share NAV does not reflect a discount for the fact that we were, at the time of the March 31, 2019 calculation, externally managed, nor does it reflect a premium for the fact that we were, at the time of the December 31, 2019 calculation, self-managed. The estimated NAV does not reflect a real estate portfolio premium or discount compared to the sum of the individual property values. The Estimated Per Share NAV also does not take into account estimated disposition costs and fees for real estate properties that are not held for sale.

The Estimated Per Share NAV was calculated as of December 31, 2019 prior to the emergence of COVID-19 in the United States. At the time the Estimated Per Share NAV was calculated, we were unable to quantify the potential impact of the COVID-19 pandemic, and therefore the Estimated Per Share NAV did not take into account the impact of the pandemic on our operations or the broader economic environment. For additional details, please see the risk factor titled “We face risks related to an epidemic, pandemic or other health crisis, such as the recent outbreak of the novel coronavirus (“COVID-19”), which could have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects”. Future valuations of our properties or other assets and liabilities could be affected by COVID-19 or any associated weakened economic conditions.

Independent Valuation Firm

Stanger was selected by the Committee to appraise and provide a value on the 114 Stanger Appraised Properties. Stanger is engaged in the business of appraising commercial real estate properties and is not affiliated with us. The compensation we paid to Stanger related to the valuation is based on the scope of work and not on the appraised values of our real estate properties. The appraisals were performed in accordance with the Code of Ethics and the Uniform Standards of Professional Appraisal Practice, or USPAP, the real estate appraisal industry standards created by The Appraisal Foundation. The Stanger Appraisal Report was reviewed, approved, and signed by an individual with the professional designation of MAI licensed in the state where each real property is located. The use of the reports is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. In preparing its Reports, Stanger did not, and was not requested to, solicit third-party indications of interest for our common stock in connection with possible purchases thereof or the acquisition of all or any part of our company.

Stanger collected reasonably available material information that it deemed relevant in appraising our real estate properties. Stanger relied in part on property-level information provided by us, including: (i) historical and projected operating revenues and expenses; (ii) unit mixes; (iii) rent rolls; and (iv) information regarding recent or planned capital expenditures.

In conducting its investigation and analyses, Stanger took into account customary and accepted financial and commercial procedures and considerations as it deemed relevant. Although Stanger reviewed information supplied or otherwise made available by us for reasonableness, Stanger assumed and relied upon the accuracy and completeness of all such information and of all information supplied or otherwise made available to Stanger by any other party and did not independently verify any such information. Stanger assumed that any operating or financial forecasts and other information and data provided to or otherwise reviewed by or discussed with Stanger were reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of our management and board of directors. Stanger relied on our management to advise it promptly if any information previously provided became inaccurate or was required to be updated during the period of their review.

In performing its analyses, Stanger made numerous other assumptions as of various points in time with respect to industry performance, general business, economic, and regulatory conditions, and other matters, many of which are beyond its control and our control. Stanger also made assumptions with respect to certain factual matters. For example, unless specifically informed to the contrary, Stanger assumed that we had clear and marketable title to each real estate property appraised, that no title defects existed, that any improvements were made in accordance with law, that no hazardous materials were present or were present previously, that no significant deed restrictions exist, and that no changes to zoning ordinances or regulations governing use, density, or shape were pending or being considered. Furthermore, Stanger’s analyses, opinions, and conclusions were necessarily based upon market, economic, financial, and other circumstances and conditions existing as of or prior to the date of the Stanger Appraisal Report, and any material change in such circumstances and conditions may affect Stanger’s analyses and conclusions. The Stanger Appraisal Report contains other assumptions, qualifications, and limitations that qualify the analyses, opinions, and conclusions set forth therein. Furthermore, the prices at which our real estate properties may actually be sold could differ from Stanger’s analyses.

Stanger is actively engaged in the business of appraising commercial real estate properties similar to those owned by us in connection with public security offerings, private placements, business combinations, and similar transactions. We do not believe that there are any material conflicts of interest between Stanger, on the one hand, and us, and our affiliates, on the other hand. We engaged Stanger, with approval from the Committee, to deliver its Reports to assist in the net asset value

calculation and Stanger received compensation for those efforts. In addition, we agreed to indemnify Stanger against certain liabilities arising out of this engagement. A special committee of the board of directors previously engaged Stanger to serve as a financial advisor in connection with our acquisition of Strategic Storage Growth Trust, Inc., the Managed REIT Platform acquired from SmartStop Asset Management, LLC (“SAM”), and Strategic Storage Trust IV, Inc., and Stanger provided a fairness opinion in connection with those transactions, for which Stanger was paid usual and customary fees. In addition, Stanger was previously engaged by us and performed a net asset value calculation for the period ended March 31, 2019. Finally, Stanger served as a financial advisor in the negotiation and closing of the preferred equity investment (the “Preferred Equity”) in us by Extra Space Storage LP, a subsidiary of Extra Space Storage Inc. Stanger may from time to time in the future perform other services for us, so long as such other services do not adversely affect the independence of Stanger as certified in the applicable Stanger Appraisal Report.

Although Stanger considered any comments received from us relating to their Reports, the final appraised values of our real estate properties were determined by Stanger for the Stanger Appraised Properties. The Reports are addressed solely to the Committee to assist it in calculating and recommending to the Board an Estimated Per Share NAV of our common stock. The Reports are not addressed to the public, may not be relied upon by any other person to establish an Estimated Per Share NAV of our common stock, and do not constitute a recommendation to any person to purchase or sell any shares of our common stock.

The foregoing is a summary of the standard assumptions, qualifications, and limitations that generally apply to the Reports. The Reports, including the analysis, opinions, and conclusions set forth in such reports, are qualified by the assumptions, qualifications, and limitations set forth in the respective reports.

Real Estate Valuation

As described above, we engaged Stanger to provide an appraisal of the Stanger Appraised Properties consisting of 114 properties in our portfolio as of December 31, 2019. In preparing the Stanger Appraisal Report, Stanger, among other things:

- performed a site visit of each Stanger Appraised Property in the context of this assignment or prior assignments;
- interviewed our officers to obtain information relating to the physical condition of each Stanger Appraised Property, including known environmental conditions, status of ongoing or planned property additions and reconfigurations, and other factors for such properties;
- reviewed historical operating statements, asking rental rates by unit type, achieved rental rates, market rental rates, occupancy for the subject properties and competing properties, current tax information and a review of tax comparable properties, where appropriate, and capitalization rates for self storage properties observed in the marketplace based on investor surveys and general discussions in the market, and extracted from recent sales of self storage properties in each property’s region.

Stanger employed the income approach to estimate the value of the Stanger Appraised Properties (other than a parcel of land in Asheville, NC and the office condominium located in Ladera Ranch, CA), which involves an economic analysis of the property based on its potential to provide future net annual income. A direct capitalization analysis was used to determine the value of our interest in the portfolio, by valuing the subject interest in each Stanger Appraised Property in the portfolio. The direct capitalization analysis was based upon the stabilized net operating income of each property capitalized at an appropriate capitalization rate for each property based upon property characteristics and competitive position and market conditions at the date of the appraisal. Stanger deducted estimated lease up costs for properties that were not considered stabilized and adjusted the value conclusion of properties with deferred maintenance. Stanger employed the sales comparison approach to value a parcel of land in Asheville, NC and the office condominium located in Ladera Ranch, CA, which utilizes indices of value derived from actual or proposed sales of comparable properties to estimate the value of the subject property. Lastly, Stanger analyzed those properties that are subject to a contingent deferred liability (i.e., an earnout) and reflected such liability, as appropriate.

Stanger prepared the Stanger Appraisal Report, which summarizes key inputs and assumptions, providing a value for each of the Stanger Appraised Properties it appraised using financial information provided by us. From such review, Stanger selected the appropriate direct capitalization rate in its direct capitalization analysis.

The total aggregate purchase price of the appraised properties in the Stanger Appraisal Report was approximately \$1.23 billion. In addition, through the valuation date, we had invested \$26.6 million in capital improvements on these real estate assets since inception. As of the valuation date, the total value of the Stanger Appraised Properties was approximately \$1.46 billion. This represents an approximately 16.5% increase in the total value of the real estate assets over the aggregate

purchase price and aggregate improvements. The following summarizes the key assumptions that were used in the direct capitalization models to arrive at the appraised value of the Stanger Appraised Properties:

Assumption	Range	Weighted Average
Direct Capitalization rate	4.75% to 6.50%	5.12%

While we believe that Stanger's assumptions and inputs are reasonable, a change in these assumptions and inputs would significantly impact the calculation of the appraised value of the Stanger Appraised Properties and thus, the Estimated Per Share NAV. The table below illustrates the impact on the Estimated Per Share NAV if the direct capitalization rates were adjusted by 25 basis points or 5.0%, assuming the value conclusion for each Stanger Appraised Property is based on the method being sensitized and all other factors remain unchanged:

	Estimated Per Share NAV due to:			
	Increase 25 Basis Points	Decrease 25 Basis Points	Increase 5.0%	Decrease 5.0%
Direct Capitalization Rate	\$ 9.39	\$ 11.52	\$ 9.38	\$ 11.54

Loans

Values for our consolidated secured notes payable (the "Secured Notes Payable") were estimated by Stanger using a discounted cash flow analysis, which used inputs based on the remaining loan terms and estimated current market interest rates for notes payable with similar characteristics, including remaining loan term, loan-to-value ratios, debt-service-coverage ratios, prepayment terms, and collateral property attributes. The current market interest rate was generally determined based on market rates for available comparable debt. As of December 31, 2019, the estimated market interest rates ranged from 3.55% to 6.50% for the Secured Notes Payable.

As of December 31, 2019, Stanger's estimated fair value of our Secured Notes Payable was \$732.0 million. The weighted-average discount rate applied to the future estimated debt payments of the Secured Notes Payable was approximately 4.16%.

While we believe that Stanger's assumptions and inputs are reasonable, a change in these assumptions and inputs would significantly impact the calculation of the estimated value of our Secured Notes Payable and thus, the Estimated Per Share NAV. The table below illustrates the impact on the Estimated Per Share NAV if the market interest rate of the Secured Notes Payable were adjusted by 25 basis points or 5.0%, and assuming all other factors remain unchanged:

Estimated Per Share NAV due to:				
Decrease 25 Basis Points	Increase 25 Basis Points	Increase 5.0%	Decrease 5.0%	
\$ 10.33	\$ 10.48	\$ 10.35	\$ 10.46	

Cash, Other Assets, Other Liabilities and Preferred Equity

We estimated the fair value of our cash, other assets, and other liabilities to approximate carrying value as of the valuation date.

In estimating the fair value of the Preferred Equity, Stanger considered the conversion feature of the Preferred Equity and determined that as of the valuation date it would have been anti-dilutive since the conversion value of \$10.66 per share is at a higher value than the NAV per share determined by the Board as of the valuation date; therefore, Stanger included the Preferred Equity liability at the equity investment amount made by Extra Space Storage LP as of the valuation date. The carrying value of a majority of our other assets and liabilities are considered to equal their fair value due to their short maturities or liquid nature. Certain balances, such as intangible assets and liabilities, estimated liability for distribution and servicing fees and deferred financing costs, have been eliminated for the purpose of the valuation due to the fact that the value of those balances were already considered in the valuation of the respective investments or would otherwise not be collectable or payable in the event of a hypothetical liquidation.

Managed REIT Platform Value

To derive the estimated value of the Managed REIT Platform, Stanger estimated the market value associated with our asset management and property management contracts (the "Management Contracts") with us, Strategic Storage Trust IV,

Inc. (“SST IV”) and Strategic Storage Growth Trust II, Inc. (“SSGT II”) using a comparable transactions analysis. Stanger considered the projected fee income from the Management Contracts and the associated reasonable expenses to support such activities to derive an EBITDA projection for the 12 month period (the “Projected EBITDA”) following the valuation date. Stanger then applied an EBITDA multiple to the Projected EBITDA to derive an estimated value associated with the Management Contracts.

To derive the estimated value of the Managed REIT Platform, Stanger also estimated the market value associated with the agreements between us, SST IV and SSGT II related to the tenant insurance, tenant protection plans or similar programs (“Tenant Programs”) acquired from SAM using a direct capitalization approach. Stanger considered the projected Tenant Program income and related reasonable expenses to derive an EBITDA projection for the 12 month period (the “Projected TI EBITDA”) following the valuation date. Stanger then applied a capitalization rate to the Projected TI EBITDA to derive an estimated value associated with the Tenant Programs.

Different parties using different assumptions and estimates could derive a different Estimated Per Share NAV, and these differences could be significant. The value of our shares will fluctuate over time in response to developments related to individual assets in our portfolio and the management of those assets and in response to the real estate and finance markets

The Board’s Determination of the Estimated Per Share NAV

Based upon a review of the Reports provided by Stanger, upon the recommendation of the Committee, the board of directors estimated the Estimated Per Share NAV for each of the Class A Shares and Class T Shares to be \$10.40.

Limitations of Estimated Per Share NAV

The various factors considered by the board of directors in determining the Estimated Per Share NAV were based on a number of assumptions and estimates that may not be accurate or complete. As disclosed above, we are providing the Estimated Per Share NAV to assist broker-dealers that participate, or participated, in our public offering in meeting their customer account statement reporting obligations. As with any valuation methodology, the methodologies used are based upon a number of estimates and assumptions that may not be accurate or complete. Different parties with different assumptions and estimates could derive a different Estimated Per Share NAV. The Estimated Per Share NAV is not audited and does not represent the fair value of our assets or liabilities according to GAAP.

Accordingly, with respect to the Estimated Per Share NAV, we can give no assurance that:

- a stockholder would be able to resell his or her Class A Shares or Class T Shares at the Estimated Per Share NAV;
- a stockholder would ultimately realize distributions per share equal to our Estimated Per Share NAV upon liquidation of our assets and settlement of its liabilities or a sale of our company;
- our Class A Shares and Class T Shares would trade at the Estimated Per Share NAV on a national securities exchange;
- a different independent third-party appraiser or other third-party valuation firm would agree with our Estimated Per Share NAV; or
- the Estimated Per Share NAV, or the methodology used to estimate our Estimated Per Share NAV, will be found by any regulatory authority to comply with the Employee Retirement Income Security Act (ERISA), the Internal Revenue Code of 1986, as amended, or other regulatory requirements.

Similarly, the amount a stockholder may receive upon repurchase of their shares, if they participate in our share redemption program and such redemption program is available, may be greater than or less than the amount a stockholder paid for the shares, regardless of any increase in the underlying value of any assets owned by us.

The Estimated Per Share NAV is based on the estimated value of our assets less the estimated value of our liabilities divided by the number of shares outstanding on an adjusted fully diluted basis, calculated as of December 31, 2019. The Estimated Per Share NAV was based upon 68,230,046 shares of common equity or equivalent interests outstanding as of December 31, 2019, which was comprised of (i) 51,435,124 outstanding Class A Shares and unvested restricted Class A Shares issued to our directors and management, plus (ii) 7,699,893 outstanding Class T Shares, plus (iii) 9,095,029 outstanding OP Units, which OP Units are exchangeable on a one-for-one basis into Class A Shares.

Further, the value of our shares will fluctuate over time as a result of, among other things, developments related to individual assets and responses to the real estate and capital markets. The Estimated Per Share NAV does not reflect a real estate portfolio premium or discount versus the sum of the individual property values. The Estimated Per Share NAV also does not take into account estimated disposition costs and fees for real estate properties that are not held for sale. We currently anticipate publishing a new estimated share value on an annual basis.

Distribution Reinvestment Plan

In accordance with our DRP, the price per share pursuant to the DRP is equal to the estimated value per share approved by the Board and in effect on the date of purchase of shares under the DRP. In connection with the estimated value per share described herein, the Board approved a share price for the purchase of shares under the DRP equal to the estimated value per share of \$10.40 for both Class A Shares and Class T Shares, effective for distribution payments paid beginning in May 2020.

Distributions

We elected to be taxed as a real estate investment trust (“REIT”) under Sections 856 through 860 of the Code beginning with the taxable year ended December 31, 2014. By qualifying as a REIT, we generally will not be subject to federal income tax on taxable income that we distribute to our stockholders. If we fail to qualify as a REIT in any taxable year, we will then be subject to federal income taxes on our taxable income at regular corporate rates and will not be permitted to qualify for treatment as a REIT for federal income tax purposes for four years following the year during which qualification is lost unless the IRS grants us relief under certain statutory provisions. Such an event could materially adversely affect our net income and net cash available for distribution to stockholders. However, we believe that we are organized and operate in such a manner as to qualify for treatment as a REIT and intend to operate in the foreseeable future in such a manner that we will remain qualified as a REIT for federal income tax purposes.

For income tax purposes, distributions to common stockholders are characterized as ordinary dividends, capital gain dividends, or as nontaxable distributions. To the extent that we make a distribution in excess of our current or accumulated earnings and profits, the distribution will be a non-taxable return of capital, reducing the tax basis in each U.S. stockholder’s shares, and the amount of each distribution in excess of a U.S. stockholder’s tax basis in its shares will be taxable as gain realized from the sale of its shares. For 2019, we paid a total of approximately \$34.3 million in distributions, of which approximately \$34.3 million constituted a non-taxable return of capital. For 2020, we paid a total of approximately \$43.9 million in distributions to our common and preferred stockholders, of which approximately \$43.9 million constituted a non-taxable return of capital.

The following table shows the distributions we have paid in cash and through our distribution reinvestment plan for the years ended December 31, 2019 and 2020:

Quarter	OP Unit Holders⁽¹⁾	Preferred Stockholder⁽²⁾	Common Stockholders⁽¹⁾	Distributions Declared per Common Share
1st Quarter 2019	\$ 26,407	\$ -	\$ 8,399,351	\$ 0.150
2nd Quarter 2019	\$ 62,925	\$ -	\$ 8,618,291	\$ 0.150
3rd Quarter 2019	\$ 990,364	\$ -	\$ 8,649,607	\$ 0.150
4th Quarter 2019	\$ 1,360,551	\$ -	\$ 8,586,703	\$ 0.150
1st Quarter 2020	\$ 1,358,066	\$ 1,643,836	\$ 8,623,452	\$ 0.150
2nd Quarter 2020	\$ 1,360,517	\$ 2,330,943	\$ 8,862,668	\$ 0.150
3rd Quarter 2020	\$ 1,406,034	\$ 2,330,943	\$ 8,826,940	\$ 0.150
4th Quarter 2020	\$ 1,390,377	\$ 2,480,933	\$ 8,801,192	\$ 0.150

(1) Declared distributions are paid monthly in arrears.

(2) Declared distributions are paid quarterly in arrears. See Note 8, Preferred Equity, of the Notes to the Consolidated Financial Statements contained in this report, for additional information.

The payment of distributions from sources other than cash flows from operations may reduce the amount of proceeds available for investment and operations or cause us to incur additional interest expense as a result of borrowed funds.

Over the long-term, we expect that a greater percentage of our distributions will be paid from cash flows from operations. However, our operating performance cannot be accurately predicted and may deteriorate in the future due to numerous factors, including our ability to invest capital at favorable yields, the financial performance of our investments in

the current real estate and financial environment and the types and mix of investments in our portfolio. As a result, future distributions declared and paid may exceed cash flow from operations.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides details of our Employee and Director Long-Term Incentive Plan as of December 31, 2020, under which Class A Shares are authorized for issuance.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining for Future Issuance Under Equity Compensation Plans ⁽¹⁾
Equity Compensation Plans Approved by Security Holders	—	—	5,356,273
Equity Compensation Plans Not Approved by Security Holders	—	—	—
Total	—	—	5,356,273

- ⁽¹⁾ The total number of shares of our Class A stock reserved for issuance under the Plan is equal to 10% of our outstanding shares of Class A stock and Class T stock at any time, but not to exceed 10,000,000 shares in the aggregate, less amounts already issued under the plan. As of December 31, 2020, we had 60,564,313 outstanding shares of common stock.

Recent Sales of Unregistered Securities

On October 26, 2020, we issued 50,000 shares of our Series A Preferred Stock to the Investor, as defined, and described elsewhere in this report. Since this transaction was not considered to have involved a “public offering” within the meaning of Section 4(a)(2) of the Securities Act, the shares issued were exempt from registration. We relied on this exemption from registration based in part on representations made by the Investor. See Note 8, Preferred Equity, of the Notes to the Consolidated Financial Statements contained in this report for additional information.

Redemption Program

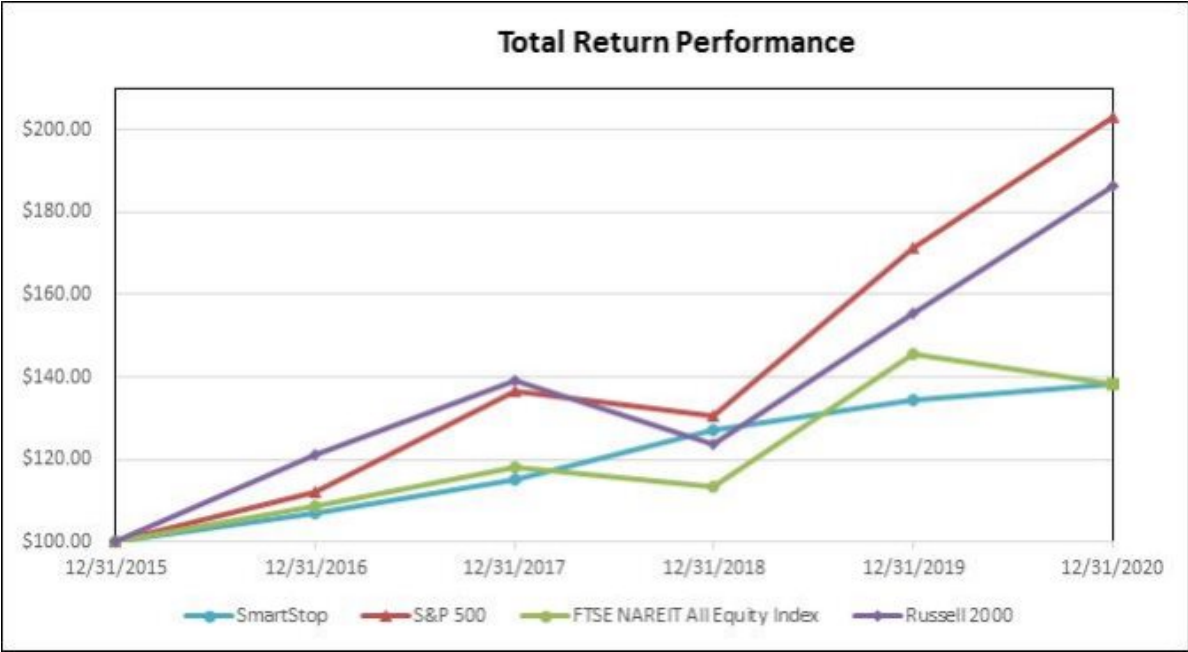
Our share redemption program enables our stockholders to have their shares redeemed by us, subject to the significant conditions and limitations described in our publicly filed documents. As of December 31, 2020, approximately \$57.3 million of common stock was available for redemption and approximately \$0.7 million was included in accrued expenses and other liabilities as of December 31, 2020. During the three months ended December 31, 2020, we redeemed shares as follows:

For the Month Ended	Total Number of Shares Redeemed	Average Price Paid per Share	Total Number of Shares Redeemed as Part of Publicly Announced Plans or Programs	Maximum Number of Shares (or Units) That May Yet to be Purchased Under the Plans or Programs
October 31, 2020	122,104	\$ 10.40	122,104	2,752,212 ⁽¹⁾
November 30, 2020	—	\$ —	—	2,752,212 ⁽¹⁾
December 31, 2020	—	\$ —	—	2,752,212 ⁽¹⁾

- ⁽¹⁾ A description of the maximum number of shares that may be purchased under our SRP is included in Note 13 – Commitments and Contingencies, of the Notes to the Consolidated Financial Statements contained in this report.

Our share redemption program is presently suspended, except with respect to redemption requests made in connection with the death or disability of a stockholder, redemption due to confinement to a long-term care facility, or other exigent circumstances. See Note 13 – Commitments and Contingencies, of the Notes to the Consolidated Financial Statements contained in this report for additional information.

The performance graph below is a comparison of the cumulative total return of our shares of Class A common stock, the Standard and Poor’s 500 Index (“S&P 500”), the FTSE NAREIT All Equity REITs Index and the Russell 2000 Index (“Russell 2000”), assuming a starting investment of \$100 on December 31, 2015 and reinvestment of distributions. The value of an investment in SmartStop reflects the customer account statement value in effect and does not factor in deductions for upfront fees and expenses paid at the time of investment. We currently have Class A and Class T common stock outstanding, with varying performance results between each class due to differences in class-specific fees and expenses. Class A is pictured in the graph below. There can be no assurance that the performance of our Class A shares will continue in line with the same or similar trends depicted in the performance graph.



ITEM 6. SELECTED FINANCIAL DATA

The following selected financial and operating information should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and the financial statements and related notes thereto included elsewhere in this Form 10-K:

	As of and for the Year Ended December 31, 2020	As of and for the Year Ended December 31, 2019	As of and for the Year Ended December 31, 2018	As of and for the Year Ended December 31, 2017	As of and for the Year Ended December 31, 2016
Operating Data					
Total revenues	\$ 124,024,363	\$ 109,528,549	\$ 80,412,257	\$ 76,108,906	\$ 45,431,146
Operating income (loss)	(21,140,210)	11,588,012	16,151,443	3,575,111	(14,910,503)
Net loss attributable to common stockholders	(54,354,394)	(24,750,333)	(3,698,377)	(14,864,065)	(26,090,385)
Net loss per Class A Share-basic and diluted	(0.91)	(0.42)	(0.06)	(0.27)	(0.65)
Net loss per Class T Share-basic and diluted	(0.91)	(0.42)	(0.06)	(0.27)	(0.65)
Dividends declared per common share	0.60	0.60	0.60	0.60	0.60
Balance Sheet Data					
Real estate facilities, gross	\$ 1,210,102,582	\$ 1,173,825,368	\$ 820,296,026	\$ 829,679,477	\$ 727,455,733
Total assets	1,282,221,057	1,311,433,731	796,354,037	817,497,838	752,553,611
Total debt	717,952,233	712,733,002	406,084,103	396,792,902	320,820,740
Total liabilities	785,289,170	775,802,382	418,870,325	410,062,755	331,209,006
Redeemable common stock	57,335,575	43,391,362	32,226,815	24,497,059	10,711,682
Series A Convertible Preferred Stock	196,356,107	146,426,164	-	-	-
Total equity	243,240,205	345,813,823	345,256,897	382,938,024	410,632,923
Other Data					
Net cash provided by (used in) operating activities	\$ 26,769,871	\$ 9,767,022	\$ 18,359,125	\$ 19,935,013	\$ (874,470)
Net cash used in investing activities	(28,958,838)	(347,783,873)	(3,179,291)	(57,546,328)	(508,377,715)
Net cash provided by (used in) financing activities	13,739,338	392,223,412	(12,541,473)	31,278,664	498,943,670

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the “Selected Financial Data” above and our accompanying consolidated financial statements and the notes thereto. See also “Cautionary Note Regarding Forward-Looking Statements” preceding Part I.

Overview

SmartStop Self Storage REIT, Inc., a Maryland corporation (the “Company”), is a self-managed and fully-integrated self storage real estate investment trust (“REIT”). Our year-end is December 31. As used in this report, “we,” “us,” “our,” and “Company” refer to SmartStop Self Storage REIT, Inc. and each of our subsidiaries.

We acquire, own and operate self storage facilities—including facilities owned by us as well as those owned by the entities sponsored by us. As of December 31, 2020, we owned 112 self storage facilities located in 17 states (Alabama, Arizona, California, Colorado, Florida, Illinois, Indiana, Maryland, Massachusetts, Michigan, New Jersey, Nevada, North Carolina, Ohio, South Carolina, Texas and Washington) and the Greater Toronto Area of Ontario, Canada. As discussed herein, as of December 31, 2020, we, through our subsidiaries, served as the sponsor of Strategic Storage Trust IV, Inc., a public non-traded REIT (“SST IV”), and Strategic Storage Growth Trust II, Inc., a private non-traded REIT (“SSGT II”) (collectively with SST IV, the “Managed REITs”), and operated properties owned by the Managed REITs, consisting of 37 properties and approximately 30,000 units and 3.1 million rentable square feet. As of March 17, 2021, subsequent to the SST IV Merger (defined below), we, through our subsidiaries, serve as the sponsor of SSGT II, and Strategic Storage Trust VI, Inc., a private REIT focused on acquiring income and growth self storage properties (“SST VI”), and operate properties owned by SSGT II and SST VI, consisting of 12 properties and approximately 9,000 units and 1.0 million square feet.

On June 28, 2019, we acquired the self storage advisory, asset management and property management businesses and certain joint venture interests (the “Self Storage Platform”) of SmartStop Asset Management, LLC, our former sponsor (“SAM”), along with certain other assets of SAM (collectively, the “Self Administration Transaction”). As a result of the Self Administration Transaction, we became self-managed and the sponsor of Strategic Storage Trust IV, Inc. (“SST IV”), a public non-traded REIT, and Strategic Storage Growth Trust II, Inc. (“SSGT II”) (collectively with SST IV, the “Managed REITs”), a private non-traded REIT. In addition, we have the internal capability to originate, structure and manage additional investment products (the “Managed REIT Platform”) which would be sponsored by SmartStop REIT Advisors, LLC (“SRA”), our indirect subsidiary. See Note 4 – Self Administration Transaction and Note 11 – Related Party Transactions of the Notes to the Consolidated Financial Statements for additional information.

In our initial public offering, which commenced on January 10, 2014, and ended on January 9, 2017, we offered a maximum of \$1.0 billion in common shares for sale to the public (the “Primary Offering”) and \$95.0 million in common shares for sale pursuant to our distribution reinvestment plan (collectively, the “Offering”) and sold approximately 48 million Class A Shares and approximately 7 million Class T Shares for approximately \$493 million and \$73 million, respectively.

SST IV Merger

On November 10, 2020, we entered into a merger agreement with Strategic Storage Trust IV, Inc., or SST IV, pursuant to which SST IV would merge with and into our wholly-owned subsidiary (the “SST IV Merger”). The SST IV Merger was approved by SST IV’s stockholders on March 10, 2021, and it was completed on March 17, 2021. The historical consolidated financial statements included herein represent our consolidated financial position, results of operations and cash flows prior to the SST IV Merger. See Note 16 – Subsequent Events of the Notes to the Consolidated Financial Statements for additional information related to the SST IV Merger.

Critical Accounting Policies

We have established accounting policies which conform to generally accepted accounting principles (“GAAP”). Preparing financial statements in conformity with GAAP requires management to use judgment in the application of accounting policies, including making estimates and assumptions. Following is a discussion of the estimates and assumptions used in setting accounting policies that we consider critical in the presentation of our financial statements. Many estimates and assumptions involved in the application of GAAP may have a material impact on our financial condition or operating performance, or on the comparability of such information to amounts reported for other periods, because of the subjectivity and judgment required to account for highly uncertain items or the susceptibility of such items to change. These estimates and assumptions affect our reported amounts of assets and liabilities, our disclosure of contingent assets and liabilities at the dates of the financial statements and our reported amounts of revenue and expenses during the period covered by this report. If management’s judgment or interpretation of the facts and circumstances relating to various transactions had been different, it is possible that different accounting policies would have been applied or different amounts of assets, liabilities, revenues and expenses would have been recorded, thus resulting in a materially different presentation of the financial statements or materially different amounts being reported in the financial statements. Additionally, other companies may use different estimates and assumptions that may impact the comparability of our financial condition and results of operations to those companies.

We believe that our critical accounting policies include the following: real estate purchase price allocations; the evaluation of whether any of our long-lived assets have been impaired; the valuation of goodwill and related impairment considerations, the valuation of our trademarks and related impairment considerations, the valuation of our contingent consideration liability, the determination of the useful lives of our long-lived assets; and the evaluation of the consolidation of our interests in joint ventures. The following discussion of these policies supplements, but does not supplant the description of our significant accounting policies, as contained in Note 2 of the Notes to the Consolidated Financial Statements contained in this report, and is intended to present our analysis of the uncertainties involved in arriving upon and applying each policy.

Real Estate Purchase Price Allocation

We account for acquisitions in accordance with GAAP which requires that we allocate the purchase price of a property to the tangible and intangible assets acquired and the liabilities assumed based on their relative fair values. This guidance requires us to make significant estimates and assumptions, including fair value estimates, which requires the use of significant unobservable inputs as of the acquisition date.

The value of the tangible assets, consisting of land and buildings is determined as if vacant. Because we believe that substantially all of the leases in place at properties we will acquire will be at market rates, as the majority of the leases are month-to-month contracts, we do not expect to allocate any portion of the purchase prices to above or below market leases. We also consider whether in-place, market leases represent an intangible asset. Acquisitions of portfolios of facilities are allocated to the individual facilities based upon an income approach or a cash flow analysis using appropriate risk adjusted capitalization rates which take into account the relative size, age, and location of the individual facility along with current and projected occupancy and rental rate levels or appraised values, if available.

Our allocations of purchase prices are based on certain significant estimates and assumptions, variations in such estimates and assumptions could result in a materially different presentation of the consolidated financial statements or materially different amounts being reported in the consolidated financial statements.

Real Property Assets Valuation

We evaluate our real property assets for impairment based on events and changes in circumstances that may arise in the future and that may impact the carrying amounts of such assets. When indicators of potential impairment are present, we will assess the recoverability of the particular asset by determining whether the carrying value of the asset will be recovered, through an evaluation of the undiscounted future operating cash flows expected from the use of the asset and its eventual disposition. This evaluation is based on a number of estimates and assumptions. Based on this evaluation, if the expected undiscounted future cash flows do not exceed the carrying value, we will adjust the value of the real property asset and recognize an impairment loss. Our evaluation of the impairment of real property assets could result in a materially different presentation of the financial statements or materially different amounts being reported in the financial statements, as the amount of impairment loss, if any, recognized may vary based on the estimates and assumptions we use.

Intangible Assets Valuation

In connection with the Self Administration Transaction, we allocated a portion of the consideration to the contracts that we acquired related to the Managed REITs and the customer relationships related to the tenant programs joint ventures

“Tenant Programs”. For these intangibles, we are amortizing such amounts on a straight-line basis over the estimated benefit period of the contracts and customer relationships. We evaluate these intangible assets for impairment when an event occurs or circumstances change that indicate the carrying value may not be recoverable. In such an event, an impairment charge is recognized and the intangible asset is marked down to its fair value.

See Note 5—Self Administration Transaction - Intangibles, Goodwill, and Certain Other Assets and Liabilities of the consolidated financial statements contained within this report for additional information.

Goodwill Valuation

Goodwill is recorded as the difference, if any, between the aggregate consideration paid for an acquisition and the fair value of the net tangible assets and other intangible assets acquired. Goodwill is allocated to various reporting units, as applicable, and is not amortized. We perform an annual impairment test for goodwill and between annual tests, we evaluate the recoverability of goodwill whenever events or changes in circumstances indicate that the carrying amount of goodwill may not be fully recoverable. If circumstances indicate the carrying amount may not be fully recoverable, we perform a quantitative impairment test of goodwill to compare the fair value of each reporting unit to its respective carrying amount. If the carrying amount of goodwill exceeds its fair value, an impairment charge will be recognized.

See Note 5—Self Administration Transaction - Intangibles, Goodwill, and Certain Other Assets and Liabilities of the consolidated financial statements contained within this report for additional information.

Trademarks Valuation

Trademarks are based on the value of our brands. Trademarks are valued using the relief from royalty method, which presumes that without ownership of such trademarks, we would have to make a stream of payments to a brand or franchise owner in return for the right to use their name. By virtue of this asset, we avoid any such payments and record the related intangible value of our ownership of the brand name. We used the following significant projections and assumptions to determine value under the relief from royalty method: revenues; royalty rate; tax expense; terminal growth rate; and discount rate. For the SmartStop® trademark, the projections underlying this relief from royalty model were forecasted for eight years and then a terminal value calculation was applied. For the Strategic Storage® trademark, the projections underlying the relief from royalty model were forecasted for seven years. Applying the selected pretax royalty rates to the applicable revenue base in each period yielded pretax income for each of our trademarks. These pretax totals were tax effected utilizing the applicable tax rate to arrive at net, after-tax cash flows. The net, after-tax cash flows were then discounted to present value utilizing an appropriate discount rate. The present value of the after-tax cash flows were then added to the present value of the amortization tax benefit (considering the 15-year amortization of intangible assets pursuant to U.S. tax legislation) to arrive at the estimated fair values for the trademarks.

We qualitatively evaluate whether any triggering events or changes in circumstances have occurred subsequent to our annual impairment test that would indicate an impairment condition may exist. If any change in circumstance or triggering event occurs, and results in a significant impact to our revenue and profitability projections, or any significant assumption in our valuation methods is adversely impacted, the impact could result in a material impairment charge in the future.

See Note 5—Self Administration Transaction - Intangibles, Goodwill, and Certain Other Assets and Liabilities of the consolidated financial statements contained within this report for additional information.

Contingent Earnout Valuation

In connection with the Self Administration Transaction, we issued the Class A-2 Units, as a form of contingent consideration, which is required to be revalued at each reporting period, based on the discounted probability weighted forecast of achieving the requisite AUM thresholds or the occurrence of an Earnout Acceleration Event (both as defined in Note 4 – Self Administration Transaction in the Notes to the Financial Statements).

Estimated Useful Lives of Real Property Assets

We assess the useful lives of the assets underlying our properties based upon a subjective determination of the period of future benefit for each asset. We record depreciation expense with respect to these assets based upon the estimated useful lives we determine. Our determinations of the useful lives of the assets could result in a materially different presentation of the financial statements or materially different amounts being reported in the financial statements, as such determinations, and the corresponding amount of depreciation expense, may vary dramatically based on the estimates and assumptions we use.

Consolidation of Investments in Joint Ventures

We evaluate the consolidation of our investments in joint ventures in accordance with relevant accounting guidance. This evaluation requires us to determine whether we have a controlling interest in a joint venture through a means other than voting rights, and, if so, such joint venture may be required to be consolidated in our financial statements. Our evaluation of our joint ventures under such accounting guidance could result in a materially different presentation of the financial statements or materially different amounts being reported in the financial statements, as the joint venture entities included in our financial statements may vary based on the estimates and assumptions we use.

REIT Qualification

We made an election under Section 856(c) of the Internal Revenue Code of 1986 (the Code) to be taxed as a REIT under the Code, commencing with the taxable year ended December 31, 2014. By qualifying as a REIT for federal income tax purposes, we generally will not be subject to federal income tax on income that we distribute to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income tax on our taxable income at regular corporate rates and will not be permitted to qualify for treatment as a REIT for federal income tax purposes for four years following the year in which our qualification is denied. Such an event could materially and adversely affect our net income and could have a material adverse impact on our financial condition and results of operations. However, we believe that we are organized and operate in a manner that will enable us to continue to qualify for treatment as a REIT for federal income tax purposes, and we intend to continue to operate as to remain qualified as a REIT for federal income tax purposes.

Recent Market Conditions

Our rental revenue and operating results depend significantly on the demand for self storage space. Since the beginning of the COVID-19 pandemic in late March 2020, our operations have been affected by COVID-19 in various ways, including but not limited to, national and local jurisdictions issuing orders causing temporary restrictions on our business in certain markets, temporary shutdowns of certain of our facilities, customer behavior and their comfort levels visiting our facilities, as well as the broader economic impacts of COVID-19. The financial impact associated with these items were most significant in the second quarter of 2020, with customer demand for self storage resuming at or above normalized levels during the second half of 2020.

Since the beginning of March 2020, we have been focused on creating a safe environment for our customers and employees given the spread of COVID-19. We have instituted the use of masks, plastic dividers, additional cleaning measures and social distancing at all of our self storage facilities, as well as instituted remote working measures at our corporate headquarters and call center. We have also adjusted our in-store operations in order to comply with the various governmental orders, and, in certain cases, we had to temporarily close some of our offices. Additionally, we have expanded our options for customers to rent units via contactless means, including directly through our website and call center. Implementing additional safety measures, including personal protective equipment, as well as various field personnel one-time cash bonuses, resulted in increased property operating expenses during 2020.

Various jurisdictions issued orders or proclamations impacting our ability to charge certain fees, conduct auctions or increase our rental rates. Beginning in mid-March, we elected to suspend auctions and rate increases for our existing customers, as well as suspend or waive certain fees. At the end of the second quarter 2020, in certain jurisdictions, we resumed certain of the foregoing operating procedures on a modified basis, including auctions and charging late fees. While many of the restrictions initially implemented lapsed during the third quarter, we are still subject to some restrictions at certain locations. To date there has been no significant change in our rent collections. However, rent collections could be impacted by prolonged economic stress and unemployment, which could affect our customers' ability to pay rent and thus would increase bad debt expense.

The challenges associated with the COVID-19 pandemic were partially offset by other trends that helped maintain the demand for self storage. The broader shift of people working from home, migration patterns away from dense urban markets, and strength in the housing market helped drive the growth in self storage demand since May 2020.

While the combination of reduced rental activity and lower rates affected our revenue growth in the second quarter, underlying self storage fundamentals improved in the third and fourth quarters, resulting in higher occupancies and higher rental rates, as compared to the second quarter and on a year-over-year basis. The return of self storage fundamentals combined with our resumption of existing customer rate increases in the third quarter resulted in strong same-store revenue growth in the second half of 2020.

Below is a summary of the business indicators, drivers, and metrics which were impacted by the COVID-19 pandemic:

- Resumed existing customer rate increases on a modified basis beginning July 2020 and through the third and fourth quarters of 2020, after pausing rate increases for our existing customers during second quarter 2020;

- A reduction in late fees during full year 2020 of approximately 19% on a same-store basis as compared to full year 2019, an improvement from second quarter 2020, in which quarterly same-store late fees declined 35% year-over-year;
- Same-store move-ins increased approximately 6% during full year 2020 as compared to full year 2019, an improvement from the decline of approximately 5% year-over-year during the second quarter 2020;
- Same-store move outs declined approximately 5% during full year 2020 as compared to full year 2019, as compared to the decline of approximately 12% year-over-year for the second quarter 2020;
- Same-store asking rates for new customers increased during the fourth quarter 2020 as compared to fourth quarter 2019, after a decline year-over-year during the second quarter 2020;
- Rents billed and collected within the same month, remained consistent on year-over-year basis at approximately 97% during the full year of 2020.

The ultimate extent and duration of the COVID-19 pandemic and the resulting impact, including the corresponding governmental orders or broader economic condition and any associated impact on the demand for self storage space or on our business, financial condition, collections, bad debt expense, liquidity, results of operations and prospects will depend on future developments, which are highly uncertain and cannot be predicted. This includes new information that may also emerge concerning the breadth or severity of the COVID-19 outbreak, as well as the actions to contain or treat its impact, including the distribution and broad acceptance of various vaccines for COVID-19.

Results of Operations

Overview

We derive revenues principally from: (i) rents received from our self storage tenant leases; (ii) fees generated from our Managed REITs; (iii) our Tenant Programs; and (iv) sales of packing- and storage-related supplies at our storage facilities. Therefore, our operating results depend significantly on our ability to retain our existing tenants and lease our available self storage units to new tenants, while maintaining and, where possible, increasing the prices for our self storage units. Additionally, our operating results depend on our tenants making their required rental payments to us, management fees earned from our Managed REITs, and the success of our Tenant Programs.

Competition in the market areas in which we operate is significant and affects the occupancy levels, rental rates, rental revenues and operating expenses of our facilities. Development of any new self storage facilities would intensify competition of self storage operators in markets in which we operate.

As of December 31, 2020, 2019, and 2018, we owned 112, 111, and 83 operating self storage facilities, respectively. Our operating results for the year ended December 31, 2018 included full year periods for the 83 self storage facilities. Our operating results for the year ended December 31, 2019 included full year periods for the 83 self storage facilities owned as of December 31, 2018, plus partial year periods for the 29 operating self storage facilities we acquired in 2019, one of which was sold in October 2019. Our operating results for the year ended December 31, 2020 included full year periods for 111 operating self storage facilities and partial period results for one operating property where development was completed and the property was placed in service during 2020. Operating results in future periods will depend on the results of operations of these properties and of the real estate properties that we acquire in the future.

As discussed previously, the results of operations presented herein cover a period of time prior to the SST IV Merger. We expect our 2021 operating results to be significantly impacted by the SST IV Merger as a result of acquiring 24 operating self storage facilities and SST IV's 50% equity interest in six unconsolidated real estate ventures. See Note 16 – Subsequent events of the Notes to the Consolidated Financial Statements for more information regarding the SST IV Merger.

SSGT Mergers

On January 24, 2019, we acquired SSGT by way of merger (the “SSGT Mergers”). SSGT was a REIT focused on opportunistic self storage properties, including development and lease-up properties. Through the SSGT Mergers, we acquired 27 operating self storage facilities which had a physical occupancy of approximately 77% at acquisition, along with one property that was subsequently sold in October 2019 located in San Antonio, Texas, one development property in the Greater Toronto, Canada area, and the rights to acquire another property under development in Gilbert, Arizona, which was acquired in July 2019. The chart below illustrates the growth in occupancy and total revenues in the SSGT portfolio of assets since the completion of the SSGT Mergers:



- (1) Total Revenue - represents the total self storage revenues earned during each respective quarter for 27 SSGT operating properties through June 30, 2019, 28 SSGT properties through December 31, 2019, and all 29 SSGT properties thereafter. Properties that were under development or had not yet been acquired were excluded from each respective period. Additionally, the San Antonio II property, which was sold in October 2019, has been excluded from all periods.
- (2) Physical Occupancy – All Properties - represents the percentage of square feet occupied for 27 SSGT operating properties through June 30, 2019, 28 properties through December 31, 2019 including the newly acquired Gilbert property, and all 29 properties thereafter, including the Toronto development property. Properties that were under development or had not yet been acquired were excluded from each respective period. Additionally, the San Antonio II property, which was sold in October 2019, has been excluded from all periods.
- (3) Physical Occupancy – 27 Operating Properties - represents the percentage of square feet occupied for the initial 27 SSGT operating properties for all periods. Properties that were only owned for part of the time range, were under development during part of the time range, or were sold subsequent to the SSGT Merger were excluded from all periods for the Physical Occupancy – 27 Properties metric.

The SSGT portfolio grew occupancy meaningfully during the second and third quarters of 2020, in the midst of the COVID-19 pandemic, and while revenue growth was dampened in the second quarter of 2020 as a result of actions taken during the pandemic, the pattern of growing revenues resumed in the third quarter and continued in the fourth quarter. As the portfolio reaches higher levels of occupancy, we expect further economic stabilization to occur which will continue to drive revenue higher, absent further significant impact from COVID-19.

Over the coming quarters, we believe the SSGT portfolio will continue to grow revenues and net operating income. While the SSGT Mergers caused initial dilution in FFO, as adjusted as a result of an increase in debt and interest expense, we believe the progress in metrics such as physical occupancy and total revenue, coupled with the acquisition of the Gilbert property and the completion of the Toronto development property, will result in accretive cash flows, portfolio value and FFO, as adjusted, in the future.

Self Administration Transaction

On June 28, 2019, we completed the Self Administration Transaction, in which we became self-managed and acquired the advisory, asset management and property management businesses and certain joint ventures previously in place for us, SST IV and SSGT II. Additionally, we now have the internal capability to originate, structure and manage additional investment products which would be sponsored by SRA.

Our operating results since the completion of the Self Administration Transaction have been, and we expect our operating results in future periods will continue to be, significantly impacted. Since the close of the Self Administration Transaction, we have not incurred acquisition, asset and property management fees, which we previously incurred while we

were externally advised. Additionally, we receive incremental Tenant Program revenues as a result of the Self Administration Transaction. However, we now incur additional compensation expense and related overhead costs. Additionally, we serve as the sponsor of the Managed REITs, generating revenue and incurring expenses associated with such activities.

As the assets under management of the Managed REITs have increased, we have seen an increase in property management and asset management fees earned, as well as incremental revenues from our Tenant Program joint ventures. At the time of the Self Administration Transaction, the total assets under management of the Managed REITs was approximately \$220 million. As of December 31, 2020, the Managed REITs had total assets under management of approximately \$470 million, an increase of approximately \$250 million since the close of the Self Administration Transaction. See Note 4 of the Notes to the Consolidated Financial Statements contained in this report for additional information.

Below we have summarized the estimated impact before noncontrolling interests, depreciation, amortization, impairments, contingent earnout adjustments, adjustments to deferred tax liabilities, and interest expense, related to the Self Administration Transaction to our consolidated financial statements (in millions):

Description	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Elimination of property management and asset management fees	\$ 14.3	\$ 7.2
Incremental Tenant Program revenues	2.2	1.0
Managed REIT Platform, net	5.2	0.3
Incremental compensation and other expenses	(10.4)	(4.6)
Total	\$ 11.3	\$ 3.9

Comparison of the Years Ended December 31, 2020 and 2019

Total Self Storage Revenues

Total self storage related revenues for the years ended December 31, 2020 and 2019, were approximately \$110.2 million and \$103.2 million, respectively. The increase in total self storage revenues of approximately \$7.0 million, or 6.8%, is primarily attributable to a full twelve months of operations during the year ended December 31, 2020 for 27 operating self storage facilities acquired in January 2019 and one operating property acquired in July 2019 in connection with the SSGT Mergers, resulting in an increase in revenues from the SSGT Mergers of approximately \$4.1 million. The remainder of the increase, approximately \$2.9 million, was attributable to increases in same-store revenues, which was partially attributable to incremental Tenant Program revenues as a result of the Self Administration Transaction (see same-store facility results table and related footnotes for the years ended December 31, 2020 and 2019 for further discussion).

Our self storage revenues were negatively impacted as a result of the COVID-19 pandemic and the resulting suspension of rate increases to our existing customers during the second quarter of 2020 along with gradual reintroduction of such rate increases in the third and fourth quarters of 2020, and reduced income from late fees.

We expect self storage revenues to increase in future periods as the properties we acquired in the SSGT Mergers and other lease up properties continue to increase occupancy and rents and otherwise fluctuate depending on the economic impact of the COVID-19 pandemic and its impact on the demand for self storage.

Managed REIT Platform Revenue

Managed REIT Platform revenue for the years ended December 31, 2020 and 2019, was approximately \$8.0 million and \$3.1 million, respectively. The increase in Managed REIT Platform revenue of approximately \$5.0 million, is attributable to a full twelve months of such revenues during the year ended December 31, 2020, and additional assets under management. Such revenues are associated with the operation of the Managed REIT Platform we acquired on June 28, 2019.

Reimbursable Costs from Managed REITs

Reimbursable costs from Managed REITs for the years ended December 31, 2020 and 2019, were approximately \$5.8 million and \$3.3 million, respectively. Such revenues consist of costs incurred by us as we provide property management and advisory services to the Managed REITs, which are reimbursed by our Managed REITs, pursuant to our related contracts with the Managed REITs.

Property Operating Expenses

Property operating expenses for the years ended December 31, 2020 and 2019, were approximately \$38.3 million (or 34.8% of self storage revenue) and \$35.7 million (or 34.6% of self storage revenue), respectively. Property operating expenses includes the costs to operate our facilities including payroll expense, utilities, insurance, real estate taxes, and marketing. The increase in property operating expenses of approximately \$2.6 million, is primarily attributable to an increase of approximately \$0.7 million related to increased compensation expense primarily as a result of the Self Administration Transaction, an increase of approximately \$0.6 million related to COVID-19 related expenses, and a full twelve months of operations for 27 operating self storage facilities acquired in January 2019 and one operating property acquired in July 2019 in connection with the SSGT Mergers. We expect property operating expenses to decrease as a percentage of revenue as overall occupancy grows and therefore revenues increase, particularly in the SSGT properties.

Property Operating Expenses – Affiliates

Property operating expenses – affiliates for the years ended December 31, 2020 and 2019, were none and approximately \$6.6 million, respectively. Property operating expenses – affiliates included property management fees and asset management fees. The decrease in property operating expenses – affiliates of approximately \$6.6 million is attributable to the Self Administration Transaction. As a result of the Self Administration Transaction, we no longer incur such expenses.

Managed REIT Platform Expenses

Managed REIT Platform expenses for the years ended December 31, 2020 and 2019, were approximately \$2.8 million and \$2.7 million, respectively. Such expenses primarily consisted of expenses related to the Administrative Services Agreement (as described in Note 4, Self Administration Transaction, of the Notes to the Consolidated Financial Statements contained in this report), and other non-reimbursable costs associated with the operation of the Managed REIT Platform we acquired on June 28, 2019. We expect Managed REIT Platform expenses to fluctuate in future periods commensurate with the level of services provided through the Administrative Services Agreement.

Reimbursable Costs from Managed REITs

Reimbursable costs from Managed REITs for the years ended December 31, 2020 and 2019, were approximately \$5.8 million and \$3.3 million, respectively. Such expenses consist of costs incurred by us as we provide property management and advisory services to the Managed REITs, which are reimbursed by our Managed REITs, pursuant to our related contracts with the Managed REITs.

General and Administrative Expenses

General and administrative expenses for the years ended December 31, 2020 and 2019, were approximately \$16.5 million and \$10.5 million, respectively. These expenses consist primarily of compensation-related costs, legal expenses, accounting expenses, transfer agent fees, directors and officers' insurance expense and board of directors-related costs. Prior to June 28, 2019, we recognized compensation-related costs based on certain required reimbursements from our Former External Advisor. Since June 28, 2019, as a result of the Self Administration Transaction, we are now self-managed and employ our own workforce, which resulted in an increase of approximately \$5.2 million related to compensation-related costs for the year ended December 31, 2020 in comparison to the year ended December 31, 2019, and is the primary reason for the year over year increase. Also contributing to the increase were costs associated with the SST IV Merger, primarily related to additional board of directors and other related professional costs. We expect general and administrative expenses to decrease as a percentage of total revenues over time.

Depreciation and Amortization Expenses

Depreciation and amortization expenses for the years ended December 31, 2020 and 2019, were approximately \$42.1 million and \$41.1 million, respectively. Depreciation expense consists primarily of depreciation on the buildings and site improvements at our properties. Amortization expense consists of the amortization of our in place lease intangible assets resulting from our self storage acquisitions and amortization of certain intangible assets acquired in the Self Administration Transaction. The increase in depreciation and amortization expense is primarily attributable to a full twelve months of depreciation and amortization on 27 operating self storage facilities acquired in January 2019 and one operating property acquired in July 2019 in connection with the SSGT Mergers, as well as the intangible asset amortization and depreciation on our corporate office, acquired in the Self Administration Transaction.

Self Administration Transaction Expenses

Self administration transaction expenses for the years ended December 31, 2020 and 2019, were none and approximately \$1.6 million, respectively. Self administration transaction expenses consisted primarily of legal fees, and fees and expenses of our professional and financial advisors.

Other Acquisition Expenses

Other acquisition expenses for the years ended December 31, 2020 and 2019 were approximately \$1.4 million and \$0.2 million, respectively. These acquisition expenses were incurred prior to acquisitions becoming probable in accordance with our capitalization policy. The increase is primarily attributable to the acquisition costs incurred during 2020 related to the SST IV Merger.

Contingent Earnout Adjustment

The contingent earnout adjustments for the years ended December 31, 2020 and 2019, reflects a reduction in the contingent earnout liability of approximately \$2.5 million and an increase in the liability of approximately \$0.2 million, respectively. The reduction of \$2.5 million during the year ended December 31, 2020 was due to the determination that the liability had decreased in value on a net basis based on an updated discounted probability weighted forecast of our projected assets under management in the Managed REIT Platform.

Impairment of Goodwill and Intangible Assets

Impairment of goodwill and intangible assets for the years ended December 31, 2020 and 2019, was approximately \$36.5 million and none, respectively. The impairment charge incurred in the first quarter of 2020 was the result of the impairment of certain assets and goodwill associated with the Managed REIT Platform.

Impairment of Investments in Managed REITs

Impairment of investments in Managed REITs for the years ended December 31, 2020 and 2019, were approximately \$4.4 million and none, respectively. Certain of our equity investments in the Managed REITs derive their value from the potential to receive certain subordinated distributions based on certain performance criteria of the Managed REITs, and we determined in the first quarter of 2020 that those criteria were less likely to be met, causing a reduction in the fair value of the related equity investments. We determined that such reduction in fair value was other than temporary, therefore requiring the impairment charge recorded.

Gain on Sale of Real Estate

Gain on sale of real estate for the years ended December 31, 2020 and 2019 was none and approximately \$3.9 million, respectively. The gain was related to the October 18, 2019 sale of a self storage facility we owned in San Antonio, Texas (the “San Antonio II Property”).

Interest Expense and Accretion of Fair Market Value of Secured Debt

Interest expense and the accretion of fair market value of secured debt for the years ended December 31, 2020 and 2019, were approximately \$32.5 million and \$37.4 million, respectively. The decrease of approximately \$5.0 million is primarily attributable to decreased debt outstanding during 2020 when compared to 2019, and decreased interest rates on

variable rate debt. We expect interest expense to fluctuate in future periods commensurate with our future debt levels and interest rates.

Interest Expense – Debt Issuance Costs

Interest expense – debt issuance costs for the years ended December 31, 2020 and 2019, were approximately \$3.6 million and \$4.0 million, respectively. We expect interest expense - debt issuance costs to fluctuate commensurate with our future financing activity.

Net Loss on Extinguishment of Debt

Net loss on extinguishment of debt for the years ended December 31, 2020 and 2019, were none and approximately \$2.6 million, respectively. Net loss on debt extinguishment in the year ended December 31, 2019 was attributable to prepayment penalties related to the early pay off of a then existing approximately \$12 million promissory note that encumbered five of our properties, and the write-off of unamortized debt issuance costs on loans that were paid off in connection with the SSGT Mergers and the loans that were paid off in connection with the issuance of Series A Convertible Preferred Stock.

Gain Resulting from Acquisition of Unconsolidated Affiliates

Gain resulting from acquisition of unconsolidated affiliates for the years ended December 31, 2020 and 2019, was none and approximately \$8.0 million, respectively. The gain was related to our remeasurement to fair value of the Tenant Programs joint ventures upon our acquisition of 100% of such entities in the Self Administration Transaction.

Other

Other income (expense) for the years ended December 31, 2020 and 2019, was approximately \$6.0 million of income, as compared to approximately \$0.6 million of net expense, respectively. Other consists primarily of state and federal tax expense, adjustments to deferred tax liabilities, foreign currency fluctuations, and changes in value related to our foreign currency and interest rate hedges not designated for hedge accounting. The change is primarily the result of favorable deferred tax adjustments of approximately \$5.9 million during 2020, primarily related to the intangible impairments noted above.

Same-Store Facility Results – Years Ended December 31, 2020 and 2019

The following table sets forth operating data for our same-store facilities (those properties included in the consolidated results of operations since January 1, 2019) for the year ended December 31, 2020 and 2019. We consider the following data to be meaningful as this allows for the comparison of results without the effects of acquisition, lease up, or development activity.

	Same-Store Facilities			Non Same-Store Facilities			Total		
	2020	2019	% Change	2020	2019	% Change	2020	2019	% Change
Revenue (1)	\$ 84,147,601	\$ 81,245,804	3.6%	\$ 26,027,324	\$ 21,955,456	N/M	\$ 110,174,925	\$ 103,201,260	6.8%
Property operating expenses (2)	27,301,271	28,490,131	(4.2)%	11,003,928	10,216,091	N/M	38,305,199	38,706,222	(1.0)%
Property operating income	\$ 56,846,330	\$ 52,755,673	7.8%	\$ 15,023,396	\$ 11,739,365	N/M	\$ 71,869,726	\$ 64,495,038	11.4%
Number of facilities	83	83		29	29		112	112	
Rentable square feet (3)	6,029,600	6,029,600		2,208,000	2,194,700		8,237,600	8,224,300	
Average physical occupancy (4)	90.6%	88.6%		N/M	N/M		89.4%	86.3%	
Annualized revenue per occupied square foot (5)	\$ 16.18	\$ 16.00		N/M	N/M		\$ 15.65	\$ 15.57	

N/M Not meaningful

(1) Revenue includes rental revenue, Tenant Programs revenue, ancillary revenue, and administrative and late fees.

- (2) Property operating expenses excludes corporate general and administrative expenses, asset management fees, interest expense, depreciation, amortization expense, and acquisition expenses, but includes property management fees as applicable. Property operating expenses for the year ended December 31, 2020 also includes COVID-19 related costs, including specialized cleaning costs, the purchase of personal protective equipment, and bonuses to our store and field personnel, totaling approximately \$0.6 million. On a same-store basis, COVID-19 related costs represented approximately \$0.4 million of the total property operating expenses for the year ended December 31, 2020.
- (3) Of the total rentable square feet, parking represented approximately 678,000 square feet and 695,000 square feet as of December 31, 2020 and 2019, respectively. On a same-store basis, for the same periods, parking represented approximately 547,000 square feet.
- (4) Determined by dividing the sum of the month-end occupied square feet for the applicable group of facilities for each applicable period by the sum of their month-end rentable square feet for the period.
- (5) Determined by dividing the aggregate realized revenue for each applicable period by the aggregate of the month-end occupied square feet for the period. Properties are included in the respective calculations in their first full month of operations, as appropriate. We have excluded the realized rental revenue and occupied square feet related to parking herein for the purpose of calculating annualized revenue per occupied square foot.

Our same-store revenue increased by approximately \$2.9 million for the year ended December 31, 2020 compared to the year ended December 31, 2019 primarily due to higher occupancy, higher annualized revenue per occupied square foot, and an increase in Tenant Program revenues as a result of the Self Administration Transaction. Revenue growth was negatively impacted by the COVID-19 pandemic and the resulting waived late fees, and the suspension of existing customer rate increases during the second quarter of 2020.

Our same-store property operating expenses decreased by approximately \$1.2 million for the year ended December 31, 2020 compared to the year ended December 31, 2019 primarily due to the elimination of property management fees effective June 28, 2019, partially offset by an increase in compensation expense as a result of the Self Administration Transaction, increased advertising expenses, and COVID-19 related costs.

The following table presents a reconciliation of net loss as presented on our consolidated statements of operations to property operating income, as stated above, for the periods indicated:

	For the Year Ended December 31,	
	2020	2019
Net loss	\$ (51,206,803)	\$ (25,095,538)
Adjusted to exclude:		
Managed REIT Platform revenue	(8,048,630)	(3,068,306)
Asset management fees ⁽¹⁾	—	3,622,559
Managed REIT Platform expenses	2,806,921	2,739,556
General and administrative	16,471,199	10,461,453
Depreciation	32,294,627	29,605,278
Intangible amortization expense	9,777,116	11,493,394
Self administration transaction expenses	—	1,572,238
Acquisition expenses – affiliates	—	84,061
Other property acquisition expenses	1,366,092	141,489
Contingent earnout adjustment	(2,500,000)	200,000
Impairment of goodwill and intangible assets	36,465,732	—
Impairment of investments in Managed REITs	4,376,879	—
Gain on sale of real estate	—	(3,944,696)
Interest expense	32,597,613	37,563,247
Interest expense—accretion of fair market value of secured debt	(130,682)	(131,611)
Interest expense—debt issuance costs	3,586,381	3,996,676
Net loss on extinguishment of debt	—	2,647,633
Gain resulting from acquisition of unconsolidated affiliates	—	(8,017,353)
Other	(5,986,719)	624,958
Total property operating income	\$ 71,869,726	\$ 64,495,038

(1) Asset management fees are included in Property operating expenses – affiliates in the consolidated statements of operations.

Comparison of the Years Ended December 31, 2019 and 2018

Total Self Storage Revenues

Total self storage related revenues for the years ended December 31, 2019 and 2018 were approximately \$103.2 million and \$80.4 million, respectively. The increase in total self storage revenues of approximately \$22.8 million, or 28.3%, is primarily attributable to the 28 operating self storage facilities acquired in January 2019 and one operating property acquired in July 2019 in connection with the SSGT Mergers (approximately \$22.0 million), incremental Tenant Program revenues generated on our wholly-owned assets primarily as a result of the Self Administration Transaction (approximately \$1.5 million), and same-store increases, excluding the impact of the incremental Tenant Program revenues, of approximately \$1.1 million, or 1.6% (see same-store facility results table and related footnotes for the years ended December 31, 2019 and 2018 for further discussion), partially offset by the impact of adopting ASU 2016-02, which reduced total self storage revenues by approximately \$1.7 million as amounts previously recorded to bad debt expense within property operating expenses are now presented as a reduction to self storage rental revenue.

Managed REIT Platform Revenue

Managed REIT Platform revenue for the years ended December 31, 2019 and 2018 was approximately \$3.1 million and none, respectively. Such revenue consisted of approximately \$1.5 million of asset management fee revenue, approximately \$0.7 million of property management fee revenue and approximately \$0.9 million of other revenue earned pursuant to our management contracts with the Managed REITs. This revenue was derived from the Managed REIT Platform business, effective June 28, 2019, as a result of the Self Administration Transaction.

Reimbursable Costs from Managed REITs

Reimbursable costs from Managed REITs for the years ended December 31, 2019 and 2018 were approximately \$3.3 million and none, respectively. Such revenues consist of costs incurred by us as we provide property management and advisory services to the Managed REITs, which are reimbursed by our Managed REITs, pursuant to our related contracts with the Managed REITs.

Property Operating Expenses

Property operating expenses for the years ended December 31, 2019 and 2018 were approximately \$35.7 million (or 34.6% of self storage revenue) and \$25.2 million (or 31.4% of self storage revenue), respectively. Property operating expenses includes the costs to operate our facilities including payroll expense, utilities, insurance, real estate taxes, and marketing. The increase in property operating expenses of approximately \$10.5 million, is primarily attributable to the 28 operating self storage facilities acquired in January 2019 and one operating property acquired in July 2019 in connection with the SSGT Mergers (approximately \$9.4 million), an increase of approximately \$0.5 million related to increased compensation expense as a result of the Self Administration Transaction, and an increase in same-store operating expenses of approximately \$1.6 million, primarily attributable to repairs and maintenance, and property taxes, partially offset by the impact of adopting ASU 2016-02, which reduced 2019 same store property operating expenses by approximately \$1.2 million.

Property Operating Expenses – Affiliates

Property operating expenses – affiliates for the years ended December 31, 2019 and 2018 were approximately \$6.6 million and \$10.3 million, respectively. Property operating expenses – affiliates includes property management fees and asset management fees. The decrease in property operating expenses – affiliates of approximately \$3.6 million is primarily attributable to the Self Administration Transaction, offset by costs related to the 28 operating self storage facilities acquired in January 2019 in connection with the SSGT Mergers. As a result of the Self Administration Transaction, we no longer incur such expenses.

Managed REIT Platform Expenses

Managed REIT Platform expenses for the years ended December 31, 2019 and 2018 were approximately \$2.7 million and none, respectively. Such expenses primarily consisted of expenses related to the Administrative Services Agreement (as defined in Note 4, Self Administration Transaction, of the Notes to the Consolidated Financial Statements contained in this report), and other non-reimbursable costs associated with the operation of the Managed REIT Platform we acquired on June 28, 2019.

Reimbursable Costs from Managed REITs

Reimbursable costs from Managed REITs for the years ended December 31, 2019 and 2018 were approximately \$3.3 million and none, respectively. Such expenses consist of costs incurred by us as we provide property management and advisory services to the Managed REITs, which are reimbursed by our Managed REITs, pursuant to our related contracts with the Managed REITs. We expect reimbursable costs from Managed REITs to increase in future periods as we own the platform for the full fiscal period and as our Managed REITs acquire additional properties.

General and Administrative Expenses

General and administrative expenses for the years ended December 31, 2019 and 2018 were approximately \$10.5 million and \$4.8 million, respectively. Such expenses have historically consisted primarily of legal expenses, accounting expenses, transfer agent fees, directors and officers' insurance expense, an allocation of our Former External Advisor's payroll related costs (through June 27, 2019) and board of directors related costs. Additionally, since June 28, 2019, as a result of the Self Administration Transaction, we recorded an incremental increase of approximately \$4.6 million of payroll and overhead related costs now that we are self-managed. The 2018 general and administrative expenses were indicative of an externally-advised structure for the entire year, whereas effective June 28, 2019, we became self-managed and employed our own workforce.

Depreciation and Amortization Expenses

Depreciation and amortization expenses for the years ended December 31, 2019 and 2018 were approximately \$41.1 million and \$22.8 million, respectively. Depreciation expense consists primarily of depreciation on the buildings and site improvements at our properties. Amortization expense consists of the amortization of our in place lease intangible assets resulting from our self storage acquisitions and amortization of certain intangible assets acquired in the Self Administration Transaction. The increase in depreciation and amortization expense is primarily attributable to the 28 operating self storage facilities acquired in January 2019 and one operating property acquired in July 2019 in connection with the SSGT Mergers, as well as the intangible assets and depreciation on our corporate office, acquired in the Self Administration Transaction.

Self Administration Transaction Expenses

Self administration transaction expenses for the years ended December 31, 2019 and 2018 were approximately \$1.6 million and none, respectively. Self administration transaction expenses consist primarily of legal fees, and fees and expenses of our professional and financial advisors.

Acquisition Expenses – Affiliates

Acquisition expenses – affiliates for the years ended December 31, 2019 and 2018 were approximately \$84,000 and \$72,000, respectively. Acquisition expenses – affiliates primarily relates to acquisition costs that were reimbursable to an affiliate and incurred in the pursuit of self storage properties, but did not meet our capitalization criteria. As a result of the Self Administration Transaction, we no longer incur such expenses.

Other Property Acquisition Expenses

Other property acquisition expenses for the years ended December 31, 2019 and 2018 were approximately \$0.1 million and \$1.1 million, respectively. These acquisition expenses were incurred prior to such acquisitions becoming probable in accordance with our capitalization policy.

Interest Expense and Accretion of Fair Market Value of Secured Debt

Interest expense and the accretion of fair market value of secured debt for the years ended December 31, 2019 and 2018 were approximately \$37.4 million and \$17.6 million, respectively. The increase of approximately \$19.8 million is primarily attributable to the additional debt obtained in connection with the SSGT Mergers during the first quarter of 2019, and to a lesser extent, the additional debt obtained in connection with the Self Administration Transaction.

Interest Expense – Debt Issuance Costs

Interest expense – debt issuance costs for the years ended December 31, 2019 and 2018 were approximately \$4.0 million and \$1.6 million, respectively. The increase in interest expense – debt issuance costs of \$2.4 million is primarily attributable to costs related to the new debt obtained in connection with the SSGT Mergers.

Net Loss on Extinguishment of Debt

Net loss on extinguishment of debt for the years ended December 31, 2019 and 2018 was approximately \$2.6 million and none, respectively. The increase in net loss on debt extinguishment is primarily attributable to prepayment penalties related to the early pay off of a then existing approximately \$12 million promissory note that encumbered five of our properties, and the write-off of unamortized debt issuance costs on loans that were paid off in connection with the SSGT Mergers and the loans that were paid off in connection with the issuance of Series A Convertible Preferred Stock.

Gain Resulting from Acquisition of Unconsolidated Affiliates

Gain resulting from acquisition of unconsolidated affiliates for the years ended December 31, 2019 and 2018 was approximately \$8.0 million and none, respectively. The gain was related to our remeasurement to fair value of the Tenant Programs joint ventures upon our acquisition of 100% of such entities in the Self Administration Transaction.

Gain on Sale of Real Estate

Gain on sale of real estate for the years ended December 31, 2019 and 2018 was approximately \$3.9 million and none, respectively. The gain was related to the October 18, 2019 sale of a self storage facility we owned in San Antonio, Texas (the “San Antonio II Property”).

Other

Other for the years ended December 31, 2019 and 2018 represented net expenses of approximately \$0.6 million and \$0.7 million, respectively. Other consists primarily of state and federal tax expense, accretion of deferred tax liabilities, foreign currency fluctuations, and changes in value related to our foreign currency and interest rate hedges not designated for hedge accounting.

Same-Store Facility Results – Years Ended December 31, 2019 and 2018

The following table sets forth operating data for our same-store facilities (those properties included in the consolidated results of operations since January 1, 2018, excluding the Centennial property, which was a lease-up facility during 2018) for the years ended December 31, 2019 and 2018. We consider the following data to be meaningful as this allows for the comparison of results without the effects of acquisition, lease up, or development activity.

	Same-Store Facilities			Non Same-Store Facilities			Total		
	2019	2018	% Change	2019	2018	% Change	2019	2018	% Change
Revenue (3)	\$ 80,363,783	\$ 79,723,033	0.8% (1)	\$ 22,837,477	\$ 689,224	N/M	\$ 103,201,260	\$ 80,412,257	28.3%
Property operating expenses (4)	28,041,358	29,562,112	(5.1)% (2)	10,664,864	475,698	N/M	38,706,222	30,037,810	28.9%
Property operating income	\$ 52,322,425	\$ 50,160,921	4.3% (2)	\$ 12,172,613	\$ 213,526	N/M	\$ 64,495,038	\$ 50,374,447	28.0%
Number of facilities	82	82		30	1		112	83	
Rentable square feet (5)	5,963,100	5,963,100		2,261,200	66,500		8,224,300	6,029,600	
Average physical occupancy (6)	88.7%	88.5%		N/M	N/M		86.3%	88.5%	
Annualized revenue per occupied square foot (7)	\$ 16.01	\$ 15.92		N/M	N/M		\$ 15.57	\$ 15.89	

N/M Not meaningful

- (1) The above table reflects the adoption of ASU 2016-02 *Leases (Topic 842)* on January 1, 2019, which requires our expected loss related to the collectability of rental payments which was previously recorded in property operating expenses as bad debt expense, to now be recorded as a reduction to self storage rental revenue. See footnote 2 below for a pro forma comparison of our operating results if we had applied this ASU to our 2018 same-store operating results.
- (2) Pro forma same-store operating results as adjusted for ASU 2016-02 *Leases (Topic 842)* as discussed above:

	Same-Store Facilities		
	2019	2018, as adjusted	% Change
Revenue	\$ 80,363,783	\$ 78,528,571	2.3%
Property operating expenses	28,041,358	28,367,650	(1.2)%
Property operating income	\$ 52,322,425	\$ 50,160,921	4.3%

The pro forma results shown have been impacted by the Self Administration Transaction along with other normal operations.

The same-store pro forma revenue growth of approximately \$1.8 million includes approximately \$0.7 million of incremental Tenant Programs revenues recognized in the year ended December 31, 2019 as a result of the Self Administration Transaction, along with approximately \$1.1 million in same-store rental revenue growth, which represents same-store rental growth of approximately 1.4%.

The same-store pro forma property operating expenses decreased approximately \$0.3 million consisting of net savings of approximately \$2.0 million associated with being self-managed, partially offset by increases in same-store property operating expenses of approximately \$1.8 million, or approximately 5.9%, primarily related to increased property taxes and advertising expense.

- (3) Revenue includes rental revenue, Tenant Programs revenue, ancillary revenue, and administrative and late fees.
- (4) Property operating expenses excludes corporate general and administrative expenses, asset management fees, interest expense, depreciation, amortization expense, and acquisition expenses, but includes property management fees if applicable.
- (5) Of the total rentable square feet, parking represented approximately 695,000 square feet and 540,000 square feet as of December 31, 2019 and 2018, respectively. On a same-store basis, for the same periods, parking represented approximately 540,000 square feet.
- (6) Determined by dividing the sum of the month-end occupied square feet for the applicable group of facilities for each applicable period by the sum of their month-end rentable square feet for the period.
- (7) Determined by dividing the aggregate realized revenue for each applicable period by the aggregate of the month-end occupied square feet for the period. Properties are included in the respective calculations in their first full month of operations, as appropriate. We have excluded the realized rental revenue and occupied square feet related to parking herein for the purpose of calculating annualized rent per occupied square foot.

The following table presents a reconciliation of net loss, as presented on our consolidated statements of operations, to property operating income for the periods indicated:

	For the Year Ended December 31,	
	2019	2018
Net loss	\$ (25,095,538)	\$ (3,720,730)
Adjusted to exclude:		
Managed REIT Platform revenue	(3,068,306)	—
Asset management fees ⁽¹⁾	3,622,559	5,445,528
Managed REIT Platform expenses	2,739,556	—
General and administrative	10,461,453	4,848,447
Depreciation	29,605,278	20,379,694
Intangible amortization expense	11,493,394	2,422,997
Self administration transaction expenses	1,572,238	—
Acquisition expenses – affiliates	84,061	72,179
Other property acquisition expenses	141,489	1,054,159
Contingent earnout adjustment	200,000	—
Gain on sale of real estate	(3,944,696)	—
Interest expense	37,563,247	18,002,274
Interest expense—accretion of fair market value of secured debt	(131,611)	(413,353)
Interest expense—debt issuance costs	3,996,676	1,582,049
Net loss on extinguishment of debt	2,647,633	—
Gain resulting from acquisition of unconsolidated affiliates	(8,017,353)	—
Other	624,958	701,203
Total property operating income	\$ 64,495,038	\$ 50,374,447

- (1) Asset management fees are included in Property operating expenses – affiliates in the consolidated statements of operations.

Non-GAAP Financial Measures

Funds from Operations

Funds from operations (“FFO”) is an industry wide metric promulgated by the National Association of Real Estate Investment Trusts, or NAREIT, which we believe to be an appropriate supplemental measure to reflect the operating performance of a REIT. The use of FFO is recommended by the REIT industry as a supplemental performance measure.

We define FFO, a non-GAAP measure, consistent with the standards established by the White Paper on FFO approved by the Board of Governors of NAREIT, or the White Paper. The White Paper defines FFO as net income (loss) computed in accordance with GAAP, excluding gains or losses from sales of property and real estate related asset impairment write downs, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Additionally, gains and losses from change in control are excluded from the determination of FFO. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO on the same basis. Our FFO calculation complies with NAREIT’s policy described above.

FFO, as Adjusted

We use FFO, as adjusted, as an additional non-GAAP financial measure to evaluate our operating performance. We previously used Modified Funds from Operations (“MFFO”) (as defined by the Institute for Portfolio Alternatives) as a non-GAAP measure of operating performance. Management replaced the MFFO measure with FFO, as adjusted, because FFO, as adjusted, provides investors with supplemental performance information that is consistent with the performance models and analysis used by management. In addition, FFO, as adjusted, is a measure used among our peer group, which includes publicly traded REITs. Further, we believe FFO, as adjusted, is useful in comparing the sustainability of our operating performance with the sustainability of the operating performance of other real estate companies.

In determining FFO, as adjusted, we make further adjustments to the NAREIT computation of FFO to exclude the effects of non-real estate related asset impairments and intangible amortization, acquisition related costs, contingent earnout expenses, accretion of fair value of debt adjustments, gains or losses from extinguishment of debt, adjustments of deferred tax liabilities, realized and unrealized gains/losses on foreign exchange transactions, and gains/losses on foreign exchange and interest rate derivatives not designated for hedge accounting, which we believe are not indicative of the Company’s overall long-term operating performance. We exclude these items from GAAP net income to arrive at FFO, as adjusted, as they are not the primary drivers in our decision-making process and excluding these items provides investors a view of our continuing operating portfolio performance over time and makes our results more comparable period to period and to other REITs, which in any respective period may experience fluctuations in such acquisition, merger or other similar activities that are not of a long-term operating performance nature. FFO, as adjusted, also reflects adjustments for unconsolidated partnerships and jointly owned investments. We use FFO, as adjusted, as one measure of our operating performance when we formulate corporate goals and evaluate the effectiveness of our strategies.

Presentation of FFO and FFO, as adjusted, is intended to provide useful information to investors as they compare the operating performance of different REITs, although it should be noted that not all REITs calculate FFO and FFO, as adjusted, the same way, so comparisons with other REITs may not be meaningful. Furthermore, FFO and FFO, as adjusted, are not necessarily indicative of cash flow available to fund cash needs and should not be considered as an alternative to net income (loss) or income (loss) from continuing operations as an indication of our performance, as an alternative to cash flows from operations, which is an indication of our liquidity, or indicative of funds available to fund our cash needs including our ability to make distributions to our stockholders. FFO and FFO, as adjusted, should not be considered as an alternative to net income (determined in accordance with GAAP) and should be reviewed in conjunction with other measurements as an indication of our performance.

Neither the SEC, NAREIT, nor any other regulatory body has passed judgment on the acceptability of the adjustments that we use to calculate FFO or FFO, as adjusted. In the future, the SEC, NAREIT or another regulatory body may decide to standardize the allowable adjustments across the publicly registered, non-traded REIT industry, and we would have to adjust our calculation and characterization of FFO or FFO, as adjusted. The following is a reconciliation of net income (loss), which is the most directly comparable GAAP financial measure, to FFO and FFO, as adjusted, for each of the periods presented below:

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Net loss (attributable to common stockholders)	\$ (54,354,394)	\$ (24,750,333)	\$ (3,698,377)
Add:			
Depreciation of real estate	31,711,102	29,188,668	20,134,068
Amortization of real estate related intangible assets	5,110,207	8,441,245	2,422,997
Deduct:			
Gain resulting from acquisition of unconsolidated affiliates ⁽¹⁾	—	(8,017,353)	—
Gain on sale of real estate	—	(3,944,696)	—
Adjustment for noncontrolling interests	(4,756,580)	(2,079,045)	(154,213)
FFO (attributable to common stockholders)	(22,289,665)	(1,161,514)	18,704,475
Other Adjustments:			
Intangible amortization expense - contracts ⁽²⁾	4,666,909	3,052,149	—
Acquisition expenses ⁽³⁾	1,366,092	225,550	1,126,338
Self administration transaction expenses ⁽⁴⁾	—	1,572,238	—
Contingent earnout adjustment ⁽⁵⁾	(2,500,000)	200,000	—
Impairment of goodwill and intangible assets ⁽⁶⁾	36,465,732	—	—
Impairment of investments in Managed REITs ⁽⁶⁾	4,376,879	—	—
Accretion of fair market value of secured debt ⁽⁷⁾	(130,682)	(131,611)	(413,353)
Net loss on extinguishment of debt ⁽⁸⁾	—	2,647,633	—
Foreign currency and interest rate derivative losses, net ⁽⁹⁾	203,995	730,719	151,777
Adjustment of deferred tax liabilities ⁽²⁾	(5,926,732)	(806,083)	—
Adjustment for noncontrolling interests	(5,321,725)	(619,663)	(3,957)
FFO, as adjusted (attributable to common stockholders)	\$ 10,910,803	\$ 5,709,418	\$ 19,565,280

As discussed in the Results of Operations, our 2020 and 2019 results have been significantly impacted by the SSGT Mergers and the Self Administration Transaction and additional financing incurred related to such acquisitions. FFO, as adjusted was primarily favorably impacted in 2020 by increased same-store net operating income of approximately \$4.1 million, while we continued to see the SSGT portfolio lease-up, which has been accretive to FFO, as adjusted, and which we expect to continue to be accretive to FFO, as adjusted as the net operating income increases. The information below should be read in conjunction with the discussion regarding the SSGT Mergers and Self Administration Transaction.

- (1) Such gain was recorded as a result of obtaining control of certain of our Tenant Programs joint ventures in the Self Administration Transaction and in accordance with the NAREIT White Paper was excluded from the determination of FFO.
- (2) These items represent the amortization or adjustment of assets or liabilities acquired in the Self Administration Transaction. As these items are adjustments related to acquisitions, FFO is adjusted for their effect to arrive at FFO, as adjusted, as a means of determining a comparable sustainable operating performance metric to other real estate companies.
- (3) In evaluating investments in real estate, we differentiate the costs to acquire the investment from the operations derived from the investment. Such information would be comparable only for publicly registered, non-traded REITs that have generally completed their acquisition activity and have other similar operating characteristics.
- (4) Self administration transaction expenses consist primarily of legal fees, as well as fees for other professionals and financial advisors incurred in connection with the Self Administration Transaction. We believe that adjusting for such non-recurring items provides useful supplemental information because such expenses may not be reflective of on-going operations and is consistent with management's analysis of our operating performance.

- (5) The contingent earnout adjustment represents the adjustment to the fair value of the Class A-2 Units issued in connection with the Self Administration Transaction. FFO is adjusted to arrive at FFO, as adjusted, as this acquisition related item is not a primary driver in our decision-making process and excluding this provides investors a view of our continuing operating portfolio performance over time.
- (6) The impairment charges relate to our goodwill, intangible assets and investments in the Managed REIT Platform acquired in the Self Administration Transaction. We believe that adjusting for such non-recurring items provides useful supplemental information because such expenses may not be reflective of on-going operations and is consistent with management's analysis of our operating performance and provides for a means of determining a comparable sustainable operating performance metric.
- (7) This represents the difference between the stated interest rate and the estimated market interest rate on assumed notes as of the date of acquisition. Such amounts have been excluded from FFO, as adjusted, because we believe FFO, as adjusted, provides useful supplementary information by focusing on operating fundamentals, rather than events not related to our normal operations. We are responsible for managing interest rate risk and do not rely on another party to manage such risk.
- (8) The net loss associated with the extinguishment of debt includes prepayment penalties, the write-off of unamortized deferred financing fees, and other fees incurred. We believe that adjusting for such non-recurring items provides useful supplemental information because such losses may not be reflective of on-going transactions and operations and is consistent with management's analysis of our operating performance.
- (9) This represents the mark-to-market adjustment for our derivative instruments not designated for hedge accounting and the ineffective portion of the change in fair value of derivatives recognized in earnings, as well as changes in foreign currency related to our foreign equity investments not classified as long term. These derivative contracts are intended to manage the Company's exposure to interest rate and foreign currency risk which may not be reflective of our ongoing performance and may reflect unrealized impacts on our operating performance. Such amounts are recorded in "Other" within our consolidated statements of operations.

Non-cash Items Included in Net Loss:

Provided below is additional information related to selected non-cash items included in net loss above, which may be helpful in assessing our operating results:

- Interest expense - debt issuance costs of approximately \$3.6 million, \$4.0 million, and \$1.6 million, respectively, were recognized for the years ended December 31, 2020, 2019, and 2018.

Cash Flows

A comparison of cash flows for operating, investing and financing activities for the years ended December 31, 2020 and 2019 are as follows:

	Year Ended December 31, 2020	Year Ended December 31, 2019	Change
Net cash flow provided by (used in):			
Operating activities	\$ 26,769,871	\$ 9,767,022	\$ 17,002,849
Investing activities	\$(28,958,838)	\$(347,783,873)	\$ 318,825,035
Financing activities	\$ 13,739,338	\$ 392,223,412	\$(378,484,074)

Cash flows provided by operating activities for the years ended December 31, 2020 and 2019, were approximately \$26.8 million and \$9.8 million, respectively, an increase of approximately \$17.0 million. The increase in cash provided by our operating activities is primarily the result of an increase in net income when excluding the impact of non-cash items included in the determination of net income, which resulted in an increase in cash provided by operating activities of approximately \$18.8 million, offset by approximately \$1.8 million reduction in cash resulting from changes in working capital.

Cash flows used in investing activities for the years ended December 31, 2020 and 2019, were approximately \$29.0 million and \$347.8 million, respectively, a decrease in the use of cash of approximately \$319 million. The reduction in cash used in investing activities primarily relates to cash consideration paid of approximately \$346 million for the SSGT Mergers in the first quarter of 2019 as compared to primarily only normal ongoing capital improvement and development activities during the year ended December 31, 2020.

Cash flows provided by financing activities for the years ended December 31, 2020 and 2019, were approximately \$13.7 million and \$392 million, respectively, a change of approximately \$378 million. The change in financing activities is primarily attributable to the approximately \$275 million of net debt issued during the year ended December 31, 2019, as well as an additional \$100 million of Series A Preferred Stock issued during the year ended December 31, 2019 when compared to the year ended December 31, 2020.

Liquidity and Capital Resources

Short-Term Liquidity and Capital Resources

We generally expect that we will meet our short-term liquidity requirements from the combination of existing cash balances, net cash provided from property operations and the Managed REIT Platform. Alternatively, we may issue additional secured or unsecured financing from banks or other lenders. Subsequent to December 31, 2020, on March 17, 2021 we entered into a new debt facility (the “Credit Facility”). Pursuant to the Credit Facility, we now have the ability to draw on the facility to meet our liquidity needs. See Note 16 – Subsequent Events, of the Notes to the Consolidated Financial Statements contained in this report for additional information.

COVID-19 has caused significant volatility in the debt and equity markets and the continued and/or further impact will depend on future developments, which are highly uncertain. While, we do not expect such events to have a material impact upon our liquidity in the short-term, continued volatility or further deterioration in the debt and equity markets over an extended period of time could potentially impact our liquidity over the long-term.

Series A Convertible Preferred Stock

On October 29, 2019 (the “Commitment Date”), we entered into a preferred stock purchase agreement (the “Purchase Agreement”) with Extra Space Storage LP (the “Investor”), a subsidiary of Extra Space Storage Inc. (NYSE: EXR), pursuant to which the Investor committed to purchase up to \$200 million in shares (the aggregate shares to be purchased, the “Preferred Shares”) of our new Series A Convertible Preferred Stock (the “Series A Convertible Preferred Stock”), in one or more closings (each, a “Closing,” and collectively, the “Closings”). The initial closing (the “Initial Closing”) in the amount of \$150 million occurred on the Commitment Date, and the second and final closing in the amount of \$50 million occurred on October 26, 2020. We may use the proceeds to pay down indebtedness, to finance self storage acquisitions, and for working capital or other general corporate purposes. See Note 8, Preferred Equity, of the Notes to the Consolidated Financial Statements contained in this report for additional information.

Distribution Policy and Distributions

Preferred Stock Dividends

The shares of Series A Convertible Preferred Stock rank senior to all other shares of our capital stock, including our common stock, with respect to rights to receive dividends and to participate in distributions or payments upon any voluntary or involuntary liquidation, dissolution or winding up of the Company. Dividends payable on each share of Series A Convertible Preferred Stock will initially be equal to a rate of 6.25% per annum, which accrues daily but is payable quarterly in arrears. If the Series A Convertible Preferred Stock has not been redeemed on or prior to the fifth anniversary date of the Initial Closing, the dividend rate will increase an additional 0.75% per annum each year thereafter to a maximum of 9.0% per annum until the tenth anniversary of the Initial Closing, at which time the dividend rate shall increase 0.75% per annum each year thereafter until the Series A Convertible Preferred Stock is either converted or repurchased in full.

Common Stock Distributions

On December 3, 2020, our board of directors declared a distribution rate for the first quarter of 2021, of approximately \$0.00164 per day per share on the outstanding shares of common stock payable to both Class A and Class T stockholders of record of such shares as shown on our books at the close of business on each day during the period, commencing on January 1, 2021 and continuing on each day thereafter through and including March 31, 2021. In connection with these distributions, after the stockholder servicing fee is paid, approximately \$0.0014 per day will be paid per Class T share. Such distributions payable to each stockholder of record during a month will be paid the following month.

Background and History of Common Stock Distributions

Since substantially all of our operations are performed indirectly through our Operating Partnership, our ability to pay distributions depends in large part on our Operating Partnership’s ability to pay distributions to its partners, including to us. In the event we do not have enough cash from operations to fund cash distributions, we may borrow, issue additional securities or sell assets in order to fund the distributions. The terms of the Series A Convertible Preferred Stock place certain restrictions on our ability to pay distributions to our common stockholders. In general, we are prohibited from paying

distributions to our common stockholders other than regular cash dividends on a basis consistent with past practice and dividends payable in shares of common stock in connection with an initial listing of such shares. Accordingly, we are presently only permitted to pay cash distributions, which may be reinvested in stock pursuant to our DRP, unless otherwise approved by the holder of the Series A Convertible Preferred Stock. Absent the foregoing restrictions, our charter allows our board of directors to authorize payments to stockholders in cash or other assets of the Company or in stock, including in stock of one class payable to holders of stock of another class.

We may not be able to pay distributions from our cash flows from operations, in which case distributions may be paid in part from debt or other financing sources.

Distributions are paid to our common stockholders based on the record date selected by our board of directors. On September 25, 2020, our board of directors changed its distribution authorizations to quarterly from monthly authorizations, starting with the fourth quarter of 2020. Such distributions are based on daily declaration and record dates. We expect to continue to regularly pay distributions unless our results of operations, our general financial condition, general economic conditions, or other factors inhibit us from doing so. Distributions are authorized at the discretion of our board of directors, which are directed, in substantial part, by its obligation to cause us to comply with the REIT requirements of the Code. Absent the restrictions noted above, our board of directors may increase, decrease or eliminate the distribution rate that is being paid on our common stock at any time. Distributions are made on all classes of our common stock at the same time. The per share amount of distributions on Class A Shares and Class T Shares differ because of different allocations of class-specific expenses. Specifically, distributions on Class T Shares are lower than distributions on Class A Shares because Class T Shares are subject to ongoing stockholder servicing fees. The funds that are available for distribution may be affected by a number of factors, including the following:

- our operating and interest expenses;
- our ability to keep our properties occupied;
- our ability to maintain or increase rental rates;
- construction defects or capital improvements;
- capital expenditures and reserves for such expenditures;
- the issuance of additional shares;
- financings and refinancings; and
- dividends with respect to the outstanding shares of our Series A Convertible Preferred Stock.

The following shows our distributions paid and the sources of such distributions for the respective periods presented:

	Year Ended December 31, 2020		Year Ended December 31, 2019	
Distributions paid in cash – common stockholders	\$ 19,160,171		\$ 18,207,418	
Distributions paid in cash – Operating Partnership unitholders	5,514,994		2,440,247	
Distributions paid in cash – preferred stockholders	8,786,655		—	
Distributions reinvested	15,954,081		16,046,534	
Total distributions	<u>\$ 49,415,901</u>		<u>\$ 36,694,199</u>	
Source of distributions				
Cash flows provided by operations	\$ 26,769,871	54.2%	\$ 9,767,022	26.6%
Cash provided by financing activities	6,691,949	13.5%	10,880,643	29.7%
Offering proceeds from distribution reinvestment plan	15,954,081	32.3%	16,046,534	43.7%
Total sources	<u>\$ 49,415,901</u>	100%	<u>\$ 36,694,199</u>	100%

From our inception through December 31, 2020, we paid cumulative distributions of approximately \$182 million, of which approximately \$161 million were paid to common stockholders, as compared to cumulative FFO of approximately \$0.5

million. For the year ended December 31, 2020, we paid distributions of approximately \$49 million, of which approximately \$35 million was paid to common stockholders, as compared to FFO of approximately (\$24) million, which reflects impairment of goodwill, intangible assets, and our investments in Managed REITs, net of deferred tax liability and contingent earnout adjustments, of approximately \$34 million, and acquisition related expenses of approximately \$1.4 million. For the year ended December 31, 2019, we paid distributions of approximately \$37 million, of which approximately \$34 million was paid to common stockholders, as compared to FFO of approximately (\$1.2) million, which reflects acquisition related expenses of approximately \$0.2 million, and a net loss on extinguishment of debt of approximately \$2.6 million. The payment of distributions from sources other than FFO may reduce the amount of proceeds available for investment and operations or cause us to incur additional interest expense as a result of borrowed funds.

We must distribute to our stockholders at least 90% of our taxable income each year in order to meet the requirements for being treated as a REIT under the Code. Our directors may authorize distributions in excess of this percentage as they deem appropriate. Because we may receive income from interest or rents at various times during our fiscal year, distributions may not reflect our income earned in that particular distribution period, but may be made in anticipation of cash flow that we expect to receive during a later period and may be made in advance of actual receipt of funds in an attempt to make distributions relatively uniform. To allow for such differences in timing between the receipt of income and the payment of expenses, and the effect of required debt payments, among other things, we could be required to borrow funds from third parties on a short-term basis, issue new securities, or sell assets to meet the distribution requirements that are necessary to achieve the tax benefits associated with qualifying as a REIT. We are not prohibited from undertaking such activities by our charter, bylaws or investment policies, and we may use an unlimited amount from any source to pay our distributions. These methods of obtaining funding could affect future distributions by increasing operating costs and decreasing available cash, which could reduce the value of our stockholders' investment in our shares. In addition, such distributions may constitute a return of investors' capital.

We may not be able to pay distributions from our cash flows from operations, in which case distributions may be paid in part from available funds or from debt financing and pursuant to our distribution reinvestment plan. The payment of distributions from sources other than cash flows from operations may reduce the amount of proceeds available for investment and operations or cause us to incur additional interest expense as a result of borrowed funds.

Over the long-term, we expect that a greater percentage of our distributions will be paid from cash flows from operations. However, our operating performance cannot be accurately predicted and may deteriorate in the future due to numerous factors, including our ability to raise and invest capital at favorable yields, the financial performance of our investments in the current real estate and financial environment and the types and mix of investments in our portfolio. As a result, future distributions declared and paid may exceed cash flow from operations.

Indebtedness

As of December 31, 2020, our net debt was approximately \$718 million, which included approximately \$302 million in fixed rate debt, \$420 million in variable rate debt and approximately \$0.5 million in net debt premium less approximately \$4 million in net debt issuance costs. See Note 7 – Debt and Note – 16 Subsequent Events of the Notes to the Consolidated Financial Statements for more information about our indebtedness.

Long-Term Liquidity and Capital Resources

On a long-term basis, our principal demands for funds will be for property acquisitions, either directly or through entity interests, for the payment of operating expenses and distributions, and for the payment of interest on our outstanding indebtedness, if any.

Long-term potential future sources of capital include proceeds from secured or unsecured financings from banks or other lenders, issuance of equity instruments, undistributed funds from operations, and additional public or private offerings. To the extent we are not able to secure requisite financing in the form of a credit facility or other debt, we will be dependent upon proceeds from the issuance of equity securities and cash flows from operating activities in order to meet our long-term liquidity requirements and to fund our distributions.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2020:

	Payments due during the years ending December 31:				
	Total	2021	2022-2023	2024-2025	Thereafter
Debt interest ⁽¹⁾	\$ 103,006,415	\$ 26,649,882	\$ 29,739,843	\$ 24,241,004	\$ 22,375,686
Debt principal ⁽²⁾	721,512,177	100,767,277	326,810,554	49,912,695	244,021,651
Total contractual obligations ⁽³⁾⁽⁴⁾	<u>\$ 824,518,592</u>	<u>\$ 127,417,159</u>	<u>\$ 356,550,397</u>	<u>\$ 74,153,699</u>	<u>\$ 266,397,337</u>

- (1) Interest expense for fixed rate debt was calculated based upon the contractual rate and the interest expense on variable rate debt was calculated based on the rate in effect on December 31, 2020. Debt denominated in foreign currency has been converted based on the rate in effect as of December 31, 2020.
- (2) Amount represents principal payments only, excluding net debt premium and debt issuance costs.
- (3) Additionally, as of December 31, 2020, pursuant to the SSGT II Unit Purchase Agreement, we were contractually obligated to purchase up to an additional \$7.5 million in SSGT II Preferred Units at SSGT II's option. See Note 11 – Related Party Transactions of the Notes to the Consolidated Financial Statements for more information about our obligations under the SSGT II Unit Purchase Agreement.
- (4) On March 17, 2021, in conjunction with the SST IV Merger, we entered into new financings, assumed certain debt from SST IV, and paid off certain of our other existing debt. Please see Note 7 – Debt and Note 16 – Subsequent events of the Notes to the Consolidated Financial Statements for more information regarding the SST IV Merger and related refinancings.

Off-Balance Sheet Arrangements

Other than our minority equity investment in an auction company we utilize to facilitate our auctions, we do not currently have any relationships with off-balance sheet entities or financial partnerships. Such entities are often referred to as structured finance or special purpose entities, which typically are established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Subsequent Events

Please see Note 16 of the Notes to the Consolidated Financial Statements contained in this report.

Seasonality

We believe that we will experience minor seasonal fluctuations in the occupancy levels of our facilities, which we believe will be slightly higher over the summer months due to increased moving activity.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk includes risks that arise from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market sensitive instruments. In pursuing our business plan, we expect that the primary market risk to which we will be exposed is interest rate risk and to a lesser extent, foreign currency risk. We may be exposed to the effects of interest rate changes primarily as a result of borrowings used to maintain liquidity and fund acquisition, expansion, and financing of our real estate investment portfolio and operations. Our interest rate risk management objectives will be to limit the impact of interest rate changes on earnings and cash flows and to lower overall borrowing costs. To achieve our objectives, we may borrow at fixed rates or variable rates. We may also enter into derivative financial instruments such as interest rate swaps and caps in order to mitigate our interest rate risk on a related financial instrument. We will not enter into derivative or interest rate transactions for speculative purposes.

As of December 31, 2020, our net debt was approximately \$718 million, which included approximately \$302 million in fixed rate debt, \$420 million in variable rate debt and approximately \$0.5 million in net debt premium less approximately \$4 million in net debt issuance costs. As of December 31, 2019, our net debt was approximately \$713 million, which included approximately \$302 million in fixed rate debt, \$418 million in variable rate debt and approximately \$0.6 million in net debt premium less approximately \$7.6 million in net debt issuance costs. Our debt instruments were entered into for other than trading purposes. Changes in interest rates have different impacts on the fixed and variable debt. A change in interest rates on fixed rate debt impacts its fair value but has no impact on interest incurred or cash flows. A change in interest rates on variable debt could impact the interest incurred and cash flows and its fair value. If the underlying rate of the related index on our variable rate debt were to increase by 100 basis points, the increase in interest would decrease future earnings and cash flows by approximately \$1.0 million annually.

Interest rate risk amounts were determined by considering the impact of hypothetical interest rates on our financial instruments. These analyses do not consider the effect of any change in overall economic activity that could occur. Further, in the event of a change of that magnitude, we may take actions to further mitigate our exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, these analyses assume no changes in our financial structure.

The following table summarizes annual debt maturities and average interest rates on our outstanding debt as of December 31, 2020:

	Year Ending December 31,						Total
	2021	2022	2023	2024	2025	Thereafter	
Fixed rate debt ⁽²⁾	\$ 1,294,246	\$ 2,914,414	\$ 3,384,140	\$ 47,043,508	\$ 2,869,187	\$ 244,021,651	\$ 301,527,146
Average interest rate ⁽¹⁾	4.63%	4.63%	4.63%	4.58%	4.52%	4.64%	
Variable rate debt ⁽²⁾	\$ 99,473,031	\$ 320,512,000	\$ —	\$ —	\$ —	\$ —	\$ 419,985,031
Average interest rate ⁽¹⁾	3.07%	3.11%	N/A	N/A	N/A	N/A	

(1) Interest expense for fixed rate debt was calculated based upon the contractual rate and the interest expense on variable rate debt was calculated based on the rate in effect on December 31, 2020. Debt denominated in foreign currency has been converted based on the rate in effect as of December 31, 2020.

(2) On March 17, 2021, in conjunction with the SST IV Merger, we entered into new financings, assumed certain debt from SST IV, and paid off certain of our other existing debt. Please see Note 7 – Debt, and Note 16 – Subsequent events of the Notes to the Consolidated Financial Statements for more information regarding the SST IV Merger and related refinancings.

Currently, our only foreign exchange rate risk comes from our Canadian properties and the Canadian Dollar (“CAD”). Our existing foreign currency hedge mitigates most of our foreign currency exposure of our net CAD denominated investments; however, we generate all of our revenues and expend essentially all of our operating expenses and third party debt service costs related to our Canadian Properties in CAD. As a result of fluctuations in currency exchange, our cash flows and results of operations could be affected.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data filed as part of this report are set forth below beginning on page F-1 of this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of the end of the period covered by this report, management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this report to ensure that information required to be disclosed in the reports we file and submit under the Exchange Act is recorded, processed, summarized and reported as and when required. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file and submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for us. Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated, as of December 31, 2020, the effectiveness of our internal control over financial reporting using the framework in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2020.

There have been no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

For the year ended December 31, 2020, there was no information required to be disclosed in a report on Form 8-K which was not disclosed in a report on Form 8-K.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item is incorporated by reference to the 2021 Proxy Statement to be filed with the SEC.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference to the 2021 Proxy Statement to be filed with the SEC.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is incorporated by reference to the 2021 Proxy Statement to be filed with the SEC.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated by reference to the 2021 Proxy Statement to be filed with the SEC.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is incorporated by reference to the 2021 Proxy Statement to be filed with the SEC.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

- (a) List of Documents Filed.
 - 1. The list of the financial statements contained herein is set forth on page F-1 hereof.
 - 2. Schedule III – Real Estate and Accumulated Depreciation is set forth beginning on page S-1 hereof. All other schedules for which provision is made in the applicable accounting regulations of the SEC are not required under the related instructions or are not applicable and therefore have been omitted.
 - 3. The Exhibits filed in response to Item 601 of Regulation S-K are listed on the Exhibit Index below.
- (b) See (a) 3 above.
- (c) See (a) 2 above.

ITEM 16. FORM 10-K SUMMARY

None.

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
SmartStop Self Storage REIT, Inc.
Ladera Ranch, California

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of SmartStop Self Storage REIT, Inc. (the “Company”) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive loss, equity, and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated 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 the 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Impairment Assessment– SmartStop Trademark, Goodwill and Contingent Consideration Valuation

As described in Notes 2 and 5 to the consolidated financial statements, in the first quarter of 2020, the emergence and spread of the COVID-19 pandemic caused significant volatility in the economy and the capital markets. Given the disruption that COVID-19 had on the Managed REITs and their ability to raise additional equity, the Company evaluated the various intangible assets and liabilities associated with the sponsorship of the Managed REITs for impairment. The Company completed an interim goodwill and intangible asset impairment assessment for the Managed REIT platform reporting unit in response to the change in events and circumstances which indicated the carrying value may not be recoverable. In addition, the Class A-2 Units, issued as a form of contingent consideration in the Self Administration Transaction, are required to be revalued at each reporting period. The conditions described above also had a significant impact on the fair value of the Class A-2 Units at that time. Significant judgment was required in estimating the fair values used in calculating the impairment of

goodwill, the intangible asset associated with the SmartStop trademark related to the Managed REIT platform reporting unit and the contingent consideration liability.

We identified the valuation performed in connection with the interim impairment assessment related to goodwill and the SmartStop trademark and the valuation of the contingent consideration as a critical audit matter. The significant valuation inputs and assumptions related to the goodwill impairment assessment included cash flow forecasts, discount rate, terminal value, and the valuation model used. The significant valuation inputs and assumptions related to the trademark included the forecasted revenue, royalty rate, discount rate, and terminal value. The significant valuation inputs and assumptions related to the contingent consideration valuation included the forecasted assets under management, the discount for lack of marketability, and the risk adjusted discount rate. Auditing these elements involved a high degree of auditor judgment and subjectivity, including the extent of specialized skill or knowledge needed.

The primary procedures we performed to address this critical audit matter included:

- Evaluating the reasonableness of the forecasted revenues included in the trademark impairment assessment by comparing them to historical information.
- Evaluating the reasonableness of the key valuation inputs used by the Company in the goodwill impairment assessment by comparing the cashflow forecasts to historical information, and the Managed REITs' plans, at the time of the assessment, to suspend their offerings.
- Evaluating the reasonableness of the forecasted assets under management included in the contingent consideration valuation assessment based on comparing them to historical results and management's future plans.
- Utilizing personnel with specialized knowledge and skill in valuation to assist in the evaluation of the trademark valuation, including i) the royalty rate, ii) the risk adjusted discount rate, and iii) terminal value used.
- Utilizing personnel with specialized knowledge and skill in valuation to assist in the evaluation of the goodwill impairment assessment, including i) evaluating the appropriateness of the valuation model used, and ii) the reasonableness of the discount rate and terminal values used.
- Utilizing personnel with specialized knowledge and skill in valuation to assist in the evaluation of the contingent consideration valuation, including i) the discount for lack of marketability, and ii) the risk adjusted discount rate.

/s/ BDO USA, LLP

We have served as the Company's auditor since 2017.

Costa Mesa, California

March 26, 2021

SMARTSTOP SELF STORAGE REIT, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2020 and 2019

	December 31,	
	2020	2019
ASSETS		
Real estate facilities:		
Land	\$ 335,800,354	\$ 332,350,688
Buildings	810,480,845	780,969,455
Site improvements	63,821,383	60,505,225
	1,210,102,582	1,173,825,368
Accumulated depreciation	(115,903,045)	(83,692,491)
	1,094,199,537	1,090,132,877
Construction in process	1,761,303	12,237,722
Real estate facilities, net	1,095,960,840	1,102,370,599
Cash and cash equivalents	72,705,624	62,279,757
Restricted cash	7,952,052	6,291,366
Investments in and advances to Managed REITs	15,624,389	6,072,399
Other assets, net	7,734,276	6,318,037
Intangible assets, net of accumulated amortization	12,406,427	30,040,426
Trademarks, net of accumulated amortization	16,194,118	19,688,167
Goodwill	53,643,331	78,372,980
Total assets	\$ 1,282,221,057	\$ 1,311,433,731
LIABILITIES AND EQUITY		
Debt, net	\$ 717,952,233	\$ 712,733,002
Accounts payable and accrued liabilities	23,038,976	18,576,230
Due to affiliates	667,429	1,624,474
Distributions payable	6,650,317	5,159,105
Contingent earnout	28,600,000	31,100,000
Deferred tax liability	8,380,215	6,609,571
Total liabilities	785,289,170	775,802,382
Commitments and contingencies (Note 13)		
Redeemable common stock	57,335,575	43,391,362
Preferred stock, \$0.001 par value; 200,000,000 shares authorized:		
Series A Convertible Preferred Stock, \$0.001 par value; 200,000 shares authorized; 200,000 and 150,000 shares issued and outstanding at December 31, 2020 and 2019, respectively, with aggregate liquidation preferences of \$202,928,620, and \$151,665,753 at December 31, 2020 and 2019, respectively	196,356,107	146,426,164
Equity:		
SmartStop Self Storage REIT, Inc. equity:		
Class A common stock, \$0.001 par value; 350,000,000 shares authorized; 52,660,402 and 51,435,124 shares issued and outstanding at December 31, 2020 and 2019, respectively	52,661	51,435
Class T common stock, \$0.001 par value; 350,000,000 shares authorized; 7,903,911 and 7,699,893 shares issued and outstanding at December 31, 2020 and 2019, respectively	7,904	7,700
Additional paid-in capital	492,408,006	491,433,240
Distributions	(163,953,169)	(128,642,787)
Accumulated deficit	(141,444,880)	(87,090,486)
Accumulated other comprehensive loss	(3,834,228)	(1,955,335)
Total SmartStop Self Storage REIT, Inc. equity	183,236,294	273,803,767
Noncontrolling interests in our Operating Partnership	59,982,111	71,988,256
Other noncontrolling interests	21,800	21,800
Total noncontrolling interests	60,003,911	72,010,056
Total equity	243,240,205	345,813,823
Total liabilities and equity	\$ 1,282,221,057	\$ 1,311,433,731

See notes to consolidated financial statements.

SMARTSTOP SELF STORAGE REIT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 31, 2020, 2019 and 2018

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Revenues:			
Self storage rental revenue	\$ 104,888,883	\$ 99,494,560	\$ 78,473,091
Ancillary operating revenue	5,286,042	3,706,700	1,939,166
Managed REIT Platform revenue	8,048,630	3,068,306	—
Reimbursable costs from Managed REITs	5,800,808	3,258,983	—
Total revenues	124,024,363	109,528,549	80,412,257
Operating expenses:			
Property operating expenses	38,305,199	35,723,111	25,228,704
Property operating expenses – affiliates	—	6,605,670	10,254,634
Managed REIT Platform expenses	2,806,921	2,739,556	—
Reimbursable costs from Managed REITs	5,800,808	3,258,983	—
General and administrative	16,471,199	10,461,453	4,848,447
Depreciation	32,294,627	29,605,278	20,379,694
Intangible amortization expense	9,777,116	11,493,394	2,422,997
Self administration transaction expenses	—	1,572,238	—
Acquisition expenses – affiliates	—	84,061	72,179
Other acquisition expenses	1,366,092	141,489	1,054,159
Contingent earnout adjustment	(2,500,000)	200,000	—
Impairment of goodwill and intangible assets	36,465,732	—	—
Impairment of investments in Managed REITs	4,376,879	—	—
Total operating expenses	145,164,573	101,885,233	64,260,814
Gain on sale of real estate	—	3,944,696	—
Operating income (loss)	(21,140,210)	11,588,012	16,151,443
Other income (expense):			
Interest expense	(32,597,613)	(37,563,247)	(18,002,274)
Interest expense – accretion of fair market value of secured debt	130,682	131,611	413,353
Interest expense – debt issuance costs	(3,586,381)	(3,996,676)	(1,582,049)
Net loss on extinguishment of debt	—	(2,647,633)	—
Gain resulting from acquisition of unconsolidated affiliates	—	8,017,353	—
Other	5,986,719	(624,958)	(701,203)
Net loss	(51,206,803)	(25,095,538)	(3,720,730)
Net loss attributable to the noncontrolling interests in our Operating Partnership	6,901,931	2,010,959	22,353
Less: Distributions to preferred stockholders	(10,049,522)	(1,665,754)	—
Net loss attributable to SmartStop Self Storage REIT, Inc. common stockholders	\$ (54,354,394)	\$ (24,750,333)	\$ (3,698,377)
Net loss per Class A share – basic and diluted	\$ (0.91)	\$ (0.42)	\$ (0.06)
Net loss per Class T share – basic and diluted	\$ (0.91)	\$ (0.42)	\$ (0.06)
Weighted average Class A shares outstanding – basic and diluted	51,813,718	50,734,472	49,902,967
Weighted average Class T shares outstanding – basic and diluted	7,802,689	7,607,654	7,441,250

See notes to consolidated financial statements.

SMARTSTOP SELF STORAGE REIT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
Years Ended December 31, 2020, 2019 and 2018

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Net loss	\$ (51,206,803)	\$ (25,095,538)	\$ (3,720,730)
Other comprehensive income (loss):			
Foreign currency translation adjustment	965,103	2,371,517	(4,850,547)
Foreign currency hedge contract gains (losses)	(596,969)	(3,226,682)	5,251,438
Interest rate swap and cap contract losses	(2,541,625)	(2,575,366)	(379,745)
Other comprehensive gain (loss)	(2,173,491)	(3,430,531)	21,146
Comprehensive loss	(53,380,294)	(28,526,069)	(3,699,584)
Comprehensive loss attributable to noncontrolling interests:			
Comprehensive loss attributable to the noncontrolling interests in our Operating Partnership	7,196,529	2,095,801	22,226
Comprehensive loss attributable to SmartStop Self Storage REIT, Inc. common stockholders	<u>\$ (46,183,765)</u>	<u>\$ (26,430,268)</u>	<u>\$ (3,677,358)</u>

See notes to consolidated financial statements.

SMARTSTOP SELF STORAGE REIT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
Years Ended December 31, 2020, 2019 and 2018

	Common Stock		Common Stock		Additional Paid-in Capital	Distributions	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total SmartStop Self Storage REIT, Inc. Equity	Noncontrolling Interests	Total Equity	Preferred Stock	Redeemable Common Stock
	Class A	Class T	Class A	Class T									
	Number of Shares	Common Stock Par Value	Number of Shares	Common Stock Par Value									
Balance as of December 31, 2017	49,386,092	\$ 49,386	7,350,142	\$ 7,351	\$ 496,287,890	\$ (60,561,504)	\$ (58,641,776)	\$ 1,369,208	\$ 378,510,555	\$ 4,427,469	\$ 382,938,024	\$ —	\$ 24,497,059
Conversion of OP Units to common stock	483,124	483	—	—	4,253,526	—	—	—	4,254,009	(4,254,009)	—	—	—
Redemption of interest in subsidiary	—	—	—	—	(125,000)	—	—	—	(125,000)	—	(125,000)	—	—
Offering costs	—	—	—	—	(16,902)	—	—	—	(16,902)	—	(16,902)	—	—
Issuance of restricted stock	10,500	11	—	—	—	—	—	—	11	—	11	—	—
Changes to redeemable common stock	—	—	—	—	(16,055,585)	—	—	—	(16,055,585)	—	(16,055,585)	—	16,055,585
Redemptions of common stock	(768,313)	(768)	(19,664)	(20)	—	—	—	—	(788)	—	(788)	—	(8,325,829)
Distributions	—	—	—	—	—	(33,686,822)	—	—	(33,686,822)	—	(33,686,822)	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	(228,863)	(228,863)	—	—
Issuance of shares for distribution reinvestment plan	1,325,656	1,325	203,312	203	16,055,585	—	—	—	16,057,113	—	16,057,113	—	—
Equity based compensation expense	—	—	—	—	75,293	—	—	—	75,293	—	75,293	—	—
Net loss attributable to SmartStop Self Storage REIT, Inc. common stockholders	—	—	—	—	—	—	(3,698,377)	—	(3,698,377)	—	(3,698,377)	—	—
Net loss attributable to the noncontrolling interests in our Operating Partnership	—	—	—	—	—	—	—	—	—	(22,353)	(22,353)	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	—	(4,850,547)	(4,850,547)	—	(4,850,547)	—	—
Foreign currency forward contract gain	—	—	—	—	—	—	—	5,251,438	5,251,438	—	5,251,438	—	—
Interest rate swap and cap contract losses	—	—	—	—	—	—	—	(379,745)	(379,745)	—	(379,745)	—	—
Balance as of December 31, 2018	50,437,059	\$ 50,437	7,533,790	\$ 7,534	\$ 500,474,807	\$ (94,248,326)	\$ (62,340,153)	\$ 1,390,354	\$ 345,334,653	\$ (77,756)	\$ 345,256,897	\$ —	\$ 32,226,815

	Common Stock				Additional Paid-in Capital	Distributions	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total SmartStop Self Storage REIT, Inc. Equity	Noncontrolling Interests	Total Equity	Preferred Stock	Redeemable Common Stock
	Class A		Class T										
	Number of Shares	Common Stock Par Value	Number of Shares	Common Stock Par Value									
Balance as of December 31, 2018	50,437,059	\$ 50,437	7,533,790	\$ 7,534	\$ 500,474,807	\$ (94,248,326)	\$ (62,340,153)	\$ 1,390,354	\$ 345,334,653	\$ (77,756)	\$ 345,256,897	\$ —	\$ 32,226,815
Offering costs	—	—	—	—	(42,039)	—	—	—	(42,039)	—	(42,039)	—	—
Issuance of preferred stock	—	—	—	—	—	—	—	—	—	—	—	150,000,000	—
Preferred stock issuance costs	—	—	—	—	—	—	—	—	—	—	—	(3,573,836)	—
Issuance of limited partnership units in our Operating Partnership in connection with the SSGT Mergers	—	—	—	—	—	—	—	—	—	4,217,399	4,217,399	—	—
Issuance of limited partnership units in our Operating Partnership in connection with the Self Administration Transaction	—	—	—	—	—	—	—	—	—	63,643,000	63,643,000	—	—
Issuance of limited partnership units in our Operating Partnership in exchange for special limited partnership interest	—	—	—	—	9,687,035	—	—	—	9,687,035	9,112,965	18,800,000	—	—
Contribution of special limited partnership interest in exchange for limited partnership interests in our Operating Partnership	—	—	—	—	(18,800,000)	—	—	—	(18,800,000)	—	(18,800,000)	—	—
Noncontrolling interests related to the consolidated Tenant Programs joint ventures	—	—	—	—	—	—	—	—	—	21,800	21,800	—	—
Redemption of limited partnership interests held by our Former Advisor	—	—	—	—	(291,103)	—	—	—	(291,103)	91,103	(200,000)	—	—
Changes to redeemable common stock	—	—	—	—	(16,045,030)	—	—	—	(16,045,030)	—	(16,045,030)	—	16,046,535
Redemptions of common stock	(556,575)	(557)	(35,079)	(35)	—	—	—	—	(592)	—	(592)	—	(4,881,988)
Issuance of restricted stock	251,993	252	—	—	—	—	—	—	252	—	252	—	—
Distributions	—	—	—	—	—	(34,394,461)	—	—	(34,394,461)	—	(34,394,461)	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	(2,902,654)	(2,902,654)	—	—
Issuance of shares for distribution reinvestment plan	1,302,647	1,303	201,182	201	16,045,030	—	—	—	16,046,534	—	16,046,534	—	—
Equity based compensation expense	—	—	—	—	404,540	—	—	—	404,540	—	404,540	—	—
Net loss attributable to SmartStop Self Storage REIT, Inc. common stockholders	—	—	—	—	—	—	(24,750,333)	—	(24,750,333)	—	(24,750,333)	—	—
Net loss attributable to the noncontrolling interests in our Operating Partnership	—	—	—	—	—	—	—	—	—	(2,010,959)	(2,010,959)	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	—	2,311,488	2,311,488	60,029	2,371,517	—	—
Foreign currency forward contract loss	—	—	—	—	—	—	—	(3,030,727)	(3,030,727)	(195,955)	(3,226,682)	—	—
Interest rate swap and cap contract loss	—	—	—	—	—	—	—	(2,626,450)	(2,626,450)	51,084	(2,575,366)	—	—
Balance as of December 31, 2019	51,435,124	\$ 51,435	7,699,893	\$ 7,700	\$ 491,433,240	\$ (128,642,787)	\$ (87,090,486)	\$ (1,955,335)	\$ 273,803,767	\$ 72,010,056	\$ 345,813,823	\$ 146,426,164	\$ 43,391,362

	Common Stock				Additional Paid-in Capital	Distributions	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total SmartStop Self Storage REIT, Inc. Equity	Noncontrolling Interests	Total Equity	Preferred Stock	Redeemable Common Stock
	Class A		Class T										
	Number of Shares	Common Stock Par Value	Number of Shares	Common Stock Par Value									
Balance as of December 31, 2019	51,435,124	\$ 51,435	7,699,893	\$ 7,700	\$ 491,433,240	\$ (128,642,787)	\$ (87,090,486)	\$ (1,955,335)	\$ 273,803,767	\$ 72,010,056	\$ 345,813,823	\$ 146,426,164	\$ 43,391,362
Offering costs	—	—	—	—	(46,907)	—	—	—	(46,907)	—	(46,907)	—	—
Issuance of preferred stock	—	—	—	—	—	—	—	—	—	—	—	50,000,000	—
Preferred stock issuance costs	—	—	—	—	—	—	—	—	—	—	—	(70,057)	—
Changes to redeemable common stock	—	—	—	—	(15,954,081)	—	—	—	(15,954,081)	—	(15,954,081)	—	15,954,081
Redemptions of common stock	(164,894)	(165)	—	—	—	—	—	—	(165)	—	(165)	—	(2,009,868)
Issuance of restricted stock	71,567	72	—	—	—	—	—	—	72	—	72	—	—
Distributions	—	—	—	—	—	(35,310,382)	—	—	(35,310,382)	—	(35,310,382)	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	(5,525,293)	(5,525,293)	—	—
Issuance of shares for distribution reinvestment plan	1,318,605	1,319	204,018	204	15,952,558	—	—	—	15,954,081	—	15,954,081	—	—
Equity based compensation expense	—	—	—	—	1,023,196	—	—	—	1,023,196	715,677	1,738,873	—	—
Net loss attributable to SmartStop Self Storage REIT, Inc. common stockholders	—	—	—	—	—	—	(54,354,394)	—	(54,354,394)	—	(54,354,394)	—	—
Net loss attributable to the noncontrolling interests in our Operating Partnership	—	—	—	—	—	—	—	—	—	(6,901,931)	(6,901,931)	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	—	845,698	845,698	119,405	965,103	—	—
Foreign currency hedge contract loss	—	—	—	—	—	—	—	(525,540)	(525,540)	(71,429)	(596,969)	—	—
Interest rate swap and cap contract loss	—	—	—	—	—	—	—	(2,199,051)	(2,199,051)	(342,574)	(2,541,625)	—	—
Balance as of December 31, 2020	<u>52,660,402</u>	<u>\$ 52,661</u>	<u>7,903,911</u>	<u>\$ 7,904</u>	<u>\$ 492,408,006</u>	<u>\$ (163,953,169)</u>	<u>\$ (141,444,880)</u>	<u>\$ (3,834,228)</u>	<u>\$ 183,236,294</u>	<u>\$ 60,003,911</u>	<u>\$ 243,240,205</u>	<u>\$ 196,356,107</u>	<u>\$ 57,335,575</u>

See notes to consolidated financial statements.

SMARTSTOP SELF STORAGE REIT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020, 2019 and 2018

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Cash flows from operating activities:			
Net loss	\$ (51,206,803)	\$ (25,095,538)	\$ (3,720,730)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	42,071,743	41,098,672	22,802,691
Change in deferred tax liability	(5,926,732)	(806,083)	—
Accretion of fair market value adjustment of secured debt	(130,682)	(131,611)	(413,353)
Amortization of debt issuance costs	3,586,381	3,996,676	1,582,049
Equity based compensation expense	1,738,873	404,540	75,293
Contingent earnout adjustment	(2,500,000)	200,000	—
Impairment of goodwill and intangible assets	36,465,732	—	—
Impairment of investments in Managed REITs	4,376,879	—	—
Unrealized foreign currency and derivative (gains) losses	(93,878)	(797,999)	151,777
Net loss on extinguishment of debt	—	2,647,633	—
Gain resulting from acquisition of unconsolidated affiliates	—	(8,017,353)	—
Gain on sale of real estate	—	(3,944,696)	—
Increase (decrease) in cash from changes in assets and liabilities:			
Other assets, net	(1,170,734)	(835,114)	(1,237,429)
Accounts payable and accrued liabilities	298,510	1,576,029	(794,156)
Managed REITs receivables	(428,284)	(122,629)	—
Due to affiliates	(311,134)	(405,505)	(87,017)
Net cash provided by operating activities	26,769,871	9,767,022	18,359,125
Cash flows from investing activities:			
Purchase of real estate	(612,892)	(9,435,343)	—
Additions to real estate	(14,946,580)	(12,291,574)	(1,952,738)
Deposits on acquisition of real estate facilities	(298,317)	(200,000)	—
Purchase of SSGT II Preferred Units	(32,500,000)	—	—
Redemption of SSGT II Preferred Units	19,000,000	—	—
Settlement of foreign currency hedges	398,951	918,558	2,132,261
SSGT Mergers, net of cash acquired	—	(345,538,595)	—
Self Administration Transaction, net of cash acquired	—	(3,292,958)	—
Investment in real estate joint ventures	—	—	(3,358,814)
Net proceeds from the sale of real estate	—	15,721,610	—
Purchase of foreign currency hedge	—	(147,347)	—
Settlement of company owned life insurance	—	3,122,962	—
Proceeds from sale of real estate joint venture	—	3,358,814	—
Net cash used in investing activities	(28,958,838)	(347,783,873)	(3,179,291)
Cash flows from financing activities:			
Gross proceeds from issuance of debt	341,717	535,852,363	91,229,806
Repayment of debt	—	(251,732,077)	(72,513,082)
Scheduled principal payments on debt	(701,136)	(802,789)	(1,892,622)
Debt issuance costs	(4,537)	(8,531,362)	(1,892,495)
Common stock offering costs	(656,524)	(709,842)	(693,971)
Gross proceeds from issuance of preferred stock	50,000,000	150,000,000	—
Preferred stock issuance costs	(70,057)	(3,573,836)	—
Redemption of common stock	(1,708,305)	(5,740,677)	(7,758,830)
Distributions paid to preferred stockholders	(8,786,655)	—	—
Distributions paid to common stockholders	(19,160,171)	(18,207,418)	(17,566,799)
Distributions paid to noncontrolling interests in our Operating Partnership	(5,514,994)	(2,440,247)	(253,480)
Redemption of noncontrolling interest	—	(200,000)	(125,000)
Debt defeasance costs	—	(1,690,703)	—
Prepaid debt issuance costs	—	—	(1,075,000)
Net cash provided by (used in) financing activities	13,739,338	392,223,412	(12,541,473)
Impact of foreign exchange rate changes on cash and cash equivalents and restricted cash	536,182	352,354	(494,565)
Change in cash, cash equivalents, and restricted cash	12,086,553	54,558,915	2,143,796

Cash, cash equivalents, and restricted cash beginning of period	68,571,123	14,012,208	11,868,412
Cash, cash equivalents, and restricted cash end of period	<u>\$ 80,657,676</u>	<u>\$ 68,571,123</u>	<u>\$ 14,012,208</u>

Supplemental disclosures and non-cash transactions:

Cash paid for interest	\$ 32,834,244	\$ 35,942,900	\$ 17,976,018
Supplemental disclosure of noncash activities:			
Issuance of shares pursuant to distribution reinvestment plan	\$ 15,954,081	\$ 16,046,534	\$ 16,057,113
Distributions payable	\$ 6,650,317	\$ 5,159,105	\$ 2,890,395
Redemption of common stock included in accounts payable and accrued liabilities	\$ 732,725	\$ 431,326	\$ 1,291,520
Deposit applied to the purchase of real estate	\$ 200,000	\$ 1,000,000	\$ —
Real estate and construction in process included in accounts payable and accrued liabilities	\$ 248,845	\$ 1,420,217	\$ 617,667
Foreign currency contracts, interest rate swaps, and interest rate cap contract in accounts payable and accrued liabilities and other assets	\$ 4,862,285	\$ 3,575,580	\$ 2,774,111
Issuance of units in our Operating Partnership in SSGT Mergers	\$ —	\$ 4,217,399	\$ —
Debt assumed in SSGT Mergers	\$ —	\$ 5,038,435	\$ —
Net liabilities assumed in SSGT Mergers	\$ —	\$ 1,712,596	\$ —
Issuance of Class A-1 units in our Operating Partnership in the Self Administration Transaction	\$ —	\$ 63,643,000	\$ —
Debt assumed in the Self Administration Transaction	\$ —	\$ 19,219,126	\$ —
Contingent earnout consideration issued in the Self Administration Transaction	\$ —	\$ 30,900,000	\$ —
Issuance of limited partnership units in our Operating Partnership in exchange for special limited partnership interest	\$ —	\$ 18,800,000	\$ —
Deferred tax liabilities related to the Self Administration Transaction	\$ —	\$ 7,415,654	\$ —
Accounts payable and other accrued liabilities assumed in the Self Administration Transaction	\$ —	\$ 722,286	\$ —
Transfer of other assets to debt issuance costs	\$ —	\$ 1,075,000	\$ —
Issuance of common stock in exchange for units in our Operating Partnership	\$ —	\$ —	\$ 4,254,009

See notes to consolidated financial statements.

SMARTSTOP SELF STORAGE REIT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

Note 1. Organization

SmartStop Self Storage REIT, Inc., a Maryland corporation (the “Company”), is a self-managed and fully-integrated self storage real estate investment trust (“REIT”), formed on January 8, 2013 under the Maryland General Corporation Law. Our year-end is December 31. As used in this report, “we,” “us,” “our,” and “Company” refer to SmartStop Self Storage REIT, Inc. and each of our subsidiaries.

We acquire, own and operate self storage facilities—including facilities owned by us as well as those owned by the entities sponsored by us. As of December 31, 2020, we owned 112 self storage facilities located in 17 states (Alabama, Arizona, California, Colorado, Florida, Illinois, Indiana, Maryland, Massachusetts, Michigan, New Jersey, Nevada, North Carolina, Ohio, South Carolina, Texas and Washington) and the Greater Toronto Area of Ontario, Canada. As discussed herein, we, through our subsidiaries, also serve as the sponsor of Strategic Storage Trust IV, Inc. (“SST IV”), a public non-traded REIT, and Strategic Storage Growth Trust II, Inc. (“SSGT II”) (collectively with SST IV, the “Managed REITs”), a private non-traded REIT, and operate the properties owned by the Managed REITs, consisting of 37 properties and approximately 30,000 units and 3.1 million rentable square feet. Through our Managed REIT Platform (as defined below), we have the internal capability to originate, structure, and manage additional investment products.

Significant Acquisitions and Transactions

SST IV Merger

On March 17, 2021, we closed on our merger with SST IV (the “SST IV Merger”). As a result, we acquired all of the real estate owned by SST IV, consisting of (i) 24 self storage facilities located in 9 states comprising approximately 18,000 self storage units and approximately 2.0 million net rentable square feet, and (ii) SST IV’s 50% equity interest in six unconsolidated real estate ventures located in the Greater Toronto Area of Ontario, Canada (the “JV Properties”). The JV Properties consist of three operating self storage properties and three parcels of land being developed into self storage facilities, with subsidiaries of SmartCentres Real Estate Investment Trust, an unaffiliated third party (“SmartCentres”). Additionally, we obtained the rights to acquire, upon its completion, a self storage property that is being developed in San Gabriel, California.

See Note 16 - Subsequent Events, for additional information related to the SST IV Merger.

New Credit Facility

On March 17, 2021, we, through SmartStop OP, L.P. (our “Operating Partnership”), entered into a credit facility with KeyBank, National Association as administrative agent, with an initial aggregate amount of \$500 million (the “Credit Facility”), which consists of a \$250 million revolving credit facility and a \$250 million term loan. The revolving credit facility has an initial term of three years, with a one year extension option, and the term loan has a term of five years, with no extension option. Borrowings under the new Credit Facility may be in either U.S. dollars or Canadian dollars. Upon the closing of the Credit Facility, we immediately made the following drawdowns: (i) under the Credit Facility revolver (A) \$199 million in USD borrowings and (B) CAD\$2.5 million in Canadian dollar borrowings (approximately \$2 million equivalent in U.S. dollars), and (ii) under the Credit Facility term loan (A) \$150 million in US borrowings and (B) CAD\$124.7 million in Canadian dollar borrowings (approximately \$100 million equivalent in U.S. dollars), for an aggregate amount of approximately \$451 million. We used the proceeds primarily to pay off certain existing indebtedness as well as indebtedness of SST IV in connection with the SST IV Merger.

See Note 16 - Subsequent Events, for additional information related to the new Credit Facility.

Self Administration Transaction

SMARTSTOP SELF STORAGE REIT, INC. AND SUBSIDIARIES
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On June 28, 2019, we acquired the self storage advisory, asset management and property management businesses and certain joint venture interests (the “Self Storage Platform”) of SmartStop Asset Management, LLC, our former sponsor (“SAM”), along with certain other assets of SAM (collectively, the “Self Administration Transaction”). As a result of the Self Administration Transaction, we became self-managed and the sponsor of SST IV and SSGT II. We originate, structure and manage investment products (the “Managed REIT Platform”) through SmartStop REIT Advisors, LLC (“SRA”), our indirect subsidiary. See Note 4, Self Administration Transaction and Note 11 – Related Party Transactions, for additional information.

SSGT Mergers

On October 1, 2018, we, our Operating Partnership, and SST II Growth Acquisition, LLC, our wholly-owned subsidiary (“SSGT Merger Sub”), entered into an Agreement and Plan of Merger (the “SSGT Merger Agreement”) with Strategic Storage Growth Trust, Inc. (“SSGT”), a non-traded REIT then sponsored by SAM, and SS Growth Operating Partnership, L.P. (“SSGT OP”). Pursuant to the terms and conditions set forth in the SSGT Merger Agreement, on January 24, 2019: (i) we acquired SSGT by way of a merger of SSGT with and into SSGT Merger Sub, with SSGT Merger Sub being the surviving entity (the “SSGT REIT Merger”); and (ii) immediately after the SSGT REIT Merger, SSGT OP merged with and into our Operating Partnership, with the Operating Partnership continuing as the surviving entity and remaining a subsidiary of the Company (the “SSGT Partnership Merger” and, together with the SSGT REIT Merger, the “SSGT Mergers”). SSGT was a REIT with stated investment objectives to acquire opportunistic self storage properties, including development and lease-up properties. See Note 3, Real Estate Facilities—Merger with Strategic Storage Growth Trust, Inc., for additional information related to the SSGT Mergers.

Equity

The Company was formed on January 8, 2013, under the Maryland General Corporation Law. We commenced our initial public offering in January 2014, in which we offered a maximum of \$1.0 billion in common shares for sale to the public (the “Primary Offering”) and \$95.0 million in common shares for sale pursuant to our distribution reinvestment plan (collectively, the “Offering”). At the termination of our offering in January 2017, we had sold approximately 48 million shares of Class A common stock (“Class A Shares”) and approximately 7 million shares of Class T common stock (“Class T Shares”) for approximately \$493 million and \$73 million respectively.

In November 2016, we filed with the SEC a Registration Statement on Form S-3, which registered up to an additional \$100.9 million in shares under our distribution reinvestment plan (our “DRP Offering”). The DRP Offering may be terminated at any time upon 10 days’ prior written notice to stockholders. As of December 31, 2020, we had sold approximately 5.3 million Class A Shares and approximately 0.8 million Class T Shares for approximately \$55.5 million and \$8.5 million, respectively, in our DRP Offering.

SMARTSTOP SELF STORAGE REIT, INC. AND SUBSIDIARIES
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On October 29, 2019 (the “Commitment Date”), we entered into a preferred stock purchase agreement (the “Purchase Agreement”) with Extra Space Storage LP (the “Investor”), a subsidiary of Extra Space Storage Inc. (NYSE: EXR), pursuant to which the Investor committed to purchase up to \$200 million in shares (the aggregate shares to be purchased, the “Preferred Shares”) of our new Series A Convertible Preferred Stock (the “Series A Convertible Preferred Stock”), in one or more closings (each, a “Closing,” and collectively, the “Closings”). The initial closing (the “Initial Closing”) in the amount of \$150 million occurred on the Commitment Date, and the second and final closing in the amount of \$50 million occurred on October 26, 2020.

The shares of Series A Convertible Preferred Stock rank senior to all other shares of our capital stock, including our common stock, with respect to rights to receive dividends and to participate in distributions or payments upon any voluntary or involuntary liquidation, dissolution or winding up of the Company. Dividends payable on each share of Series A Convertible Preferred Stock will initially be equal to a rate of 6.25% per annum. If the Series A Convertible Preferred Stock has not been redeemed on or prior to the fifth anniversary date of the Initial Closing, the dividend rate will increase an additional 0.75% per annum each year thereafter to a maximum of 9.0% per annum until the tenth anniversary of the Initial Closing, at which time the dividend rate shall increase 0.75% per annum each year thereafter until the Series A Convertible Preferred Stock is redeemed or repurchased in full. See Note 8, Preferred Equity, for additional information.

On April 20, 2020, our board of directors, upon recommendation of our Nominating and Corporate Governance Committee, approved an estimated value per share of our common stock of \$10.40 for our Class A Shares and Class T Shares based on the estimated value of our assets less the estimated value of our liabilities, or net asset value, divided by the number of shares outstanding on a fully diluted basis, calculated as of December 31, 2019.

As a result of the calculation of our estimated value per share, beginning in May 2020, shares sold pursuant to our DRP Offering are being sold at the estimated value per share of \$10.40 for both Class A Shares and Class T Shares.

Prior to the termination of our Primary Offering, Select Capital Corporation, a California corporation (our “Former Dealer Manager”), was responsible for marketing our shares offered pursuant to our Primary Offering. SAM indirectly owns a 15% non-voting equity interest in our Former Dealer Manager. Now that our Primary Offering has terminated, our Former Dealer Manager no longer provides such services for us. However, we pay our Former Dealer Manager an ongoing stockholder servicing fee with respect to the Class T Shares sold. Please see Note 11 – Related Party Transactions – Former Dealer Manager Agreement.

Other Corporate History

Our Operating Partnership was formed on January 9, 2013. During 2013, Strategic Storage Advisor II, LLC, our former external advisor (“Former External Advisor”) purchased limited partnership interests in our Operating Partnership for \$200,000 and on August 2, 2013, we contributed the initial \$1,000 capital contribution we received to our Operating Partnership in exchange for the general partner interest. See Note 4, Self Administration Transaction, for additional information.

As we accepted subscriptions for shares of our common stock, we transferred all of the net Offering proceeds to our Operating Partnership as capital contributions in exchange for additional units of interest in our Operating Partnership. However, we were deemed to have made capital contributions in the amount of gross proceeds received from investors, and our Operating Partnership was deemed to have simultaneously paid the sales commissions and other costs associated with the Offering. In addition, our Operating Partnership is structured to make distributions with respect to limited partnership units that are equivalent to the distributions made to holders of common stock. Finally, a limited partner in our Operating Partnership may later exchange his or her limited partnership units in our Operating Partnership for shares of our common stock at any time after one year following the date of issuance of their limited partnership units, subject to certain restrictions outlined in our Operating Partnership’s limited partnership agreement.

SMARTSTOP SELF STORAGE REIT, INC. AND SUBSIDIARIES
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Our Operating Partnership owns, directly or indirectly through one or more special purpose entities, all of the self storage properties that we own. As of December 31, 2020, we owned approximately 86.5% of the common units of limited partnership interests of our Operating Partnership. The remaining approximately 13.5% of the common units are owned by certain members of our executive management team or indirectly by SAM and affiliates of our Former Dealer Manager. As the sole general partner of our Operating Partnership, we have the exclusive power to manage and conduct the business of our Operating Partnership. We conduct certain activities through SmartStop TRS, Inc. (our “TRS”), or other taxable REIT subsidiaries which are directly or indirectly wholly-owned subsidiaries of our Operating Partnership.

COVID-19

Our rental revenue and operating results depend significantly on the demand for self storage space. Since the beginning of the COVID-19 pandemic in late March 2020, our operations have been affected by COVID-19 in various ways, including but not limited to, national and local jurisdictions issuing orders causing temporary restrictions on our business in certain markets, temporary shutdowns of certain of our facilities, customer behavior and their comfort levels visiting our facilities, as well as the broader economic impacts of COVID-19. The financial impact associated with these items were most significant in the second quarter of 2020, with customer demand for self storage resuming at or above normalized levels during the second half of 2020. Future governmental orders or broad economic weakness could adversely impact our business, financial condition, liquidity and results of operations, however, the extent and duration to which our operations will be impacted is highly uncertain and cannot be predicted

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) as contained within the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) and the rules and regulations of the SEC.

SMARTSTOP SELF STORAGE REIT, INC. AND SUBSIDIARIES
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Unaudited Information

The square footage, unit count, and occupancy percentage data and disclosures included in these notes to the consolidated financial statements are unaudited.

Principles of Consolidation

Our financial statements, and the financial statements of our Operating Partnership, including its wholly-owned subsidiaries, are consolidated in the accompanying consolidated financial statements. The portion of these entities not wholly-owned by us is presented as noncontrolling interests. All significant intercompany accounts and transactions have been eliminated in consolidation.

Consolidation Considerations

Current accounting guidance provides a framework for identifying a variable interest entity (“VIE”) and determining when a company should include the assets, liabilities, noncontrolling interests, and results of activities of a VIE in its consolidated financial statements. In general, a VIE is an entity or other legal structure used to conduct activities or hold assets that either (1) has an insufficient amount of equity to carry out its principal activities without additional subordinated financial support, (2) has a group of equity owners that are unable to make significant decisions about its activities, or (3) has a group of equity owners that do not have the obligation to absorb losses or the right to receive returns generated by its operations. Generally, a VIE should be consolidated if a party with an ownership, contractual, or other financial interest in the VIE (a variable interest holder) has the power to direct the VIE’s most significant activities and the obligation to absorb losses or right to receive benefits of the VIE that could be significant to the VIE. A variable interest holder that consolidates the VIE is called the primary beneficiary. Upon consolidation, the primary beneficiary generally must initially record all of the VIE’s assets, liabilities, and noncontrolling interest at fair value and subsequently account for the VIE as if it were consolidated based on majority voting interest. Our Operating Partnership is deemed to be a VIE and is consolidated by the Company as the primary beneficiary.

As of December 31, 2020, and 2019, we were not a party to any other contracts/interests that would be deemed to be variable interest in VIEs other than our Tenant Programs joint ventures with SST IV and SSGT II which were acquired in the Self Administration Transaction, which are consolidated.

Equity Investments

Under the equity method, our investments will be stated at cost and adjusted for our share of net earnings or losses and reduced by distributions and impairments, as applicable. Equity in earnings will generally be recognized based on our ownership interest in the earnings of each of the unconsolidated investments.

Investments in and Advances to Managed REITs

As of December 31, 2020, and 2019, we owned equity investments with a carrying value of approximately \$15.1 million, and \$5.8 million, respectively, in the Managed REITs; such amounts are included in Investments in and advances to Managed REITs within our Consolidated Balance Sheets. We account for these investments using the equity method of accounting as we have the ability to exercise significant influence, but not control, over the Managed REITs’ operating and financial policies through our advisory and property management agreements with the respective Managed REITs. The equity method of accounting requires the investment to be initially recorded at cost and subsequently adjusted for our share of equity in the respective Managed REIT’s earnings and reduced by distributions.

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Also included in Investments in and advances to Managed REITs as of December 31, 2020 are receivables from the Managed REITs of approximately \$0.5 million. As of December 31, 2019, receivables from the Managed REITs approximated \$0.3 million. For additional discussion, see Note 11 – Related Party Transactions.

Noncontrolling Interests in Consolidated Entities

We account for the noncontrolling interests in our Operating Partnership and the noncontrolling interests in our Tenant Programs joint ventures with SST IV and SSGT II in accordance with the related accounting guidance. Due to our control through our general partnership interest in our Operating Partnership and the limited rights of the limited partners, our Operating Partnership, including its wholly-owned subsidiaries, are consolidated with the Company and the limited partner interests are reflected as a noncontrolling interests in the accompanying consolidated balance sheets. We also consolidate our interests in the SST IV and SSGT II Tenant Programs and present the minority interests as noncontrolling interests in the accompanying consolidated balance sheets. The noncontrolling interests shall be attributed their share of income and losses, even if that attribution results in a deficit noncontrolling interests balance.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The current economic environment has increased the degree of uncertainty inherent in these estimates and assumptions. Management will adjust such estimates when facts and circumstances dictate. Actual results could materially differ from those estimates. The most significant estimates made include the allocation of property purchase price to tangible and intangible assets acquired and liabilities assumed at relative fair value, the determination if certain entities should be consolidated, the evaluation of potential impairment of indefinite and long-lived assets and goodwill, and the estimated useful lives of real estate assets and intangibles.

Cash and Cash Equivalents

We consider all short-term, highly liquid investments that are readily convertible to cash with a maturity of three months or less at the time of purchase to be cash equivalents.

We may maintain cash and cash equivalents in financial institutions in excess of insured limits, but believe this risk will be mitigated by only investing in or through major financial institutions.

Restricted Cash

Restricted cash consists primarily of impound reserve accounts for property taxes, insurance and capital improvements in connection with the requirements of certain of our loan agreements.

Real Estate Purchase Price Allocation

We account for acquisitions in accordance with GAAP which requires that we allocate the purchase price of a property to the tangible and intangible assets acquired and the liabilities assumed based on their relative fair values as of the date of acquisition. This guidance requires us to make significant estimates and assumptions, including fair value estimates, which requires the use of significant unobservable inputs as of the acquisition date.

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The value of the tangible assets, consisting of land and buildings, is determined as if vacant. 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. We also consider whether in-place, market leases represent an intangible asset. We recorded none, approximately \$13.6 million, and none in intangible assets to recognize the value of in-place leases related to our acquisitions during the years ended December 31, 2020, 2019 and 2018 respectively. We do not expect, nor to date have we recorded, intangible assets for the value of customer relationships because we expect we will not have concentrations of significant customers and the average customer turnover will be fairly frequent.

Allocation of purchase price to acquisitions of portfolios of facilities are allocated to the individual facilities based upon an income approach or a cash flow analysis using appropriate risk adjusted capitalization rates which take into account the relative size, age, and location of the individual facility along with current and projected occupancy and rental rate levels or appraised values, if available.

Acquisitions that do not meet the definition of a business, as defined under current GAAP, are accounted for as asset acquisitions. During the years ended December 31, 2020 and 2019, our property acquisitions did not meet the definition of a business because substantially all of the fair value was concentrated in a single identifiable asset or group of similar identifiable assets (i.e. land, buildings, and related intangible assets) or because the acquisitions did not include a substantive process in the form of an acquired workforce or an acquired contract that cannot be replaced without significant cost, effort or delay. As a result, once an acquisition is deemed probable, transaction costs are capitalized rather than expensed.

During the years ended December 31, 2020, 2019, and 2018 we expensed approximately \$1.4 million, \$0.2 million, and \$1.1 million respectively, of acquisition-related transaction costs that did not meet our capitalization policy during the respective periods.

Purchase Price Allocation for the Acquisition of a Business

Should the initial accounting for an acquisition that meets the definition of a business be incomplete by the end of a reporting period that falls within the measurement period, we report provisional amounts in our financial statements. During the measurement period, we may adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date and we record those adjustments to our financial statements. We apply any measurement period adjustments in the period in which the provisional amounts are finalized.

As discussed in Note 4, the Self Administration Transaction was an acquisition of a business.

Evaluation of Possible Impairment of Real Property Assets

Management monitors events and changes in circumstances that could indicate that the carrying amounts of our real property assets may not be recoverable. When indicators of potential impairment are present that indicate that the carrying amounts of the assets may not be recoverable, we will assess the recoverability of the assets by determining whether the carrying value of the real property assets will be recovered through the undiscounted future operating cash flows expected from the use of the asset and its eventual disposition. In the event that such expected undiscounted future cash flows do not exceed the carrying value, we will adjust the value of the real property assets to the fair value and recognize an impairment loss. For the years ended December 31, 2020, 2019, and 2018, no impairment losses were recognized.

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Goodwill Valuation

We initially recorded goodwill of approximately \$78.4 million as a result of the Self Administration Transaction. Goodwill is recorded as the difference, if any, between the aggregate consideration paid for an acquisition and the fair value of the net tangible assets and other intangible assets acquired. Goodwill is allocated to various reporting units, as applicable, and is not amortized. We perform an annual impairment test for goodwill, and between annual tests, we evaluate the recoverability of goodwill whenever events or changes in circumstances indicate that the carrying amount of goodwill may not be fully recoverable. In our impairment test of goodwill, we perform a quantitative analysis to compare the fair value of each reporting unit to its respective carrying amount. If the carrying amount of goodwill exceeds its fair value, an impairment charge will be recognized.

See Note 5—Self Administration Transaction - Intangibles, Goodwill, and Certain Other Assets and Liabilities for additional information.

Trademarks

In connection with the Self Administration Transaction, we initially recorded \$19.8 million associated with the two primary trademarks acquired. Prior thereto we had no amounts recorded related to trademarks.

Trademarks are based on the value of our brands. Trademarks are valued using the relief from royalty method, which presumes that without ownership of such trademarks, we would have to make a stream of payments to a brand or franchise owner in return for the right to use their name. By virtue of this asset, we avoid any such payments and record the related intangible fair value of our ownership of the brand name.

We used the following significant projections and assumptions to determine fair value under the relief from royalty method: revenues; royalty rate; tax expense; terminal growth rate; and discount rate. For the SmartStop® trademark, the projections underlying this relief from royalty model were forecasted for eight years and then a terminal value calculation was applied. For the Strategic Storage® trademark, the projections underlying the relief from royalty model were forecasted for seven years. Applying the selected pretax royalty rates to the applicable revenue base in each period yielded pretax income for each of our trademarks. These pretax totals were tax effected utilizing the applicable tax rate to arrive at net, after-tax cash flows. The net, after-tax cash flows were then discounted to present value utilizing an appropriate discount rate. The present value of the after-tax cash flows were then added to the present value of the amortization tax benefit (considering the 15-year amortization of intangible assets pursuant to U.S. tax legislation) to arrive at the recommended fair values for the trademarks.

The total estimated future amortization expense of the “Strategic Storage®” trademark asset for the years ending December 31, 2021, 2022, 2023, 2024, and thereafter is approximately \$140,000, \$140,000, \$140,000, \$70,000, and none, respectively.

We qualitatively evaluate whether any triggering events or changes in circumstances have occurred subsequent to our annual impairment test that would indicate an impairment condition may exist. If any change in circumstance or triggering event occurs, and results in a significant impact to our revenue and profitability projections, or any significant assumption in our valuation methods is adversely impacted, the impact could result in a material impairment charge in the future.

See Note 5 - Self Administration Transaction - Intangibles, Goodwill, and Certain Other Assets and Liabilities for additional information.

Revenue Recognition

Self Storage Operations

Management believes that all of our leases are operating leases. Rental income is recognized in accordance with the terms of the leases, which generally are month-to-month. Revenues from any long-term operating leases are recognized on a straight-line basis over the term of the lease. The excess of rents received over amounts contractually due pursuant to the underlying leases is included in accounts payable and accrued liabilities in our consolidated balance sheets, and contractually due but unpaid rent is included in other assets.

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Managed REIT Platform

We earn property management and asset management revenue, pursuant to the respective property management and advisory agreement contracts, in connection with providing services to the Managed REITs. We have determined under ASC 606 – Revenue from Contracts with Customers (“ASC 606”), that the performance obligation for the property management services and asset management services are satisfied as the services are rendered. While we are compensated for our services on a monthly basis, these services represent a series of distinct daily services in accordance with ASC 606. Such revenue is recorded in the Managed REIT Platform revenue line within our consolidated statements of operations.

The Managed REITs’ advisory agreements also provide for reimbursement to us of our direct and indirect costs of providing administrative and management services to the Managed REITs. These reimbursements include costs incurred in relation to organization and offering services provided to the Managed REITs and the reimbursement of salaries, bonuses, and other expenses related to benefits paid to our employees while performing services for the Managed REITs. The Managed REITs’ property management agreements also provide reimbursement to us for the property manager’s costs of managing the properties. Reimbursable costs include wages and salaries and other expenses that arise in operating, managing and maintaining the Managed REITs’ properties.

Under ASC 606, direct reimbursement of such costs does not represent a separate performance obligation from our obligation to perform property management and asset management services. The reimbursement income is considered variable consideration, and is recognized as the costs are incurred, subject to limitations on the Managed REIT Platform’s ability to incur offering costs or limitations imposed by the advisory agreements. We have elected to separately record such revenue in the Reimbursable costs from Managed REITs line within our consolidated statements of operations.

Additionally, we earn revenue in connection with our Tenant Programs joint ventures with our Managed REITs. We also earn development and construction management revenue from services we provide in connection with the project design, coordination and oversight of development and certain capital improvement projects undertaken by the Managed REITs. We recognize such revenue in the Managed REIT Platform revenue line within our consolidated statements of operations. See Note 11 – Related Party Transactions, for additional information regarding revenue generated from our Managed REIT Platform.

Allowance for Doubtful Accounts

Tenant accounts receivable is reported net of an allowance for doubtful accounts. Management records this general reserve estimate based upon a review of the current status of accounts receivable. It is reasonably possible that management’s estimate of the allowance will change in the future.

Real Estate Facilities

We capitalize costs incurred to develop, construct, renovate and improve properties, including interest and property taxes incurred during the construction period. The construction period begins when expenditures for the real estate assets have been made and activities that are necessary to prepare the asset for its intended use are in progress. The construction period ends when the asset is substantially complete and ready for its intended use.

Depreciation of Real Property Assets

Our management is required to make subjective assessments as to the useful lives of our depreciable assets. We consider the period of future benefit of the asset to determine the appropriate useful lives.

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Depreciation of our real property assets is charged to expense on a straight-line basis over the estimated useful lives as follows:

Description	Standard Depreciable Life
Land	Not Depreciated
Buildings	30-40 years
Site Improvements	7-10 years

Depreciation of Personal Property Assets

Personal property assets consist primarily of furniture, fixtures and equipment and are depreciated on a straight-line basis over the estimated useful lives, generally ranging from 3 to 5 years, and are included in other assets on our consolidated balance sheets.

Intangible Assets

We have allocated a portion of our real estate purchase price to in-place lease intangibles. We amortize in-place lease intangibles on a straight-line basis over the estimated future benefit period. As of December 31, 2020, the gross amount allocated to in-place lease intangibles was approximately \$47.3 million and accumulated amortization of in-place lease intangibles totaled approximately \$45.7 million. As of December 31, 2019, the gross amounts allocated to in-place lease intangibles were approximately \$46.8 million and accumulated amortization of in-place lease intangibles totaled approximately \$40.4 million.

The total estimated future amortization expense of intangible assets related to our self storage properties for the years ending December 31, 2021, 2022, 2023, 2024, 2025 and thereafter is approximately \$0.1 million, \$0.1 million, \$0.1 million, \$0.1 million, and \$1.0 million respectively.

In connection with the Self Administration Transaction, we allocated a portion of the consideration to the contracts that we acquired related to the Managed REITs and the customer relationships related to the Tenant Programs joint ventures. For these intangibles, we are amortizing such amounts on a straight-line basis over the estimated benefit period of the contracts and customer relationships.

As of December 31, 2020, the gross amount of the intangible assets related to the Managed REITs contracts and the customer relationships related to the Tenant Programs joint ventures was approximately \$18.1 million and the accumulated amortization was approximately \$7.3 million. As of December 31, 2019, the gross amount of the intangibles related to the Managed REITs contracts and the customer relationships related to the Tenant Programs joint ventures was approximately \$26.5 million and accumulated amortization of those intangibles totaled approximately \$2.9 million.

The total estimated future amortization expense for such intangible assets for the years ending December 31, 2021, 2022, 2023, 2024 and 2025 is approximately \$2.9 million, \$2.9 million, \$2.9 million, \$1.8 million and \$0.3 million, respectively.

We evaluate whether any triggering events or changes in circumstances have occurred subsequent to our annual impairment test that would indicate an impairment condition may exist. If any change in circumstance or triggering event occurs, and results in a significant impact to our revenue and profitability projections, or any significant assumption in our valuations methods is adversely impacted, the impact could result in a material impairment charge in the future.

See Note 5 – Self Administration Transaction – Intangibles, Goodwill, and Certain Other Assets and Liabilities for additional information.

Debt Issuance Costs

The net carrying value of costs incurred in connection with obtaining non revolving debt are presented on the balance sheet as a deduction from debt (see Note 7). Debt issuance costs are amortized on a straight-line basis over the term of the

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related loan, which is not materially different than the effective interest method. As of December 31, 2020, the gross amount allocated to debt issuance costs related to non-revolving debt totaled approximately \$12.0 million and accumulated amortization of debt issuance costs related to non-revolving debt totaled approximately \$7.9 million. As of December 31, 2019, the gross amount allocated to debt issuance costs related to non-revolving debt totaled approximately \$11.9 million and accumulated amortization of debt issuance costs related to non-revolving debt totaled approximately \$4.3 million.

Organizational and Offering Costs

We pay our Former Dealer Manager an ongoing stockholder servicing fee that is payable monthly and accrues daily in an amount equal to 1/365th of 1% of the purchase price per share of the Class T Shares sold in the Primary Offering. We will cease paying the stockholder servicing fee with respect to the Class T Shares sold in the Primary Offering at the earlier of (i) the date we list our shares on a national securities exchange, merge or consolidate with or into another entity, or sell or dispose of all or substantially all of our assets; (ii) the date at which the aggregate underwriting compensation from all sources equals 10% of the gross proceeds from the sale of both Class A Shares and Class T Shares in our Primary Offering (i.e., excluding proceeds from sales pursuant to our distribution reinvestment plan), which calculation shall be made by us with the assistance of our Former Dealer Manager commencing after the termination of the Primary Offering; (iii) the fifth anniversary of the last day of the fiscal quarter in which our Primary Offering (i.e., excluding our distribution reinvestment plan offering) terminated; and (iv) the date that such Class T Share is redeemed or is no longer outstanding. Our Former Dealer Manager entered into participating dealer agreements with certain other broker-dealers which authorized them to sell our shares. Upon sale of our shares by such broker-dealers, our Former Dealer Manager re-allowed all of the sales commissions and, subject to certain limitations, the stockholder servicing fees paid in connection with sales made by these broker-dealers. Our Former Dealer Manager was also permitted to re-allow to these broker-dealers a portion of their dealer manager fee as marketing fees, reimbursement of certain costs and expenses of attending training and education meetings sponsored by our Former Dealer Manager, payment of attendance fees required for employees of our Former Dealer Manager or other affiliates to attend retail seminars and public seminars sponsored by these broker-dealers, or to defray other distribution-related expenses. We recorded a liability within due to affiliates for the future estimated stockholder servicing fees at the time of sale of Class T Shares as an offering cost.

Foreign Currency Translation

For non-U.S. functional currency operations, assets and liabilities are translated to U.S. dollars at current exchange rates. Revenues and expenses are translated at the average rates for the period. All adjustments related to amounts classified as long term net investments are recorded in accumulated other comprehensive income (loss) as a separate component of equity. Transactions denominated in a currency other than the functional currency of the related operation are recorded at rates of exchange in effect at the date of the transaction. Changes in investments not classified as long term are recorded in other income (expense) and represented a gain of approximately \$0.6 million and approximately \$0.9 million for the years ended December 31, 2020 and 2019, respectively.

Redeemable Common Stock

We adopted a share redemption program ("SRP") that enables stockholders to sell their shares to us in limited circumstances.

We record amounts that are redeemable under the SRP as redeemable common stock in the accompanying consolidated balance sheets since the shares are redeemable at the option of the holder and therefore their redemption is outside our control. The maximum amount redeemable under our SRP is limited to the number of shares we can repurchase with the amount of the net proceeds from the sale of shares under the distribution reinvestment plan. However, accounting guidance states that determinable amounts that can become redeemable should be presented as redeemable when such amount is known. Therefore, the net proceeds from the distribution reinvestment plan are considered to be temporary equity and are presented as redeemable common stock in the accompanying consolidated balance sheets.

In addition, current accounting guidance requires, among other things, that financial instruments that represent a mandatory obligation of us to repurchase shares be classified as liabilities and reported at settlement value. When we determine we have a mandatory obligation to repurchase shares under the SRP, we reclassify such obligations from temporary equity to a liability based upon their respective settlement values.

On August 26, 2019, our board of directors approved a partial suspension of our SRP, effective as of September 27, 2019, so that common shares were redeemable at the option of the holder only in connection with (i) death or disability of a

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stockholder, (ii) confinement to a long-term care facility, or (iii) other exigent circumstances. In order to preserve cash in light of the uncertainty relating to COVID-19 and its potential impact on our overall financial results, on March 30, 2020, our board of directors approved the complete suspension of our SRP, effective on April 29, 2020. Due to the complete suspension, we were unable to honor redemption requests made during the quarter ended March 31, 2020 or the quarter ended June 30, 2020.

On August 20, 2020, our board of directors determined that it would be in our best interests to partially reinstate the SRP, effective as of September 23, 2020.

Currently, our redemption program remains suspended other than for redemptions sought in connection with a stockholder's death, qualifying disability, confinement to a long-term care facility or other exigent circumstances.

For the year ended December 31, 2020, we received redemption requests totaling approximately \$2.0 million (approximately 0.2 million shares), approximately \$1.3 million of which were fulfilled during the year ended December 31, 2020, with the remaining approximately \$0.7 million included in accounts payable and accrued liabilities as of December 31, 2020 and fulfilled in January 2021.

For the year ended December 31, 2019, we received redemption requests totaling approximately \$4.9 million (approximately 0.5 million shares), approximately \$4.5 million of which were fulfilled during the year ended December 31, 2019, with the remaining approximately \$0.4 million included in accounts payable and accrued liabilities as of December 31, 2019 and fulfilled in January 2020. For the year ended December 31, 2018, we received redemption requests totaling approximately \$8.3 million (approximately 0.9 million shares), approximately \$7.0 million of which were fulfilled during the year ended December 31, 2018, with the remaining approximately \$1.3 million included in accounts payable and accrued liabilities as of December 31, 2018 and fulfilled in January 2019.

Accounting for Equity Awards

We issue equity based awards in two forms: (1) restricted stock awards consisting of shares of our common stock and (2) long-term incentive plan units of our Operating Partnership ("LTIP Units"), both of which may be issued subject to either time based vesting criteria or performance based vesting criteria restrictions. For time based awards granted which contain a graded vesting schedule, 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 performance based awards, compensation cost is recognized over the requisite service period if and when we determine the performance condition is probable of being achieved. We record the cost of such equity based awards based on the grant date fair value, and have elected to record forfeitures as they occur.

Fair Value Measurements

Under GAAP, we are required to measure certain financial instruments at fair value on a recurring basis. In addition, we are required to measure other financial instruments and balances at fair value on a non-recurring basis. Fair value is defined by the accounting standard for fair value measurements and disclosures as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It also establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels. The following summarizes the three levels of inputs and hierarchy of fair value we use when measuring fair value:

- Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that we have the ability to access;
- Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as interest rates and yield curves that are observable at commonly quoted intervals; and
- Level 3 inputs are unobservable inputs for the assets or liabilities that are typically based on an entity's own assumptions as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the fair value measurement will fall within the lowest level that is significant to the fair value measurement in its entirety.

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The accounting guidance for fair value measurements and disclosures provides a framework for measuring fair value and establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. In determining fair value, we will utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as consider counterparty credit risk in our assessment of fair value. Considerable judgment will be necessary to interpret Level 2 and 3 inputs in determining fair value of our financial and non-financial assets and liabilities. Accordingly, there can be no assurance that the fair values we will present will be indicative of amounts that may ultimately be realized upon sale or other disposition of these assets.

Financial and non-financial assets and liabilities measured at fair value on a non-recurring basis in our consolidated financial statements consist of real estate and related liabilities assumed related to our acquisitions along with the assets and liabilities described in Note 4 - Self Administration Transaction. The fair values of these assets and liabilities were determined as of the acquisition dates using widely accepted valuation techniques, including (i) discounted cash flow analysis, which considers, among other things, leasing assumptions, growth rates, discount rates and terminal capitalization rates, (ii) income capitalization approach, which considers prevailing market capitalization rates, and (iii) comparable sales activity. Additionally, certain such assets and liabilities are required to be fair valued periodically or valued pursuant to ongoing impairment analyses and have been valued subsequently utilizing the same techniques noted above. In general, we consider multiple valuation techniques when measuring fair values. However, in certain circumstances, a single valuation technique may be appropriate. All of the fair values of the assets and liabilities as of the acquisition dates were derived using Level 3 inputs.

The carrying amounts of cash and cash equivalents, restricted cash, other assets, variable-rate debt, accounts payable and accrued liabilities, distributions payable and amounts due to affiliates approximate fair value.

The table below summarizes our fixed rate notes payable at December 31, 2020 and 2019. The estimated fair value of financial instruments is subjective in nature and is dependent on a number of important assumptions, including discount rates and relevant comparable market information associated with each financial instrument. The fair value of the fixed rate notes payable was estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. The use of different market assumptions and estimation methodologies may have a material effect on the reported estimated fair value amounts. Accordingly, the estimates presented below are not necessarily indicative of the amounts we would realize in a current market exchange.

	December 31, 2020		December 31, 2019	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Fixed Rate Secured Debt	\$ 316,000,000	\$ 301,988,969	\$ 311,700,000	\$ 302,820,786

As of December 31, 2020 and 2019, we had interest rate swaps, interest rate caps, and a net investment hedge (See Notes 7 and 9). The valuations of these instruments were determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of the derivative. The analyses reflect the contractual terms of the derivatives, including the period to maturity, and used observable market-based inputs, including interest rate curves, foreign exchange rates, and implied volatilities. The fair value of the interest rate swaps were determined using the market standard methodology of netting the discounted future fixed cash payments and the discounted expected variable cash payments. Our fair values of our net investment hedges are based on the change in the spot rate at the end of the period as compared with the strike price at inception.

To comply with GAAP, we incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of derivative contracts for the effect of non-performance risk, we consider the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

Although we had determined that the majority of the inputs used to value our derivatives were within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilized Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by us and our counterparties. However, through December 31, 2020, we had assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and determined that the credit valuation adjustments were not significant to the overall valuation of our derivatives. As a result, we determined that our derivative valuations in their entirety were classified in Level 2 of the fair value hierarchy.

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Derivative Instruments and Hedging Activities

We record all derivatives on our balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether we have elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation. We may enter into derivative contracts that are intended to economically hedge certain of our risks, even though hedge accounting does not apply or we elect not to apply hedge accounting.

For derivatives designated as net investment hedges, the effective portion of changes in the fair value of the derivatives are reported in accumulated other comprehensive income (loss). The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. Amounts are reclassified out of other comprehensive (loss) income into earnings (loss) when the hedged net investment is either sold or substantially liquidated.

Out-of-Period Adjustment

During the fourth quarter of 2020, we recorded an out-of-period adjustment to record additional net real estate related assets of approximately \$6.9 million and a corresponding net deferred tax liability of approximately \$5.8 million related to certain Canadian properties acquired during the years ended December 31, 2017 and 2019. Additionally, we recorded related additional depreciation and amortization expense of approximately \$0.7 million and a deferred tax benefit of approximately \$1.8 million, resulting in a reduction in our net loss of approximately \$1.1 million in 2020 related to the out-of-period adjustment. We concluded that the adjustment was not material to our consolidated balance sheet or statement of operations for the year ended December 31, 2020 or any prior periods.

Income Taxes

We made an election to be taxed as a Real Estate Investment Trust ("REIT"), under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"), commencing with our taxable year ended December 31, 2014. To qualify as a REIT, we must continue to meet certain organizational and operational requirements, including a requirement to distribute at least 90% of the REIT's ordinary taxable income to stockholders (which is computed without regard to the dividends paid deduction or net capital gains and which does not equal net income as calculated in accordance with GAAP).

For income tax purposes, distributions to common stockholders are characterized as ordinary dividends, capital gain dividends, or as nontaxable distributions. To the extent that we make a distribution in excess of our current or accumulated earnings and profits, the distribution will be a non-taxable return of capital, reducing the tax basis in each U.S. stockholder's shares, and the amount of each distribution in excess of a U.S. stockholder's tax basis in its shares will be taxable as gain realized from the sale of its shares.

As a REIT, we generally will not be subject to federal income tax on taxable income that we distribute to our stockholders. If we fail to qualify as a REIT in any taxable year, we will then be subject to federal income taxes on our taxable income at regular corporate rates and will not be permitted to qualify for treatment as a REIT for federal income tax purposes for four years following the year during which qualification is lost unless the IRS grants us relief under certain statutory provisions. Such an event could materially adversely affect our net income and net cash available for distribution to stockholders. However, we believe that we are organized and operate in such a manner as to qualify for treatment as a REIT and intend to operate in the foreseeable future in such a manner that we will remain qualified as a REIT for federal income tax purposes.

Even if we continue to qualify for taxation as a REIT, we may be subject to certain state, local, and foreign taxes on our income and property, and federal income and excise taxes on our undistributed income.

We filed an election to treat our TRS as a taxable REIT subsidiary effective January 1, 2014. In general, our TRS performs additional services for our customers and provides the advisory and property management services to the Managed

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REITs and otherwise generally engages in any real estate or non-real estate related business. The TRS is subject to corporate federal and state income tax.

Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities. As of December 31, 2020 and 2019 we had a deferred tax liability of approximately \$8.4 million and \$6.6 million, respectively, related to intangible assets acquired in the Self Administration Transaction and real property tax basis differences in certain of our Canadian properties. As of December 31, 2020, the net deferred tax liability of approximately \$8.4 million was comprised of a deferred tax liability of approximately \$2.6 million related to our intangible assets acquired in the Self Administration Transaction, and a net deferred tax liability of approximately \$5.8 million recorded at certain of our Canadian properties. The \$5.8 million net deferred tax liability is comprised of a gross deferred tax liability of approximately \$9.6 million, net of a gross deferred tax asset of approximately \$3.8 million.

The income tax benefit for the years ended December 31, 2020 and 2019 includes a deferred tax benefit of approximately \$5.9 million and \$0.8 million, respectively, and a current tax expense of approximately \$0.1 million and none, respectively.

The Company recorded a net combined foreign, federal, and state income tax benefit of \$5.8 million and \$0.8 million for the years ended December 31, 2020 and 2019, respectively, which are included in Other in our consolidated statements of operations. At December 31, 2020 and 2019, there were no material unrecognized tax benefits. Interest and penalties relating to uncertain tax positions will be recognized in income tax expense when incurred. As of December 31, 2020 and 2019, the Company had no interest or penalties related to uncertain tax positions. Income taxes payable are classified within accounts payable and accrued liabilities in the consolidated balance sheets. The tax years 2016-2019 remain open to examination by the major taxing jurisdictions to which we are subject.

Concentration

No single self storage customer represents a significant concentration of our revenues. For the month of December 2020, approximately 24%, 21%, and 13% of our rental income was concentrated in California, Florida, and the Greater Toronto Area of Canada, respectively. Our properties within the aforementioned geographic areas are dispersed therein, operating in multiple different regions and sub-markets.

Segment Reporting

Our business is comprised of two reportable segments: (i) self storage operations and (ii) the Managed REIT Platform business. Please see Note 10 – Segment Disclosures for additional detail.

Convertible Preferred Stock

We classify our Series A Convertible Preferred Stock on our consolidated balance sheets using the guidance in ASC 480-10-S99. Our Series A Convertible Preferred Stock can be redeemed by us on or after the fifth anniversary of its issuance, or if certain events occur, such as the listing of our common stock on a national securities exchange, a change in control, or if a redemption would be required to maintain our REIT status. Additionally, if we do not maintain our REIT status the holder can require redemption. As the shares are contingently redeemable, and under certain circumstances not solely within our control, we have classified our Series A Convertible Preferred Stock as temporary equity.

We have analyzed whether the conversion features in our Series A Convertible Preferred Stock should be bifurcated under the guidance in ASC 815-10 and have determined that bifurcation is not necessary.

Per Share Data

Basic earnings per share attributable to our common stockholders for all periods presented are computed by dividing net income (loss) attributable to our common stockholders by the weighted average number of common shares outstanding during the period, excluding unvested restricted stock. Diluted earnings per share is computed by including the dilutive effect of the conversion of all potential common stock equivalents (which includes unvested restricted stock and convertible preferred stock) and the adding back of the Series A Convertible Preferred Stock dividends. For all periods presented, the dilutive effect of convertible preferred stock and unvested restricted stock was not included in the diluted weighted average shares as such impact was antidilutive.

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Recently Adopted Accounting Guidance

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." ASU 2016-02 amends the guidance on accounting for leases. Under ASU 2016-02, lessees will be required to recognize the following for all leases (with the exception of short term leases) at the commencement date: (1) a lease liability, which is a lessee's obligation to make lease payments arising from a lease; and (2) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under ASU 2016-02, lessor accounting is largely unchanged. It also includes extensive amendments to the disclosure requirements. ASU 2016-02 is effective for fiscal years and interim periods beginning after December 15, 2018. We adopted this standard and all related amendments on January 1, 2019 using the modified retrospective approach, without applying the provisions to comparative periods presented. Its adoption did not have a material impact on our consolidated financial statements as substantially all of our lease revenues are derived from month-to-month leases and, as lessee, we have no significant leases. In addition, the new standard requires our expected loss related to collectability of rental payments, previously reflected in property operating expenses as bad debt expense, to be reflected as a reduction to self storage rental revenue. The impact of this was a reduction in both self storage rental revenue and property operating expenses of approximately \$1.4 million and \$1.7 million for the years ended December 31, 2020, and 2019, respectively. During the year ended December 31, 2018, bad debt expense totaled approximately \$1.2 million, and is included in property operating expenses.

In June 2016, the FASB issued ASU 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 2018-19, "Codification Improvements to Topic 326, Financial Instruments - Credit Losses," which clarified that receivables arising from operating leases are within the scope of the leasing standard (ASU 2016-02), and not within the scope of ASU 2016-13. This new standard became effective on January 1, 2020. Our adoption of this standard did not have a material impact on the consolidated financial statements.

In August 2017, the FASB issued ASU 2017-12, "Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities". ASU 2017-12 is intended to improve the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements and to simplify the application of the hedge accounting guidance under previous GAAP. ASU 2017-12 is effective for fiscal years and interim periods within those years beginning after December 15, 2018, with early adoption permitted. For cash flow and net investment hedges existing at the date of adoption, a reporting entity must apply the amendments in ASU 2017-12 using the modified retrospective approach by recording a cumulative-effect adjustment to equity as of the beginning of the fiscal year of adoption. The Company adopted ASU 2017-12 effective beginning January 1, 2019, and its adoption did not have a material impact on our financial statements.

In January 2017, the FASB issued ASU 2017-04, "Intangibles—Goodwill and Other (Topic 350), Simplifying the Test for Goodwill Impairment". The standard simplifies the subsequent measurement of goodwill by removing the requirement to perform a hypothetical purchase price allocation to compute the implied fair value of goodwill to measure impairment. Instead, goodwill impairment is measured as the difference between the fair value and the carrying value, as applicable. This standard is effective for annual or any interim goodwill impairment test in fiscal years beginning after December 15, 2019, with early adoption permitted for impairment tests performed after January 1, 2017. The Company early adopted ASU 2017-04 effective beginning January 1, 2019.

Recently Issued Accounting Guidance

In August 2020, the FASB issued ASU 2020-06, "Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)." The new guidance simplifies the accounting for convertible instruments and amends the guidance for the derivatives scope exception for contracts in an entity's own equity. Additionally, this standard amends the related earnings per share guidance. The guidance in ASU 2020-06 becomes effective for fiscal years beginning after December 15, 2021. The Company is currently assessing the impact of the adoption of the new standard on its consolidated financial statements and related disclosures.

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. We continue to evaluate the impact of the guidance and may apply other elections as applicable as additional changes in the market occur.

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Note 3. Real Estate Facilities

The following summarizes the activity in real estate facilities during the years ended December 31, 2020 and 2019:

Real estate facilities	
Balance at December 31, 2018	\$ 820,296,026
Facilities acquired through merger with SSGT	334,139,296
Asset disposals	(11,688,993)
Corporate office acquired through Self Administration Transaction	6,500,000
Other facility acquisitions	10,430,942
Impact of foreign exchange rate changes	6,582,603
Improvements and additions	7,565,494
Balance at December 31, 2019	<u>1,173,825,368</u>
Impact of foreign exchange rate changes	4,147,798
Acquisitions, additions and other ⁽¹⁾	32,129,416
Balance at December 31, 2020	<u><u>\$ 1,210,102,582</u></u>
Accumulated depreciation	
Balance at December 31, 2018	\$ (54,264,685)
Asset disposals	202,416
Depreciation expense	(29,188,668)
Impact of foreign exchange rate changes	(441,554)
Balance at December 31, 2019	<u>(83,692,491)</u>
Depreciation expense	(31,711,102)
Impact of foreign exchange rate changes	(499,452)
Balance at December 31, 2020	<u><u>\$ (115,903,045)</u></u>

(1) Such amount includes approximately \$13 million of construction in process that was placed into service during the year ended December 31, 2020.

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Land Acquisition – Riverview, Florida

On July 21, 2020, we purchased an undeveloped parcel of land adjacent to our existing Riverview, Florida self storage facility for \$800,000, plus closing costs. We acquired the parcel from an unaffiliated third party and are in process of expanding our existing self storage facility on the newly acquired land; thereby adding approximately 170 units and approximately 25,000 rentable square feet.

Potential Acquisitions

On June 2, 2020, one of our subsidiaries executed a purchase and sale agreement with an unaffiliated third party for the acquisition of a plot of land (the “Etobicoke Property”) in the city of Toronto. On September 1, 2020, we executed a second purchase and sale agreement with the same seller for the acquisition of another plot of land (the “Scarborough Property”) in the city of Toronto. We intend on developing both the Etobicoke Property and the Scarborough Property into self storage facilities. The purchase price for the Etobicoke Property and the Scarborough Property are each approximately \$2.2 million CAD, with adjustment factors to the purchase price based on the final surveys, plus closing costs.

There can be no assurances that we will complete these acquisitions. If we fail to acquire the Etobicoke Property or the Scarborough Property, in addition to the incurred acquisition costs, we may also forfeit earnest money deposits as a result.

On November 18, 2020, one of our subsidiaries executed a purchase and sale agreement with an unaffiliated third party for the acquisition of a property (the “Jane Street Property”) in the city of North York, Ontario. We intend on developing the Jane Street Property into a self storage facility. The purchase price for the Jane Street Property is approximately \$8.5 million CAD, plus closing costs. There can be no assurance that we will complete the acquisition. If we fail to acquire the Jane Street Property, in addition to the incurred acquisition costs, we may also forfeit earnest money deposits as a result.

On February 18, 2021, one of our subsidiaries executed a purchase and sale agreement with an unaffiliated third party for the acquisition of a property (the “Oakville IQ Property”) in the city of Oakville, Ontario. The purchase price for the Oakville IQ Property is approximately \$25.0 million CAD, plus closing costs. There can be no assurance that we will complete the acquisition. If we fail to acquire the Oakville IQ Property, in addition to the incurred acquisition costs, we may also forfeit earnest money as a result.

We may decide to enter into joint venture agreements with SmartCentres for some or all of the above mentioned Canadian properties currently under contract.

On March 19, 2021, one of our subsidiaries executed a purchase and sale agreement with an unaffiliated third party for the acquisition of a property that is being developed into a self storage facility located in the city of Henderson, Nevada (the “Henderson Property”). The purchase price for the Henderson Property is approximately \$12.6 million, plus closing costs. There can be no assurance that we will complete the acquisition. If we fail to acquire the Henderson Property, in addition to the incurred acquisition costs, we may also forfeit earnest money as a result.

On March 19, 2021, one of our subsidiaries executed a purchase and sale agreement with an unaffiliated third party for the acquisition of a self storage property (the “Durango Property”) in the city of Las Vegas, Nevada. The purchase price for the Durango Property is approximately \$8.0 million, plus closing costs. There can be no assurance that we will complete the acquisition. If we fail to acquire the Durango Property, in addition to the incurred acquisition costs, we may also forfeit earnest money as a result.

On March 24, 2021, one of our subsidiaries executed a purchase and sale agreement with an unaffiliated third party for the acquisition of a property that is being developed into a self storage facility located in the city of Phoenix, Arizona (the “Baseline III Property”). The purchase price for the Baseline III Property is approximately \$11.0 million, plus closing costs. There can be no assurance that we will complete the acquisition. If we fail to acquire the Baseline III Property, in addition to the incurred acquisition costs, we may also forfeit earnest money as a result.

Merger with Strategic Storage Growth Trust, Inc.

On January 24, 2019, we closed on the SSGT Mergers. At the effective time of the SSGT Mergers, each outstanding unit of partnership interest in SSGT OP was converted automatically into 1.127 units of partnership interest in our Operating Partnership, which resulted in approximately 396,000 Class A Units of our Operating Partnership being issued to SS Growth Advisor, LLC, a subsidiary of SAM.

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The proceeds used to fund the SSGT Mergers and the repayment of approximately \$141 million of our outstanding debt were funded by the SSGT Merger Financings, totaling approximately \$500 million, as described in Note 7 – Debt.

SSGT was a REIT with stated investment objectives to acquire opportunistic self storage properties, including development, and lease-up properties. As a result of the SSGT Mergers, we acquired all of the real estate owned by SSGT, consisting of 28 operating self storage facilities located in 10 states and in the Greater Toronto Area, and one development property in the Greater Toronto Area. Additionally, we obtained the rights to acquire a self storage facility which was under development located in Gilbert, Arizona that was previously under contract with SSGT and was acquired by us in July 2019.

The following table reconciles the total consideration transferred during the SSGT Mergers:

Fair value of consideration transferred:	
Cash	\$ 346,231,561 ⁽¹⁾
Issuance of limited partnership units in our Operating Partnership to SS Growth Advisor, LLC	4,217,399
Total consideration transferred	\$ 350,448,960

- (1) The approximately \$346 million cash consideration consisted of approximately \$320 million paid to the SSGT stockholders, approximately \$19 million of SSGT debt that was repaid at closing, approximately \$5 million of other SSGT liabilities paid at closing, and approximately \$1 million in transaction costs.

The following table summarizes the relative fair values of the assets acquired and liabilities assumed in the SSGT Mergers:

Assets Acquired:	
Land	\$ 62,261,573
Buildings	255,743,767
Site improvements	16,133,956
Construction in process	5,370,773
Intangible assets	13,571,765
Cash and cash equivalents	692,965
Other assets	6,536,838
Total assets acquired	\$ 360,311,637
Liabilities assumed:	
Debt	\$ 5,038,435
Accounts payable and accrued liabilities	4,824,242
Total liabilities assumed	\$ 9,862,677
Total net assets acquired	\$ 350,448,960

Acquisition of Property Located in Gilbert, Arizona

On January 24, 2019, we, by way of the SSGT Mergers, obtained the rights to acquire a property that was being developed into a self storage facility located in Gilbert, Arizona (the “Gilbert Property”). On July 11, 2019, upon issuance of the certificate of occupancy, we acquired the Gilbert Property for a purchase price of \$10 million, plus closing costs and acquisition fees.

The following table summarizes our purchase price allocation for our acquisitions during the year ended December 31, 2019:

Acquisition	Acquisition Date	Real Estate Assets	Construction in Process(4)	Intangibles	Total(1)	Debt Issued or Assumed	2019 Revenue(2)	2019 Property Operating Income(2)(3)
SSGT Mergers(5)	1/24/2019	\$ 334,139,296	\$ 5,370,773	\$ 13,571,765	\$ 353,081,834	\$ 193,376,846	\$ 21,909,300	\$ 12,032,555
Riggs Rd - Gilbert(6)	7/11/2019	10,430,942	-	-	10,430,942	5,702,000	62,085	(44,459)
2019 Total		\$ 344,570,238	\$ 5,370,773	\$ 13,571,765	\$ 363,512,776	\$ 199,078,846	\$ 21,971,385	\$ 11,988,096

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- (1) The allocations noted above are based on a determination of the relative fair value of the total consideration provided and represent the amount paid including capitalized acquisition costs.
- (2) The operating results of the self storage properties acquired during the year ended December 31, 2019 were included in our consolidated statements of operations since their respective acquisition date.
- (3) Property operating income excludes corporate general and administrative expenses, asset management fees, interest expenses, depreciation, amortization and acquisition expenses.
- (4) Construction in process relates to the Torbarrie property in Toronto, Canada, which is a self storage property that was under construction at the time of acquisition. Such facility opened subsequently in 2020.
- (5) SSGT had stated investment objectives to acquire opportunistic self storage properties, including development, and lease-up properties. As a result, many of its properties were not physically and/or economically stabilized as of the date of the SSGT Mergers.
- (6) The Gilbert Property was acquired with 0% occupancy as of the acquisition date.

Note 4. Self Administration Transaction

Overview

On June 28, 2019, we, our Operating Partnership and our TRS entered into a series of transactions, agreements, and amendments to our existing agreements and arrangements with our then-sponsor SAM and SmartStop OP Holdings, LLC (“SS OP Holdings”), a subsidiary of SAM, pursuant to which, effective June 28, 2019, we acquired the self storage advisory, asset management and property management businesses and certain joint venture interests of SAM, along with certain other assets of SAM.

As a result of the Self Administration Transaction, SAM was no longer our sponsor, and we became self-managed and succeeded to the advisory, asset management and property management businesses and certain joint ventures previously in place for us, SST IV, SSGT II, and we acquired the internal capability to originate, structure and manage additional future investment products which would be sponsored by SRA.

Agreements

Contribution Agreement

On June 28, 2019, we along with our Operating Partnership, as contributee, and SAM and SS OP Holdings, as contributor, entered into a Contribution Agreement (the “Contribution Agreement”) whereby the Operating Partnership acquired the Self Storage Platform and certain other assets, including (a) SAM’s, or its subsidiaries’, 100% membership interests in our Former External Advisor and Former External Property Managers, the advisor and property manager for SST IV, the advisor and property manager for SSGT II, entities related to the Tenant Programs joint ventures, and certain entities related to SAM’s self storage business in Canada; (b) all equipment, furnishings, fixtures and computer equipment as set forth in the Contribution Agreement; (c) certain personal property as set forth in the Contribution Agreement; (d) all intellectual property, goodwill, licenses and sublicenses granted and obtained with respect thereto (including all rights to the “SmartStop®” brand and “Strategic Storage®” related trademarks); (e) SAM’s processes, practices, procedures and workforce related to the self storage business (then consisting of a total of approximately 350 on-site self storage employees, regional and district managers, other personnel and the then current executive management team of the Company), and (f) certain other assets as set forth in the Contribution Agreement, in exchange for \$769,126 in cash, assumption of existing debt in the amount of \$15 million, and 8,698,956 Class A-1 limited partnership units of the Operating Partnership (“Class A-1 Units”) and 3,283,302 Class A-2 limited partnership units of the Operating Partnership (“Class A-2 Units”). For a description of the Class A-1 Units and Class A-2 Units, see below under the heading “Third Amended and Restated Limited Partnership Agreement and Redemption of Limited Partner Interest Agreement.”

Third Amended and Restated Limited Partnership Agreement and Redemption of Limited Partner Interest Agreement

On June 28, 2019, we entered into the Third Amended and Restated Limited Partnership Agreement of the Operating Partnership (the “Operating Partnership Agreement”), which amended and superseded the Second Amended and Restated Limited Partnership Agreement (the “Former OP Agreement”), and a Redemption of Limited Partner Interest Agreement (the “Redemption of Limited Partner Interest Agreement”) with the Former External Advisor and the Operating Partnership, pursuant to which the Operating Partnership redeemed all of the limited partnership interests held by the Former External Advisor in the Operating Partnership. As a result of the Redemption of Limited Partner Interest Agreement and the Self Administration Transaction, the Former External Advisor’s parent entity, SAM and its affiliates no longer hold either their

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previously existing 20,000 limited partnership units or their special limited partnership interest in the Operating Partnership; however, SAM received cash of \$200,000 and also now holds Class A-1 Units and Class A-2 Units in the Operating Partnership, as further described below.

In addition, the revised Operating Partnership Agreement created two new classes of units issued to SS OP Holdings in connection with the Self Administration Transaction: Class A-1 Units and Class A-2 Units.

The Class A-1 Units are subject to the general restrictions on transfer contained in the Operating Partnership Agreement. In addition, until June 28, 2021 (the “Lock-Up Expiration”), the Class A-1 Units may not be sold, pledged, or otherwise transferred or encumbered except in certain limited circumstances set forth in the Contribution Agreement. The Class A-1 Units are otherwise entitled to all rights and duties of the Class A limited partnership units in the Operating Partnership, including cash distributions and the allocation of any profits or losses in the Operating Partnership. The Class A-2 Units may convert into Class A-1 Units as earnout consideration, as described below. The Class A-2 Units are not entitled to cash distributions or the allocation of any profits or losses in the Operating Partnership until the Class A-2 Units are converted into Class A-1 Units.

The conversion features of the Class A-2 Units are as follows: (A) the first time the aggregate incremental assets under management (“AUM”) (as defined in the Operating Partnership Agreement) of the Operating Partnership equals or exceeds \$300,000,000, one-third of the Class A-2 Units will automatically convert into Class A-1 Units, (B) the first time the incremental AUM of the Operating Partnership equals or exceeds \$500,000,000, an additional one-third of the Class A-2 Units will automatically convert into Class A-1 Units, and (C) the first time the incremental AUM equals or exceeds \$700,000,000, the remaining one-third of the Class A-2 Units will automatically convert into Class A-1 Units (each an “Earnout Achievement Date”). On each Earnout Achievement Date, the Class A-2 Units will automatically convert into Class A-1 Units based on an earnout unit exchange ratio, which is equal to \$10.66 divided by the then current value of our Class A common stock. The Class A-2 Units conversion rights will expire seven years following the closing date of the Self Administration Transaction. Notwithstanding the foregoing, the earnout consideration will be earned and automatically convert in the event of an “Earnout Acceleration Event” (as defined in the Operating Partnership Agreement), which includes each of the following: certain change of control events (as described in the Operating Partnership Agreement), or H. Michael Schwartz being removed either as a member of our board of directors or as one of our executive officers for any reason other than for cause. For additional information related to the conversion of the Class A-2 Units, see Note 16 – Subsequent Events.

Membership Interest Purchase Agreement – Ladera Office

On June 28, 2019, immediately following the Self Administration Transaction, SAM and its then wholly-owned subsidiary, 10 Terrace Rd, LLC (“10 Terrace Rd”), and SmartStop Storage Advisors, LLC (“SSA”), our indirect subsidiary, entered into a Membership Interest Purchase Agreement (the “Membership Interest Purchase Agreement”), pursuant to which SSA purchased 100% of the membership interests in 10 Terrace Rd for \$6.5 million, payable through the assumption of existing debt in the amount of approximately \$4.2 million, and cash in the amount of approximately \$2.3 million. 10 Terrace Rd is the owner of an office condominium located at 10 Terrace Rd., Ladera Ranch, California (the “Ladera Office”) which, as a result of the Membership Interest Purchase Agreement, we now indirectly own. The Ladera Office houses our corporate headquarters.

Fair Value of Consideration Transferred

We accounted for the Contribution Agreement and Membership Interest Purchase Agreement discussed above as a business combination under the acquisition method of accounting. During the year ended December 31, 2019, we incurred approximately \$1.6 million for legal fees and fees and expenses of our other professional and financial advisors related to the Self Administration Transaction, which are included in the self administration transaction expenses line-item in the accompanying consolidated statements of operations.

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The estimated fair value of the consideration transferred totaled approximately \$111.3 million and consisted of the following:

Estimated Fair Value of Consideration Transferred	
Cash ⁽¹⁾	\$ 3,918,185
Class A-1 Units	63,643,000
Class A-2 Units (contingent earnout)	30,900,000
Total Consideration Transferred	98,461,185
Fair value of our preexisting 50% equity interests	12,800,000
Total	\$ 111,261,185

- (1) We assumed a net asset of approximately \$0.5 million, which per the Contribution Agreement we were required to pay to SAM the value thereof and such amount was included above as cash consideration.

As a result of this acquisition, we remeasured the book value of our preexisting 50% equity method investments in our Tenant Programs joint ventures to fair value, which resulted in a gain of approximately \$8.0 million which was presented in the gain resulting from acquisition of unconsolidated affiliates line-item in our consolidated statements of operations as of the date of the acquisition. The fair values of the Tenant Programs joint ventures were determined based on a discounted cash flow valuation of the projected cash flows.

The estimated fair value of the Class A-1 Units issued was determined using the Company's then current net asset value, which was based on an income approach to value the properties and the valuation of the assets acquired in the Self Administration Transaction, as described herein, adjusted for market related adjustments and illiquidity discounts.

These fair value measurements are based on significant inputs not observable in the market and thus represent a Level 3 measurement as discussed in Note 2. The key assumptions used in estimating the fair value of the Class A-1 Units and Class A-2 Units consideration included (i) a marketability discount of 5%, (ii) a capitalization rate of 5.16% and (iii) annual net operating income.

The estimated fair value of the contingent earnout, Class A-2 Units, was determined using the net asset value calculation described above and further adjusted based on a discounted probability weighted forecast of achieving the requisite AUM thresholds. Subsequent to the completion of the Self Administration Transaction, such liability is required to be recorded at fair value. For additional information, see Note 5 – Self Administration Transaction – Intangible Assets, Goodwill and Certain Other Assets and Liabilities. As of December 31, 2020, we have added incremental assets under management of approximately \$250 million since the close of the Self Administration Transaction.

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Allocation of Consideration

The consideration transferred pursuant to the Self Administration Transaction was allocated to the assets acquired and liabilities assumed, based upon their estimated fair values as of the acquisition date. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed:

Identifiable Assets Acquired at Fair Value	
Cash and cash equivalents	\$ 36,443
Restricted cash	94,999
Land	975,000
Building	5,389,000
Site Improvements	136,000
Equipment, furniture and fixtures	651,000
Investments in Managed REITs	5,600,000
Other assets	1,084,629
Intangibles - customer relationships	1,600,000
Trademarks	19,800,000
Intangibles - management contracts	24,900,000
Total identifiable assets acquired	\$ 60,267,071
Identifiable Liabilities Assumed at Fair Value	
Debt	\$ 19,219,126
Accounts payable and accrued expenses	722,286
Deferred tax liabilities, net	7,415,654
Total liabilities assumed	\$ 27,357,066
Net identifiable assets acquired	\$ 32,910,005
Goodwill	78,372,980
Non-controlling interest related to consolidated Tenant Programs joint ventures	(21,800)
Net assets acquired	\$ 111,261,185

The fair value estimate of property and equipment utilized a combination of the income, cost and market approaches, depending on the characteristics of the asset classification. The fair value of land was determined using the market approach, which considers sales of comparable assets and applies compensating factors for any differences specific to the particular assets. Equipment was valued based on estimated replacement cost. Building and site improvements were valued using the cost approach using a direct cost model built on estimates of replacement cost.

The intangible assets acquired primarily consist of trademarks and the property management and advisory contracts related to the Managed REITs. The value of the property management and advisory contracts were determined based on a discounted cash flow valuation of the projected cash flows of the acquired contracts. The deferred tax liability is the result of differences between the GAAP carrying value of certain amortizing assets and the carrying value for tax purposes related to activities which are conducted through our TRS.

The goodwill recognized was supported by several factors, including that the Company becoming self-managed; additionally, the Managed REIT Platform business brings an established management platform with numerous strategic benefits including growth from new income streams and the ability to offer new products.

The results of the acquisition have been included in our consolidated statements of operations since the closing date of the transaction.

Fair Value of Equity Exchanged Related to the Redemption of Limited Partnership Interests

In connection with the Redemption of Limited Partner Interest Agreement and the Contribution Agreement, the Former External Advisor redeemed its special limited partnership interest and 20,000 limited partnership units in the Operating Partnership in exchange for \$200,000 in cash and Class A-1 Units. The exchange was accounted for as a transaction among

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equity holders with no gain or loss recognized. The fair value of the special limited partnership interest contributed was determined to be approximately \$18.8 million, while the book value of the Class A-1 Units issued that was recorded in noncontrolling interest was approximately \$9.1 million. The difference between the fair value of the special limited partnership interest received and the book value of the Operating Partnership Units issued was recorded to additional paid in capital.

The estimated fair value of the Class A-1 Units issued was determined consistent with the methodology described above. The fair value of the special limited partnership interest was determined based on discounted projections of the future value of the special limited partnership interest which included various assumptions, including estimated future distributions and the related timing thereto.

Administrative Services Agreement

On June 28, 2019, we along with our Operating Partnership, the TRS and SSA (collectively, the “Company Parties”) entered into an Administrative Services Agreement with SAM (the “Administrative Services Agreement”), which, as amended, requires that the Company Parties will be reimbursed for providing certain operational and administrative services to SAM which may include, without limitation, accounting and financial support, IT support, HR support, advisory services and operations support, and administrative support as set forth in the Administrative Services Agreement and SAM will be reimbursed for providing certain operational and administrative services to the Company Parties which may include, without limitation, due diligence support, marketing, fulfillment and offering support, events support, insurance support, and administrative and facilities support. SAM and the Company Parties will reimburse one another based on the actual costs of providing their respective services. Additionally, SAM will pay the Company Parties an allocation of rent and overhead for the portion it occupies in the Ladera Office. Such agreement has a term of three years and is subject to certain adjustments as defined in the agreement.

Note 5. Self Administration Transaction - Intangible Assets, Goodwill and Certain Other Assets and Liabilities

The emergence and spread of the COVID-19 pandemic caused significant volatility and disruption in the economy and the capital markets beginning in the first quarter of 2020. The increase in consumer and investor uncertainty had an impact on our Managed REITs, specifically the Managed REITs’ ability to attract investor equity in the face of economic weakness and volatility. The volatility and uncertainty in the economy caused various broker dealers that our Managed REITs had selling agreements with to temporarily halt non-traded REIT sales within their advisory networks. Effective April 30, 2020, the Managed REITs suspended their offerings. Given the disruption that COVID-19 had on the capital markets and our Managed REITs and their ability to raise additional equity, accordingly we evaluated the various intangible assets and liabilities associated with the sponsorship of the Managed REITs for impairment.

Based on the above facts, we revised our capital raise projections for the Managed REITs. We then evaluated the revised projected undiscounted future cash flows of our amortizing intangible assets to determine if they exceeded their respective carrying values and we determined that certain trademarks and management contracts acquired in the Self Administration Transaction were impaired. For such assets we recorded impairments to reduce their carrying value to their respective fair values. For our indefinite-lived trademark we determined that the carrying value was in excess of its fair value and therefore recorded an impairment equal to the difference. As a result, we recorded impairment charges totaling approximately \$11.7 million to intangible assets, consisting of approximately \$3.3 million related to our trademarks, approximately \$2.2 million related to the management contracts of SST IV and approximately \$6.2 million related to the management contracts of SSGT II. We similarly evaluated goodwill for impairment and determined that the carrying value of the goodwill related to our Managed REIT segment was in excess of fair value, and therefore impaired and we recognized an impairment charge of approximately \$24.7 million. Goodwill related to our self storage operations was not impaired.

In connection with the Self Administration Transaction, we acquired a special limited partnership interest in SST IV and SSGT II. This interest, in certain situations, may entitle us to various subordinated distributions under SST IV’s and SSGT II’s operating partnership agreements. Given the revised capital projections noted above, the projected future subordinated distributions had revised estimated fair values less than their carrying values. We deemed this difference to be an other than temporary decline in value and have therefore recorded an impairment charge of approximately \$4.4 million.

As a result of the Self Administration Transaction, we recorded a deferred tax liability, which is the result of differences between the GAAP carrying value of certain amortizing assets and the carrying value for tax purposes of certain assets

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related to activities which are conducted through our TRS. As we reduced the GAAP carrying value of such assets, primarily the Managed REIT management contracts, we adjusted the value of our deferred tax liabilities by pro-rata amounts, reducing the deferred tax liabilities in aggregate by approximately \$2.4 million, and recorded such adjustment as other income within the other line-item in our consolidated statement of operations.

In connection with the Self Administration Transaction, we issued the Class A-2 Units, as a form of contingent consideration, which is required to be revalued at each reporting period, based on the discounted probability weighted forecast of achieving the requisite AUM thresholds or the occurrence of an Earnout Acceleration Event. The revised capital raise projections discussed above reduced the probability of the Class A-2 Units converting, which had the result of decreasing the estimated fair value of the contingent earnout liability from approximately \$31.1 million as of December 31, 2019 to approximately \$23.9 million as of the date of the impairment analysis. As of December 31, 2020, the estimated fair value of the contingent earnout liability is approximately \$28.6 million.

Note 6. Pro Forma Financial Information (Unaudited)

The table set forth below summarizes, on a pro forma basis, the combined results of operations of the Company for the years ended December 31, 2020 and 2019. Such presentation reflects the Company's acquisitions that occurred during 2019, which met the GAAP definition of a business in effect at that time, as if the acquisitions had occurred as of January 1, 2018. This pro forma information does not purport to represent what the actual consolidated results of operations of the Company would have been for the periods indicated, nor does it purport to predict the results of operations for future periods.

	Year Ended December 31, 2020	Year Ended December 31, 2019
Pro forma revenue	\$ 124,024,363	\$ 113,847,174
Pro forma operating expenses	\$ (144,097,906)	\$ (103,065,650)
Pro forma net income (loss) attributable to common stockholders	\$ (53,586,219)	\$ (27,522,507)

The pro forma financial information for the years ended December 31, 2020 and 2019 was adjusted to exclude none and approximately \$1.6 million, respectively, for acquisition related expenses.

Note 7. Debt

The Company's debt is summarized as follows:

Encumbered Property	December 31, 2020	December 31, 2019	Interest Rate	Maturity Date
KeyBank CMBS Loan ⁽¹⁾	\$ 95,000,000	\$ 95,000,000	3.89%	8/1/2026
KeyBank Florida CMBS Loan ⁽²⁾	52,000,000	52,000,000	4.65%	5/1/2027
Midland North Carolina CMBS Loan ⁽³⁾	46,427,994	47,048,287	5.31%	8/1/2024
Canadian CitiBank Loan ⁽⁴⁾⁽¹²⁾	87,337,110	85,500,660	2.72%	10/9/2021
CMBS SASB Loan ⁽⁵⁾⁽¹²⁾	235,000,000	235,000,000	3.13% ⁽¹¹⁾	2/9/2022
CMBS Loan ⁽⁶⁾	104,000,000	104,000,000	5.00%	2/1/2029
Secured Loan ^{(7) (8)(12)}	85,512,000	85,512,000	3.00%	1/24/2022
Stoney Creek Loan ⁽⁹⁾⁽¹²⁾	5,712,058	5,591,950	4.65%	10/1/2021
Torbarrie Loan ⁽¹⁰⁾⁽¹²⁾	6,423,863	5,936,996	4.65%	9/1/2021
Ladera Office Loan	4,099,152	4,179,994	4.29%	11/1/2026
Premium on secured debt, net	461,823	592,505		
Debt issuance costs, net	(4,021,767)	(7,629,390)		
Total debt	\$ 717,952,233	\$ 712,733,002		

- (1) This fixed rate loan encumbers 29 properties (Whittier, La Verne, Santa Ana, Upland, La Habra, Monterey Park, Huntington Beach, Chico, Lancaster I, Riverside, Fairfield, Lompoc, Santa Rosa, Federal Heights, Aurora, Littleton, Bloomingdale, Crestwood, Forestville, Warren I, Sterling Heights, Troy, Warren II, Beverly, Everett, Foley, Tampa,

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- Boynton Beach, and Lancaster II) with monthly interest only payments until September 2021, at which time both interest and principal payments will be due monthly. The separate assets of these encumbered properties are not available to pay our other debts.
- (2) This fixed rate loan encumbers five properties (Pompano Beach, Lake Worth, Jupiter, Royal Palm Beach, and Delray) with monthly interest only payments until June 2022, at which time both interest and principal payments will be due monthly. The separate assets of these encumbered properties are not available to pay our other debts.
- (3) This fixed rate loan encumbers 11 self storage properties (Asheville I, Arden, Asheville II, Hendersonville I, Asheville III, Asheville IV, Asheville V, Asheville VI, Asheville VII, Asheville VIII, and Hendersonville II) with monthly interest only payments until September 2019, at which time both interest and principal payments became due monthly.
- (4) This variable rate loan encumbers 10 of our Canadian properties and the amounts shown above are in USD based on the foreign exchange rate in effect of the dates presented. We purchased interest rate caps that cap CDOR at 3.0% until October 15, 2021. The separate assets of these encumbered properties are not available to pay our other debts.
- (5) This variable rate loan encumbers 29 properties (Morrisville, Cary, Raleigh, Vallejo, Xenia, Sidney, Troy, Greenville, Washington Court House, Richmond, Connersville, Port St Lucie, Sacramento, Concord, Oakland, Wellington, Doral, Naples, Baltimore, Aurora, Jones Blvd - Las Vegas, Russell Rd - Las Vegas, Riverside, Stockton, Azusa, Romeoville, Elgin, San Antonio, Kingwood). The separate assets of these encumbered properties are not available to pay our other debts.
- (6) This fixed rate loan encumbers 10 properties (Myrtle Beach I, Myrtle Beach II, Port St. Lucie, Plantation, Sonoma, Las Vegas I, Las Vegas II, Las Vegas III, Ft Pierce, Nantucket Island). The separate assets of these encumbered properties are not available to pay our other debts.
- (7) This variable rate loan encumbers 16 properties (Colorado Springs, Aurora, Phoenix, 3173 Sweeten Creek Rd - Asheville, Elk Grove, Garden Grove, Deaverview Rd - Asheville, Highland Center Blvd - Asheville, Sarasota, Mount Pleasant, Pembroke Pines, Riverview, Eastlake, McKinney, Hualapai Way - Las Vegas, Gilbert). The separate assets of these encumbered properties are not available to pay our other debts.
- (8) On January 29, 2019, we entered into a \$161.2 million notional interest rate swap whereby LIBOR was fixed at approximately 2.6% until August 1, 2020. On October 29, 2019, in connection with the pay off of the Senior Term Loan, we terminated approximately \$75.7 million of this interest rate swap which required a settlement payment of approximately \$0.6 million. The remaining \$85.5 million of the interest rate swap effectively fixed the interest rate on the Secured Loan at 5.1% until August 1, 2020. To continue hedging our interest rate risk related to this loan, we purchased an interest rate cap on August 3, 2020 with a notional amount of \$80 million that effectively caps LIBOR at 0.5% through August 2, 2021.
- (9) This variable rate loan bears interest at a rate of 1.95% plus Royal Bank of Canada Prime Rate, which was approximately 2.45% as of December 31, 2020, and in no event shall the total interest rate fall below 4.65% per annum. The Stoney Creek loan was assumed in the SSGT Mergers and had a balance of approximately \$5 million USD as of the SSGT Mergers date. The Stoney Creek loan is secured by a first lien deed of trust on the Stoney Creek property and all improvements thereto, is cross-collateralized with the Torbarrie property, and is guaranteed by the Company. The amounts shown above are in USD based on the foreign exchange rate in effect as of December 31, 2020.
- (10) This variable rate loan bears interest at a rate of 1.95% plus Royal Bank of Canada Prime Rate, which was approximately 2.45% as of December 31, 2020, and in no event shall the total interest rate fall below 4.65% per annum. The Torbarrie loan was assumed in the SSGT Mergers and had no outstanding balance as of the date of the SSGT Mergers. The Torbarrie loan is secured by a first lien deed of trust on the Torbarrie property and all improvements thereto, is cross-collateralized with the Stoney Creek property, and is guaranteed by the Company. The amounts shown above are in USD based on the foreign exchange rate in effect as of December 31, 2020.
- (11) This loan incurs interest at LIBOR plus 3%, which resulted in an interest rate of 3.13% as of December 31, 2020. However, in June 2019, we purchased an interest rate swap whereby LIBOR is fixed at 1.79% through February 15, 2022, which results in an effective fixed interest rate of 4.79% on this loan.
- (12) On March 17, 2021, these loans were paid off in full in conjunction with the SST IV Merger. See Note 16 – Subsequent Events for additional information.

The weighted average interest rate on our consolidated debt, excluding the impact of our interest rate hedging activities, as of December 31, 2020 was approximately 3.72%. We are subject to certain restrictive covenants relating to the outstanding debt. As of December 31, 2020, we were in compliance with all such covenants.

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On January 24, 2019, in conjunction with the SSGT Mergers, we, through certain wholly-owned special purpose entities, entered into various financings (“SSGT Merger Financings”), as follows:

Merger Financings	Principal Borrowing as of Merger Date
CMBS SASB Loan	\$ 235,000,000
CMBS Loan	104,000,000
Secured Loan	89,178,000
Senior Term Loan	72,000,000
Total	\$ 500,178,000

The proceeds from the SSGT Merger Financings were primarily used to facilitate the SSGT Mergers as previously described, including the payment of the SSGT merger consideration and the repayment, in full, of certain of our debt, as follows:

Merger Financings	Principal Repaid
Raleigh/Myrtle Beach promissory note	\$ 11,862,471
Amended KeyBank Credit Facility	98,782,500
Oakland and Concord loan	19,443,753
\$11M KeyBank Subordinate Loan	11,000,000
Total	\$ 141,088,724

In conjunction with the SSGT Merger Financings, we recognized a loss on extinguishment of debt of approximately \$1.5 million, primarily attributable to prepayment penalties related to the early pay off of the Raleigh/Myrtle Beach promissory note and the write-off of the unamortized loan premium and debt issuance costs on the repaid loans.

CMBS SASB Loan

This loan is a \$235 million commercial mortgage-backed securities (“CMBS”), single-asset/single-borrower (“SASB”) financing (the “CMBS SASB Loan”) with KeyBank, National Association (“KeyBank”) and Citi Real Estate Funding Inc. or its affiliates (“Citibank”), as initial lenders (together, the “CMBS SASB Lenders”), comprised of (A) a mortgage loan in the amount of \$180 million (the “CMBS SASB Mortgage Loan”) and (B) a mezzanine loan in the amount of \$55 million (the “CMBS SASB Mezzanine Loan”). The CMBS SASB Mortgage Loan is secured by a first mortgage or deed of trust on each of 29 wholly owned properties (the “CMBS SASB Properties”), and the CMBS SASB Mezzanine Loan is secured by a pledge of the equity interests in the 29 special purpose entities that own the CMBS SASB Properties. Each loan has a maturity date of February 9, 2022, which may, in certain circumstances, be extended at the option of the respective borrower for two consecutive terms of one year each, as set forth in the respective loan agreement (collectively, the “CMBS SASB Loan Agreements”). Monthly payments due under the CMBS SASB Loan Agreements are interest-only, with the full principal amount becoming due and payable on the respective maturity date.

The amounts outstanding under the CMBS SASB Loan Agreements bear interest at an annual rate equal to LIBOR plus 3%. In addition, pursuant to the requirements of the CMBS SASB Loan Agreements: (a) the borrower with respect to the CMBS SASB Mortgage Loan has purchased an interest rate cap with a notional amount of \$180 million, with an effective date of January 24, 2019, whereby LIBOR is capped at 3% through February 15, 2022 and (b) the borrower with respect to the CMBS SASB Mezzanine Loan has purchased an interest rate cap with a notional amount of \$55 million, with an effective date of January 24, 2019, whereby LIBOR is capped at 3% through February 15, 2022. On June 7, 2019, to effectively terminate our \$180 million and \$55 million existing interest rate caps, we sold an offsetting interest rate cap with a notional amount of \$235 million, whereby LIBOR is capped at 3% through February 15, 2022. We simultaneously entered into an interest rate swap with a notional amount of \$235 million, whereby LIBOR is fixed at 1.79% through February 15, 2022. None of the CMBS SASB Loan may be prepaid, in whole or in part, without satisfying certain conditions as set forth in the respective CMBS SASB Loan Agreements, such as the payment of a spread maintenance premium if the prepayment is made within the first two years. Thereafter the CMBS SASB Loan may be prepaid in whole or in part at par without penalty.

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The loan documents for the CMBS SASB Loan contain: customary affirmative, negative and financial covenants; agreements; representations; warranties and borrowing conditions; reserve requirements and events of default all as set forth in such loan documents. In addition, and pursuant to the terms of the limited recourse guaranties, with respect to the CMBS SASB Mortgage Loan (the “CMBS SASB Mortgage Loan Guaranty”), and with respect to the CMBS SASB Mezzanine Loan (the “CMBS SASB Mezzanine Loan Guaranty” and collectively the “CMBS SASB Guarantees”), each dated January 24, 2019, in favor of the CMBS SASB Lenders, the Company serves as a non-recourse guarantor with respect to each of the CMBS SASB Mortgage Loan and the CMBS SASB Mezzanine Loan and is subject to certain net worth and liquidity requirements, each as described in the CMBS SASB Guarantees .

CMBS Loan

The CMBS loan is a \$104 million CMBS financing with KeyBank as lender (the “CMBS Lender”) pursuant to a mortgage loan (the “CMBS Loan”), and is secured by a first mortgage or deed of trust on each of 10 wholly owned properties. The loan has a maturity date of February 1, 2029. Monthly payments due under the loan agreement (the “CMBS Loan Agreement”) are interest-only, with the full principal amount becoming due and payable on the maturity date.

The amounts outstanding under the CMBS Loan bear interest at an annual fixed rate equal to 5%. Commencing two years after securitization, the CMBS Loan may be defeased in whole, but not in part, subject to certain conditions as set forth in the CMBS Loan Agreement.

The loan documents for the CMBS Loan contain: customary affirmative, negative and financial covenants; agreements; representations; warranties and borrowing conditions; reserve requirements and events of default all as set forth in such loan documents. In addition, and pursuant to the terms of the limited recourse guaranty dated January 24, 2019, in favor of the CMBS Lender, the Company serves as a non-recourse guarantor with respect to the CMBS Loan.

Secured Loan

This represents secured financing with KeyBank, Fifth Third Bank (“Fifth Third”), and SunTrust Bank (“SunTrust”) as equal co-lenders (the “Secured Lenders”) pursuant to a mortgage loan (the “Secured Loan”). The Secured Loan was secured by a first mortgage or deed of trust on each of 16 wholly owned properties. The loan has a maturity date of January 24, 2022, which may, in certain circumstances, be extended at the option of the borrower for one additional term equal to one year, as set forth in the Secured Loan Agreement. Monthly payments due under the Secured Loan Agreement are interest-only, with the full principal amount becoming due and payable on the maturity date. On January 24, 2019, the initial borrowing of approximately \$89.2 million was made under the Secured Loan. As of December 31, 2019, and 2020, the outstanding balance on the Secured Loan was approximately \$85.5 million.

The amounts outstanding under the Secured Loan Agreement bear interest at an annual rate equal to LIBOR plus 2.5%. On January 24, 2019, the borrowers entered into an interest rate swap arrangement with a notional amount of approximately \$89.2 million, such that LIBOR was fixed at approximately 2.6% until August 1, 2020. On October 29, 2019, in connection with the settlement of a previously existing loan, we restructured this swap to reduce the notional amount to approximately \$85.5 million, an amount equivalent to the then outstanding principal on the Secured Loan. On August 3, 2020, we purchased an interest rate cap with a notional amount of \$80 million that effectively caps LIBOR at 0.5% through August 2, 2021. The Secured Loan may be prepaid at any time, subject to certain conditions as set forth in the Secured Loan Agreement.

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The loan documents for the Secured Loan contain: customary affirmative, negative and financial covenants; agreements; representations; warranties and borrowing conditions; reserve requirements and events of default all as set forth in such loan documents. In particular, the Secured Loan Agreement imposes certain requirements on the Company such as a total leverage ratio, tangible net worth and liquidity requirements, fixed charge coverage ratios and limits on the amount of unhedged variable rate debt exposure. On May 8, 2020, we completed an amendment to the Secured Loan with the Secured Lenders. The Secured Loan amendment revised certain financial covenants, including increasing the REIT-level liquidity covenant from \$10 million to \$15 million, and the addition of a REIT-level debt service coverage ratio. Additionally, the amendment added a minimum rate for LIBOR of 0.50%. In addition, and pursuant to the terms of the full recourse guaranty (the “Secured Loan Guaranty”), dated January 24, 2019, in favor of the Secured Lenders, we, along with our Operating Partnership serve as full recourse guarantors with respect to the Secured Loan.

Canadian CitiBank Loan

On October 11, 2018, we, through 10 special purpose entities wholly owned by our Operating Partnership, entered into a loan agreement with CitiBank, N.A. (“CitiBank”), as lender. Under the terms of the loan agreement (the “CitiBank Loan Agreement”), we have a maximum borrowing capacity of \$112 million CAD, of which we initially borrowed \$99.3 million CAD (the “Initial Proceeds”). The Initial Proceeds were primarily used to pay off all of the existing loans encumbering 10 of our properties located in the greater Toronto area, Canada, all of which now serve as collateral under the CitiBank Loan Agreement. As of December 31, 2020, we had an outstanding balance of \$111.3 million CAD, and have the right to receive future advances in the aggregate amount of up to \$0.7 million CAD, subject to certain conditions as set forth in the CitiBank Loan Agreement.

The CitiBank Loan Agreement is a term loan, the original maturity date was October 9, 2020. The loan may, in certain circumstances, be extended at our option for three consecutive terms of one year each. We exercised the first one year extension option, extending the maturity date to October 9, 2021. Monthly payments due under the CitiBank Loan Agreement are interest-only, with the full principal amount becoming due and payable on the maturity date.

The amounts outstanding under the CitiBank Loan Agreement bear interest at a rate equal to the sum of the “CDOR” (as defined in the CitiBank Loan Agreement) and 2.25%. If we exercise our third extension option, the interest rate shall be increased by 0.25%. In addition, pursuant to the requirements of the CitiBank Loan Agreement, we have purchased interest rate caps with a combined notional amount of \$112 million CAD, whereby the CDOR is capped at 3.00% through October 15, 2021.

The following table presents the future principal payment requirements on outstanding debt as of December 31, 2020:

2021	\$	100,767,277
2022		323,426,414
2023		3,384,140
2024		47,043,508
2025		2,869,187
2026 and thereafter		244,021,651
Total payments		721,512,177
Premium on secured debt, net		461,823
Debt issuance costs, net		(4,021,767)
Total	\$	717,952,233

On March 17, 2021, in conjunction with the SST IV Merger, we entered into new financings, assumed certain debt from SST IV, and paid off certain of our other existing debt. See Note 16 – Subsequent Events. The following table presents the future principal payment requirements on outstanding debt as of March 17, 2021:

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2021	\$	1,100,433
2022		2,914,414
2023		44,052,298
2024		248,046,008
2025		2,869,187
2026 and thereafter		534,406,353
Total payments	\$	<u>833,388,693</u>

Note 8. Preferred Equity

Series A Convertible Preferred Stock

On October 29, 2019 (the “Commitment Date”), we entered into a preferred stock purchase agreement (the “Purchase Agreement”) with Extra Space Storage LP (the “Investor”), a subsidiary of Extra Space Storage Inc. (NYSE: EXR), pursuant to which the Investor committed to purchase up to \$200 million in preferred shares (the aggregate shares to be purchased, the “Preferred Shares”) of our new Series A Convertible Preferred Stock (the “Series A Convertible Preferred Stock”), in one or more closings (each, a “Closing,” and collectively, the “Closings”). The initial closing (the “Initial Closing”) in the amount of \$150 million occurred on the Commitment Date, and the second and final closing in the amount of \$50 million occurred on October 26, 2020. We incurred approximately \$3.6 million in issuance costs related to the Series A Convertible Preferred Stock, which were recorded as a reduction to Series A Convertible Preferred stock on our consolidated balance sheets.

The shares of Series A Convertible Preferred Stock rank senior to all other shares our capital stock, including our common stock, with respect to rights to receive dividends and to participate in distributions or payments upon any voluntary or involuntary liquidation, dissolution or winding up of the Company. Dividends payable on each share of Series A Convertible Preferred Stock will initially be equal to a rate of 6.25% per annum. If the Series A Convertible Preferred Stock has not been redeemed on or prior to the fifth anniversary date of the Initial Closing, the dividend rate will increase an additional 0.75% per annum each year thereafter to a maximum of 9.0% per annum until the tenth anniversary of the Initial Closing, at which time the dividend rate shall increase 0.75% per annum each year thereafter until the Series A Convertible Preferred Stock is redeemed or repurchased in full. The dividends are payable in arrears for the prior calendar quarter on or before the 15th day of March, June, September and December of each year.

Upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of Series A Convertible Preferred Stock will be entitled to receive a payment equal to the greater of (i) aggregate purchase price of all outstanding Preferred Shares, plus any accrued and unpaid dividends (the “Liquidation Amount”) and (ii) the amount that that would have been payable had the Preferred Shares been converted into common stock pursuant to the terms of the Purchase Agreement immediately prior to such liquidation.

Subject to certain additional redemption rights, as described herein, we have the right to redeem the Series A Convertible Preferred Stock for cash at any time following the fifth anniversary of the Initial Closing. The amount of such redemption will be equal to the Liquidation Amount. Upon the listing of our common stock on a national securities exchange (the “Listing”), we have the right to redeem any or all outstanding Series A Convertible Preferred Stock at an amount equal to the greater of (i) the amount that would have been payable had such Preferred Shares been converted into common stock pursuant to the terms of the Purchase Agreement immediately prior to the Listing, and then all of such Preferred Shares were sold in the Listing, or (ii) the Liquidation Amount, plus a premium amount (the “Premium Amount”) of 10%, 8%, 6%, 4%, or 2% if redeemed prior to the first, second, third, fourth, or fifth anniversary dates of issuance, respectively, or 0% if redeemed thereafter, as set forth in the Articles Supplementary. Upon a change of control event, we have the right to redeem any or all outstanding Series A Convertible Preferred Stock at an amount equal to the greater of (i) the amount that would have been payable had the Preferred Shares been converted into common stock pursuant to the terms of the Purchase Agreement immediately prior to such change of control or (ii) the Liquidation Amount, plus the Premium Amount, as set forth in the Articles Supplementary. In addition, subject to certain cure provisions, if we fail to maintain our status as a real estate investment trust, the holders of Series A Convertible Preferred Stock have the right to require us to repurchase the Series A Convertible Preferred Stock at an amount equal to the Liquidation Amount with no Premium Amount.

At any time after the earlier to occur of (i) the second anniversary of the Initial Closing or (ii) 180 days after a Listing, the holders of Series A Convertible Preferred Stock have the right to convert any or all of the Series A Convertible Preferred Stock held by such holders into common stock at a rate per share equal to the quotient obtained by dividing the Liquidation

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Amount by the conversion price. The conversion price is \$10.66, as may be adjusted in connection with stock splits, stock dividends and other similar transactions.

The holders of Series A Convertible Preferred Stock are not entitled to vote on any matter submitted to a vote of our stockholders, except that in the event that the dividend for the Series A Convertible Preferred Stock has not been paid for at least four quarters (whether or not consecutive), the holders of Series A Convertible Preferred Stock have the right to vote together with our stockholders on any matter submitted to a vote of our stockholders, upon which the holders of the Series A Convertible Preferred Stock and holders of common stock shall vote together as a single class. The number of votes applicable to a share of Series A Convertible Preferred Stock will be equal to the number of shares of common stock a share of Series A Convertible Preferred Stock could have been converted into as of the record date set for purposes of such stockholder vote. This foregoing limited voting right shall cease when all past dividend periods have been paid in full. In addition, the affirmative vote of the holders of a majority of the outstanding shares of Series A Convertible Preferred Stock is required in certain customary circumstances, as well as other circumstances, such as (i) our real estate portfolio exceeding a leverage ratio of 60% loan-to-value, (ii) entering into certain transactions with our Executive Chairman as of the Commitment Date, or his affiliates, (iii) effecting a merger (or similar) transaction with an entity whose assets are not at least 80% self storage related and (iv) entering into any line of business other than self storage and ancillary businesses, unless such ancillary business represents revenues of less than 10% of our revenues for our last fiscal year.

In connection with the issuance of the Series A Convertible Preferred Stock, we and the Investor also entered into an investors' rights agreement (the "Investors' Rights Agreement") which provides the Investor with certain customary protections, including demand registration rights and "piggyback" registration rights with respect to our common stock issued to the Investor upon conversion of the Preferred Shares.

As of December 31, 2020, there were 200,000 Preferred Shares outstanding with an aggregate liquidation preference of approximately \$202.9 million, which consists of \$150 million from the Initial Closing, \$50 million from a closing on October 26, 2020 and approximately \$2.9 million of accumulated and unpaid distributions. As of December 31, 2019, there were 150,000 Preferred Shares outstanding with an aggregate liquidation preference of approximately \$151.7 million, which consisted of \$150 million from the Initial Closing, approximately \$1.6 million of accumulated and unpaid distributions, and approximately \$0.1 million of accumulated and unpaid fees on the undrawn commitment.

Note 9. Derivative Instruments

Interest Rate Derivatives

Our objectives in using interest rate derivatives are to add stability to interest expense and to manage our exposure to interest rate movements. To accomplish this objective, we use interest rate swaps and caps as part of our interest rate risk management strategy. The effective portion of the change in the fair value of the derivative that qualifies as a cash flow hedge is recorded in accumulated other comprehensive income (loss) ("AOCI") and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. Amounts reported in AOCI related to derivatives will be reclassified to interest expense as interest payments are made on our variable-rate debt.

We do not use interest rate derivatives for trading or speculative purposes. Derivatives not designated as hedges are not speculative and are used to manage our exposure to interest rate movements and other identified risks but we have elected not to apply hedge accounting. Changes in the fair value of interest rate derivatives not designated in hedging relationships are recorded in other income (expense) as income within our consolidated statements of operations.

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Foreign Currency Hedges

Our objectives in using foreign currency derivatives are to add stability to potential fluctuations in exchange rates between foreign currencies and the U.S. dollar and to manage our exposure to exchange rate movements. To accomplish this objective, we use foreign currency forwards and foreign currency options as part of our exchange rate risk management strategy. A foreign currency forward contract is a commitment to deliver a certain amount of currency at a certain price on a specific date in the future. By entering into the forward contract and holding it to maturity, we are locked into a future currency exchange rate in an amount equal to and for the term of the forward contract. A foreign currency option contract is a commitment by the seller of the option to deliver, solely at the option of the buyer, a certain amount of currency at a certain price on a specific date. For derivatives designated as net investment hedges, the changes in the fair value of the derivatives are reported in accumulated other comprehensive income. Amounts are reclassified out of accumulated other comprehensive income (loss) into earnings when the hedged net investment is either sold or substantially liquidated.

The following table summarizes the terms of our derivative financial instruments as of December 31, 2020:

	Notional Amount	Strike	Effective Date	Maturity Date
Interest Rate Swap:				
LIBOR Swap	\$ 235,000,000	1.79%	June 15, 2019	February 15, 2022
Interest Rate Caps:				
LIBOR Cap	\$ 80,000,000	0.50%	August 3, 2020	August 2, 2021
CDOR Cap	99,300,000 ⁽¹⁾	3.00%	October 11, 2018	October 15, 2021
CDOR Cap	1,000,000 ⁽¹⁾	3.00%	March 28, 2019	October 15, 2021
CDOR Cap	11,700,000 ⁽¹⁾	3.00%	May 28, 2019	October 15, 2021
Foreign Currency Forward:				
Denominated in CAD	\$ 95,000,000 ⁽¹⁾	1.334	February 10, 2020	February 10, 2021 ⁽²⁾

⁽¹⁾ Notional amounts shown are denominated in CAD.

⁽²⁾ On February 10, 2021, we rolled this currency forward into a new \$95 million CAD currency forward with a strike price of 1.334, and a maturity date of April 12, 2021.

On January 25, 2019, we settled a \$90 million CAD foreign currency forward, receiving a net settlement of approximately \$2.1 million and simultaneously entered into a \$95 million CAD foreign currency forward. On July 8, 2019, we settled the \$95 million CAD foreign currency forward, paying a net settlement of approximately \$0.6 million and simultaneously entered into a \$95 million CAD currency option. On December 9, 2019 the CAD currency option expired and we simultaneously entered into a two month \$95 million CAD foreign currency forward. On February 10, 2020, we settled the CAD currency forward, receiving a net settlement of approximately \$0.5 million and simultaneously entered into a one year \$95 million CAD foreign currency forward. A portion of our gain (loss) from our settled and unsettled foreign currency hedges is recorded net in foreign currency hedge contract gain (loss) in our consolidated statements of comprehensive loss, the other portion, a loss of approximately \$0.8 million and \$0.4 million related to the ineffective portion is recorded in other income within our consolidated statements of operations for the years ended December 31, 2020 and 2019, respectively.

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The following table summarizes the terms of our derivative financial instruments as of December 31, 2019:

	Notional Amount	Strike	Effective Date or Date Assumed	Maturity Date
Interest Rate Swaps:				
LIBOR Swap	\$ 85,512,000	2.61%	January 24, 2019	August 1, 2020 ⁽³⁾
LIBOR Swap	235,000,000	1.79%	June 15, 2019	February 15, 2022
Interest Rate Cap:				
CDOR Cap	\$ 99,300,000 ⁽¹⁾	3.00%	October 11, 2018	October 15, 2021
CDOR Cap	1,000,000 ⁽¹⁾	3.00%	March 28, 2019	October 15, 2021
CDOR Cap	11,700,000 ⁽¹⁾	3.00%	May 28, 2019	October 15, 2021
Foreign Currency Forward:				
Denominated in CAD	\$ 95,000,000 ⁽¹⁾	1.323	December 9, 2019	February 10, 2020 ⁽²⁾

⁽¹⁾ Notional amount shown is denominated in CAD.

⁽²⁾ We settled this forward on February 10, 2020, receiving a net settlement of approximately \$0.5 million and simultaneously entered into another \$95 million CAD foreign currency forward with a maturity date of February 10, 2021.

⁽³⁾ On August 3, 2020, we entered into a LIBOR interest rate cap for a notional amount of \$80 million which caps LIBOR at 0.5% through August 2, 2021.

The following table presents a gross presentation of the fair value of our derivative financial instruments as well as their classification on our consolidated balance sheets as of December 31, 2020 and 2019:

Balance Sheet Location	Asset/Liability Derivatives Fair Value	
	December 31, 2020	December 31, 2019
Interest Rate Swaps		
Accounts payable and accrued liabilities	\$ 4,379,424	\$ 1,695,140
Interest Rate Caps		
Other assets	\$ —	\$ 28,847
Foreign Currency Hedges		
Accounts payable and accrued liabilities	\$ 3,270,910	\$ 1,425,632

Note 10. Segment Disclosures

Prior to the Self Administration Transaction on June 28, 2019, we internally evaluated all of our properties and interests therein as one industry segment and, accordingly, did not report segment information.

Subsequent to the Self Administration Transaction, we now operate in two reportable business segments: (i) self storage operations and (ii) our Managed REIT Platform business.

Management evaluates performance based upon net operating income ("NOI"). For our self storage operations, NOI is defined as leasing and related revenues, less property level operating expenses. NOI for the Company's Managed REIT Platform business represents Managed REIT Platform revenues less Managed REIT Platform expenses.

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The following tables summarize information for the reportable segments for the periods presented:

	Year Ended December 31, 2020			
	Self Storage	Managed REIT Platform	Corporate and Other	Total
Revenues:				
Self storage rental revenue	\$ 104,888,883	\$ —	\$ —	\$ 104,888,883
Ancillary operating revenue	5,286,042	—	—	5,286,042
Managed REIT Platform revenue	—	8,048,630	—	8,048,630
Reimbursable costs from Managed REITs	—	5,800,808	—	5,800,808
Total revenues	110,174,925	13,849,438	—	124,024,363
Operating expenses:				
Property operating expenses	38,305,199	—	—	38,305,199
Managed REIT Platform expense	—	2,806,921	—	2,806,921
Reimbursable costs from Managed REITs	—	5,800,808	—	5,800,808
General and administrative	—	—	16,471,199	16,471,199
Depreciation	31,773,526	—	521,101	32,294,627
Intangible amortization expense	5,234,312	4,542,804	—	9,777,116
Other property acquisition expenses	1,366,092	—	—	1,366,092
Contingent earnout adjustment	—	(2,500,000)	—	(2,500,000)
Impairment of goodwill and intangible assets	—	36,465,732	—	36,465,732
Impairment of investments in Managed REITs	—	4,376,879	—	4,376,879
Total operating expenses	76,679,129	51,493,144	16,992,300	145,164,573
Operating income (loss)	33,495,796	(37,643,706)	(16,992,300)	(21,140,210)
Other income (expense):				
Interest expense	(32,417,179)	—	(180,434)	(32,597,613)
Interest expense – accretion of fair market value of secured debt	130,682	—	—	130,682
Interest expense – debt issuance costs	(3,577,730)	—	(8,651)	(3,586,381)
Other	1,708,026	4,557,129	(278,436)	5,986,719
Net loss	\$ (660,405)	\$ (33,086,577)	\$ (17,459,821)	\$ (51,206,803)

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	Year Ended December 31, 2019			
	Self Storage	Managed REIT Platform	Corporate and Other	Total
Revenues:				
Self storage rental revenue	\$ 99,494,560	\$ —	\$ —	\$ 99,494,560
Ancillary operating revenue	3,706,700	—	—	3,706,700
Managed REIT Platform revenue	—	3,068,306	—	3,068,306
Reimbursable costs from Managed REITs	—	3,258,983	—	3,258,983
Total revenues	103,201,260	6,327,289	—	109,528,549
Operating expenses:				
Property operating expenses	35,723,111	—	—	35,723,111
Property operating expenses – affiliates	6,605,670	—	—	6,605,670
Managed REIT Platform expense	—	2,739,556	—	2,739,556
Reimbursable costs from Managed REITs	—	3,258,983	—	3,258,983
General and administrative	—	—	10,461,453	10,461,453
Depreciation	29,305,979	—	299,299	29,605,278
Intangible amortization expense	9,051,083	2,442,311	—	11,493,394
Contingent earnout adjustment	—	—	200,000	200,000
Self administration transaction expenses	—	—	1,572,238	1,572,238
Acquisition expenses – affiliates	84,061	—	—	84,061
Other property acquisition expenses	141,489	—	—	141,489
Total operating expenses	80,911,393	8,440,850	12,532,990	101,885,233
Gain on sale of real estate	3,944,696	—	—	3,944,696
Operating income (loss)	26,234,563	(2,113,561)	(12,532,990)	11,588,012
Other income (expense):				
Interest expense	(37,469,725)	—	(93,522)	(37,563,247)
Interest expense – accretion of fair market value of secured debt	131,611	—	—	131,611
Interest expense – debt issuance costs	(3,990,421)	—	(6,255)	(3,996,676)
Net loss on extinguishment of debt	(2,635,278)	—	(12,355)	(2,647,633)
Gain resulting from acquisition of unconsolidated affiliates	8,017,353	—	—	8,017,353
Other	(1,159,570)	534,612	—	(624,958)
Net loss	\$ (10,871,467)	\$ (1,578,949)	\$ (12,645,122)	\$ (25,095,538)

The following table summarizes our total assets by segment:

Segments	December 31, 2020	December 31, 2019
Self Storage	\$ 1,172,178,148 ⁽¹⁾	\$ 1,175,887,634 ⁽¹⁾
Managed REIT Platform	44,482,625 ⁽¹⁾	73,939,002 ⁽¹⁾
Corporate and Other	65,560,284	61,607,095
Total assets	<u>\$ 1,282,221,057</u>	<u>\$ 1,311,433,731</u>

- (1) Included in the assets of the Self Storage and the Managed REIT Platform segments as of December 31, 2020, are approximately \$45.3 million, and \$8.4 million of goodwill, respectively. As of December 31, 2019, such amounts were approximately \$45.3 million and \$33.1 million of goodwill, respectively.

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Note 11. Related Party Transactions

Through the closing of the Self Administration Transaction on June 28, 2019, we incurred expenses under the following advisory and property management agreements; commencing on such closing and continuing thereafter we no longer incur such expenses. The Former Dealer Manager Agreement and the Transfer Agent Agreement described below were not impacted by the Self Administration Transaction.

Fees to Affiliates

Our Advisory Agreement with our Former External Advisor, our dealer manager agreement, as amended ("Former Dealer Manager Agreement") with our Former Dealer Manager, our Property Management Agreements with our Former External Property Managers and our Transfer Agent Agreement with our Transfer Agent entitle such affiliates to specified fees upon the provision of certain services with regard to our Offering and investment of funds in real estate properties, among other services, as well as certain reimbursements, as described below.

Advisory Agreement

Prior to the Self Administration Transaction we did not have any employees. Our Former External Advisor was primarily responsible for managing our business affairs and carrying out the directives of our board of directors. Our Former External Advisor received various fees and expenses under the terms of our Advisory Agreement. As a result of the Self Administration Transaction, on June 28, 2019, we acquired approximately 350 self storage professionals and other personnel and now perform such services on our own behalf.

Our Former External Advisor received acquisition fees equal to 1.75% of the contract purchase price of each property we acquired plus reimbursement of any acquisition expenses incurred by our Former External Advisor. Our Former External Advisor also received a monthly asset management fee equal to 0.05208%, which is one-twelfth of 0.625%, of our aggregate asset value, as defined in the Advisory Agreement.

Pursuant to the Advisory Agreement, our Former External Advisor was entitled to reimbursement of our Former External Advisor's direct and indirect costs of providing administrative and management services to us.

Former Dealer Manager Agreement

In connection with our Primary Offering, our Former Dealer Manager received a sales commission of up to 7.0% of gross proceeds from sales of Class A Shares and up to 2.0% of gross proceeds from the sales of Class T Shares in the Primary Offering and a dealer manager fee up to 3.0% of gross proceeds from sales of both Class A Shares and Class T Shares in the Primary Offering under the terms of the Former Dealer Manager Agreement. In addition, our Former Dealer Manager receives an ongoing stockholder servicing fee as discussed in Note 2 – Summary of Significant Accounting Policies – Organization and Offering Costs.

Affiliated Former Dealer Manager

SAM owns a 15% non-voting equity interest in our Former Dealer Manager. Affiliates of our Former Dealer Manager own limited partnership interests in our Operating Partnership.

Transfer Agent Agreement

SAM owns 100% of the membership interests of Strategic Transfer Agent Services, LLC, our transfer agent ("Transfer Agent"), which is a registered transfer agent with the SEC. Pursuant to our transfer agent agreement, our Transfer Agent provides transfer agent and registrar services to us. These services are substantially similar to what a third party transfer agent would provide in the ordinary course of performing its functions as a transfer agent, including, but not limited to: providing customer service to our stockholders, processing the distributions and any servicing fees with respect to our shares and issuing regular reports to our stockholder. Our Transfer Agent may retain and supervise third party vendors in its efforts to administer certain services. We believe that our Transfer Agent, through its knowledge and understanding of the direct participation program industry which includes non-traded REITs, is particularly suited to provide us with transfer agent and registrar services. Our Transfer Agent also conducts transfer agent and registrar services for other non-traded REITs sponsored by SRA.

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Fees paid to our Transfer Agent are based on a fixed quarterly fee, one-time account setup fees, monthly open account fees and fees for investor inquiries. In addition, we will reimburse our Transfer Agent for all reasonable expenses or other changes incurred by it in connection with the provision of its services to us, and we will pay our Transfer Agent fees for any additional services we may request from time to time, in accordance with its rates then in effect. Upon the request of our Transfer Agent, we may also advance payment for substantial reasonable out-of-pocket expenditures to be incurred by it.

The initial term of the transfer agent agreement is three years, which term will be automatically renewed for one year successive terms, but either party may terminate the transfer agent agreement upon 90 days' prior written notice. In the event that we terminate the transfer agent agreement, other than for cause, we will pay our transfer agent all amounts that would have otherwise accrued during the remaining term of the transfer agent agreement; provided, however, that when calculating the remaining months in the term for such purposes, such term is deemed to be a 12 month period starting from the date of the most recent annual anniversary date.

Property Management Agreements

As a result of the Self Administration Transaction, we now perform property management services on our own behalf.

Through June 28, 2019, pursuant to the property management agreements, our Former External Property Managers received: (i) a monthly management fee for each property equal to the greater of \$3,000 or 6% of the gross revenues from the properties plus reimbursement of the property manager's costs of managing the properties and (ii) a construction management fee equal to 5% of the cost of construction or capital improvement work in excess of \$10,000. In addition, we had agreed with our Former External Property Managers or an affiliate to share equally in the net revenue attributable to the sale of tenant insurance, protection plans, or other indemnity plans at our properties. With respect to each new property we acquired for which we entered into a property management agreement with our Former External Property Managers we paid our Former External Property Managers a one-time start-up fee in the amount of \$3,750.

Our self storage properties located in Canada were subject to separate property management agreements with our Former External Property Managers on terms substantially the same as the amended property management agreements described above.

All of our properties in the United States and Canada are operated under the "SmartStop® Self Storage" brand, which as a result of the Self Administration Transaction we now own.

Pursuant to the terms of the agreements described above, the following table summarizes related party costs incurred and paid by us for the years ended December 31, 2019 and 2020, as well as any related amounts payable as of December 31, 2019 and 2020:

	Year Ended December 31, 2019			Year Ended December 31, 2020		
	Incurring	Paid	Payable	Incurring	Paid	Payable
<i>Expensed</i>						
Operating expenses	\$ 975,985	\$ 1,185,370	\$ —	\$ —	\$ —	\$ —
Transfer Agent fees	324,943	374,404	—	525,108	489,108	36,000
Asset management fees	3,622,558	3,622,558	—	—	—	—
Property management fees	2,983,111	2,983,111	—	—	—	—
Acquisition expenses	84,061	84,061	—	—	—	—
<i>Capitalized</i>						
Acquisition costs	235,932	235,932	—	—	—	—
Self Administration Transaction working capital true-up	493,785	493,785	—	—	—	—
<i>Additional paid-in capital</i>						
Stockholder servicing fee ⁽¹⁾	—	667,651	1,277,340	—	645,911	631,429
Total	<u>\$ 8,720,375</u>	<u>\$ 9,646,872</u>	<u>\$ 1,277,340</u>	<u>\$ 525,108</u>	<u>\$ 1,135,019</u>	<u>\$ 667,429</u>

- (1) We pay our Dealer Manager an ongoing stockholder servicing fee that is payable monthly and accrues daily in an amount equal to 1/365th of 1% of the purchase price per share of the Class T Shares sold in the Primary Offering.

Please see Note 3 – Real Estate Facilities and Note 4 – Self Administration Transaction for detail regarding additional related party transactions.

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Tenant Programs

We may offer a tenant insurance plan, tenant protection plan or similar program (collectively “Tenant Programs”) to customers at our properties. We and an affiliate of our Former External Property Manager previously agreed to transfer our respective rights in such Tenant Programs revenue to a joint venture owned 50% by our TRS subsidiary and, through the date of the Self Administration Transaction, 50% by our Former External Property Manager’s affiliate (the “Former PM Affiliate”). Under the terms of the joint venture agreement, the TRS received 50% of the net economics generated from such Tenant Programs and the Former PM Affiliate received the other 50% of such net economics. In addition, we shared equally in the net revenue attributable to the sale of Tenant Programs at the properties we acquired in the SSGT Mergers on substantially similar terms as set forth above. In connection with the Self Administration Transaction we now wholly-own both such Tenant Programs joint venture entities.

Storage Auction Program

In connection with the Self Administration Transaction we now own a minority interest in a company that owns 50% of an online auction company (the “Auction Company”) that serves as a web portal for self storage companies to post their auctions for the contents of abandoned storage units online instead of using live auctions conducted at the self storage facilities. The Auction Company receives a service fee for such services. During the years ended December 31, 2020, 2019 and 2018 we paid approximately \$44,000, \$45,000, and \$43,000, respectively, in fees to the Auction Company related to our properties. Our properties receive the proceeds from such online auctions.

Acquisition of Self Storage Platform from SmartStop Asset Management, LLC and Other Transactions

As a result of the Self Administration Transaction, the advisor and property manager entities of SST IV and SSGT II, became our indirect subsidiaries. As a result, we are entitled to receive various fees and expense reimbursements under the terms of the SST IV and SSGT II advisory and property management agreements as described below.

Investment in Managed REIT

On September 21, 2020, a wholly owned subsidiary of our Operating Partnership (the “Preferred Investor”), entered into a preferred unit purchase agreement (the “SSGT II Unit Purchase Agreement”) with SS Growth Operating Partnership II, L.P. (the “SSGT II OP”) and SSGT II. Pursuant to the terms of the SSGT II Unit Purchase Agreement, the Preferred Investor agreed to purchase, in one or more tranches, up to 1.6 million units of limited partnership interest in SSGT II OP (the “SSGT II Preferred Units”) for an aggregate of up to \$40 million (the “SSGT II Investment”). Upon the closing of each tranche of the SSGT II Investment, the Preferred Investor will be due an investment fee equal to 1% of the investment amount of such tranche. The Preferred Investor will receive distributions, payable monthly in arrears, at a rate of 7.25% per annum from the date of investment until 180 days after the date of investment, 8.25% per annum from 181 days after the date of investment until 360 days after the date of investment, and 9.25% per annum thereafter (collectively, the “Pay Rate”). The proceeds of the SSGT II Investment may be used by SSGT II OP to finance self-storage acquisition, development, and improvement activities, and working capital or other general partnership purposes. Each SSGT II Preferred Unit has a liquidation preference of \$25.00, plus all accumulated and unpaid distributions. The foregoing distributions shall be payable monthly, and calculated on an actual/360 day basis, and any unpaid distributions shall accrue at the applicable Pay Rate.

On September 21, 2020, October 29, 2020, and November 4, 2020, the Preferred Investor invested approximately \$6.5 million, \$13 million, and \$13 million, respectively, in the SSGT II Operating Partnership. On November 12, 2020, SSGT II redeemed \$19 million of our SSGT II Preferred Units, reducing our investment in SSGT II Preferred Units to \$13.5 million. Such investment is included in investments in and advances to Managed REITs in our consolidated balance sheets. As of December 31, 2020, we were potentially required to purchase an additional \$7.5 million in SSGT II Preferred Units.

For the year ended December 31, 2020, we recorded income related to the SSGT II Preferred Units, totaling approximately \$570,000 which is recorded within the Other line item in our consolidated statements of operations.

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On January 21, 2021, SSGT II redeemed the remaining \$13.5 million of our outstanding SSGT II Preferred Units.

Advisory Agreement Fees

Our indirect subsidiaries, Strategic Storage Advisor IV, LLC, the advisor to SST IV (the “SST IV Advisor”), and SS Growth Advisor II, LLC, the advisor to SSGT II (the “SSGT II Advisor”), are entitled to receive various fees and expense reimbursements under the terms of the SST IV and SSGT II advisory agreements.

SST IV Advisory Agreement

The SST IV Advisor provided acquisition and advisory services to SST IV pursuant to an advisory agreement (the “SST IV Advisory Agreement”) to SST IV up until the SST IV Merger on March 17, 2021.

SST IV was required to reimburse the SST IV Advisor for organization and offering costs under the SST IV Advisory Agreement; however, the SST IV Advisor funds, and was not reimbursed for 1.15% of the gross offering proceeds from the sale of class W shares sold in the SST IV offering. Such amounts for the years ended December 31, 2020, and 2019, totaled approximately \$25,000, and \$41,000, respectively. The SST IV Advisor was required to reimburse SST IV within 60 days after the end of the month in which the SST IV public offering terminated to the extent SST IV paid or reimbursed organization and offering costs (excluding sales commissions and dealer manager fees) in excess of 3.5% of the gross offering proceeds from the SST IV offering. The SST IV Advisory Agreement also required the SST IV Advisor to reimburse SST IV to the extent that offering expenses, including sales commissions, dealer manager fees and organization and offering expenses, are in excess of 15% of gross proceeds from the SST IV offering.

Effective as of April 30, 2020, SST IV suspended its offering due to various factors, including the uncertainty relating to the ongoing COVID-19 outbreak and its potential economic impact, the status of fundraising in the non-traded REIT industry due to such uncertainty and the termination of their dealer manager agreement. SST IV’s public offering terminated on September 11, 2020.

Subsequent to the termination of SST IV’s primary offering, SST IV determined that total organization and offering costs did not exceed 3.5% of the gross proceeds received from its primary offering, and thus we were not required to reimburse SST IV. Additionally, SST IV determined that total organization and offering costs did not exceed 15% of the gross proceeds received in its primary offering, and thus we will not be required to reimburse SST IV for any excess offering costs.

The SST IV Advisor also received a monthly asset management fee equal to 0.0833%, which is one-twelfth of 1%, of SST IV’s aggregate asset value, as defined.

The SST IV Advisor was potentially also entitled to various subordinated distributions under SST IV’s operating partnership agreement pursuant to the special limited partnership interest and its cash flow participation distribution rights if SST IV (1) listed its shares of common stock on a national exchange, (2) terminated the SST IV Advisory Agreement, (3) liquidated its portfolio, or (4) entered into an Extraordinary Transaction, as defined in the SST IV operating partnership agreement.

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The SST IV Advisory Agreement provided for reimbursement of the SST IV Advisor's direct and indirect costs of providing administrative and management services to SST IV. The SST IV Advisor was required to pay or reimburse SST IV the amount by which SST IV's aggregate annual operating expenses, as defined, exceed the greater of 2% of SST IV's average invested assets or 25% of SST IV's net income, as defined, unless a majority of SST IV's independent directors determine that such excess expenses were justified based on unusual and non-recurring factors. Through the period ended December 31, 2020, no such amounts have been required to be reimbursed by the SST IV Advisor.

Effective March 17, 2021, in connection with the SST IV Merger, the SST IV Advisory Agreement was terminated and none of the aforementioned subordinated distributions or fees were paid.

SSGT II Advisory Agreement

The SSGT II Advisor provides acquisition and advisory services to SSGT II pursuant to an advisory agreement (the "SSGT II Advisory Agreement"). In connection with the SSGT II private placement offering, SSGT II is required to reimburse the SSGT II Advisor for organization and offering costs from the SSGT II private offering pursuant to the SSGT II Advisory Agreement.

Effective as of April 30, 2020, SSGT II suspended their offering due to various factors, including the uncertainty relating to the ongoing COVID-19 outbreak and its potential economic impact, the status of fundraising in the non-traded REIT industry due to such uncertainty and the termination of their dealer manager agreement.

The SSGT II Advisor receives a monthly asset management fee equal to 0.1042%, which is one-twelfth of 1.25%, of SSGT II's aggregate asset value, as defined.

The SSGT II Advisor may also be potentially entitled to various subordinated distributions under SSGT II's operating partnership agreement pursuant to the special limited partnership interest and its cash flow participation distribution rights. So long as the SSGT II Advisory Agreement has not been terminated (including by means of non-renewal), SSGT II is required to pay the SSGT II Advisor a distribution from its operating partnership (other than net sale proceeds), pursuant to a special limited partnership interest, equal to 10.0% of any amount distributed to stockholders in excess of the amount required to provide stockholders with an annual aggregate distribution equal to 5.0% (reflective of the weighted average purchase price per share), cumulative within the subject calendar year (as adjusted for partial periods outstanding). Such distribution will be reconciled and paid annually. The cash flow participation distribution may be payable in cash or operating partnership units (or any combination thereof), at the election of the SSGT II Advisor.

The SSGT II Advisor may also be potentially entitled to various subordinated distributions under SSGT II's operating partnership agreement if SSGT II (1) lists its shares of common stock on a national exchange, (2) terminates the SSGT II Advisory Agreement, (3) liquidates its portfolio, or (4) merges with another entity or enters into an Extraordinary Transaction, as defined in the SSGT II operating partnership agreement.

The SSGT II Advisory Agreement provides for reimbursement of the SSGT II Advisor's direct and indirect costs of providing administrative and management services to SSGT II.

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Managed REIT Property Management Agreements

Our indirect subsidiaries, Strategic Storage Property Management IV, LLC and SS Growth Property Management II, LLC (collectively the “Managed REITs Property Managers”), are entitled to receive fees for their services in managing the properties owned by the Managed REITs pursuant to property management agreements entered into between the owner of the property and the applicable Managed REIT’s Property Manager. The Managed REITs’ Property Managers will receive a property management fee equal to 6% of the gross revenues from the properties, generally subject to a monthly minimum of \$3,000 per property, plus reimbursement of the costs of managing the properties, and a one-time fee of \$3,750 for each property acquired that would be managed by the Managed REITs’ Property Managers. Reimbursable costs and expenses include wages and salaries and other expenses of employees engaged in operating, managing and maintaining such properties. Pursuant to the property management agreements, we through our Operating Partnership employ the on-site staff for the Managed REITs’ properties.

The SST IV property manager will be entitled to a construction management fee equal to 5% of the cost of a related construction or capital improvement work project in excess of \$10,000. Effective March 17, 2021, in connection with the SST IV Merger, the SST IV property management contracts were terminated.

Summary of Fees and Revenue Related to the Managed REITs

Pursuant to the terms of the various agreements described above for the Managed REITs, the following summarizes the related party fees for the years ended December 31, 2020 and 2019:

Managed REIT Platform Revenues	Year Ended December 31, 2020	Year Ended December 31, 2019
Advisory agreement – SST IV ⁽¹⁾	\$ 3,211,661	\$ 1,153,137
Advisory agreement – SSGT II	1,210,529	310,786
Property management agreement – SST IV ⁽¹⁾	1,429,632	602,162
Property management agreement – SSGT II	371,751	91,594
Tenant Program revenue – SST IV ⁽¹⁾	893,315	254,148
Tenant Program revenue – SSGT II	257,602	37,269
Other Managed REIT revenue ⁽²⁾	674,140	619,210
Total	<u>\$ 8,048,630</u>	<u>\$ 3,068,306</u>

(1) On March 17, 2021, we acquired SST IV. Please see Note 16 – Subsequent Events for additional information.

(2) Such revenues primarily includes construction management, development fees, and other miscellaneous revenues.

Reimbursable costs from Managed REITs includes reimbursement of both the SST IV and SSGT II Advisors’ direct and indirect costs of providing administrative and management services to the Managed REITs. Additionally, reimbursable costs includes reimbursement pursuant to the property management agreements for reimbursement of the costs of managing the Managed REITs’ properties, including wages and salaries and other expenses of employees engaged in operating, managing and maintaining such properties.

As of December 31, 2020 and 2019 we had receivables due from the Managed REITs totaling approximately \$0.6 million, and \$0.3 million, respectively. Such amounts are included in investments in and advances to the Managed REITs line-item in our consolidated balance sheets. Such amounts included unpaid amounts relative to the above table, in addition to other direct routine expenditures of the Managed REITs that we directly funded.

Administrative Services Agreement

For the year ended December 31, 2020, and 2019, we incurred fees payable to SAM under the Administrative Services Agreement of approximately \$1.9 million, and \$2.1 million, respectively, which were recorded in the Managed REIT Platform expenses line item in our consolidated statement of operations. We recorded reimbursements from SAM of approximately \$0.4 million and \$0.1 million during the years ended December 31, 2020 and 2019, respectively, related to services provided to SAM as well as reimbursements of rent and overhead for the portion of the Ladera Office occupied by SAM, which were included in Managed REIT Platform revenue in our consolidated statement of operations.

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As of December 31, 2020, a receivable of approximately \$50,000 was due from SAM related to the Administrative Services Agreement and included in the other assets line in our consolidated balance sheet.

As of December 31, 2019, a payable of approximately \$345,000 was due to SAM related to the Administrative Services Agreement and included in the due to affiliates line in our consolidated balance sheet.

Note 12. Equity Based Compensation

We issue equity based compensation pursuant to the employee and director long-term incentive plan of SmartStop Self Storage REIT, Inc. (the “Plan”). Pursuant to the Plan, we are able to issue various forms of equity based compensation. Through December 31, 2020, we have issued equity based awards in two forms: (1) restricted stock awards consisting of shares of our common stock and (2) long-term incentive plan units of our Operating Partnership (“LTIP Units”).

Through March 2020, we had only issued restricted stock, which shares are subject to a time based vesting period. In April 2020 the Compensation Committee of the Board of Directors approved the 2020 executive compensation program for our executive officers, which included (1) performance based awards, and (2) time based awards. For both such awards the recipient could choose either LTIP Units or restricted stock consisting of shares of our common stock.

The fair value of the restricted stock and the LTIP Units was determined based on an estimated value per share, adjusted for an illiquidity discount due to the illiquid nature of the underlying equity. The fair value of the LTIP Units was further adjusted by applying an additional discount as the LTIP Units are not initially economically equivalent to our restricted stock. For the performance based awards, a fair value was determined for each performance ranking scenario, with stock compensation expense recorded using the fair value of the scenario determined to be probable of achievement.

Time Based Awards

We have granted various time based awards, which generally vest ratably over either one, three, or four years commencing in the year of grant, subject to the recipient’s continued employment or service through the applicable vesting date. All grants of time based restricted stock have limitations on transferability during the vesting period, and the grantee does not have the ability to vote any unvested shares. Transferability during the vesting period depends upon when the grant was made, as follows (i) with respect to grants of time based restricted stock made prior to April 2020, the restriction on transfers applies to the entirety of the grant, regardless of vesting, and (ii) with respect to grants of time based restricted stock made in or subsequent to April 2020, the restriction on transfer applies only to the unvested portion of the restricted stock.

With respect to grants of time based restricted stock made to our executive officers in 2020, distributions began to accrue effective January 1, 2020 and are payable as distributions are paid on our Class A Shares without regard to whether the underlying restricted shares have vested. With respect to all other outstanding grants of time based restricted stock, distributions accrue on non-vested shares granted and are paid when the underlying restricted shares vest.

Holders of time based LTIP Units receive allocations of profits and losses with respect to the LTIP Units as of the effective date, distributions from the effective date in an amount equivalent to the distributions declared and paid on our Class A Shares, and the same voting rights as holders of common units, voting as a class with each LTIP Unit holder having one vote per LTIP Unit held. Prior to vesting, time based LTIP Units generally may not be transferred, other than by laws of descent and distribution.

The following table summarizes the activity related to our time based awards:

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Time Based Award Grants	Restricted Stock		LTIPs	
	Shares	Weighted-Average Grant-Date Fair Value	Units	Weighted-Average Grant-Date Fair Value
Unvested at December 31, 2018	21,438	\$ 10.38	\$ —	\$ —
Granted	251,993	9.48	—	—
Vested	(7,625)	10.29	—	—
Forfeited	—	—	—	—
Unvested at December 31, 2019	265,806	9.53	—	—
Granted	72,383	9.78	214,521	9.09
Vested	(82,351)	9.55	(53,630)	9.09
Forfeited	(6,567)	9.78	—	—
Unvested at December 31, 2020	249,271	\$ 9.58	160,891	\$ 9.09

Performance Based Awards

With respect to performance based awards, the number of shares of restricted stock granted as of the grant date equaled 100% of the targeted award, whereas the number of LTIP Units granted as of the grant date equaled 200% of the targeted award. The targeted award for each executive was determined and approved by the Compensation Committee of our Board of Directors. The actual number of shares of restricted stock or LTIP Units, as applicable, to be issued upon vesting may range from 0% to 200% of the targeted award, such determination being based upon the results of the performance measure. Performance based awards vest based upon our performance as ranked amongst a peer group of self storage related companies. This comparison will be conducted using a performance measure of average annual same-store revenue growth, analyzed over a three-year period. Earned awards for the 2020 grant will vest, as applicable, no later than March 31, 2023.

Recipients of performance based restricted stock accrue distributions during the performance period, and such distributions will only be payable on the date that any such shares of restricted stock vest, based upon the performance level attained. Recipients of performance based LTIP Units are issued LTIP Units at 200% of the targeted award and are entitled to receive distributions and allocations of profits and losses with respect to the performance based LTIP Units as of the effective date of January 1, 2020 in an amount equal to 10% of the distributions and allocations available to such LTIP Units, until the Distribution Participation Date (as defined in the Partnership Agreement). The remaining 90% of distributions will accrue and will be payable on the Distribution Participation Date based upon the performance level attained and number of performance based LTIP Units that vest. Following the Distribution Participation Date, recipients will be entitled to receive the full amount of distributions and allocations of profits and losses with respect to the vested performance-based LTIP Units, such amount being equivalent to distributions declared and paid on our Class A Shares.

The following table summarizes our activity related to our performance based awards:

Performance Based Award Grants	Restricted Stock		LTIPs	
	Shares	Weighted-Average Grant-Date Fair Value	Units	Weighted-Average Grant-Date Fair Value
Unvested at December 31, 2019	—	\$ —	—	\$ —
Granted	5,752	9.78	130,638	9.09
Vested	—	—	—	—
Forfeited	—	—	—	—
Unvested at December 31, 2020	5,752	\$ 9.78	130,638	\$ 9.09

Holders of performance based restricted stock do not have any rights as a stockholder with respect to the unvested portion of such restricted stock awards. Prior to vesting, shares of performance based restricted stock generally may not be transferred, other than by laws of descent and distribution.

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Holders of performance based LTIP Units have the same voting rights as holders of common units, voting as a class with each LTIP Unit holder having one vote per LTIP Unit held. Prior to vesting, performance based LTIP Units generally may not be transferred, other than by laws of descent and distribution.

LTIP Units are designed to qualify as “profits interests” in the Operating Partnership for federal income tax purposes. The profits interests’ characteristics of the LTIP Units mean that initially they will not be treated as economically equivalent in value to a common unit and the issuance of LTIP Units will not be a taxable event to the Operating Partnership or the recipient. If and when certain events occur pursuant to applicable tax regulations and in accordance with the Partnership Agreement, LTIP Units may become economically equivalent to common units of limited partnership interest of our Operating Partnership on a one-for-one basis.

As of December 31, 2020, 5,356,273 shares of stock were available for issuance under the Plan.

We recorded approximately \$1.6 million of equity based compensation expense in general and administrative expense and approximately \$40,000 of equity based compensation expense in property operating expenses, within our consolidated statements of operations for the year ended December 31, 2020. As of December 31, 2020, there was approximately \$4.0 million of total unrecognized compensation expense related to non-vested equity awards. Such cost is expected to be recognized over a weighted-average period of approximately 2.5 years.

Note 13. Commitments and Contingencies

Distribution Reinvestment Plan

We have adopted an amended and restated distribution reinvestment plan that allows both our Class A and Class T stockholders to have distributions otherwise distributable to them invested in additional shares of our Class A and Class T Shares, respectively. The purchase price per share pursuant to our distribution reinvestment plan is equivalent to the estimated value per share approved by our board of directors and in effect on the date of purchase of shares under the plan. In conjunction with the board of directors’ declaration of a new estimated value per share of our common stock on April 20, 2020, beginning in May 2020, shares sold pursuant to our distribution reinvestment plan are sold at the estimated value per share of \$10.40 per Class A Share and Class T Share. On November 30, 2016, we filed with the SEC a Registration Statement on Form S-3, which registered up to an additional \$100.9 million in shares under our distribution reinvestment plan (our “DRP Offering”). We may amend or terminate the amended and restated distribution reinvestment plan for any reason at any time upon 10 days’ prior written notice to stockholders. No sales commissions, dealer manager fee, or stockholder servicing fee will be paid on shares sold through the amended and restated distribution reinvestment plan. Through the termination of our Offering on January 9, 2017, we had sold approximately 1.1 million Class A shares and 0.1 million Class T Shares through our original distribution reinvestment plan. As of December 31, 2020, we had sold approximately 5.3 million Class A Shares and approximately 0.8 million Class T Shares through our DRP Offering.

Share Redemption Program

As described in Note 2 – Redeemable Common Stock, we have an SRP, which is partially suspended. Please refer to Note 2 for additional details. Pursuant to the SRP, we may redeem the shares of stock presented for redemption for cash to the extent that such requests comply with the below terms of our SRP and we have sufficient funds available to fund such redemption.

Our board of directors may amend, suspend or terminate the SRP with 30 days’ notice to our stockholders. We may provide this notice by including such information in a Current Report on Form 8-K or in our annual or quarterly reports, all publicly filed with the SEC, or by a separate mailing to our stockholders.

On August 20, 2020, our board of directors determined that it would be in the best interests of the Company to amend the terms of the SRP to revise the redemption price per share for all redemptions under the SRP to be equal to the most recently published estimated net asset value per share of the applicable share class (the “SRP Amendment”). Prior to the SRP Amendment, the redemption amount was the lesser of the amount the stockholders paid for their shares or the price per share in the current offering.

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There are several limitations in addition to those noted above on our ability to redeem shares under the SRP including, but not limited to:

- During any calendar year, we will not redeem in excess of 5% of the weighted-average number of shares outstanding during the prior calendar year.
- The cash available for redemption is limited to the proceeds from the sale of shares pursuant to our distribution reinvestment plan, less any prior redemptions.
- We have no obligation to redeem shares if the redemption would violate the restrictions on distributions under Maryland law, which prohibits distributions that would cause a corporation to fail to meet statutory tests of solvency.

For the year ended December 31, 2018, we received redemption requests totaling approximately \$8.3 million (approximately 0.9 million shares), approximately \$7.0 million of which were fulfilled during year ended December 31, 2018, with the remaining approximately \$1.3 million included in accounts payable and accrued liabilities as of December 31, 2018 and fulfilled in January 2019.

For the year ended December 31, 2019, we received redemption requests totaling approximately \$4.9 million (approximately 0.5 million shares), approximately \$4.5 million of which were fulfilled during the year ended December 31, 2019, with the remaining approximately \$0.4 million included in accounts payable and accrued liabilities as of December 31, 2019 and fulfilled in January 2020.

For the year ended December 31, 2020, we received redemption requests totaling approximately \$2.0 million (approximately 0.2 million shares), approximately \$1.3 million of which were fulfilled during the year ended December 31, 2020, with the remaining approximately \$0.7 million included in accounts payable and accrued liabilities as of December 31, 2020 and fulfilled in January 2021.

Operating Partnership Redemption Rights

Generally, the limited partners of our Operating Partnership, excluding any limited partners with respect to their A-2 Units, have the right to cause our Operating Partnership to redeem their limited partnership units for cash equal to the value of an equivalent number of our shares, or, at our option, we may purchase their limited partnership units by issuing one share of our common stock for each limited partnership unit redeemed. These rights may not be exercised under certain circumstances that could cause us to lose our REIT election. Furthermore, limited partners may exercise their redemption rights only after their limited partnership units have been outstanding for one year.

Additionally, the Class A-1 Units issued in connection with the Self Administration Transaction are subject to the general restrictions on transfer contained in the Operating Partnership Agreement. In addition, until the Lock-Up Expiration, the Class A-1 Units may not be sold, pledged, or otherwise transferred or encumbered except in certain limited circumstances set forth in the Contribution Agreement. The Class A-1 Units are otherwise entitled to all rights and duties of the Class A limited partnership units in the Operating Partnership, including cash distributions and the allocation of any profits or losses in the Operating Partnership.

Other Contingencies

From time to time, we are party to legal, regulatory and other proceedings that arise in the ordinary course of our business. In accordance with applicable accounting guidance, management accrues an estimated liability when those matters present loss contingencies that are both probable and reasonably estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. We are not aware of any such proceedings of which the outcome is reasonably likely to have a material adverse effect on our results of operations or financial condition.

Note 14. Declaration of Distributions

On December 3, 2020, our board of directors declared a distribution rate for the first quarter of 2021 of \$0.00164 per day per share on the outstanding shares of common stock payable to Class A and Class T stockholders of record of such shares as shown on our books at the close of business on each day of the period commencing on January 1, 2021 and ending March 31, 2021. Such distributions payable to each stockholder of record during a month will be paid the following month.

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On March 3, 2021, our board of directors declared a distribution rate for the second quarter of 2021 of \$0.00164 per day per share on the outstanding shares of common stock payable to Class A and Class T stockholders of record of such shares as shown on our books at the close of business on each day of the period commencing on April 1, 2021 and ending June 30, 2021. Such distributions payable to each stockholder of record during a month will be paid the following month.

Note 15. Selected Quarterly Data (Unaudited)

The following is a summary of quarterly financial information for the years ended December 31, 2020 and 2019:

	Three months ended			
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020
Total revenues	\$ 30,298,123	\$ 29,469,545	\$ 31,363,122	\$ 32,893,573
Total operating expenses	\$ 61,368,274	\$ 27,497,027	\$ 26,992,137	\$ 29,307,135
Operating income (loss)	\$ (31,070,151)	\$ 1,972,518	\$ 4,370,985	\$ 3,586,438
Net loss	\$ (37,743,581)	\$ (7,062,841)	\$ (4,456,497)	\$ (1,943,884)
Net loss attributable to common stockholders	\$ (35,073,951)	\$ (8,491,421)	\$ (6,259,114)	\$ (4,529,908)
Net loss per Class A Share-basic and diluted	\$ (0.59)	\$ (0.14)	\$ (0.10)	\$ (0.08)
Net loss per Class T Share-basic and diluted	\$ (0.59)	\$ (0.14)	\$ (0.10)	\$ (0.08)

	Three months ended			
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
Total revenues	\$ 23,883,325	\$ 25,980,517	\$ 29,588,014	\$ 30,076,693
Total operating expenses	\$ 21,934,203	\$ 25,211,611	\$ 27,773,486	\$ 26,965,933
Operating income	\$ 1,949,122	\$ 768,906	\$ 1,814,528	\$ 7,055,456
Net loss	\$ (8,948,317)	\$ (2,283,972)	\$ (9,541,579)	\$ (4,321,670)
Net loss attributable to common stockholders	\$ (8,891,558)	\$ (2,212,445)	\$ (8,214,826)	\$ (5,431,504)
Net loss per Class A Share-basic and diluted	\$ (0.15)	\$ (0.04)	\$ (0.14)	\$ (0.09)
Net loss per Class T Share-basic and diluted	\$ (0.15)	\$ (0.04)	\$ (0.14)	\$ (0.09)

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Note 16. Subsequent Events

Redemption of SSGT II Preferred Equity

On January 21, 2021, SSGT II redeemed the remaining \$13.5 million of our outstanding SSGT II Preferred Units.

SST IV Merger

On November 10, 2020, we, SST IV Merger Sub, LLC, a Maryland limited liability company and a wholly-owned subsidiary of ours (“SST IV Merger Sub”), and SST IV entered into an agreement and plan of merger (the “SST IV Merger Agreement”). Pursuant to the terms and conditions set forth in the SST IV Merger Agreement, on March 17, 2021, we acquired SST IV by way of a merger of SST IV with and into our SST IV Merger Sub, with SST IV Merger Sub being the surviving entity (the “SST IV Merger”).

At the effective time of the SST IV Merger (the “SST IV Merger Effective Time”), each share of SST IV common stock, par value \$0.001 per share (the “SST IV Common Stock”), outstanding immediately prior to the SST IV Merger Effective Time (other than shares owned by SST IV and its subsidiaries or us and our subsidiaries) was automatically converted into the right to receive 2.1875 of our Class A Common Stock (the “SST IV Merger Consideration”), which represents a total transaction value of approximately \$380 million (which includes outstanding debt of SST IV assumed or repaid but excludes transaction costs). Immediately prior to the SST IV Merger Effective Time, all shares of SST IV Common Stock that were subject to vesting and other restrictions also became fully vested and converted into the right to receive the SST IV Merger Consideration.

As a result of the SST IV Merger, we acquired all of the real estate owned by SST IV, consisting of 24 wholly-owned self storage facilities located across 9 states and 6 self storage real estate joint ventures located in the Greater Toronto Area of Ontario, Canada. The real estate joint ventures consist of three operating properties and three properties in various stages of development. A summary of SST IV’s wholly-owned real estate portfolio is as follows (as of December 31, 2020):

State	No. of Properties	Units⁽¹⁾	Sq. Ft. (net)⁽²⁾	% of Total Rentable Sq. Ft.	Physical Occupancy %⁽³⁾	Rental Income %⁽⁴⁾
Arizona	1	720	79,000	3.9%	88.8%	3.0%
California	2	1,620	154,000	7.5%	78.5%	6.7%
Florida	5	3,830	519,100	25.4%	87.7%	24.9%
North Carolina	2	1,910	176,500	8.6%	85.8%	7.9%
New Jersey	1	1,900	158,000	7.7%	90.5%	11.0%
Nevada	2	1,220	131,500	6.4%	91.9%	8.0%
Texas	8	4,610	605,900	29.7%	92.3%	25.3%
Virginia	1	830	71,000	3.5%	94.9%	5.2%
Washington	2	1,180	146,000	7.3%	89.2%	8.0%
Total	24	17,820	2,041,000	100%	89.1%	100%

(1) Includes all rentable units, consisting of storage units and parking (approximately 690 units).

(2) Includes all rentable square feet, consisting of storage units and parking (approximately 250,000 square feet).

(3) Represents the occupied square feet of all facilities SST IV owned in a state divided by total rentable square feet of all the facilities SST IV owned in such state as of December 31, 2020.

(4) Represents rental income (excludes administrative fees, late fees, and other ancillary income) for all facilities SST IV owned in a state divided by SST IV’s total rental income for the month ended December 31, 2020.

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New Credit Facility

On March 17, 2021, we, through our Operating Partnership (the “Borrower”), entered into a credit facility with KeyBank, National Association, as administrative agent, KeyBanc Capital Markets, LLC, Wells Fargo Securities, Citibank, N.A., and BMO Capital Markets, as joint book runners and joint lead arrangers, and certain other lenders party thereto (the “Credit Facility”).

The initial aggregate amount of the Credit Facility is \$500 million, which consists of a \$250 million revolving credit facility (the “Credit Facility Revolver”) and a \$250 million term loan (the “Credit Facility Term Loan”). The Borrower has the right to increase the amount available under the Credit Facility by an additional \$350 million, for a total aggregate amount of \$850 million, subject to certain conditions. The Credit Facility also includes sublimits of (a) up to \$25 million for letters of credit and (b) up to \$25 million for swingline loans; each of these sublimits are part of, and not in addition to, the amounts available under the Credit Facility Revolver. Borrowings under the Credit Facility may be in either U.S. dollars (each, a “US Borrowing”) or Canadian dollars (each, a “CAD Borrowing”). Upon the closing of the Credit Facility, the Borrower immediately made the following drawdowns: (i) under the Credit Facility Revolver (A) \$199 million in US Borrowings and (B) CAD\$2.5 million in CAD Borrowings (approximately \$2 million equivalent in U.S. dollars), and (ii) under the Credit Facility Term Loan (A) \$150 million in US Borrowings and (B) CAD\$124.7 million in CAD Borrowings (approximately \$100 million equivalent in U.S. dollars), for an aggregate amount of approximately \$451 million. We used the proceeds primarily to pay off certain existing indebtedness as well as indebtedness of SST IV.

The maturity date of the Credit Facility Revolver is March 17, 2024, subject to a one-year extension option. The maturity date of the Credit Facility Term Loan is March 17, 2026, which cannot be extended. The Credit Facility may be prepaid or terminated at any time without penalty; provided, however, that the lenders shall be indemnified for certain breakage costs.

Amounts borrowed under the Credit Facility Revolver and Credit Facility Term Loan bear interest based on both the type of borrowing (either ABR Loans or Eurodollar Loans, each as defined in the Credit Facility), as well as the currency of the borrowing. ABR Loans bear interest at the lesser of (x) the alternate base rate plus the applicable rate, or (y) the maximum rate. Eurodollar Loans bear interest at the lesser of (a) the adjusted LIBO rate or CDOR rate (depending on whether the loan is a US Borrowing or a CAD Borrowing, respectively) for the interest period in effect plus the applicable rate, or (b) the maximum rate. The corresponding applicable rate varies depending on the type of borrowing and our consolidated leverage ratio. Initial advances under the Credit Facility Term Loan bear interest at 195 basis points over 30-day LIBOR or 30-day CDOR, while initial advances under the Credit Facility Revolver bear interest at 200 basis points over 30-day LIBOR or 30-day CDOR. The Credit Facility is also subject to an annual unused fee based upon the average amount of the unused portion of the Credit Facility Revolver, which varies from 15 bps to 25 bps, depending on the size of the unused amount, as well as whether a Security Interest Termination Event (defined below) has occurred.

The Credit Facility is fully recourse, jointly and severally, to us, our Operating Partnership, and certain of our subsidiaries (the “Subsidiary Guarantors”). In connection with this, we, our Operating Partnership, and our Subsidiary Guarantors executed guarantees in favor of the lenders. The Credit Facility is also cross-defaulted to (i) any recourse debt of ours, our Operating Partnership, or the Subsidiary Guarantors and (ii) any non-recourse debt of ours, our Operating Partnership, or the Subsidiary Guarantors of at least \$75 million.

The Credit Facility is initially secured by a pledge of equity interests in the Subsidiary Guarantors. However, upon the achievement of certain security interest termination conditions, the pledges shall be released and the Credit Facility shall become unsecured (the “Security Interest Termination Event”). The Security Interest Termination Event occurs at the Borrower’s election, once the Borrower satisfies the following security interest termination conditions: (i) a fixed charge coverage ratio of no less than 1.50:1.00; (ii) an unsecured interest coverage ratio of not less than 2.00:1.00; (iii) a consolidated capitalization rate leverage ratio of not greater than 60%; and (iv) a secured debt ratio of no greater than 40%. Following the occurrence of the Security Interest Termination Event, certain terms and conditions of the Credit Facility are modified, including, but not limited to: (i) in certain circumstances, a reduction in the applicable interest rate under the Credit Facility, (ii) the modification or addition of certain financial covenants, (iii) the addition of a floor of at least \$25 million for any cross-defaulted recourse debt of ours, our Operating Partnership, or any Subsidiary Guarantor, and (iv) in certain circumstances, a reduction in the annual unused fee for the Credit Facility Revolver.

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The Credit Facility contains certain customary representations and warranties, affirmative, negative and financial covenants, borrowing conditions, and events of default. In particular, the financial covenants imposed include: a maximum leverage ratio, a minimum fixed charge coverage ratio, a minimum tangible net worth, certain limits on both secured debt and secured recourse debt, certain payout ratios of dividends paid to core funds from operations, limits on unhedged variable rate debt, and minimum liquidity. If an event of default occurs and continues, the Borrower is subject to certain actions by the administrative agent, including, without limitation, the acceleration of repayment of all amounts outstanding under the Credit Facility.

Additionally, we obtained the rights to acquire, upon its completion, a self storage property that is being developed in San Gabriel, California. We also indirectly assumed three outstanding loans in connection with the SST IV Merger. The first loan is a mortgage loan with TCF National Bank, as lender, and certain property owning subsidiaries, as borrowers, as amended, in the amount of approximately \$40.7 million (the “TCF Loan”). The second loan is a CMBS loan with KeyBank National Association, as the initial lender, and certain property owning subsidiaries, as borrowers, in the amount of approximately \$40.5 million (the “T4 CMBS Loan”). The third loan is an arrangement that SST IV entered with SmartCentres Storage Finance LP, as lender, in the amount of up to approximately \$68 million CAD (the “SmartCentres Loan”). The borrowers under the SmartCentres Loan are the joint venture entities in which we now hold a 50% limited partnership interest with subsidiaries of SmartCentres (the “JV Partnerships”). In connection with the foregoing assumptions, we became a non-recourse carve-out guarantor under the TCF Loan and the T4 CMBS Loan. In addition, we also became a recourse guarantor for (i) 25% of the TCF Loan, with such percentage decreasing in certain situations and (ii) 50% of the SmartCentres Loan.

Strategic Storage Trust VI, Inc.

We, through our subsidiary, SRA, now serve as sponsor for Strategic Storage Trust VI, Inc. (“SST VI”), a private REIT focused on acquiring income and growth self storage properties. On March 10, 2021, SmartStop OP made an investment of \$5.0 million in Strategic Storage Operating Partnership VI, L.P. (“SST VI OP”), the operating partnership of SST VI, in exchange for common units of limited partnership interest in SST VI OP. On March 11, 2021, SST VI OP, through a wholly-owned subsidiary, acquired its first self storage facility in Phoenix, Arizona for approximately \$16 million. SST VI commenced its private offering in the first quarter of 2021. Given our current level of ownership, we initially expect to consolidate SST VI in our financial statements until the equity raised in SST VI’s offering increases the level of outside ownership.

In connection with SST VI’s acquisition of the Phoenix property, we provided a \$3.5 million mezzanine loan to a wholly-owned subsidiary of SST VI’s operating partnership with an initial interest rate of 8.5% and term of six months; as well as a 180 day extension option which, if exercised, would increase the interest rate to 9.25%. In addition to the aforementioned mezzanine loan, SST VI financed the acquisition, in part, by obtaining a third party mortgage loan on the property of approximately \$9 million, which had an initial interest rate of 3.5%, and a three year term, with two one year extension options.

Amendment to the Operating Partnership Agreement

On March 24, 2021, we, as the general partner of our Operating Partnership, entered into Amendment No. 3 (the “Amendment”) to the Third Amended and Restated Limited Partnership Agreement of the Operating Partnership dated June 28, 2019, as amended to date (the “Partnership Agreement”), to make certain revisions to Exhibit D (Description of Class A-2 Units) to the Partnership Agreement.

The Amendment (i) revises the definition of “AUM” in connection with the earnout of the Class A-2 Units so that it (A) includes assets acquired by us and our affiliates and (B) includes 100% of any joint venture assets, rather than a pro rata percentage, and (ii) clarifies that the Class A-2 Units may be transferred after the two-year holding period.

On March 24, 2021, 1,094,434 Class A-2 Units held by an affiliate of SAM, were converted into 1,121,795 Class A-1 Units pursuant to the achievement of the first tier of earnout consideration received in connection with the self administration transaction entered into on June 28, 2019. Pursuant to the Partnership Agreement, Class A-1 Units of the Operating Partnership are exchangeable for Class A common stock.

SMARTSTOP SELF STORAGE REIT, INC. AND SUBSIDIARIES
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2020

Description	ST	Initial Cost to Company					Gross Carrying Amount at December 31, 2020					Date of Construction	Date Acquired
		Encumbrance	Land	Building and Improvements	Total	Cost Capitalized Subsequent to Acquisition	Land	Building and Improvements	Total(1)	Accumulated Depreciation			
Morrisville	NC	\$ 3,109,374	\$ 531,000	\$ 1,891,000	\$ 2,422,000	\$ 154,693	\$ 531,000	\$ 2,045,693	\$ 2,576,693	\$ 483,118	2004	11/3/2014	
Cary	NC	5,289,973	1,064,000	3,301,000	4,365,000	149,566	1,064,000	3,450,566	4,514,566	781,073	1998/2005/2006	11/3/2014	
Raleigh	NC	4,482,344	1,186,000	2,540,000	3,726,000	281,007	1,186,000	2,821,007	4,007,007	749,096	1999	11/3/2014	
Myrtle Beach I	SC	8,606,670	1,482,000	4,476,000	5,958,000	399,692	1,482,000	4,875,692	6,357,692	1,157,451	1998/2005-2007	11/3/2014	
Myrtle Beach II	SC	6,970,422	1,690,000	3,654,000	5,344,000	268,904	1,690,000	3,922,904	5,612,904	962,322	1999/2006	11/3/2014	
Whittier	CA	4,602,761	2,730,000	2,916,875	5,646,875	556,152	2,730,000	3,473,027	6,203,027	878,394	1989	2/19/2015	
La Verne	CA	3,167,492	1,950,000	2,036,875	3,986,875	315,625	1,950,000	2,352,500	4,302,500	637,553	1986	1/23/2015	
Santa Ana	CA	5,196,666	4,890,000	4,006,875	8,896,875	432,696	4,890,000	4,439,571	9,329,571	1,148,412	1978	2/5/2015	
Upland	CA	3,612,920	2,950,000	3,016,875	5,966,875	474,795	2,950,000	3,491,670	6,441,670	934,042	1979	1/29/2015	
La Habra	CA	3,662,412	2,060,000	2,356,875	4,416,875	358,283	2,060,000	2,715,158	4,775,158	650,124	1981	2/5/2015	
Monterey Park	CA	2,573,587	2,020,000	2,216,875	4,236,875	265,392	2,020,000	2,482,267	4,502,267	592,000	1987	2/5/2015	
Huntington Beach	CA	6,978,379	5,460,000	4,856,875	10,316,875	434,564	5,460,000	5,291,439	10,751,439	1,291,699	1986	2/5/2015	
Chico	CA	1,163,063	400,000	1,336,875	1,736,875	301,646	400,000	1,638,521	2,038,521	424,851	1984	1/23/2015	
Lancaster	CA	1,682,730	200,000	1,516,875	1,716,875	388,790	200,000	1,905,665	2,105,665	535,853	1980	1/29/2015	
Riverside	CA	2,326,127	370,000	2,326,875	2,696,875	556,660	370,000	2,883,535	3,253,535	702,132	1985	1/23/2015	
Fairfield	CA	2,746,809	730,000	2,946,875	3,676,875	219,987	730,000	3,166,862	3,896,862	752,721	1984	1/23/2015	
Lompoc	CA	2,821,047	1,000,000	2,746,875	3,746,875	196,871	1,000,000	2,943,746	3,943,746	700,266	1982	2/5/2015	
Santa Rosa	CA	7,324,823	3,150,000	6,716,875	9,866,875	570,137	3,150,000	7,287,012	10,437,012	1,713,660	1979-1981	1/29/2015	
Vallejo	CA	8,237,821	990,000	3,946,875	4,936,875	300,667	990,000	4,247,542	5,237,542	1,005,091	1981	1/29/2015	
Federal Heights	CO	2,375,619	1,100,000	3,346,875	4,446,875	384,145	1,100,000	3,731,020	4,831,020	1,028,501	1983	1/29/2015	
Aurora	CO	4,800,729	810,000	5,906,875	6,716,875	623,921	810,000	6,530,796	7,340,796	1,552,900	1984	2/5/2015	
Littleton	CO	2,177,650	1,680,000	2,456,875	4,136,875	325,375	1,680,000	2,782,250	4,462,250	704,722	1985	1/23/2015	
Bloomington	IL	2,375,619	810,000	3,856,874	4,666,874	438,757	810,000	4,295,631	5,105,631	988,929	1987	2/19/2015	
Crestwood	IL	1,633,238	250,000	2,096,875	2,346,875	400,190	250,000	2,497,065	2,747,065	620,585	1987	1/23/2015	
Forestville	MD	3,464,444	1,940,000	4,346,875	6,286,875	1,134,128	1,940,000	5,481,003	7,421,003	1,467,936	1988	1/23/2015	
Warren I	MI	1,954,936	230,000	2,966,875	3,196,875	540,970	230,000	3,507,845	3,737,845	826,849	1996	5/8/2015	
Sterling Heights	MI	2,301,381	250,000	3,286,875	3,536,875	822,804	250,000	4,109,679	4,359,679	925,909	1977	5/21/2015	
Troy	MI	3,414,952	240,000	4,176,875	4,416,875	312,636	240,000	4,489,511	4,729,511	1,035,935	1988	5/8/2015	
Warren II	MI	2,251,889	240,000	3,066,875	3,306,875	676,260	240,000	3,743,135	3,983,135	930,488	1987	5/8/2015	
Beverly	NJ	1,385,778	400,000	1,696,875	2,096,875	335,408	400,000	2,032,283	2,432,283	440,895	1988	5/28/2015	
Everett	WA	2,722,063	2,010,000	2,956,875	4,966,875	639,767	2,010,000	3,596,642	5,606,642	846,506	1986	2/5/2015	
Foley	AL	4,132,587	1,839,000	5,717,000	7,556,000	794,161	1,839,000	6,511,161	8,350,161	1,423,786	1985/1996/2006	9/11/2015	
Tampa	FL	1,633,238	718,244	2,257,471	2,975,715	584,751	718,244	2,842,222	3,560,466	598,303	1985	11/3/2015	
Boynton Beach	FL	8,166,188	1,983,491	15,232,817	17,216,308	497,684	1,983,491	15,730,501	17,713,992	2,398,657	2004	1/7/2016	
Lancaster II	CA	2,350,873	670,392	3,711,424	4,381,816	284,574	670,392	3,995,998	4,666,390	787,497	1991	1/11/2016	
Milton(2)	ONT	6,068,742	1,452,870	7,929,810	9,382,680	1,185,101 (3)	1,584,505	8,983,276	10,567,781	1,346,290	2006	2/11/2016	
Burlington I(2)	ONT	9,674,806	3,293,267	10,278,861	13,572,128	1,605,918 (3)	3,591,649	11,586,397	15,178,046	1,754,755	2011	2/11/2016	
Oakville I(2)	ONT	6,684,411	2,655,215	13,072,458	15,727,673	3,440,072 (3)	2,895,786	16,271,959	19,167,745	2,510,039	2016	2/11/2016	

Oakville II(2)	ONT	7,827,797	2,983,307	9,346,283	12,329,590	1,082,649	(3)	3,164,156	10,248,083	13,412,239	1,596,679	2004	2/29/2016
Burlington II(2)	ONT	4,837,403	2,944,035	5,125,839	8,069,874	707,348	(3)	3,122,504	5,654,718	8,777,222	875,180	2008	2/29/2016
Xenia	OH	2,705,559	275,493	2,664,693	2,940,186	109,253		275,493	2,773,946	3,049,439	515,997	2003	4/20/2016
Sidney	OH	1,817,166	255,246	1,806,349	2,061,595	186,550		255,246	1,992,899	2,248,145	541,954	2003	4/20/2016
Troy	OH	2,988,229	150,666	2,596,010	2,746,676	147,296		150,666	2,743,306	2,893,972	578,732	2003	4/20/2016
Greenville	OH	1,897,929	82,598	1,909,466	1,992,064	146,559		82,598	2,056,025	2,138,623	373,694	2003	4/20/2016
Washington Court House	OH	2,947,848	255,456	1,882,203	2,137,659	133,867		255,456	2,016,070	2,271,526	377,892	2003	4/20/2016
Richmond	IN	2,988,229	223,159	2,944,379	3,167,538	173,202		223,159	3,117,581	3,340,740	600,924	2003	4/20/2016
Connersville	IN	1,857,548	155,533	1,652,290	1,807,823	103,000		155,533	1,755,290	1,910,823	339,460	2003	4/20/2016
Port St. Lucie I	FL	7,430,191	2,589,781	6,339,578	8,929,359	211,938		2,589,781	6,551,516	9,141,297	1,089,677	1999	4/29/2016
Sacramento	CA	8,157,058	1,205,209	6,616,767	7,821,976	212,938		1,205,209	6,829,705	8,034,914	1,038,002	2006	5/9/2016
Oakland	CA	13,325,887	5,711,189	6,902,446	12,613,635	219,600		5,711,189	7,122,046	12,833,235	1,072,552	1979	5/18/2016
Concord	CA	32,628,233	19,090,003	17,202,868	36,292,871	387,750		19,090,003	17,590,618	36,680,621	2,743,596	1988/1998	5/18/2016
Pompano Beach	FL	8,590,310	3,947,715	16,656,002	20,603,717	246,372		3,947,715	16,902,374	20,850,089	2,314,967	1979	6/1/2016
Lake Worth	FL	10,308,370	12,108,208	10,804,173	22,912,381	320,345		12,108,208	11,124,518	23,232,726	2,104,765	1998/2003	6/1/2016
Jupiter	FL	11,568,280	16,029,881	10,556,833	26,586,714	299,814		16,029,881	10,856,647	26,886,528	1,720,706	1992/2012	6/1/2016
Royal Palm Beach	FL	9,678,415	11,425,394	13,275,322	24,700,716	187,370		11,425,394	13,462,692	24,888,086	2,404,301	2001/2003	6/1/2016
Port St. Lucie II	FL	7,264,947	5,130,621	8,410,474	13,541,095	345,056		5,130,621	8,755,530	13,886,151	1,477,030	2002	6/1/2016
Wellington	FL	14,456,568	10,233,511	11,662,801	21,896,312	137,696		10,233,511	11,800,497	22,034,008	1,747,065	2005	6/1/2016
Doral	FL	14,133,517	11,335,658	11,485,045	22,820,703	309,000		11,335,658	11,794,045	23,129,703	1,775,725	1998	6/1/2016
Plantation	FL	15,969,792	12,989,079	19,224,919	32,213,998	460,227		12,989,079	19,685,146	32,674,225	2,896,603	2002/2012	6/1/2016
Naples	FL	14,214,280	11,789,085	12,771,305	24,560,390	255,610		11,789,085	13,026,915	24,816,000	1,902,481	2002	6/1/2016
Delray	FL	11,854,625	17,096,692	12,983,627	30,080,319	241,033		17,096,692	13,224,660	30,321,352	1,991,270	2003	6/1/2016
Baltimore	MD	16,293,926	3,897,872	22,427,843	26,325,715	469,901		3,897,872	22,897,744	26,795,616	3,535,225	1990/2014	6/1/2016
Sonoma	CA	6,283,197	3,468,153	3,679,939	7,148,092	155,859		3,468,153	3,835,798	7,303,951	612,444	1984	6/14/2016
Las Vegas I	NV	10,210,195	2,391,220	11,117,892	13,509,112	210,409		2,391,220	11,328,301	13,719,521	1,539,337	2002	7/28/2016
Las Vegas II	NV	10,471,995	3,840,088	9,916,937	13,757,025	176,148		3,840,088	10,093,085	13,933,173	1,459,661	2000	9/23/2016
Las Vegas III	NV	6,544,997	2,565,579	6,338,944	8,904,523	254,770		2,565,579	6,593,714	9,159,293	978,873	1989	9/27/2016
Asheville I	NC	7,019,318	3,619,676	11,173,603	14,793,279	426,488		3,619,676	11,600,091	15,219,767	1,654,688	1988/2005/2015	12/30/2016
Asheville II	NC	3,193,545	1,764,969	3,107,311	4,872,280	136,440		1,764,969	3,243,751	5,008,720	496,179	1984	12/30/2016
Hendersonville I	NC	2,204,681	1,081,547	3,441,204	4,522,751	174,583		1,081,547	3,615,787	4,697,334	516,311	1982	12/30/2016
Asheville III	NC	4,595,788	5,096,833	4,620,013	9,716,846	237,943		5,096,833	4,857,956	9,954,789	763,659	1991/2002	12/30/2016
Arden	NC	6,443,829	1,790,118	10,265,741	12,055,859	286,135		1,790,118	10,551,876	12,341,994	1,347,993	1973	12/30/2016
Asheville IV	NC	4,336,414	4,558,139	4,455,118	9,013,257	161,485		4,558,139	4,616,603	9,174,742	738,658	1985/1986/2005	12/30/2016
Asheville V	NC	4,984,850	2,414,680	7,826,417	10,241,097	237,279		2,414,680	8,063,696	10,478,376	1,155,385	1978/2009/2014	12/30/2016
Asheville VI	NC	3,428,604	1,306,240	5,121,332	6,427,572	191,332		1,306,240	5,312,664	6,618,904	702,186	2004	12/30/2016
Asheville VIII	NC	4,457,995	1,764,965	6,162,855	7,927,820	253,925		1,764,965	6,416,780	8,181,745	939,546	1968/2002	12/30/2016
Hendersonville II	NC	4,198,620	2,597,584	5,037,350	7,634,934	231,075		2,597,584	5,268,425	7,866,009	894,115	1989/2003	12/30/2016
Asheville VII	NC	1,564,351	782,457	2,139,791	2,922,248	77,153		782,457	2,216,944	2,999,401	344,297	1999	12/30/2016
Sweeten Creek Land	NC	—	348,480	—	348,480	—		348,480	—	348,480	—	N/A	12/30/2016
Highland Center Land	NC	—	50,000	—	50,000	—		50,000	—	50,000	—	N/A	12/30/2016
Aurora II	CO	8,560,873	1,584,664	8,196,091	9,780,755	133,413		1,584,664	8,329,504	9,914,168	1,292,252	2012	1/11/2017
Dufferin(2)	ONT	18,821,895	6,258,511	16,287,332	22,545,843	2,995,447	(3)	6,958,371	18,582,919	25,541,290	2,312,634	2015	2/1/2017
Mavis(2)	ONT	13,017,011	4,657,233	14,493,508	19,150,741	2,314,020	(3)	5,178,028	16,286,733	21,464,761	2,014,225	2013	2/1/2017
Brewster(2)	ONT	9,586,853	4,136,329	9,527,410	13,663,739	1,607,064	(3)	4,598,876	10,671,927	15,270,803	1,339,009	2013	2/1/2017
Granite(2)	ONT	6,332,600	3,126,446	8,701,429	11,827,875	1,443,554	(3)	3,476,062	9,795,367	13,271,429	1,171,561	1998/2016	2/1/2017
Centennial(2)	ONT	4,485,592	1,714,644	11,428,538	13,143,182	1,593,845	(3)	1,906,384	12,830,643	14,737,027	1,512,894	2016/2017	2/1/2017

Description	ST	Initial Cost to Company					Gross Carrying Amount at December 31, 2020					
		Encumbrance	Land	Building and Improvements	Total	Cost Capitalized Subsequent to Acquisition	Land	Building and Improvements	Total(1)	Accumulated Depreciation	Date of Construction	Date Acquired
Ft. Pierce	FL	6,479,547	1,152,931	12,398,306	13,551,237	129,493	1,156,293	12,524,437	13,680,730	749,851	2008	1/24/2019
Russell Blvd, Las Vegas II	NV	13,002,835	3,433,634	15,449,497	18,883,131	132,138	3,438,279	15,576,990	19,015,269	1,169,420	1996	1/24/2019
Jones Blvd, Las Vegas I	NV	10,902,999	1,975,283	12,565,410	14,540,693	113,052	1,978,884	12,674,861	14,653,745	757,400	1999	1/24/2019
Airport Rd, Colorado Springs	CO	3,664,395	870,373	7,877,813	8,748,186	220,490	872,523	8,096,153	8,968,676	516,585	1983	1/24/2019
Riverside	CA	6,461,036	1,259,685	6,995,794	8,255,479	253,593	1,261,734	7,247,338	8,509,072	481,177	1980	1/24/2019
Stockton	CA	5,653,407	783,938	7,706,492	8,490,430	69,715	786,045	7,774,100	8,560,145	509,303	1984	1/24/2019
Azusa	CA	9,530,028	4,384,861	9,153,677	13,538,538	202,371	4,388,187	9,352,722	13,740,909	584,010	1986	1/24/2019
Romeoville	IL	3,836,240	964,701	5,755,146	6,719,847	183,355	966,367	5,936,835	6,903,202	402,473	1986	1/24/2019
Elgin	IL	2,665,177	1,162,197	2,895,052	4,057,249	169,685	1,163,207	3,063,727	4,226,934	258,475	1986	1/24/2019
San Antonio I	TX	9,126,214	1,602,740	9,196,093	10,798,833	184,566	1,605,415	9,377,984	10,983,399	592,176	1998	1/24/2019
Kingwood	TX	6,299,510	1,016,291	9,358,519	10,374,810	174,887	1,018,822	9,530,875	10,549,697	630,274	2001	1/24/2019
Aurora	CO	3,942,344	1,678,141	5,958,219	7,636,360	76,540	1,680,019	6,032,881	7,712,900	505,106	2015	1/24/2019
San Antonio II	TX	—	3,109,187	8,579,806	11,688,993	—	—	—	—	—	2004	1/24/2019
Stoney Creek I	TOR	5,712,058	2,363,127	8,154,202	10,517,329	603,571	(3) 2,475,762	8,645,138	11,120,900	566,990	N/A	1/24/2019
Torbarrie	TOR	6,423,863	2,714,051	—	2,714,051	—	(3) 2,843,412	14,061,994	16,905,406	428,890	1980	1/24/2019
Baseline	AZ	5,882,318	1,307,289	11,385,380	12,692,669	—	1,310,430	11,605,833	12,916,263	753,252	2016	1/24/2019
3173 Sweeten Creek Rd, Asheville	NC	3,636,033	1,036,164	8,764,558	9,800,722	1,238,977	1,038,538	10,001,161	11,039,699	585,196	1982	1/24/2019
Elk Grove	IL	3,670,067	2,384,166	6,000,071	8,384,237	164,242	2,386,241	6,162,238	8,548,479	400,769	2016	1/24/2019
Garden Grove	CA	10,885,408	8,076,202	13,152,494	21,228,696	134,269	8,081,469	13,281,496	21,362,965	846,688	2017	1/24/2019
Deaverview Rd, Asheville	NC	2,830,546	1,449,001	4,412,039	5,861,040	207,943	1,450,457	4,618,526	6,068,983	324,157	1992	1/24/2019
Highland Center Blvd, Asheville	NC	3,267,324	1,763,875	4,823,116	6,586,991	99,121	1,765,497	4,920,615	6,686,112	332,058	1994	1/24/2019
Sarasota	FL	3,687,085	1,084,165	7,359,913	8,444,078	86,558	1,086,243	7,444,393	8,530,636	446,430	2017	1/24/2019
Mount Pleasant	SC	3,528,256	1,054,553	5,678,794	6,733,347	148,802	1,056,257	5,825,892	6,882,149	348,794	2016	1/24/2019
Nantucket	MA	25,198,238	5,854,837	33,210,517	39,065,354	159,319	5,864,568	33,360,105	39,224,673	1,960,699	2002	1/24/2019
Pembroke Pines	FL	8,559,709	3,146,970	14,296,167	17,443,137	70,708	3,151,227	14,362,618	17,513,845	892,843	2018	1/24/2019
Riverview	FL	4,674,089	1,593,082	7,102,271	8,695,353	918,900	2,408,153	7,206,100	9,614,253	474,508	2018	1/24/2019
Eastlake	CA	10,193,371	2,120,104	15,417,746	17,537,850	56,350	2,124,462	15,469,738	17,594,200	891,288	2018	1/24/2019
McKinney	TX	5,990,094	2,177,186	9,320,876	11,498,062	134,923	2,179,999	9,452,986	11,632,985	573,274	2016	1/24/2019
Hualapai Way, Las Vegas	NV	5,428,523	742,839	9,018,717	9,761,556	54,149	745,225	9,070,480	9,815,705	550,290	2018	1/24/2019
Gilbert	AZ	5,672,438	1,379,687	9,021,255	10,400,942	457,349	1,037,750	9,820,541	10,858,291	457,210	2019	7/11/2019
Corporate Office	CA	4,099,152	975,000	5,525,000	6,500,000	—	975,000	5,555,585	6,530,585	223,735	2018	1/24/2019
		<u>\$ 721,512,177</u>	<u>\$ 334,865,685</u>	<u>\$ 823,989,800</u>	<u>\$ 1,158,855,485</u>	<u>\$ 48,490,556</u>	<u>\$ 335,800,354</u>	<u>\$ 874,302,228</u>	<u>\$ 1,210,102,582</u>	<u>\$ 115,903,045</u>		

- (1) The aggregate cost of real estate for United States federal income tax purposes is approximately \$1,246,517,589.
- (2) This property is located in Ontario, Canada.
- (3) The change in cost at these self storage facilities are the net of the impact of foreign exchange rate changes and any actual additions.

Activity in real estate facilities during 2020 was as follows:

	2020
Real estate facilities	
Balance at beginning of year	\$ 1,173,825,368
Impact of foreign exchange rate changes	4,147,798
Improvements, additions and other	32,129,416
Balance at end of year	\$ 1,210,102,582
Accumulated depreciation	
Balance at beginning of year	\$ (83,692,491)
Depreciation expense	(31,711,102)
Impact of foreign exchange rate changes	(499,452)
Balance at end of year	\$ (115,903,045)
Construction in process	
Balance at beginning of year	\$ 12,237,722
Net additions and assets placed into service	(10,476,419)
Balance at end of year	\$ 1,761,303
Real estate facilities, net	\$ 1,095,960,840

EXHIBIT INDEX

Exhibit No.	Description
2.1	<u>Agreement and Plan of Merger, dated November 10, 2020, by and among SmartStop Self Storage REIT, Inc., Strategic Storage Trust IV, Inc., and SST IV Merger Sub, LLC, incorporated by reference to Exhibit 2.1 to the Company's Form 8-K, filed on November 12, 2020, Commission File No. 000-55617</u>
3.1	<u>Second Articles of Amendment and Restatement of SmartStop Self Storage REIT, Inc., incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on September 19, 2019, Commission File No. 000-55617</u>
3.2	<u>Articles Supplementary for Series A Convertible Preferred Stock of SmartStop Self Storage REIT, Inc., incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on October 30, 2019, Commission File No. 000-55617</u>
3.3	<u>Amended and Restated Bylaws of SmartStop Self Storage REIT, Inc., incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, filed on September 19, 2019, Commission File No. 000-55617</u>
4.1	<u>Distribution Reinvestment Plan Enrollment Form (included as Appendix A to prospectus), incorporated by reference to the Company's Registration Statement on Form S-3, filed on November 30, 2016, Commission File No. 333-214848</u>
4.2	<u>Second Amended and Restated Distribution Reinvestment Plan (included as Appendix B to prospectus), incorporated by reference to the Company's Registration Statement on Form S-3, filed on November 30, 2016, Commission File No. 333-214848</u>
4.3	<u>Description of Common Stock incorporated by reference to Exhibit 4.3 to the Company's Annual Report on Form 10-K, filed on March 27, 2020, Commission File No. 00055617</u>
10.1	<u>Employee and Director Long-Term Incentive Plan, incorporated by reference to Exhibit 10.5 to the Company's Form 10-K, filed on March 31, 2014, Commission File No. 333-190983</u>
10.2	<u>Amendment No. 1 to the Employee and Director Long-Term Incentive Plan of SmartStop Self Storage REIT, Inc., incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K, filed on April 24, 2020, Commission File No. 000-55617</u>
10.3	<u>Third Amended and Restated Limited Partnership Agreement, dated June 28, 2019, of Strategic Storage Operating Partnership II, L.P., incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on July 2, 2019, Commission File No. 000-55617</u>
10.4	<u>Amendment No. 1 to Third Amended and Restated Limited Partnership Agreement of SmartStop OP, L.P., incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on October 30, 2019, Commission File No. 000-55617</u>
10.5	<u>Amendment No. 2 to Third Amended and Restated Limited Partnership Agreement of SmartStop OP, L.P., incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on April 24, 2020, Commission File No. 000-55617</u>
10.6	<u>Form of Time-Based Restricted Stock Agreement, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on April 24, 2020, Commission File No. 000-55617</u>
10.7	<u>Form of Performance-Based Restricted Stock Agreement, incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed on April 24, 2020, Commission File No. 000-55617</u>
10.8	<u>Form of Time-Based LTIP Unit Agreement, incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K, filed on April 24, 2020, Commission File No. 000-55617</u>
10.9	<u>Form of Performance-Based LTIP Unit Agreement, incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K, filed on April 24, 2020, Commission File No. 000-55617</u>
10.10*	<u>SmartStop Self Storage REIT, Inc. Executive Severance and Change of Control Plan</u>
10.11	<u>Amendment No. 1 to the Executive Severance and Change of Control Plan of SmartStop Self Storage REIT, Inc., incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K, filed on April 24, 2020, Commission File No. 000-55617</u>

Exhibit No.	Description
10.12	<u>Loan Agreement, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, filed on August 3, 2016, Commission File No. 000-55617</u>
10.13	<u>KeyBank Guaranty, incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on August 3, 2016, Commission File No. 000-55617</u>
10.14	<u>Promissory Note A-1, incorporated by reference to Exhibit 10.3 to the Company's Form 8-K filed on August 3, 2016, Commission File No. 000-55617</u>
10.15	<u>Promissory Note A-2, incorporated by reference to Exhibit 10.4 to the Company's Form 8-K filed on August 3, 2016, Commission File No. 000-55617</u>
10.16	<u>CMBS Loan Agreement, dated January 24, 2019, incorporated by reference to Exhibit 10.9 to the Company's Form 8-K, filed on January 30, 2019, Commission File No. 000-55617</u>
10.17	<u>CMBS Promissory Note A-1, dated January 24, 2019, incorporated by reference to Exhibit 10.10 to the Company's Form 8-K, filed on January 30, 2019, Commission File No. 000-55617</u>
10.18	<u>CMBS Promissory Note A-2, dated January 24, 2019, incorporated by reference to Exhibit 10.11 to the Company's Form 8-K, filed on January 30, 2019, Commission File No. 000-55617</u>
10.19	<u>CMBS Promissory Note A-3, dated January 24, 2019, incorporated by reference to Exhibit 10.12 to the Company's Form 8-K, filed on January 30, 2019, Commission File No. 000-55617</u>
10.20	<u>CMBS Promissory Note A-4, dated January 24, 2019, incorporated by reference to Exhibit 10.13 to the Company's Form 8-K, filed on January 30, 2019, Commission File No. 000-55617</u>
10.21	<u>CMBS Guaranty Agreement, dated January 24, 2019, incorporated by reference to Exhibit 10.14 to the Company's Form 8-K, filed on January 30, 2019, Commission File No. 000-55617</u>
10.22	<u>Contribution Agreement, dated June 28, 2019, by and among Strategic Storage Operating Partnership II, L.P., the Company, SmartStop Asset Management, LLC and SmartStop OP Holdings, LLC, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on July 2, 2019, Commission File No. 000-55617</u>
10.23	<u>Registration Rights Agreement, dated June 28, 2019, by and among the Company, Strategic Storage Operating Partnership II, L.P., SmartStop OP Holdings, LLC, SS Growth Advisor, LLC, Strategic 1031, LLC, SS Toronto REIT Advisors, Inc., San Juan Capital, LLC, and JDW 1998 Trust, incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed on July 2, 2019, Commission File No. 000-55617</u>
10.24	<u>Form of Indemnification Agreement, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on September 19, 2019, Commission File No. 000-55617</u>
10.25	<u>Preferred Stock Purchase Agreement, dated as of October 29, 2019, by and between SmartStop Self Storage REIT, Inc. and Extra Space Storage LP, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on October 30, 2019, Commission File No. 000-55617</u>
10.26	<u>Investors' Rights Agreement, dated as of October 29, 2019, by and between SmartStop Self Storage REIT, Inc. and Extra Space Storage LP, incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed on October 30, 2019, Commission File No. 000-55617</u>
10.27	<u>Executive Transition Services Agreement, dated February 26, 2021, by and among SmartStop Self Storage REIT, Inc., SmartStop OP, L.P., and SmartStop Storage Advisors, LLC, and Michael S. McClure, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on February 26, 2021, Commission File No. 000-55617</u>
10.28	<u>Credit Agreement, dated March 17, 2021, among SmartStop OP, L.P., as borrower, KeyBank, National Association, as administrative agent, certain other financial institutions acting as joint book runners, joint lead arrangers, syndication agents and documentation agents, and certain lenders party thereto, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on March 17, 2021, Commission File No. 000-55617</u>
10.29	<u>Amendment No. 3 to Third Amended and Restated Limited Partnership Agreement of SmartStop OP, L.P., incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on March 25, 2021, Commission File No. 000-55617</u>

Exhibit No.	Description
21.1*	Subsidiaries of SmartStop Self Storage REIT, Inc.
23.1*	Consent of Independent Registered Public Accounting Firm
31.1*	Certification of Principal Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Principal Executive Officer, pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Principal Executive Financial Officer, pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002
99.1*	Consent of Robert A. Stanger & Co., Inc.
101*	The following SmartStop Self Storage REIT, Inc. financial information for the Year Ended December 31, 2020, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Loss, (iv) Consolidated Statements of Equity, (v) Consolidated Statements of Cash Flows and (vi) the Notes to Consolidated Financial Statements
104*	The cover page from the Company's Annual Report on Form 10-K for the year ended December 31, 2020 has been formatted in Inline XBRL
*	Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Ladera Ranch, State of California, on March 26, 2021.

SMARTSTOP SELF STORAGE REIT, INC.

By: /s/ Michael S. McClure
Michael S. McClure
Chief Executive Officer

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Michael S. McClure</u> Michael S. McClure	Chief Executive Officer (Principal Executive Officer)	March 26, 2021
<u>/s/ James R. Barry</u> James R. Barry	Chief Financial Officer and Treasurer (Principal Financial Officer)	March 26, 2021
<u>/s/ Michael Terjung</u> Michael Terjung	Chief Accounting Officer (Principal Accounting Officer)	March 26, 2021
<u>/s/ David J. Mueller</u> David J. Mueller	Independent Director	March 26, 2021
<u>/s/ Harold "Skip" Perry</u> Harold "Skip" Perry	Independent Director	March 26, 2021
<u>/s/ Timothy S. Morris</u> Timothy S. Morris	Independent Director	March 26, 2021
<u>/s/ Paula Mathews</u> Paula Mathews	Director	March 26, 2021

STRATEGIC STORAGE TRUST II, INC.
EXECUTIVE SEVERANCE AND CHANGE OF CONTROL PLAN

ARTICLE I

PURPOSE AND PARTICIPATION

1.1 Adoption; Purpose. The Board of Directors (the “**Board**”) of Strategic Storage Trust II, Inc. (the “**Company**”) has adopted this Executive Severance and Change of Control Plan (this “**Plan**”) for the purpose of providing severance and change of control protections to certain key employees of the Company and its Subsidiaries. The Plan, as set forth herein, is intended to provide severance protections to a select group of management or highly compensated employees (within the meaning of ERISA) in connection with qualifying terminations of employment.

1.2 Participation. This Plan is only for the benefit of Participants, and no other employees, personnel, consultants or independent contractors shall be eligible to participate in this Plan or to receive any rights or benefits hereunder. Participants are those employees (including new hires) designated by the Compensation Committee as Participants from time to time, subject to, and conditioned upon, such employee executing and delivering to the Company a Letter Agreement.

1.3 Contract of Employment. Nothing in this Plan shall be construed as creating an express or implied contract of employment and nothing herein shall confer upon any Participant any right with respect to continued employment with the Company or any Subsidiary or limit the right of the Company or any Subsidiary to terminate such Participant at any time.

ARTICLE II

DEFINITIONS AND INTERPRETATIONS

2.1 Definitions.

Capitalized terms used in this Plan but not otherwise defined herein shall have the following respective meanings:

“**Accrued Obligations**” shall mean, with respect to a Participant, the sum of the following: (a) any accrued but unpaid Base Salary of such Participant through the Termination Date; (b) reimbursement for any unreimbursed business expenses properly incurred by such Participant in accordance with Company policy through such Participant’s Termination Date; (c) accrued and unused paid time off (PTO) or vacation; and (d) benefits due under any indemnification, insurance or other plan or arrangement to which such Participant may be entitled according to the documents governing such plans or arrangements, including coverage under COBRA to which such Participant or his or her beneficiaries may be entitled under Part 6 of Title I of ERISA and all related state and local laws.

“**Affiliate**” means any domestic or foreign individual, partnership, corporation, limited liability company, association, joint stock company, trust, joint venture, unincorporated organization or

governmental entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the Company.

“**Average Cash Bonus**” shall mean a Participant’s average annual cash performance bonus based on the amount of cash performance bonus, if any, earned for the three (3) most recent years completed prior to the Termination Event, *provided that*, if the Participant was not eligible to receive an annual cash performance bonus for at least three (3) completed years prior to the Termination Event, then the Average Cash Bonus shall be (a) if the Participant earned a bonus for two (2) years completed prior to the Termination Event, the average annual cash performance bonus, if any, for the prior two (2) years; (b) if the Participant was eligible to receive a bonus for only one year completed prior to the Termination Event, the cash performance bonus, if any, earned for such year; and (c) if the Participant has not been employed long enough to be eligible to receive an annual bonus, then the Participant’s target annual cash performance bonus for the year in which the Termination Event occurs. In the event a Termination Event occurs following the completion of a year but prior to the payment date with respect to such year, the amount of such bonus shall be used in determining the Average Cash Bonus (i.e., disregarding any continued employment requirement through the payment date).

“**Base Salary**” shall mean the highest annual base salary paid to a Participant at any time by the Company within the two (2) years prior to the occurrence of a Termination Event with respect to such Participant.

“**Cause**” shall mean any of the following:

(a) the willful fraud or material dishonesty of the Participant in connection with the performance of the Participant’s duties to the Company;

(b) the deliberate or intentional failure by the Participant to substantially perform the Participant’s duties to the Company (other than the Participant’s failure resulting from the Participant’s incapacity due to physical or mental illness or any such actual or anticipated failure after the Participant’s issuance of a Termination Notice for Good Reason) after a written notice is delivered to the Participant by the Company, which demand specifically identifies the manner in which the Company believes the Participant has not substantially performed the Participant’s duties;

(c) willful misconduct by the Participant that is materially detrimental to the reputation, goodwill or business operations of the Company or any Affiliate;

(d) willful disclosure of the Company’s Confidential Information or trade secrets;

(e) a breach of any restrictive covenants contained within the Participant’s Letter Agreement; or

(f) the Participant’s conviction of, or plea of no contest to a charge of commission of, a felony or crime of moral turpitude.

For purposes of this definition, no act or failure to act will be considered “willful,” unless it is done or omitted to be done, by the Participant in bad faith or without reasonable belief that the

Participant's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company will be presumed to be done, or omitted to be done, by the Participant in good faith and in the best interests of the Company. In order for the Company to terminate the Participant's employment for "Cause", the Company shall have first given written notice of the alleged grounds purporting to constitute Cause (which notice must be given within sixty (60) days following the Board's actual knowledge of the grounds purporting to constitute Cause) and the same shall not have been cured (if capable of cure) within 10 business days following such written notice.

"Change of Control" means the first to occur of any of the events set forth in the following paragraphs; *provided, however*, that a Qualified Event shall not constitute a Change of Control:

(a) any "person," as such term is used in Sections 13(d) and 14(d) of the Exchange Act, other than the Company or an Affiliate or a Company employee benefit plan, including any trustee of such plan acting as trustee, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities entitled to vote;

(b) a merger, reverse merger or other business combination or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation other than an Affiliate, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger, reverse merger, business combination or consolidation;

(c) during any 12-month period, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in subsections (a) or (b)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least a majority of the directors then still in office who either were directors at the beginning of the 12-month period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof;

(d) a sale or disposition (other than to an Affiliate) of all or substantially all of the Company's assets in any single transaction or series of related transactions; or

(e) the stockholders of the Company or the Board adopts a plan of liquidation.

Notwithstanding the foregoing, if a Change of Control constitutes a payment event with respect to an amount that provides for the deferral of compensation that is subject to Section 409A, then, to the extent required to avoid the imposition of additional taxes under Section 409A, the transaction or event described above shall only constitute a Change of Control if such transaction also constitutes a "change in control event" (within the meaning of Section 409A).

“**Change of Control Severance Payment**” shall mean an amount equal to: (a) 3.0 if the Participant is the Executive Chairman or Chief Executive Officer of the Company, or 2.0 if the Participant is another officer of the Company or any of its Subsidiaries; multiplied by (b) the sum of: (i) the Participant’s Base Salary; plus (ii) the Participant’s Average Cash Bonus.

“**COBRA**” shall mean the Consolidated Omnibus Reconciliation Act of 1985, as amended.

“**Code**” shall mean the Internal Revenue Code of 1986, as amended, and the regulations and formal guidance promulgated thereunder.

“**Compensation Committee**” shall mean the Compensation Committee of the Board.

“**Disability**” shall mean, with respect to a Participant, the same meaning as provided in the long-term disability plan or policy maintained by the Company. If no such disability plan or policy is maintained by the Company, “Disabled” means the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment, which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months. If the Participant disputes the Company’s determination of Disability, the Participant (or his or her designated physician) and the Company (or its designated physician) shall jointly appoint a third-party physician to examine the Participant and determine whether the Participant is Disabled.

“**Effective Date**” shall mean June 27, 2019.

“**ERISA**” shall mean the Employment Retirement Income Security Act of 1974, as amended, and the regulations and formal guidance promulgated thereunder.

“**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended.

“**Good Reason**” means, without the Participant’s written consent:

(a) a material diminution of the Participant’s annual Base Salary, target Annual Bonus, target annual equity-based compensation opportunity, or other annual incentive compensation opportunities, in each case, as in effect on the Effective Date and as may be increased from time to time;

(b) a material reduction in the Participant’s authority, title, duties or responsibilities;

(c) the Participant being required to relocate the Participant’s principal place of employment with the Company more than thirty (30) miles from the Participant’s principal place of employment as of the Effective Date, it being understood that the Participant may be required to travel frequently in connection with the Participant’s position as set forth herein and that prolonged periods away from the Participant’s principal residence shall not constitute Good Reason; or

(d) failure of any successor to the Company following a Change of Control to assume this Plan and the obligations hereunder.

A termination of employment by the Participant shall not be deemed to be for Good Reason unless (i) the Participant gives the Company written notice describing the event or events which are the basis for such termination within sixty (60) calendar days after the Participant knows or should have known of the occurrence of such event or events, (ii) such grounds for termination (if susceptible to correction) are not corrected by the Company within thirty (30) calendar days after the Company's receipt of such notice ("**Correction Period**"), and (iii) the Participant terminates the Participant's employment no later than thirty (30) calendar days following the Correction Period.

"**Letter Agreement**" shall mean a letter agreement, substantially in the form attached hereto as Exhibit A (together with any changes approved by the Compensation Committee), executed and delivered by the Company and a Participant.

"**Participant**" shall mean an employee of the Company or any Subsidiary who both: (a) the Compensation Committee from time to time designates as a Participant in accordance with Section 1.2; and (b) has entered into a Letter Agreement with the Company.

"**Qualified Event**" means any of the following: (a) a straight listing of the Shares on the New York Stock Exchange, NASDAQ or on any other nationally recognized stock exchange; (b) an underwritten public offering of the Shares pursuant to an effective registration statement under the Securities Act of 1933, as amended from time to time, which the Shares are approved for listing or quotation on the New York Stock Exchange, NASDAQ or on any other nationally recognized stock exchange; or (c) a reverse merger of the Company into an existing publicly held company or its acquisition subsidiary, resulting in the Shares first becoming listed on the New York Stock Exchange, NASDAQ or on any other nationally recognized stock exchange.

"**Restrictive Covenants**" shall mean, with respect to a Participant, those non-competition, non-solicitation, non-disclosure, non-disparagement and other similar restrictive covenants set forth in the Letter Agreement executed and delivered by such Participant pursuant to this Plan.

"**Severance Period**" means a period of time following the Termination Date equal to the number of years equal to the multiple (i.e., 3.0, 2.0, 1.5 or 1.0) of the Participant's Change of Control Severance Payment or Severance Payment, as applicable.

"**Shares**" means shares of the common stock of the Company and any successor security or interest.

"**Subsidiary**" means any subsidiary, affiliate or joint venture of the Company.

"**Termination Date**" shall mean, with respect to a Participant: (a) in the case of such Participant's death, his or her date of death; (b) in the case of such Participant's voluntary termination, the last day of such Participant's employment; and (c) in all other cases, the date specified in the applicable Termination Notice.

"**Termination Event**" shall mean the termination of the employee-employer relationship between a Participant and the Company or any Subsidiary by reason of: (a) the resignation of such Participant; (b) the Company's termination of such Participant; or (c) the death or Disability of such Participant.

“**Severance Payment**” shall mean an amount equal to: (a) 2.0 if the Participant is the Executive Chairman or Chief Executive Officer of the Company, 1.5 if the Participant is the Chief Investment Officer or Chief Accounting Officer, or 1.0 if the Participant is another officer of the Company or its Affiliates; multiplied by (b) the sum of: (i) such Participant’s Base Salary; plus (ii) such Participant’s Average Cash Bonus.

2.2 Interpretation. In this Plan, unless a clear contrary intention appears: (a) the words “herein,” “hereof” and “hereunder” refer to this Plan as a whole and not to any particular Article, Section or other subdivision; (b) reference to any Article or Section, means such Article or Section hereof; and (c) the words “including” (and with correlative meaning “include”) means including, without limiting the generality of any description preceding such term. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

ARTICLE III

SEVERANCE; CHANGE OF CONTROL

3.1 Termination Without Cause or for Good Reason. Except as otherwise set forth in Section 3.2 and subject to Section 3.4, in the event that a Termination Event occurs with respect to a Participant by the Company or any Subsidiary without Cause (other than by reason of the death or Disability of such Participant) or by reason of a resignation by such Participant for Good Reason, such Participant shall be entitled to receive from the Company the Accrued Obligations and each of the following, subject to Section 4.2:

(a) a Severance Payment, which amount the Company shall pay to the Participant over the Severance Period in equal installments in accordance with the Company’s normal payroll practices, commencing within sixty (60) calendar days following the Termination Date; and

(b) the Company shall, at the Company’s expense, for period of time ending on the earlier to occur of (i) the completion of the applicable Severance Period and (ii) the date on which the Participant becomes eligible to receive healthcare coverage from a subsequent employer (the “**Benefit Continuation Period**”), provide medical coverage through the Company’s group medical plans at the same levels as would have applied if the Participant’s employment had not been terminated or reimburse the cost of such medical coverage, *provided* that (A) such Participant completes and timely files all necessary COBRA election documentation, which will be sent to such Participant after the Termination Date, and (B) in the case of reimbursement, during any COBRA period, such Participant continues to make all required premium payments required by COBRA. Notwithstanding the foregoing, if any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the Benefit Continuation Period to be, exempt from the application of Section 409A under Treasury Regulation Section 1.409A-1(a)(5), or the Company is otherwise unable to continue to cover such Participant under its group health plans without penalty to the Company or the Participant under applicable law (including without limitation, Section 2716 of the Public Health Service Act) or due to unwillingness of the applicable group health plan’s insurer to allow such coverage, then, in either case, an amount equal to the COBRA premium as in effect as of such date shall thereafter be paid to such Participant in substantially equal monthly installments over the remainder of the Benefit Continuation Period; and

(c) any unvested restricted stock or other equity awards issued to the Participant under the Company's Long-Term Incentive Plan or otherwise by the Company or its Affiliates that vests solely based on the passage of time (each, a "***Time-Based Award***") shall vest and become exercisable, if applicable, as to the number of shares subject to such award that would have vested (and become exercisable) over the 12 month period following the Termination Date had the Participant remained employed; and

(d) any performance-based vesting award issued to the Participant under the Company's Long-Term Incentive Plan or otherwise by the Company or its Affiliates (each, a "***Performance-Based Award***") that remains outstanding on the Termination Date shall remain outstanding and eligible to be earned following the completion of the performance period based on the actual achievement of applicable performance goals, and to the extent earned (if at all) shall vest on a pro rata basis based on the number of days the Participant remained employed from the commencement of the performance period through the Termination Date.

3.2 Change of Control Followed by Termination Without Cause or for Good Reason. Subject to Section 3.4, in the event that a Change of Control occurs:

(a) any Time-Based Award that remains outstanding shall vest and, if applicable, become exercisable immediately prior to the Change of Control, subject to the Participant's continued employment until immediately prior to such event; and

(b) any Performance-Based Award that remains outstanding and that is not continued, converted, assumed or replaced with a substantially similar award by the Company or a successor entity or its parent or subsidiary in connection with the Change of Control (in each case, such award being considered "***Assumed***"), shall vest and, if applicable, become exercisable immediately prior to the Change of Control based on actual achievement of the applicable performance goals through the date of the Change of Control, as determined in the sole discretion of the Compensation Committee; and

(c) if, during the twelve (12) month period following such Change of Control, a Termination Event occurs with respect to a Participant by reason of a Termination Event by the Company or any Subsidiary without Cause (other than by reason of the death or Disability of such Participant) or by reason of a resignation by such Participant for Good Reason, such Participant shall be entitled to receive from the Company the Accrued Obligations and each of the following, subject to Section 4.2:

i. a Change of Control Severance Payment, which amount the Company shall pay to the Participant in a lump sum (subject to Section 4.2) within sixty (60) days following the Termination Date; provided, however, that if such Change of Control does not constitute a "change in control event" for purposes of Section 409A, then the Change of Control Severance Payment shall be paid pursuant to the payment timing set forth in Section 3.1(a) over the Severance Period; and

ii. the Company shall, at the Company's expense, for the Benefit Continuation Period, provide medical coverage or a corresponding payment as described in Section 3.1(b); and

iii. any Performance-Based Award that was Assumed in connection with such Change of Control and that remains unvested on the Termination Date shall (i) to the extent such award only remains subject to time-based vesting as of the Termination Date, vest and become exercisable (if applicable) or (ii) to the extent such award remains subject to performance-based vesting as of the Termination Date, remain outstanding and eligible to be earned following the completion of the performance period based on the actual achievement of applicable performance goals, and to the extent earned (if at all) shall vest on a pro rata basis based on the number of days the Participant remained employed from the commencement of the performance period through the Termination Date.

To the extent a Participant is entitled to any payments or benefits set forth in this Section 3.2, such Participant shall not be entitled to any payments or benefits set forth in Section 3.1.

3.3 Termination Other Than Without Cause or for Good Reason. In the event that a Termination Event occurs with respect to a Participant for any reason other than as set forth in Section 3.1 or Section 3.2 above, such Participant shall be entitled to receive from the Company the Accrued Obligations and, if such Termination Event is due to the Participant's death or Disability: (a) a portion of the Participant's annual cash performance bonus, as determined by the Compensation Committee based on actual performance for the performance period, and pro-rated for the number of days from the performance period commencement to the Termination Date, payable at its normal time (but in no event later than March 15 of the year following the year in which the Termination Date occurs); and (b) all unvested Time-Based Awards shall immediately vest and, if applicable, become exercisable, and (c) any Performance-Based Awards shall remain outstanding and eligible to be earned following the completion of the performance period based on the actual achievement of applicable performance goals, and to the extent earned (if at all) shall vest on a pro rata basis based on the number of days the Participant remained employed from the commencement of the performance period through the Termination Date.

3.4 General Release. Notwithstanding anything herein to the contrary, a Participant shall not be entitled to receive any payments or benefits, other than the Accrued Obligations, pursuant to Section 3.1 or Section 3.2 hereof (and such Participant shall forfeit all rights to such payments) unless such Participant has executed, delivered to the Company and not revoked a general release agreement, in a form of agreement generally used by the Company for such purposes, releasing the Company and its Affiliates from any and all claims such Participant may have (the "**General Release**"), and such General Release has become effective no later than fifty-five (55) calendar days following the Termination Date, and such Participant shall be entitled to receive such payments and benefits only so long as such Participant has not materially breached any of the provisions of the General Release or the Restrictive Covenants without cure (if curable) of any such breach within ten (10) business days after a notice from the Company specifying the breach. If the General Release is executed and delivered and no longer subject to revocation as provided in the preceding sentence, then any cash payments due to a Participant shall be paid (subject to Section 4.2) in accordance with the provisions of Section 3.1 or Section 3.2, as applicable. Notwithstanding the foregoing, if the fifty-five (55) calendar day period begins in one calendar year and ends in another calendar year and all or any portion of such payments constitute "nonqualified deferred compensation" for purposes of Section 409A, then none of such payments shall begin until such second calendar year. The General Release shall have no greater obligations

or more limiting post-employment restrictions than are expressly set forth in this Plan or in the Participant's Letter Agreement.

3.5 Termination Notices. For purposes of this Plan, any purported termination of employment of a Participant by the Company or any Subsidiary or by such Participant (other than due to such Participant's death) shall be communicated by written notice to the other party, which notice shall specify the Termination Date (if applicable) (each, a "***Termination Notice***"). In the case of a termination of a Participant's employment by the Company or a Subsidiary without Cause, the Company or such Subsidiary shall provide sixty (60) calendar days' advance written notice to such Participant of such termination, with the last day of such Participant's employment being the end of such sixty (60)-day notice period. At the Company's option, it may place such Participant on a paid leave of absence for all or part of such notice period. In the case of a termination of a Participant's employment by the Participant without Good Reason, the Participant shall provide sixty (60) calendar days advance written notice to the Company of such termination, with the last day of such Participant's employment being the end of such sixty (60)-day notice period. The Company may elect, in its sole discretion, to have such Participant continue to provide services to the Company during some, all or none of such notice period and may elect, in its sole discretion, whether such services will be performed on or off Company premises.

3.6 No Mitigation. Except as provided in Sections 3.1(b), 3.2(b) and 5.3, the Company's obligation to make payments and provide benefits under this Plan and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against a Participant or others. In no event shall a Participant be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to such Participant under any of the provisions of this Plan, and such amounts shall not be reduced whether or not such Participant obtains other employment.

ARTICLE IV

LIMITATIONS ON SEVERANCE AND RELATED TERMINATION BENEFITS

4.1 Parachute Payment Limitations. Notwithstanding anything to the contrary contained in this Plan (or any other agreement entered into by and between a Participant and the Company or any incentive arrangement or plan offered by the Company), in the event that any amount or benefit paid or distributed to a Participant pursuant to this Plan, taken together with any amounts or benefits in the nature of compensation (within the meaning of Section 280G of the Code) otherwise paid to such Participant by the Company (collectively, the “**Covered Payments**”), would constitute an “excess parachute payment” as defined in Section 280G of the Code, and would thereby subject such Participant to an excise tax under Section 4999 of the Code (an “**Excise Tax**”), the provisions of this Section 4.1 shall apply:

(a) 280G Events Occurring Before or In Connection with Qualified Event. With respect to a “change in control” event (within the meaning of Section 280G and 4999 of the Code) (a “**280G Event**”) that occurs on or prior to the first Qualified Event occurring after the Effective Date, if it is determined that any Covered Payment will be subject to the excise tax imposed by Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax (the “**Excise Tax**”), then the Participant shall be entitled to receive an additional cash payment (a “**Gross-Up Payment**”) equal to the sum of the Excise Tax payable by the Participant plus an amount such that, after payment by the Participant of all taxes (and any interest or penalties imposed with respect to such taxes), including without limitation, any federal, state or local income or employment taxes (and any interest and penalties imposed with respect thereto) on the Gross-Up Payment and the Excise Tax imposed upon the Gross-Up Payment, but excluding any income taxes and penalties imposed on the Covered Payment itself or pursuant to Section 409A, the Participant retains an amount of the Gross-Up Payment such that the Participant is in the same after-tax position as if the Excise Tax had not been imposed.

(b) 280G Events Occurring After Qualified Event. With respect to a 280G Event occurring after the first Qualified Event occurring after the Effective Date, if the aggregate present value (as determined for purposes of Section 280G of the Code) of the Covered Payments made in connection with such 280G Event exceeds the amount which can be paid to a Participant without such Participant incurring an Excise Tax, then, solely to the extent that such Participant would be better off on an after tax basis by receiving no more than the maximum amount which may be paid hereunder without such Participant becoming subject to the Excise Tax, the Covered Payments shall be reduced (but not below zero) to the maximum amount which may be paid without such Participant becoming subject to the Excise Tax (such reduced payments to be referred to as the “**Payment Cap**”). The determination of whether such Covered Payments would result in the application of the Excise Tax, and the amount of reduction that is necessary so that no such Excise Tax would be applied, shall be made, at the Company’s expense, by a nationally recognized accounting, consulting or legal firm selected by the Company. In the event a Participant receives reduced payments and benefits as a result of application of this Section 4.1(b), such reduction shall first be made from payments and benefits which are determined not to be nonqualified deferred compensation for purposes of Section 409A, and then shall be made (to the extent necessary) out of payments and benefits that are subject to Section 409A and that are due at the latest future date.

4.2 Compliance with Code Section 409A.

(a) This Plan is intended to comply with Section 409A of the Code (“**Section 409A**”) or an exemption thereunder. This Plan shall be construed, interpreted and administered to the extent possible in a manner that does not result in the imposition on any Participant of any additional tax, penalty or interest under Section 409A. Any payments under this Plan that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. If any payment or benefit cannot be provided or made at the time specified herein without the imposition on a Participant of any additional tax, penalty or interest under Section 409A, then such benefit or payment shall be provided in full at the earliest time thereafter when such additional tax, penalty or interest will not be imposed. For purposes of Section 409A: (i) any payments to be made under this Plan upon a termination of employment that constitute “nonqualified deferred compensation” within the meaning of Section 409A shall only be made upon a “separation from service” under Section 409A; (ii) each payment made under this Plan shall be treated as a separate payment; and (iii) the right to a series of installment payments under this Plan is to be treated as a right to a series of separate payments. In no event shall any Participant, directly or indirectly, designate the calendar year of payment.

(b) All reimbursements and in-kind benefits provided under this Plan shall be made or provided in accordance with the requirements of Section 409A, including, where applicable, the requirements that: (i) any reimbursement is for expenses incurred during a Participant’s lifetime (or during a shorter period of time specified in this Plan); (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (iii) the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred; and (iv) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(c) Notwithstanding any provision in this Plan to the contrary, if, at the time of a Participant’s separation from service with the Company, the Company has securities which are publicly traded on an established securities market, such Participant is a “specified employee” (as defined in Section 409A) and it is necessary to postpone the commencement of any severance payments otherwise payable pursuant to this Plan as a result of such separation from service to prevent any accelerated or additional tax under Section 409A, then the Company will postpone the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to Participant) that constitute “nonqualified deferred compensation” under Section 409A until the first payroll date that occurs after the date that is six (6) months following Participant’s separation from service with the Company (as determined under Section 409A). If any payments are postponed pursuant to this Section 4.2(c), then such postponed amounts will be paid in a lump sum, without interest, to a Participant on the first payroll date that occurs after the date that is six (6) months following such Participant’s separation from service with the Company. If a Participant dies during the postponement period prior to the payment of any postponed amount, such amount shall be paid to the personal representative of such Participant’s estate within sixty (60) days after the date of Participant’s death.

(d) Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Plan comply with Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by a Participant on account of non-compliance with Section 409A.

ARTICLE V

MISCELLANEOUS PROVISIONS

5.1 Cumulative Benefits; Effect on Other Plans. Except as otherwise set forth herein or otherwise agreed to between the Company and a Participant, the rights and benefits provided to any Participant under this Plan are cumulative of, and are in addition to, all of the other rights and benefits provided to such Participant under any benefit plan of the Company or any agreement between such Participant and the Company or any Subsidiary. Notwithstanding anything to the contrary in this Plan, in the event that a Participant is entitled to severance payments or benefits under any other employment agreement, severance agreement or similar agreement between a Participant and the Company: (a) such Participant's Severance Payment or Change of Control Severance Payment, as applicable, shall be reduced (but not below \$0.00) by the aggregate amount of all similar severance payments due to such Participant under such other agreement; and (b) the Benefits Continuation Period shall be reduced by any similar period under such other agreement.

5.2 Plan Unfunded; Participant's Rights Unsecured. This Plan shall be maintained in a manner to be considered "unfunded" for purposes of ERISA. The Company shall be required to make payments only as benefits become due and payable. No person shall have any right, other than the right of an unsecured general creditor against the Company, with respect to the benefits payable hereunder, or which may be payable hereunder, to any Participant, surviving spouse or beneficiary hereunder. If the Company, acting in its sole discretion, establishes a reserve or other fund associated with this Plan, no person shall have any right to or interest in any specific amount or asset of such reserve or fund by reason of amounts which may be payable to such person under this Plan, nor shall such person have any right to receive any payment under this Plan except as and to the extent expressly provided in this Plan. The assets in any such reserve or fund shall be part of the general assets of the Company, subject to the control of the Company. The Company shall not be required to establish any special or separate fund or make any other segregation of funds or assets to assure the payment of any benefit hereunder.

5.3 Recoupment. Notwithstanding any other provision of this Plan to the contrary, Participants will be subject to recoupment policies adopted by the Company to the extent required by applicable law, including any policy adopted pursuant to the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act or other law or the listing requirements of any national securities exchange on which the Shares may be listed.

5.4 Waiver. No waiver of any provision of this Plan or any Letter Agreement shall be effective unless made in writing and signed by the waiving person or entity. The failure of any person or entity to require the performance of any term or obligation of this Plan or any Letter Agreement, or the waiver by any person or entity of any breach of this Plan or any Letter Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

5.5 Amendment; Termination. The Board may amend or terminate this Plan at any time or from time to time for any reason, *provided*, that Sections 5.12 and 5.13 of this Plan and the Restrictive Covenants set forth in each Letter Agreement shall survive the termination of this Plan. The Company shall provide notice to Participants within fifteen (15) days of any amendment or termination of the Plan. For purposes hereof, an amendment or termination of this Plan shall not materially and adversely affect the rights of any Participant whose employment was terminated for any reason or no reason prior to the date of such amendment or termination. Notwithstanding the foregoing: (a) a Participant's right to receive payments and benefits pursuant to the Plan upon a Termination Event shall not be adversely affected without such Participant's written consent by an amendment or termination of the Plan made within twelve (12) months prior to such Termination Event; and (b) a Participant's right to receive payments and benefits pursuant to this Plan in connection with a Termination Event occurring within twelve (12) months following a Change of Control shall not be adversely affected without such Participant's consent by an amendment or termination of this Plan occurring within six (6) months before or twelve (12) months after such Change of Control. Notwithstanding the foregoing, this Plan shall terminate without further action when all of the obligations to Participants hereunder have been satisfied in full.

5.6 Administration.

(a) The Compensation Committee shall have full and final authority to make determinations with respect to the administration of this Plan, to construe and interpret its provisions and to take all other actions deemed necessary or advisable for the proper administration of this Plan, but such authority shall be subject to the provisions of this Plan; *provided, however*, that, to the extent permitted by applicable law, the Compensation Committee may from time to time delegate such administrative authority to a committee of one or more members of the Board or one or more officers of the Company, except that in no event shall any such administrative authority be delegated to an officer with respect to such officer's status as a Participant. No discretionary action by the Compensation Committee shall amend or supersede the express provisions of this Plan.

(b) The Company shall indemnify and hold harmless each member of the Compensation Committee against any and all expenses and liabilities arising out of his or her administrative functions or fiduciary responsibilities, including any expenses and liabilities that are caused by or result from an act or omission constituting the negligence of such member in the performance of such functions or responsibilities to the fullest extent permitted by applicable law. Expenses against which such member shall be indemnified hereunder shall include, without limitation, the amounts of any settlement or judgment, costs, counsel fees and related charges reasonably incurred in connection with a claim asserted or a proceeding brought or settlement thereof.

5.7 Certain Corporate Transactions. In the event of a merger, consolidation or similar transaction, nothing herein shall relieve the Company from any of the obligations set forth in this Plan; *provided, however*, that nothing in this Section 5.7 shall prevent an acquirer of or successor to the Company from assuming the Company's obligations hereunder (or any portion thereof) pursuant to the terms of this Plan.

5.8 Successors and Assigns. This Plan shall be binding upon, and inure to the benefit of, the Company and its successors and assigns. This Plan and all rights of each Participant shall inure to the benefit of, and be enforceable by, each such Participant and such Participant's personal or legal representatives, executors, administrators and heirs. If any Participant should die following a Termination Event but prior to all amounts due and payable to such Participant hereunder being paid, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to such Participant's beneficiary designated in writing to the Company prior to such Participant's death (or to such Participant's estate, if a Participant fails to make such designation). No payments, benefits or rights arising under this Plan may be assigned or pledged by any Participant, except under the laws of descent and distribution.

5.9 Notices. Any notice or other communication required or permitted under this Plan shall be in writing and shall be delivered personally, by nationally-recognized overnight courier service or sent by certified, registered or express mail, postage prepaid. Any such notice shall be deemed given when so delivered personally, when delivered by nationally-recognized overnight courier service or, if mailed, five (5) days after the date of deposit in the United States mails, as follows:

(a) if to the Company, to:

Strategic Storage Trust II, Inc.
10 Terrace Road
Ladera Ranch, CA 92694
Attention: Chairperson, Compensation Committee of Board of Directors
Attention: Chief Executive Officer
Attention: General Counsel

(b) if to any Participant, to such Participant's residence address on the records of the Company or to such other address as such Participant may have designated to the Company in writing for purposes hereof.

Each of the Company and a Participant, by notice given to the other in accordance with this Section 5.9, may designate another address or person for receipt of notices delivered pursuant to this Section 5.9.

5.10 Withholding. The Company shall have the right to deduct from any payment or benefit provided pursuant to this Plan all federal, state and local taxes and any other amounts which are required by applicable law to be withheld therefrom.

5.11 Severability. The provisions of this Plan and each Letter Agreement (including, for the avoidance of doubt, the Restrictive Covenants) shall be regarded as divisible and separate, and if any provision of this Plan or any Letter Agreement is, becomes or is deemed to be invalid, illegal or unenforceable in any respect, then the validity, legality and enforceability of the remaining provisions of this Plan and applicable Letter Agreement shall not be affected thereby.

5.12 Claims Procedure; Arbitration.

(a) Generally, Participants are not required to present a formal claim in order to receive benefits under the Plan. If, however, any person (the "***Claimant***") believes that benefits are being

denied improperly, that this Plan is not being operated properly, that fiduciaries of this Plan have breached their duties, or that the Claimant's legal rights are being violated with respect to this Plan, the Claimant must file a formal claim, in writing, with the Compensation Committee.

This requirement applies to all claims that any Claimant has with respect to this Plan, including claims against fiduciaries and former fiduciaries, except to the extent the Compensation Committee determines, in its sole discretion that it does not have the power to grant all relief reasonably being sought by the Claimant. A formal claim must be filed within one hundred twenty (120) calendar days after the date the Claimant first knew or should have known of the facts on which the claim is based, unless the Compensation Committee consents otherwise in writing. The Compensation Committee shall provide a Claimant, on request, with a copy of the claims procedures established under Section 5.12(b).

(b) The Compensation Committee has adopted procedures for considering claims (which are set forth in Exhibit B attached hereto), which it may amend or modify from time to time, as it sees fit. These procedures shall comply with all applicable legal requirements. These procedures may provide that final and binding arbitration shall be the ultimate means of contesting a denied claim (even if the Compensation Committee or its delegates have failed to follow the prescribed procedures with respect to the claim). The right to receive benefits under this Plan is contingent on a Claimant using the prescribed claims and arbitration procedures to resolve any claim.

5.13 Governing Law. The Plan is intended to be an unfunded "top-hat" welfare plan, within the meaning of U.S. Department of Labor Regulation Section 2520.104-24, and shall be interpreted, administered, and enforced in accordance with ERISA. It is expressly intended that ERISA preempt the application of state laws to this Plan and each Letter Agreement (including, for the avoidance of doubt, the Restrictive Covenants) to the maximum extent permitted by Section 514 of ERISA. To the extent that state law is applicable, the statutes and common laws of the State of Delaware (excluding its choice of laws principles) shall apply.

5.14 Arbitration. Subject to Section 5.12 hereof and subject to the provisions of any Letter Agreement regarding the Company's entitlement to seek equitable relief under the Plan or such Letter Agreement:

(a) Any dispute, controversy or claim arising out of or relating to this Plan or the payments and benefits provided hereunder, as well as any dispute as to the arbitrability of a matter under this Plan (collectively, "**Claims**"), shall be subject to resolution by final and binding arbitration; provided, however, that nothing in this Plan shall require arbitration of any Claims which, by law, cannot be the subject of a compulsory arbitration agreement.

(b) All Claims shall be resolved exclusively by arbitration administered by JAMS under its Employment Arbitration Rules and Procedures then in effect, currently available at <https://www.jamsadr.com/rules-employment-arbitration> (the "**JAMS Rules**"). Notwithstanding the foregoing, the Company and the Participant shall have the right to (i) seek a restraining order or other injunctive or equitable relief or order in aid of arbitration or to compel arbitration, from a court of competent jurisdiction, or (ii) interim injunctive or equitable relief from the arbitrator pursuant to the JAMS Rules, in each case, to prevent any violation of this Plan or a Letter

Agreement. The Company and the Participant must notify the other party in writing of a request to arbitrate any Claims within the same statute of limitations period applicable to such Claims.

(c) Any arbitration proceeding brought under this Plan shall be conducted before one arbitrator in Orange County, California, or such other location to which the parties mutually agree. The arbitrator shall be selected in accordance with the JAMS Rules, provided that the arbitrator shall be an attorney with significant experience in employment matters. Each party to any dispute shall pay its own expenses, including attorneys' fees; *provided, however*, that the Company shall pay all costs and fees that a Participant would not otherwise have been subject to paying if the claim had been resolved in a court of law and, to the extent required by applicable law for this arbitration provision to be enforceable, the Company shall reimburse a Participant for any reasonable travel expenses incurred by such Participant in connection with such Participant's travel to California for any arbitration proceedings. The arbitrator will be empowered to award either party any remedy at law or in equity that the party would otherwise have been entitled to had the matter been litigated in court, including, but not limited to, general, special and punitive damages, injunctive relief, costs and attorney fees; *provided, however*, that the authority to award any remedy is subject to whatever limitations, if any, exist in the applicable law on such remedies. The arbitrator shall issue a decision or award in writing stating the essential findings of fact and conclusions of law, and the arbitrators shall be required to follow ERISA or, if applicable, the laws of the State of Delaware, consistent with Section 5.13.

(d) Any judgment on or enforcement of any award, including an award providing for interim or permanent injunctive relief, rendered by the arbitrator may be entered, enforced or appealed in any court having jurisdiction thereof. Any arbitration proceedings, decision or award rendered hereunder, and the validity, effect and interpretation of this arbitration provision, shall be governed by the Federal Arbitration Act, 9 U.S.C. § 1 et seq.

(e) It is part of the essence of this Plan that any Claims hereunder shall be resolved expeditiously and as confidentially as possible. Accordingly, all proceedings in any arbitration shall be conducted under seal and kept strictly confidential. In that regard, no party shall use, disclose or permit the disclosure of any information, evidence or documents produced by any other party in the arbitration proceedings or about the existence, contents or results of the proceedings except as necessary and appropriate for the preparation and conduct of the arbitration proceedings, or as may be required by any legal process, or as required in an action in aid of arbitration or for enforcement of or appeal from an arbitral award. Before making any disclosure permitted by the preceding sentence, the party intending to make such disclosure shall give the other party reasonable written notice of the intended disclosure and afford such other party a reasonable opportunity to protect its interests.

[Signature Page Follows]

IN WITNESS WHEREOF, and as conclusive evidence of the Board's adoption of this Plan, the Company has caused this Plan to be duly executed in its name and behalf by its duly authorized officer as of the Effective Date.

STRATEGIC STORAGE TRUST II, INC.

By:

Name:

Title:

Form of Letter Agreement

LETTER AGREEMENT

Dear []:

We are pleased to inform you that the Compensation Committee of the Board of Directors of Strategic Storage Trust II, Inc. (the “**Company**”), has determined that, effective as of [], 2019] (the “**Participation Date**”), you are eligible to participate in the Company’s Executive Severance and Change of Control Plan (the “**Plan**”) as a Participant thereunder, subject to your execution and delivery of this Letter Agreement to the Company and subject to the terms and conditions of the Plan and this Letter Agreement. Capitalized terms used herein and not defined herein shall have the meanings given to such terms in the Plan.

A. Plan Benefits.

The terms of the Plan are detailed in the copy of the Plan that is attached as Annex A to this Letter Agreement, and those terms are incorporated in and made a part of this Letter Agreement. As described in more detail in the Plan, the Plan entitles you to certain severance payments and benefits in the event that your employment with the Company or any Subsidiary terminates under certain circumstances. By signing this Letter Agreement, and as a condition of your eligibility for the payments and benefits set forth in the Plan, you agree to comply with the provisions of the Plan and you agree to comply with the provisions of this Letter Agreement (including, without limitation, the Restrictive Covenants set forth below) during your employment with the Company or any Subsidiary and, to the extent required by the Restrictive Covenants, after your Termination Date, regardless of the reason for such termination.

B. Restrictive Covenants

All references to the Company in this Section B, and each of its subparagraphs, refer to the Company and its Subsidiaries and other Affiliates. You acknowledge and agree that the Company has developed intellectual property, Trade Secrets and Confidential Information to assist it in its business. You further acknowledge and agree that the Company has substantial relationships with prospective or existing customers, as well as customer good will associated with its ongoing businesses. The Company employs or will employ you in a position of trust and confidence, and may provide you with extraordinary or specialized training in furtherance of your duties hereunder. You therefore acknowledge and agree that the Company has a right to protect these legitimate business interests. You expressly agree that the covenants in this Section B shall continue in effect as set forth herein regardless of whether you are then entitled to receive any further payments or benefits from the Company. It is further understood that the covenants contained in this Section B survive the termination of the Plan and bind you as long as you are employed by the Company and, in certain instances, for a period of time thereafter.

For purposes of this Letter Agreement, the “**Restriction Period**” shall mean: (a) if you hold the title of Executive Chairman, Chief Executive Officer or President of the Company or any of its Subsidiaries, eighteen (18) months following your Termination Date, (b) if you hold the title of Chief Investment Officer or Chief Accounting Officer of the Company or any of its Subsidiaries, twelve (12) months following your Termination Date, and (c) if you hold any other officer title of the Company or any of its Subsidiaries, nine (9) months following your Termination Date.

(1) **Confidential Information.**

(a) Subject to subparagraph (c), you agree at all times to hold in strictest confidence, and not to use, except for the benefit of the Company, any of the Company’s Trade Secrets or Confidential Information or to disclose to any person, firm or entity any of the Company’s Trade Secrets or Confidential Information except (i) as authorized in writing by the Company Board, (ii) as authorized by the Company’s management, pursuant to a written non-disclosure agreement, or (iii) as required by law.

(I) For purposes of this Letter Agreement, “**Trade Secrets**” shall mean any of information of the Company, without regard to form, including, but not limited to, technical or non-technical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, or a list of actual or potential customers or suppliers, which is not commonly known by or available to the public and which information (A) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (B) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

(II) For purposes of this Letter Agreement, “**Confidential Information**” shall mean any data and information (A) relating to the business of the Company, regardless of whether the data or information constitutes a Trade Secret; (B) disclosed to you or of which he/she became aware of as a consequence of your relationship with the Company; (C) having value to the Company; (D) not generally known to competitors of the Company; and (E) which includes Trade Secrets, methods of operation, names of customers, price lists, financial information and projections, route books, personnel data, and similar information; provided, however, that Confidential Information shall not mean data or information which has been voluntarily disclosed to the public by the Company, except where such public disclosure has been made by you without authorization from the Company, which has been independently developed and disclosed by others, or which has otherwise entered the public domain through lawful means.

(b) You agree that you will not, during your employment with the Company (the “**Employment Period**”), knowingly improperly use or disclose any proprietary information or trade secrets of any former employer and that you will not bring onto the premises of the Company any proprietary information belonging to such employer unless consented to in writing by such employer.

(c) The Defend Trade Secrets Act (18 U.S.C. § 1833(b)) states: “An individual shall not be held criminally or civilly liable under any federal or state Trade Secret law for the disclosure of a Trade Secret that (i) is made (A) in confidence to a federal, state, or local government official,

either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.” Accordingly, you shall have the right to disclose in confidence Trade Secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. The you shall also have the right to disclose Trade Secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Letter Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of Trade Secrets that are expressly allowed by 18 U.S.C. § 1833(b).

(2) **No Competing Employment.** During the Employment Period, you shall not directly, or by assisting others, engage in the business of investing in, owning, managing, advising or operating self-storage properties anywhere in the United States or Canada (the “***Competitive Business***”) in any capacity identical with or corresponding to the capacity or capacities in which employed by the Company, anywhere within the areas(s) where you are working and/or for which you are responsible; provided, that you may make passive investments of less than 2% in any publicly-traded entity, and provided further that you may provide services to any business or entity that has a line of business, division, subsidiary or other affiliate that is a Competitive Business if, during the Employment Period, you are not employed directly in such line of business or division or by such subsidiary or other affiliate that is a Competitive Business and is not involved directly in the management, supervision or operations of such line of business, division, subsidiary or other affiliate that is a Competitive Business. The parties acknowledge and agree that, if necessary to determine the reasonable geographic scope of this restraint, the Company may rely on appropriate documentation and evidence outside the provisions of this Letter Agreement.

(3) **Non-Solicitation of Employees.** During your Employment Period and for the entire Restriction Period following your Termination Date (which is defined at the start of this Section B), you shall not directly or indirectly solicit, induce, recruit, encourage, or hire (or attempt any of the foregoing actions) or otherwise cause (or attempt to cause) any employee or individual independent contractor of the Company whom you know to leave his or her employment or engagement with the Company for employment with you or with any other entity or person, or otherwise interfere with or disrupt (or attempt to disrupt) the employment or service relationship between any such individual and the Company. You will not be deemed to have violated this subparagraph if you post a general advertisement or solicitation (including a posting on a website) that is not specifically targeted to any employee or individual independent contractor of the Company, or if the Board provides unanimous prior written consent to your activities (all such requests for consent will be given good faith consideration by the Board).

(4) **Non-Solicitation of Customers.** During your Employment Period and for the entire Restriction Period following your Termination Date, you shall not use any Trade Secret to solicit, induce, or encourage any customer, client, investor, vendor, or other party doing business with the Company or any of its Subsidiaries or Affiliates to terminate its relationship therewith or transfer its business from the Company or any of its Subsidiaries or Affiliates; *provided, however*, that your activities entered into on behalf of SmartStop Asset Management, LLC, SmartStop OP Holdings, LLC and their affiliates, other than in a role as a Competitive Business, shall be excluded from the non-solicitation covenants set forth in this subparagraph.

(5) **Returning Company Documents.** You agree that at your Termination Date, you will deliver to the Company (and will not keep in your possession, recreate or deliver to anyone else) any and all records, data, notes, reports, proposals, lists, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property containing Confidential Information or Trade Secrets, or reproductions of any items developed by you pursuant to your employment with the Company or otherwise belonging to the Company, its successors or assigns. You are permitted to retain any electronic devices issued to you by the Company, provided that the Company's Information Technology department must be permitted by you to first remove any Trade Secrets and/or Confidential Information contained thereon. You are not required to return any personal items, documents, files, or materials containing personal information (except to the extent such materials also contain Trade Secrets or Confidential Information); or documents or agreements (a) of which you are a party that pertain to your compensation and/or benefits (e.g., plan summaries and documents), regardless of whether such documents or agreements contain Trade Secrets or Confidential Information or (b) that is publicly available.

(6) **Understanding of Covenants.** By initialing below, you represent that you (a) are familiar with the foregoing confidentiality, invention assignment, non-solicitation and non-competition covenants in this Section B, (b) are fully aware of your obligations hereunder, (c) agree to the reasonableness of the length of time, scope and geographic coverage of the foregoing covenants, and (d) agree that such covenants are necessary to protect the Confidential Information and Trade Secrets, and the proprietary information, good will, stable workforce, and customer relations of the Company. You acknowledge and agree that such covenants shall be construed as agreements independent of each other and of any provision of this or any other contract between the parties hereto; and that should any part or provision of any covenant be held invalid, void or unenforceable in any court of competent jurisdiction, such invalidity, voidness or unenforceability shall not render invalid, void or unenforceable any other part or provision of this Letter Agreement. If any portion of the foregoing provisions is found to be invalid or unenforceable by a court of competent jurisdiction because its duration, the territory, the definition of activities or the definition of information covered is considered to be invalid or unreasonable in scope, the invalid or unreasonable term shall be redefined, or a new enforceable term provided, such that the intent of the Company and you in agreeing to the provisions of this Letter Agreement will not be impaired and the provision in question shall be enforceable to the fullest extent of the applicable laws. You further acknowledge and agree that the existence of any claim or cause of action by you against the Company, whether predicated upon this or any other contract, shall not constitute a defense to the enforcement by the Company of said covenants.

Initials of Parties:

Company

You

Date

Date

(7) **Remedy for Breach.** You agree that a breach of any of the covenants of this Section B would cause material and irreparable harm to the Company that would be difficult or impossible to measure, and that damages or other legal remedies available to the Company for any such injury would, therefore, be an inadequate remedy for any such breach. Accordingly, you agree that if you breach any term of this Section B, the Company shall be entitled, in addition to and without limitation upon all other remedies the Company may have under this Letter Agreement, at law or otherwise, to obtain injunctive or other appropriate equitable relief, without bond or other security,

to restrain any such breach. Claims for damages and equitable relief in any court shall be available to the Company in lieu of, or prior to or pending determination in any arbitration proceeding. In the event the enforceability of any of the terms of this Letter Agreement shall be challenged in court and you are not enjoined from breaching any of the protective covenants, then if a court of competent jurisdiction finds that the challenged protective covenant is enforceable, the time periods shall be deemed tolled upon the filing of the lawsuit challenging the enforceability of this Letter Agreement until the dispute is finally resolved and all periods of appeal have expired.

(8) **Defense of Claims.** You agree that, during the Employment Period, and for a period of five (5) years after your Termination Date, upon request from the Company, you will cooperate with the Company, or each of its Subsidiaries or Affiliates, in the defense of any claims or actions that may be made by or against the Company, or such Subsidiary or Affiliate, or their officers in connection with the business, that affect your prior areas of responsibility, except (a) if your reasonable interests are adverse to the Company or such Subsidiary or Affiliate in such claim or action or (b) if such cooperation unreasonably interferes with your then-current employment. The Company agrees that it shall reimburse the reasonable out of pocket costs and reasonable attorney fees that you actually incur in connection providing such assistance or cooperation to the Company, or one of its Subsidiaries or Affiliates in accordance with the Company's standard policies and procedures as in effect from time to time, provided that you shall have obtained prior written approval from the Company for any travel or legal fees and expenses incurred by you in excess of \$5,000 in connection with your obligations under this subparagraph. In addition, the Company shall pay you for your time spent in providing such cooperation at an hourly rate equal to your Base Salary as of your Termination Date (disregarding any reduction that constitutes Good Reason) divided by 2,080, subject to reasonable substantiation.

C. Entire Agreement.

This Letter Agreement and the Plan constitute the entire agreement between you and the Company with respect to the subject matter hereof and, as of the Participation Date, shall supersede in all respects any and all prior agreements between you and the Company concerning such subject matter.

D. Acknowledgement.

By signing below, you agree to the terms and conditions set forth herein, including without limitation, the Restrictive Covenants, and acknowledge: (a) your participation in the Plan as of the Participation Date; (b) that you have received and read a copy of the Plan; (c) that you agree that any severance payments and benefits provided for in the Plan are subject to all of the terms and conditions of the Plan and you agree to such terms and conditions; (d) that the Company may amend or terminate the Plan at any time subject to the limitations set forth in the Plan; and (e) that the Restrictive Covenants shall survive and continue to apply in accordance with their terms notwithstanding any termination of the Plan in the future.

COMPANY:

STRATEGIC STORAGE TRUST II, INC.

By:

Name:

Title:

AGREED TO AND ACCEPTED

[Name]

Annex A

Executive Severance and Change of Control Plan

[See Attached]

Exhibit B

Detailed Claims and Arbitration Procedures

1. Claims Procedure

Initial Claims. All claims will be presented to the Compensation Committee in writing. Within ninety (90) days after receiving a claim, a claims official appointed by the Compensation Committee will consider the claim and issue his or her determination thereon in writing. The claims official may extend the determination period for up to an additional ninety (90) days by giving the Claimant written notice. The initial claim determination period can be extended further with the consent of the Claimant. Any claims that the Claimant does not pursue in good faith through the initial claims stage will be treated as having been irrevocably waived.

Claims Decisions. If the claim is granted, the benefits or relief the Claimant seeks will be provided. If the claim is wholly or partially denied, the claims official will, within ninety (90) days (or a longer period, as described above), provide the Claimant with written notice of the denial, setting forth, in a manner calculated to be understood by the Claimant: (i) the specific reason or reasons for the denial; (ii) specific references to the provisions on which the denial is based; (iii) a description of any additional material or information necessary for the Claimant to perfect the claim, together with an explanation of why the material or information is necessary; and (iv) appropriate information as to the steps to be taken if the Claimant wishes to submit his or her claim for review, including the time limits applicable to such procedures, and a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse decision upon review. If the Claimant can establish that the claims official has failed to respond to the claim in a timely manner, the Claimant may treat the claim as having been denied by the claims official.

Appeals of Denied Claims. Each Claimant will have the opportunity to appeal the claims official's denial of a claim in writing to an appeals official appointed by the Compensation Committee (which may be a person, committee, or other entity). A Claimant must appeal a denied claim within sixty (60) days after receipt of written notice of denial of the claim, or within sixty (60) days after it was due if the Claimant did not receive it by its due date. The Claimant (or his or her duly authorized representative) may review pertinent documents in connection with the appeals proceeding and may present issues, comments and documents in writing relating to the claim. The review will take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit claim determination. Any claims that the Claimant does not pursue in good faith through the appeals stage, such as by failing to file a timely appeal request, will be treated as having been irrevocably waived.

Appeals Decisions. The decision by the appeals official will be made not later than sixty (60) days after the written appeal is received by the Compensation Committee, unless special circumstances require an extension of time, in which case a decision will be rendered as soon as possible, but not later than one-hundred and twenty (120) days after the appeal was filed, unless

the Claimant agrees to a further extension of time. The appeal decision will be in writing, will be set forth in a manner calculated to be understood by the Claimant, and will include specific reasons for the decision, specific references to the provisions on which the decision is based, if applicable, a statement that the Claimant is entitled to receive upon request and free of charge reasonable access to and copies of all documents, records and other information relevant to the Claimant's claim for benefits, as well as a statement of the Claimant's right to bring an action under Section 502(a) of ERISA. If a Claimant does not receive the appeal decision by the date it is due, the Claimant may deem his or her appeal to have been denied.

Procedures. The Compensation Committee will adopt procedures by which initial claims will be considered and appeals will be resolved; different procedures may be established for different claims. All procedures will be designed to afford a Claimant full and fair consideration of his or her claim.

Arbitration of Rejected Appeals. If a Claimant has pursued a claim through the appeal stage of these claims procedures, the Claimant may contest the actual or deemed denial of that claim through arbitration, as described below and in Section 5.14 of the Plan. In no event shall any denied claim be subject to resolution by any means (such as in a court of law) other than arbitration in accordance with the following provisions.

2. Arbitration Procedure

Request for Arbitration. A Claimant must submit a request for binding arbitration to the Compensation Committee within sixty (60) days after receipt of the written denial of an appeal (or within sixty (60) days after he or she should have received the determination). The Claimant or the Compensation Committee may bring an action in any court of appropriate jurisdiction to compel arbitration in accordance with these procedures; provided, however, that nothing in this Plan shall require arbitration of any claims which, by law, cannot be the subject of a compulsory arbitration agreement.

Terms and Conditions of Arbitration. All claims shall be resolved exclusively by arbitration in accordance with Section 5.14 of the Plan.

The procedures set forth herein are intended to comply with United States Department of Labor Regulation Section 2560.503-1 and should be construed in accordance with such regulation. In no event shall the foregoing claims procedure be interpreted as expanding the rights of any Claimant beyond what is required by United States Department of Labor Regulation Section 2560.503-1.

SUBSIDIARIES

Name	Jurisdiction of Formation
SmartStop OP, L.P.	Delaware

* Excludes consolidated subsidiaries wholly-owned by SmartStop OP, L.P. carrying on the same line of business (the ownership of commercial real estate). A total of 112 subsidiaries have been excluded, each of which operates in the United States, other than 12 subsidiaries which operate in Canada. Also excludes other subsidiaries which, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary as of December 31, 2020.

Consent of Independent Registered Public Accounting Firm

SmartStop Self Storage REIT, Inc.
Ladera Ranch, California

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-214848) and Form S-8 (No. 333-235752) of SmartStop Self Storage REIT, Inc. of our report dated March 26, 2021, relating to the consolidated financial statements and financial statement schedule, which appears in this Form 10-K.

/s/ BDO USA, LLP
Costa Mesa, California

March 26, 2021

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Michael S. McClure, certify that:

1. I have reviewed this Annual Report on Form 10-K of SmartStop Self Storage REIT, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 26, 2021

By: /s/ Michael S. McClure
 Michael S. McClure
Chief Executive Officer
 (Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, James R. Barry, certify that:

1. I have reviewed this Annual Report on Form 10-K of SmartStop Self Storage REIT, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 26, 2021

By: /s/ James R. Barry

James R. Barry
Chief Financial Officer and Treasurer
 (Principal Financial Officer)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of SmartStop Self Storage REIT, Inc., or the Company, in connection with the Company's Annual Report on Form 10-K for the year ended December 31, 2020 (the "Report") hereby certifies, to his knowledge, that:

- (i) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 26, 2021

By: /s/ Michael S. McClure

Michael S. McClure
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of SmartStop Self Storage REIT, Inc., or the Company, in connection with the Company's Annual Report on Form 10-K for the year ended December 31, 2020 (the "Report") hereby certifies, to his knowledge, that:

- (i) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 26, 2021

By: /s/ James R. Barry

James R. Barry

Chief Financial Officer and Treasurer

(Principal Financial Officer)

CONSENT OF ROBERT A. STANGER & CO., INC.

We consent to the references to our name, valuation methodologies, assumptions, and value conclusions of our reports, dated April 20, 2020, prepared by us with respect to the estimated net asset value per share of SmartStop Self Storage REIT, Inc. (the “Company”) and the valuation of the portfolio of 114 properties wholly-owned by the Company, which are contained in this Annual Report on Form 10-K and incorporated by reference in the Company’s Registration Statement on Form S-3 (SEC File No. 333-214848) and the Company’s Registration Statement on Form S-8 (SEC File No. 333-235752). In giving this consent, we do not admit that we are within the category of persons whose consent is required by Section 7 of the Securities Act of 1933, as amended.

Sincerely,

Robert A. Stanger & Co., Inc.

By: /s/ Robert A. Stanger & Co., Inc.

Date: March 26, 2021