StrategicStorageTrust, inc

2013 Annual Report

5% Growth
same-store occupancy

9.1% Growth
same-store revenues

17.2% Growth
same-store net operating income

102% Increase
cash flow from operations

129% Increase
in MFFO

GROWTH HIGHLIGHTS

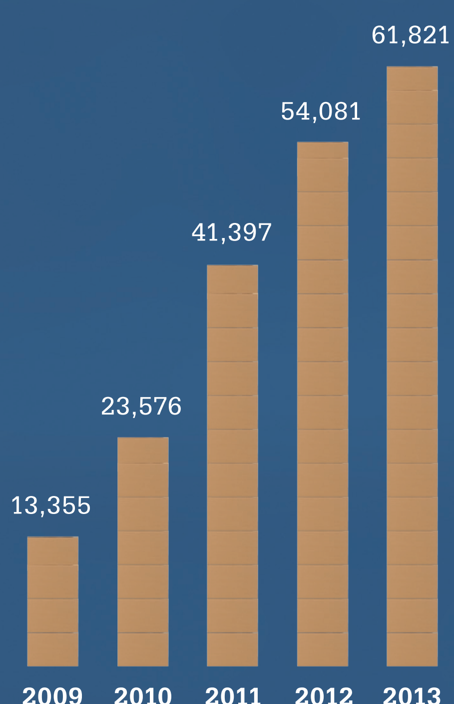
The self storage industry in the United States generated more than **$24 billion** in annual U.S. revenues.

(Source: 2013 SSA Fact Sheet)

SSTI's Portfolio Growth

Number of CUSTOMERS

(as of 12/31/13)



Same Store Performance Scorecard

Net Operating Income increased

17.2%

Revenues increased

9.1%

Expenses decreased

1.5%

CEO LETTER

"Self storage is unique. Through active management, we have the ability to increase revenues and manage expenses to an extent that is just not possible in most other real estate asset classes."

DEAR STOCKHOLDERS:

Since inception, we have been on a strategic mission to transform the self storage industry, one property at a time. 2013 represented the validation of this carefully crafted and rigorously applied strategic plan. Once again, Strategic Storage Trust confirmed its ability to deliver superior performance as revenues, operating margins, net operating income and occupancy all reached new highs.

Our growth has been exceptional, and 2013's solid operating results continue to make us one of the leading self storage companies in America. Just one year after we began operations in 2008, our sponsor became the number one purchaser of self storage properties in the United States and was ranked among the top 25 self storage operators as reported by Inside Self Storage magazine. In 2010, the SmartStop® Self Storage brand was launched and our sponsor ranked second in acquisitions. In 2011, our sponsor broke into the top 10 of self storage operators at number 8, and in 2012 edged up another position to number 7. All of this in just six years.

Consistently Improving Results

Self storage is unique. Unlike net lease real estate, we are truly an operating company vs. a static real estate portfolio. Through active management, we have the ability to increase revenues and manage expenses to an extent that is just not possible in most other real estate asset classes. We have experienced growth in part due to continued acquisitions, but our true ability to improve performance is demonstrated by our same-store results. SSTI has delivered exceptional same-store performance, resulting in positive revenue growth for 16 consecutive quarters.

From 2012 to 2013, same-store revenues increased 9.1%, same-store net operating income increased an impressive 17.2% and same-store average occupancy increased from 78% to 83%. At the same time, we were able to achieve a 1.5% reduction in same-store operating expenses during this period, due to continued economies of scale and tighter controls. This translated to a decrease in property operating expenses as a percentage of revenues to 39% for 2013, down from 44% for 2012.

The Homeland Portfolio properties exemplify the success of the lease-up portion of our strategy. The portfolio was acquired at the end of 2011 and consists of 12 lease-up self storage facilities (10 in Atlanta, GA and 2 in Jacksonville, FL) encompassing approximately 1 million square feet and 8,000 units. The occupancy of the Homeland Portfolio was approximately 46% at the time of acquisition, providing a lease-up growth opportunity on the way to stabilization. In the past 24 months, this acquisition has proven to be a strong performer. The 46% initial occupancy grew to 81% in 2013. The Homeland Portfolio contributed approximately $1.6 million to our increase in same-store revenue, and experienced a 30% increase in revenue in 2013 compared to 2012. With strong retail locations and ease of access, in areas with strong demographics, this portfolio is representative of the traits we continue to pursue as we grow and expand our presence throughout North America.

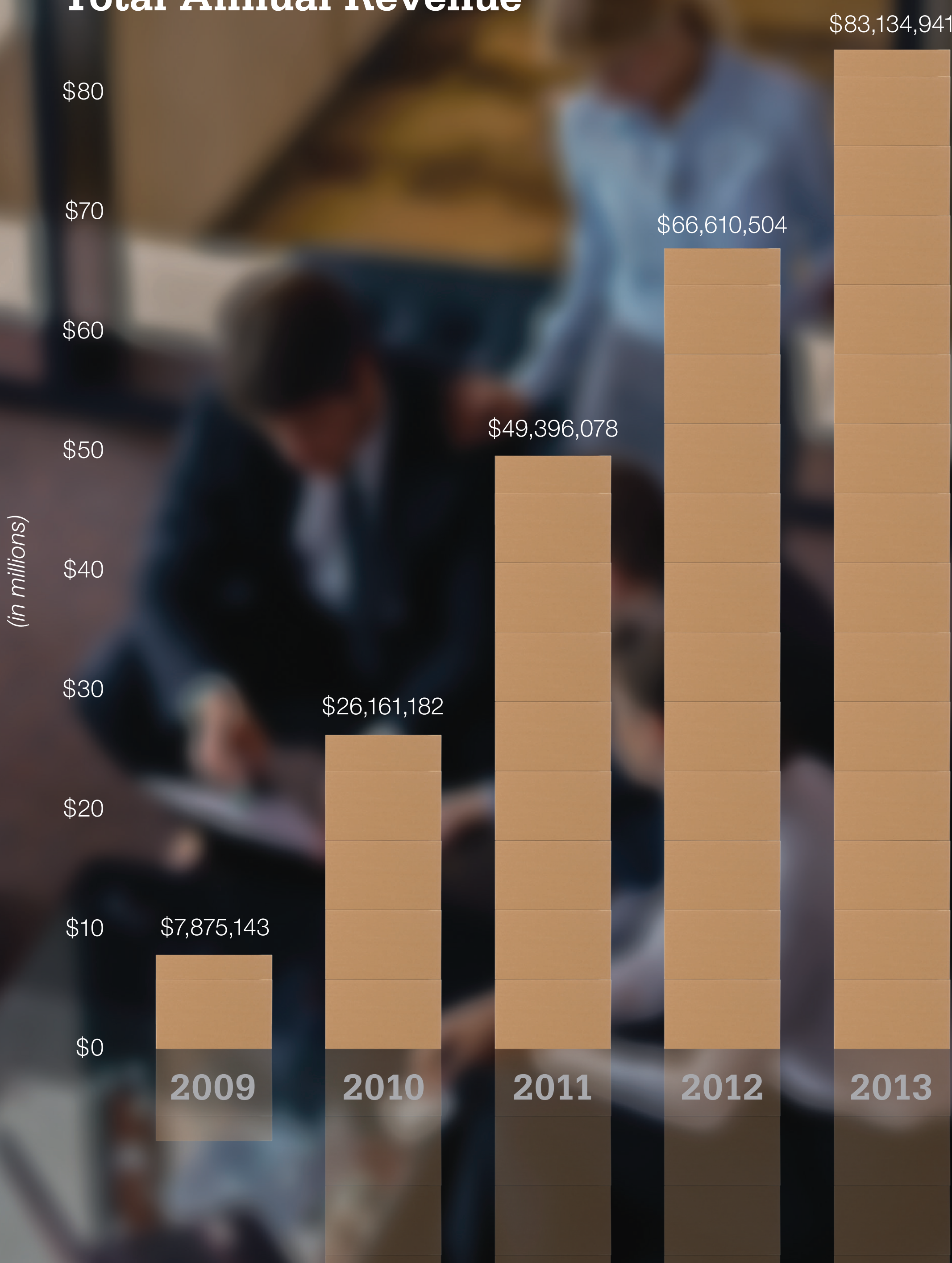
Portfolio Growth

We continue to implement our strategy of building a blended portfolio of primarily stabilized facilities with a tactical allocation of lease-up properties. During 2013, we added 12 additional facilities in the U.S. and Ontario, Canada with an aggregate cost of approximately $81.8 million. These new properties represent approximately 1 million square feet and 7,200 units. We continue to increase our portfolio in targeted key growth markets by expanding our presence in those markets where we have significant penetration or by entering into markets which we have targeted for expansion.

As the first public, non-traded REIT specializing in self storage, 2013's solid operating results continue to make us one of the leading self storage companies in America.

The accelerated growth in revenue has been a result of both property acquisitions and innovative management strategies initiated in 2012 and further refined in 2013. Bringing additional properties into the portfolio, along with our proven ability to increase same-store average occupancy, revenues and net operating income, has resulted in new levels of performance.

Total Annual Revenue



CEO Letter (continued)

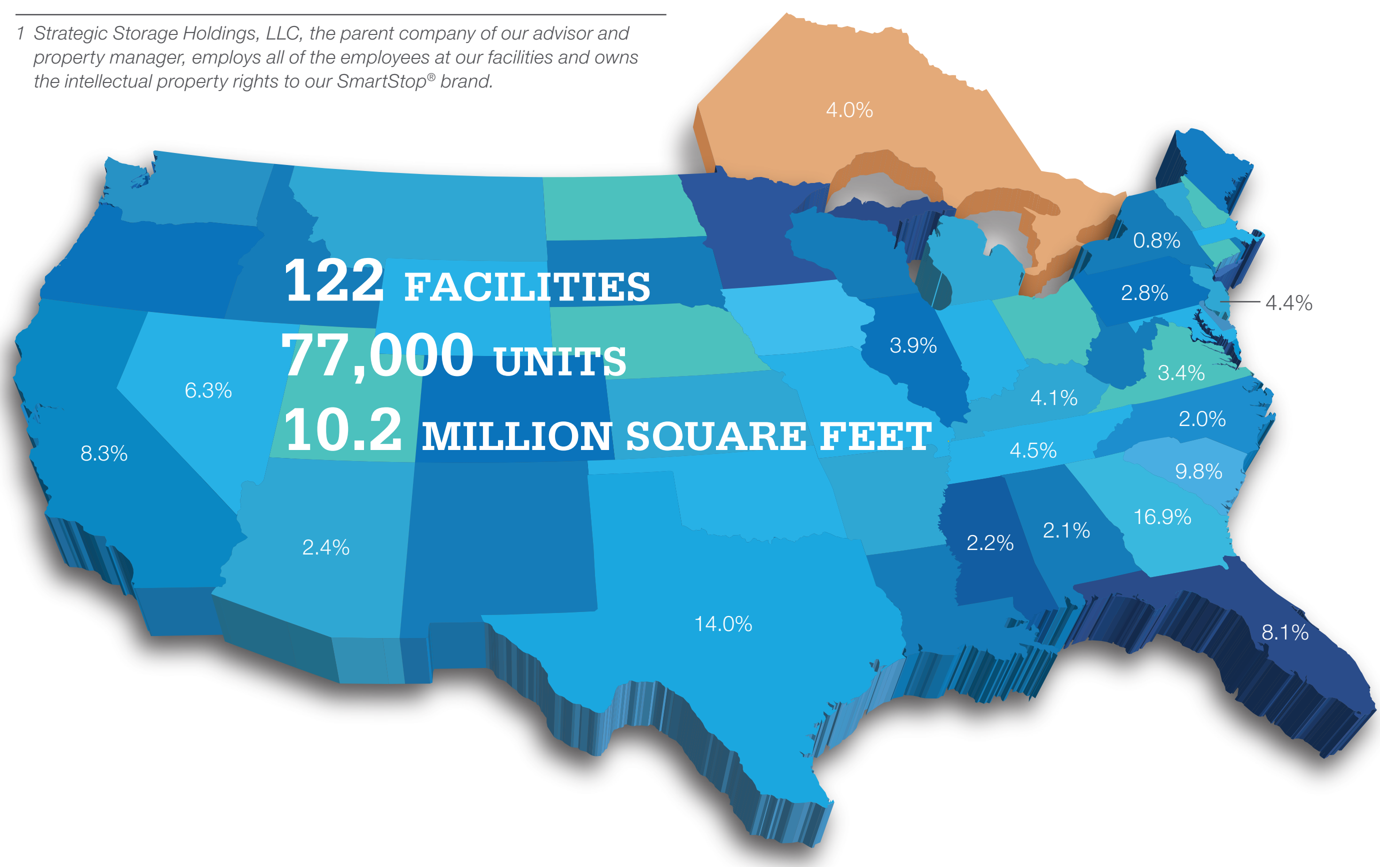
Successful operations of our properties can only happen if we start with the right properties, in the right locations. Customers choose a self storage property based largely on the convenience of the site to their home or business, making high-density, high-traffic population centers ideal locations for a self storage property. Focusing our growth on properties with these characteristics enables us to leverage our operational infrastructure and local marketing reach to improve margins and profits on even well-performing assets. As noted previously, we have also acquired a number of facilities that are either in the lease-up or development stage. We believe we can create long-term stockholder value by developing or redeveloping self storage facilities in those markets that are lacking in new supply of properties and also increasing occupancy at those facilities through the leasing efforts of our management team and the efficiencies created by the SmartStop® brand, website and other marketing efforts.[1]

Part of the success of our business model is based on the economic reality that smaller operators cannot afford the marketing and technology to operate in today's highly competitive marketplace. Self storage remains a very large market in an extremely fragmented marketplace with hundreds of mid-sized companies operating 3 to 100 stores and the vast majority of owner-operators (85% of all companies) owning only 1 to 2 facilities. Larger self storage operators, like us, are realizing economies of scale through operational efficiencies such as combined advertising across their properties. We view this as a compelling opportunity to participate in the industry consolidation, and, by carefully and selectively acquiring the right properties, transform our lease-up and development-stage properties into profitable, growing facilities.

Operational Growth

Our continued success is not just a function of strategic acquisitions. It is a direct result of our ability to transform good properties into superior performers. We target attractive properties in strong markets with significant upside potential, and apply strong marketing and business management fundamentals to increase occupancy rates and revenues. We have learned the successful implementation of this strategy requires five critical drivers: high quality properties, operational excellence, an empowered, experienced staff, industry-leading performance-driven marketing, and finally, cutting-edge technology.

1 *Strategic Storage Holdings, LLC, the parent company of our advisor and property manager, employs all of the employees at our facilities and owns the intellectual property rights to our SmartStop® brand.*

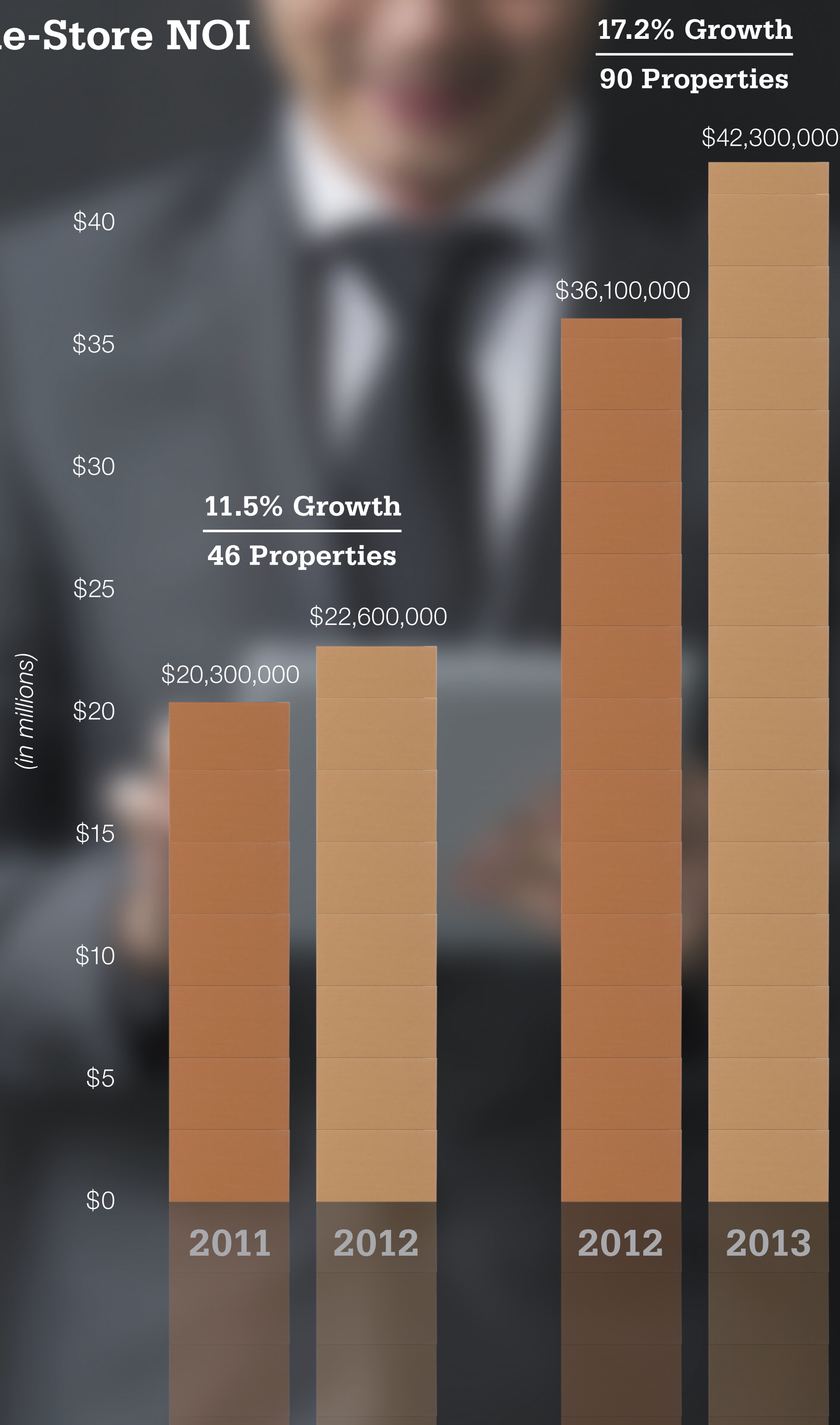


% of total rentable square feet, distribution by state and Ontario, Canada

We are an industry leader in same-store results and have consistently delivered exceptional performance.

SSTI has delivered 16 consecutive quarters of same-store revenue growth through increased occupancy and rents.

Same-Store NOI



CEO Letter (continued)

We will continue to work with our affiliated external advisor and property manager, along with their talented team of industry veterans and other seasoned professionals, who provide us with the expertise and infrastructure we need for success. Our property management team converts our new properties into institutionally managed facilities under the SmartStop® Self Storage brand name. Through our Revenue Optimization System, utilizing sophisticated proprietary algorithms, we systematically make pricing changes for new customers to maximize revenue and bring more to the bottom line.

Our management expertise also allows us to identify revenue optimization opportunities within the properties themselves, such as reconfiguration of unit sizes and increasing the percentage of climate controlled units. Because many of the internal walls can often be moved, units can be combined or separated, altering sizes to meet the demands of the local customers. We have quickly seen the positive results of these efforts, at times within two weeks of implementation.

In addition, we continue to strategically increase incremental revenues other than through direct rental increases, by offering moving and packing supplies, locks and boxes and offering other services, such as truck rentals and tenant insurance. As a result of this strategy, ancillary operating revenues increased from $2.1 million in 2012 to $2.6 million in 2013, an increase of over 22%.

We are also looking at entirely new revenue sources, including renewable energy. For example, a plan is in place to install solar panels on the rooftops of three of our facilities in the Greater Toronto Area by fall 2014. This is anticipated to drive nearly $500,000 in additional annual revenues for these properties. We are evaluating this on a state-by-state basis to determine if such a program would bring similar value to our U.S. properties.

Going Forward: Continued Growth

We continue to place a significant amount of focus on revenue generation opportunities at our self storage facilities, capitalizing on economies of scale from our growing portfolio. We continually analyze market supply and demand factors, as well as occupancy trends, in setting rental rates, promotional discounts and target marketing initiatives. We will continue to refine our Revenue Optimization System. At the property level, we have put forth a standardized sales approach so that the rental experience is consistent at each of our facilities.

One of the most important elements of our continued success is our performance-driven marketing programs that include world-class branding, advertising, public relations, social media, and a centralized call center. We have developed an integrated marketing strategy for our online, phone and walk-in customers, which includes our new customer-friendly and mobile-friendly website. We have also successfully implemented a variety of website promotions. Our integrated marketing strategy also includes web marketing tools, pay-per-click campaigns (to generate leads and improve brand recognition), and search engine optimization to obtain a dominant position in browser listings, which provide us with a technological edge over competitors.

Our marketing team has made a significant commitment to social media. We realize that today's self storage customer is increasingly sophisticated in how they prefer to receive their information. Consequently, we are utilizing several different channels of communication and a variety of social media including Facebook, Twitter and Google+. We believe that the implementation of these and other branding and marketing initiatives will enhance brand awareness and drive revenue growth into the future.

Our 2013 results have proven the soundness of our plan, and we believe SSTI has the right strategy, people, and platform in place to continue our growth.

In September of 2013, we closed the program to new investors and we are now entering the next phase of our lifecycle. We expect to continue to see strong growth at the property operations level, as many of our properties are still in an accelerated growth mode and have not yet reached their full potential.

Ultimately, of course, our goal is to provide a profitable exit strategy for our investors. With this in mind, our board of directors has been and is continuing to explore strategic alternatives to create stockholder liquidity. We retained an investment banking firm to help us analyze these strategic alternatives. We continue to assess market conditions and weigh a variety of options. We will act in a manner that is most prudent for the benefit of our investors and will keep you informed of any developments along the way.

Our team has delivered another year of industry-leading results, making SSTI one of the fastest growing self storage companies in the United States.

We thank you for your confidence in SSTI and will continue to work hard to earn your trust daily.

Continued successes,

H. Michael Schwartz
Chairman and CEO

Board of Directors

H. Michael Schwartz
Founder, Chairman, CEO and President

Harold “Skip” Perry
Independent Director

Timothy S. Morris
Independent Director

Executive Team

Paula Mathews
EVP and Assistant Secretary

Michael S. McClure
EVP, CFO and Treasurer

James L. Berg
Secretary

Wayne Johnson
SVP, Acquisitions

Ken Morrison
SVP, Property Management and President, Strategic Storage Property Management

Operations

Jon Carabio
Regional Director of Operations, Western Region

Rich Windisch
Regional Director of Operations, Eastern Region

Lama Hanna
Revenue Manager

Brian Griewe
Capital Projects Director

Joaquin Echevarria
District Manager, Northeast

Robert Cole
District Manager, South Carolina

Bill Doyle
District Manager, Atlanta East

Simon Chan
District Manager, Atlanta West

Andrea Scutellaro
District Manager, Gulf States

Chris Jarrell
District Manager, Texas

Maria Avellana
District Manager, Desert Southwest

David Black
District Manager, Desert Southwest

Steve Fatten
District Manager, West Coast

Justin Lackey
District Manager, Tennessee Valley

Brett Andrews
District Manager, Canada

Chris Rogers
Area Manager, Chicago

Amanda McDaniel
Area Manager, Kentucky

Kristen Seay
Area Manager, Virginia

Acquisitions

Robb Kone
Acquisitions

Marketing

Michael Tippner
VP, Internet Marketing

Investor Relations

Amanda Timmons
Investor Relations Coordinator

Accounting

Michael Terjung
Controller

Members of our Executive Team and Property Management Team are employees of Strategic Storage Holdings, LLC.

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, 2013

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: 000-53644

Strategic Storage Trust, Inc.

(Exact name of Registrant as specified in its charter)

Maryland	32-0211624
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

111 Corporate Drive, Suite 120, 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	Name of Each Exchange on Which Registered
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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of the Form 10-K or any amendment of this Form 10-K. ☒

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

Large Accelerated Filer ☐	Accelerated Filer ☐
Non-Accelerated Filer ☒ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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

While there is no established market for the registrant's shares of common stock, on April 2, 2012, the registrant announced an estimated per share value of its common stock equal to $10.79 per share, calculated as of December 31, 2011. The registrant is currently offering shares of its common stock to existing stockholders pursuant to its distribution reinvestment plan at a purchase price of $10.25, which is 95% of the last estimated per share value. For a full description of the methodologies used to value the registrant's assets and liabilities in connection with the calculation of the estimated per share value, see Part II, Item 5, "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Market Information." The aggregate market value of voting common stock held by non-affiliates was approximately $542,000,000 assuming a market value of $10.79 per share, as of June 30, 2013.

As of March 21, 2014, there were 56,576,673 outstanding shares of common stock of the registrant.

Documents Incorporated by Reference:

None.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Form 10-K of Strategic Storage Trust, 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,” “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, all of which are difficult or impossible to predict accurately. To the extent that our assumptions differ from actual results, our ability to meet 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.

All forward-looking statements should be read in light of the risks identified in Part I, Item 1A of this Form 10-K.

PART I

ITEM 1. BUSINESS

Overview

Strategic Storage Trust, Inc., a Maryland corporation (the “Company”), was formed on August 14, 2007 for the purpose of engaging in the business of investing in self storage facilities. The Company made an election to be taxed as a real estate investment trust (“REIT”) beginning with the taxable year ended December 31, 2008. As used in this report, “we” “us” and “our” refer to Strategic Storage Trust, Inc.

Strategic Capital Holdings, LLC (our “Sponsor”), is the sponsor of our Offering (as defined below). Our Sponsor was formed on July 21, 2004 to engage in private structured offerings of limited partnerships and other entities with respect to the acquisition, management and disposition of commercial real estate assets. Our Sponsor owns a majority of Strategic Storage Holdings, LLC, which is the sole member of our advisor, Strategic Storage Advisor, LLC (our “Advisor”), and our property manager, Strategic Storage Property Management, LLC (our “Property Manager”). We have no paid employees. Our Advisor is responsible for managing our affairs on a day-to-day basis and identifying and making acquisitions and investments on our behalf under the terms of an advisory agreement with our Advisor. Our Advisor was formed on August 13, 2007. See Note 1 of the Notes to the Consolidated Financial Statements contained in this report for further details about our affiliates.

Our operating partnership, Strategic Storage Operating Partnership, L.P., a Delaware limited partnership (our “Operating Partnership”), was formed on August 14, 2007. On August 24, 2007, our Advisor purchased a limited partnership interest in our Operating Partnership for $200,000 and on August 24, 2007, we contributed the initial $1,000 capital contribution we received to our Operating Partnership in exchange for the general partner interest. Our Operating Partnership owns, directly or indirectly through one or more special purpose entities, all of the self storage properties that we have acquired. As of December 31, 2013, we owned 99.28% of the limited partnership interests of our Operating Partnership. The remaining limited partnership interests are owned by our Advisor (0.04%) and unaffiliated third parties (0.68%). As the sole general partner of our Operating Partnership, we have the exclusive power to manage and conduct business of our Operating Partnership. We will conduct certain activities (such as selling packing supplies and locks and renting trucks or other moving equipment) through our taxable REIT subsidiaries (the “TRSs”), which are our wholly-owned subsidiaries.

On March 17, 2008, we began our initial public offering of common stock (our “Initial Offering”). On May 22, 2008, we satisfied the minimum offering requirements of the Initial Offering and commenced formal operations. On September 16, 2011, we terminated the Initial Offering, having sold approximately 29 million shares for gross proceeds of approximately $289 million. On September 22, 2011, we commenced our follow-on public offering of stock for a maximum of 110,000,000 shares of common stock, consisting of 100,000,000 shares for sale to the public (our “Primary Offering”) and 10,000,000 shares for sale pursuant to our distribution reinvestment plan (collectively, our “Offering”). Our Offering terminated on September 22, 2013. On September 18, 2013, our board of directors amended and restated our distribution reinvestment plan, effective September 28, 2013, to make certain minor revisions related to the closing of our Offering. Following the termination of our Offering, on September 23, 2013, we filed with the SEC a Registration Statement on Form S-3, which incorporated the amended and restated distribution reinvestment plan and registered up to an additional $51.25 million in shares under our amended and restated 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, 2013, we had issued approximately 0.4 million shares of common stock for approximately $4.4 million in our DRP Offering. As of December 31, 2013, we had issued approximately 54.1 million shares of common stock for approximately $549 million in our Initial Offering, Offering and our ongoing DRP Offering and also issued 6.2 million shares of common stock in a private offering in connection with our 2009 mergers with two private real estate investment trusts sponsored by our sponsor, Self Storage REIT, Inc. (now Self Storage REIT, LLC) (“REIT I”) and Self Storage REIT II, Inc. (now Self Storage REIT II, LLC) (“REIT II”). As of December 31, 2013, we had approximately 56 million shares issued and outstanding.

In connection with the close-down of our Offering and in light of current market conditions, our board of directors has been and is continuing to explore certain strategic alternatives to create stockholder liquidity. Over several months, we interviewed several investment banking firms to assist us in this process. After this extensive interview process, on May 30, 2013, we engaged Citigroup Global Markets Inc. to help us analyze these strategic alternatives. Our management and our board of directors are also exploring the possibility of becoming self-administered. However, there can be no assurance that the exploration of strategic alternatives will result in any particular outcome. In anticipation of a future possible liquidity event, on November 1, 2013, our board of directors approved the termination of our share redemption program, effective December 1, 2013. See Note 8 of the Notes to the Consolidated Financial Statements contained in this report for further details.

As of December 31, 2013, we wholly-owned 122 self storage facilities located in 17 states (Alabama, Arizona, California, Florida, Georgia, Illinois, Kentucky, Mississippi, Nevada, New Jersey, New York, North Carolina, Pennsylvania, South Carolina, Tennessee, Texas and Virginia) and Canada comprising approximately 77,375 units and approximately 10.2 million rentable square feet. As of December 31, 2013, we also had minority interests in three additional self storage facilities. Of those interests, one has been deemed to be a controlling interest and is therefore consolidated in our consolidated financial statements as discussed in Note 2 of the Notes to the Consolidated Financial Statements contained in this report. Additionally, we have an interest in a net leased industrial property in California with 356,000 rentable square feet leased to a single tenant. While our properties are branded under the "SmartStop® Self Storage" brand, we do not own or control this brand. Strategic Storage Holdings, LLC, the parent company of our Advisor and Property Manager, owns and controls the intellectual property rights to the "SmartStop® Self Storage" brand, the website www.smartstopselfstorage.com and other intellectual property currently being used by us in connection with our self storage properties. We are currently authorized to use this brand and other intellectual property pursuant to a license. In the event that we ever cease to operate under this brand, which has garnered substantial value due to its goodwill and reputation associated therewith, we may lose market share and customers, and we could incur significant costs to change the signage and otherwise change our brand.

Industry Summary

"Self storage" refers to properties that offer do-it-yourself, month-to-month storage space rental for personal or business use. Self storage offers a cost-effective and flexible storage alternative. Customers rent fully-enclosed storage units or parking spaces that can vary in size according to their specific needs. Customers 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 additional storage space. According to the 2014 Self Storage Almanac, self storage facilities generally have a customer mix of approximately 70% residential, 17.5% commercial, 6.2% military and 6.3% 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 residential customers place in self storage properties range from cars, boats and recreational vehicles to furniture, household items and appliances. 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 properties 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 Self Storage Association's Self Storage Industry Fact Sheet (November 2013):

- at year-end 1984 there were 6,601 facilities with 289.7 million square feet of rentable self storage in the U.S. At year-end 2013 there were approximately 48,500 "primary" self storage facilities in the U.S. representing approximately 2.3 billion square feet;
- at year end 2013 there were approximately 59,500 self storage facilities worldwide including more than 3,000 self storage facilities in Canada;
- the top five self storage companies own and operate just 11.9% of all "primary" facilities; and
- it took the self storage industry more than 25 years to build its first billion square feet of space; it added the second billion square feet in just eight years (1998-2005).

The growth in the industry has created more competition in various geographic regions. This has led to an increased emphasis on site location, property design, 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.

Recently, self storage operators have placed increased emphasis on offering ancillary products which provide incremental revenues. Moving and packing supplies, such as locks and boxes, and the offering of other services, such as tenant insurance, 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, automated kiosk rentals, 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 expect the "baby boomer" generation to have a major impact on the future of the self storage industry. During the 19-year period from 1946 to 1964, approximately 77 million babies, or "baby boomers," were born in the U.S. According to the U.S. Census Bureau, "baby boomers" make up nearly 27% of the U.S. population. These "baby boomers" are heading towards retirement age and have accumulated possessions which they wish to retain. As the "baby boomers" move into retirement age and begin to downsize their households, we believe there will be a great need for self storage facilities to assist them in protecting and housing these possessions for prolonged periods of time.

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.

Business Overview

Unlike many other REITs and real estate companies, we are an operating business. We acquire, develop, redevelop, own, operate and manage self storage facilities. Our self storage facilities offer inexpensive, easily accessible, enclosed storage unit or parking space to residential and commercial users on a month-to-month basis. Most of our facilities are fenced with computerized gates and are well lighted. Many of our properties are single-story, thereby providing customers with the convenience of direct vehicle access to their storage units. At certain facilities, we offer climate-controlled units that generally offer heating in the winter and cooling in the summer. Many of our facilities also offer outside vehicle, boat and recreational vehicle storage areas. Our facilities generally are constructed of masonry or steel walls resting on concrete slabs and have standing seam metal, shingle, or tar and gravel roofs. Customers have access to their storage units from 6:00AM – 10:00PM (365 days per year), and some of our facilities provide 24-hour access. Individual storage units are secured by a lock furnished by the customer to provide the customer with control of access to the space. Our facilities range in size from approximately 21,700 to approximately 311,800 net rentable square feet, with an average of approximately 83,000 net rentable square feet.

As an operating business, self storage requires a much greater focus on strategic and operational management. Below are some of the strategies and tactics we are utilizing to grow a diversified portfolio of self storage facilities that we believe will maximize cash available for distributions and potential for appreciation in the value of our properties over the long term.

Initial Growth and Branding Stage

Since our inception, we have been focused on building a diversified portfolio of self storage facilities. As of December 31, 2013, we had acquired 122 facilities in 17 states and Canada. We have been branding our facilities under the "SmartStop® Self Storage" brand. We utilize a call center which focuses on generating reservations and assisting customers with their current storage accounts, such as taking payments or answering general questions. Additionally, we developed a customer-friendly and mobile phone-friendly self storage website, www.smartstopselfstorage.com, which allows potential self storage customers to locate available units at any of our properties. We believe that the implementation of these and other branding and marketing initiatives will enhance brand awareness and drive revenue growth in the future.

Focus on Increasing Revenue and Creating Greater Efficiencies.

We continue to place a significant amount of focus on revenue generation opportunities at our self storage facilities and capitalizing on economies of scale from our growing portfolio. Below are a few of the specific measures we have taken to improve our operating performance at our existing facilities:

- ***Standardized Sales Processes.*** We have put forth a standardized sales approach so that the rental experience is consistent at each of our facilities. All employees are trained in our sales approach and techniques that facilitate the generation of business.
- ***Integrated Marketing Strategy.*** We have developed an integrated marketing strategy for our online, phone and walk-in customers, which includes our customer-friendly and mobile-friendly self storage website, allowing potential customers to locate available units at any of our properties. Also, our web marketing tools, pay-per-click campaign (to generate leads and improve brand recognition), search engine optimization process to obtain a dominant position in browser listings and our social media campaigns provide us with a technological edge over competitors.
- ***Facility Monitoring Activities***. We are seeking to increase revenue and net operating income at each of our facilities by (i) closely monitoring call volume, reservation activity and occupancy in relation to our marketing activities, (ii) analyzing market supply and demand factors, as well as occupancy trends, in setting rental rates, promotional discounts and target marketing initiatives, (iii) continuous refinement of our algorithms that manage our asking rates, as well as our rental rate increases to existing customers at our self storage facilities ("Revenue Optimization System"), and (iv) closely managing our controllable operating costs.
- ***Revenue Optimization System.*** We utilize a Revenue Optimization System ("ROS") which allows us to analyze every unit at every property individually and manage our available unit inventory through a sophisticated system of algorithms which automatically triggers pricing adjustments. This system allows us to instantly respond to market demand and maximize revenues.
- ***Creating Operational Efficiencies***. As we continue to grow our portfolio of self storage facilities, we will be able to consolidate and streamline a number of aspects of our operations through economies of scale. For example, as a result of our size and geographic diversification, as well as our institution of a blanket property and casualty insurance program over all of our properties nationwide, we have reduced our total insurance costs per property. We regularly review and renegotiate national contracts and rates with key vendors and service providers. Additionally, we have implemented a labor scheduling model that takes a standardized approach to staffing our facilities. This allows us to better manage our labor hours and better predict our labor costs. To the extent we can continue to acquire facilities in clusters within geographic regions, we believe efficiencies will continue to improve.
- ***Increasing Focus on Ancillary Revenue***. We are increasing our focus on certain ancillary revenue opportunities. We have increased the emphasis on selling our customers tenant insurance to protect their belongings against loss or damage. We offer a wide assortment of packing and moving supplies that a customer would need to properly protect their items while in storage. We have implemented a standardized approach on how to sell these items to our customers as well. Additionally, we provide truck rental capabilities at many of our facilities to assist customers with their move. Furthermore, we have added the capability for customers to purchase boxes, locks and packing supplies online through our website. Users of this service pick up the supplies at their nearest SmartStop® facility, which increases revenue and increases the likelihood of such customers becoming self storage customers at one of our facilities.

Growth Opportunities.

While our primary focus is on acquiring stabilized self storage facilities that contribute to net cash flow, we have acquired a number of facilities that are either in the lease-up or development stage. By purchasing facilities that are still in the lease-up stage, we believe we can enhance stockholder value through the leasing efforts of our Property Manager and efficiencies created by our brand, website and other marketing efforts. Due to a lack of new supply in certain markets, we believe we can also create long-term stockholder value by developing or redeveloping certain self storage facilities.

Investment Objectives

Overview

We have invested a substantial amount of the net proceeds of the Offering in self storage facilities and related self storage real estate investments. Our investment objectives, strategy and policies may be amended or changed at any time by our board of directors. Although we have no plans at this time to change any of our investment objectives, our board of directors may change any and all such investment objectives, including our focus on self storage facilities, if our board believes such changes are in the best interests of our stockholders. In addition, we may invest in real estate properties other than self storage facilities if our board deems such investments to be in the best interests of our stockholders. We cannot assure our stockholders that our policies or investment objectives will be attained or that the value of our common stock will not decrease.

Exchange Listing and Other Liquidity Events

Our board is in the process of determining when, and if, to apply to have our shares of common stock listed for trading on a national securities exchange subject to satisfying then-existing applicable listing requirements. Subject to market conditions and the sole discretion of our board of directors, we intend to seek one or more of the following liquidity events within three years:

- list our shares on a national securities exchange;
- merge, reorganize or otherwise transfer our company or its assets to another entity with listed securities;
- commence the sale of all of our properties and liquidate our company; or
- otherwise create a liquidity event for our stockholders.

However, we cannot assure our stockholders that we will achieve one or more of the above-described liquidity events within the time frame contemplated or at all. This time frame represents our best faith estimate of the time necessary to build a portfolio sufficient enough to effectuate one of the liquidity events listed above. Our board of directors has the sole discretion to continue operations if it deems such continuation to be in the best interests of our stockholders. Even if we do accomplish one or more of these liquidity events, we cannot guarantee that a public market will develop for the securities listed or that such securities will trade at a price higher than what our stockholders paid for their shares in our offerings. As previously disclosed, on May 30, 2013, we engaged Citigroup Global Markets Inc. to help us analyze strategic alternatives to create stockholder liquidity. Our management and our board of directors are also exploring the possibility of becoming self-administered. However, there can be no assurance that the exploration of strategic alternatives will result in any particular outcome. As our board of directors determines which liquidity event, if any, is in the best interests of us and our stockholders, we expect that the board will take all relevant factors at that time into consideration. We expect that the board will consider various factors including, but not limited to, costs and expenses related to each possible liquidity event and the potential subordinated distributions or other consideration that would be paid to our Advisor.

Primary Investment Objectives

Our primary investment objectives are to:

- invest in income-producing real property in a manner that allows us to qualify as a REIT for federal income tax purposes;
- provide regular cash distributions to our stockholders;
- preserve and protect our stockholders' invested capital; and
- achieve appreciation in the value of our properties over the long term.

We cannot assure our stockholders that we will attain these primary investment objectives.

Our Self Storage Acquisition Strategy

We focus on the acquisition, ownership, operation and development of self storage facilities and activities relating to this type of property. Self storage refers to properties that offer do-it-yourself, month-to-month storage unit rental for personal or business use. According to the Self Storage Association's Self Storage Industry Fact Sheet, the self storage industry in the United States consists of approximately 2.3 billion rentable square feet at approximately 48,500 facilities (where self storage is the primary source of revenue). The industry is highly fragmented, comprised mainly of local operators and a few national owners and operators, including, we believe, only four publicly traded self storage REITs. We believe the following factors will allow us to achieve market penetration, name recognition and national brand awareness and loyalty in the self storage industry, which will result in greater economies of scale:

- the size and diversification of our self storage portfolio, which, as of December 31, 2013, consisted of 122 properties in 17 states and Canada with approximately 77,375 units and approximately 10.2 million square feet;
- the management team of our Advisor and Property Manager which, in addition to our executive officers, includes regional and district property management professionals and on-site property management personnel;
- our self storage branding strategy whereby we intend to re-brand every self storage facility we acquire under the "SmartStop® Self Storage" brand and our call center which provides access to information regarding our self storage facilities; and
- our integrated marketing strategy for our online, phone and walk-in customers, which includes our customer-friendly and mobile-friendly self storage website, allowing potential customers to locate available units at any of our properties. Also, our web marketing tools, pay-per-click campaign (to generate leads and improve brand recognition), search engine optimization process to obtain a dominant position in browser listings and our social media campaigns provide us with a technological edge over competitors.

We focus on pursuing acquisitions of self storage facilities in markets with varying economic and demographic characteristics, including large urban cities, densely populated suburban cities and smaller rural cities, as long as the property meets our acquisition criteria. We also intend to expand and develop certain facilities we purchase in order to capitalize on underutilization and excess demand. The development of certain facilities we purchase may include an expansion of the self storage units or the services and ancillary products offered as well as making units available for office space. However, future investments will not be limited to any geographic area, to a type of facility or to a specified percentage of our total assets. We may invest a portion of the net proceeds we raise in self storage facilities outside the United States. We will strategically invest in specific domestic or foreign markets when opportunities that meet our investment criteria are available. In general, when evaluating potential acquisitions of self storage facilities, the primary factor we will consider is the property's current and projected cash flow.

General Acquisition and Investment Policies

While we focus our investment strategy on self storage facilities and related self storage real estate investments, we may invest in other storage-related investments such as storage facilities for automobiles, recreation vehicles and boats. We may additionally invest in other types of commercial real estate properties if our board of directors deems appropriate; however, we have no current intention of investing more than 20% of the net proceeds of the Offering in such other commercial real estate properties. We seek to make investments that will satisfy the primary investment objective of providing regular cash distributions to our stockholders. However, because a significant factor in the valuation of income-producing real property is its potential for future appreciation, some properties we acquire may have the potential for both growth in value and for providing regular cash distributions to our stockholders. As a secondary focus, in an effort to maximize stockholder value, we have also acquired, and may continue to acquire, value-added properties in lease-up stage, as well as development properties. We believe that this strategy will benefit the overall composition of our portfolio in the future.

Our Advisor has substantial discretion with respect to the selection of specific properties. However, each acquisition will be approved by our board of directors. The consideration paid for a property will ordinarily be based on the fair market value of the property as determined by a majority of our board of directors. In selecting a potential property for acquisition, we and our Advisor consider a number of factors, including, but not limited to, the following:

- projected demand for self storage facilities in the area;
- a property's geographic location and type;

- a property's physical location in relation to population density, traffic counts and access;
- construction quality and condition;
- potential for capital appreciation;
- proposed purchase price, terms and conditions;
- historical financial performance;
- rental rates and occupancy levels for the property and competing properties in the area;
- potential for rent increases;
- demographics of the area;
- operating expenses being incurred and expected to be incurred, including, but not limited to property taxes and insurance costs;
- potential capital improvements and reserves required to maintain the property;
- prospects for liquidity through sale, financing or refinancing of the property;
- potential competitors for expanding the physical layout of the property;
- the potential for the construction of new properties in the area;
- treatment under applicable federal, state and local tax and other laws and regulations;
- evaluation of title and obtaining of satisfactory title insurance; and
- evaluation of any reasonably ascertainable risks such as environmental contamination.

There is no limitation on the number, size or type of properties that we may acquire or on the percentage of net offering proceeds that may be invested in any particular property type or single property. The number and mix of properties will depend upon real estate market conditions and other circumstances existing at the time of acquisition and the amount of proceeds raised in the Offering. In determining whether to purchase a particular property, we may obtain an option on such property. The amount paid for an option, if any, is normally surrendered if the property is not purchased and may or may not be credited against the purchase price if the property is ultimately purchased.

Our Borrowing Strategy and Policies

Although we intend to use relatively low leverage to make our investments, at certain times, our debt leverage levels may be temporarily higher. At the current time, the debt markets are attractive, and our board believes that a higher debt leverage in these markets is beneficial to our long-term interests. Our board of directors will regularly monitor our investment pipeline in relation to our projected availability of capital and otherwise evaluate market conditions related to our debt leverage ratios. As of December 31, 2013, our book value based debt leverage was approximately 54% (leverage as of December 31, 2013 calculated based on gross asset value was approximately 48%).

We may incur our indebtedness in the form of bank borrowings, purchase money obligations to the sellers of properties and publicly- or privately-placed debt instruments or financing from institutional investors or other lenders. We may obtain a credit facility or separate loans for each acquisition. Our indebtedness may be unsecured or may be secured by mortgages or other interests in our properties. We may use borrowing proceeds to finance acquisitions of new properties, to pay for capital improvements, repairs or buildouts, to refinance existing indebtedness, to pay distributions, to fund repurchases of our shares or to provide working capital.

There is no limitation on the amount we can borrow for the purchase of any property. Our aggregate borrowings, secured and unsecured, must be reasonable in relation to our net assets and must be reviewed by our board of directors at least quarterly. Our charter limits our borrowing to 300% of our net assets, as defined (approximately 75% of the cost basis of our assets), unless any excess borrowing is approved by a majority of our independent directors and is disclosed to our stockholders in our next quarterly report, with a justification for such excess.

We may borrow amounts from our Advisor or its affiliates only if such loan is approved by a majority of our directors, including a majority of our independent directors, not otherwise interested in the transaction, as fair, competitive, commercially reasonable and no less favorable to us than comparable loans between unaffiliated parties under the circumstances.

Except as set forth in our charter regarding debt limits, we may re-evaluate and change our debt strategy and policies in the future without a stockholder vote. Factors that we could consider when re-evaluating or changing our debt strategy and policies include then-current economic and market conditions, the relative cost of debt and equity capital, any acquisition opportunities, the ability of our properties to generate sufficient cash flow to cover debt service requirements and other similar factors. Further, we may increase or decrease our ratio of debt to equity in connection with any change of our borrowing policies.

Acquisition Structure

Although we are not limited as to the form our investments may take, our investments in real estate generally constitute acquiring fee title or interests in joint ventures or similar entities that own and operate real estate. We may also enter into the following types of leases relating to real property:

- a ground lease in which we enter into a long-term lease (generally greater than 30 years) with the owner for use of the property during the term whereby the owner retains title to the land; or
- a master lease in which we enter into a long-term lease (typically ten years with multiple renewal options) with the owner in which we agree to pay rent to the owner and pay all costs of operating and maintaining the property (a net lease) and typically have an option to purchase the property in the future.

We make acquisitions of our real estate investments directly or indirectly through our Operating Partnership. We acquire interests in real estate either directly through our Operating Partnership or indirectly through limited liability companies or limited partnerships, or through investments in joint ventures, partnerships, co-tenancies or other co-ownership arrangements with other owners of properties, affiliates of our Advisor or other persons.

Conditions to Closing Acquisitions

We will not purchase any property unless and until we obtain at least a Phase I environmental assessment and history for the property and we are sufficiently satisfied with the property's environmental status. In addition, we will generally condition our obligation to close the purchase of any property on the delivery and verification of certain documents from the seller or other independent professionals, including but not limited to, where appropriate:

- property surveys and site audits;
- real estate appraisals;
- building plans and specifications, if available;
- soil reports, seismic studies, flood zone studies, if available;
- licenses, permits, maps and governmental approvals;
- historical financial statements and tax statement summaries of the properties;
- proof of marketable title, subject to such liens and encumbrances as are acceptable to us; and
- liability and title insurance policies.

Joint Venture Investments

As of December 31, 2013, we had entered into several joint venture arrangements (see Note 2 of the Notes to the Consolidated Financial Statements contained in this report). In the future we may acquire some of our properties in joint ventures, some of which may be entered into with affiliates of our Advisor. We may also 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. In determining whether to recommend a particular joint venture, our Advisor will evaluate the real property which such joint venture owns or is being formed to own under the same criteria described elsewhere in this annual report.

We may enter into joint ventures with affiliates of our Sponsor, Advisor or any affiliate thereof for the acquisition of properties, but only provided that:

- a majority of our directors, including a majority of our independent directors not otherwise interested in the transaction, approve the transaction as being fair and reasonable to us; and
- the investment by us and the joint venture partner are on substantially the same terms and conditions.

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 or the property held by the joint venture. In the event that the venture partner were to elect to sell such interest, however, we may not have sufficient funds to exercise our right of first refusal to buy the venture partner's interest. Entering into joint ventures with affiliates of our Advisor will result in certain conflicts of interest.

Co-Investment with Tenant-In-Common Programs and Delaware Statutory Trusts

Persons selling real estate held for investment often seek to reinvest the proceeds of that sale in another real estate investment in an effort to obtain favorable tax treatment under Section 1031 of the Internal Revenue Code (the "Code"). Our Sponsor has been and may continue to be a sponsor of tenant-in-common programs and Delaware Statutory Trusts ("DSTs"), such transactions referred to as like-kind exchanges.

A DST is a separate legal entity created as a trust under Delaware law that allows persons wishing to engage in like-kind exchanges to reinvest their proceeds in commercial real estate. In such a transaction, the DST acquires title to the property or properties and borrows money, which is secured by such properties, from the lender, and the exchange participant owns a beneficial interest in the DST.

In 2010 we increased our ownership in Self Storage I DST, one of the DSTs acquired in a previous merger, from 3.05% to 19.75%. We subsequently acquired the remaining interests in Self Storage I DST, such that we owned 100% of the interests as of February 2011. During 2012, we also acquired all of the interests in Madison County Self Storage DST, a DST sponsored by our Sponsor, such that we owned 100% of the interests as of December 28, 2012. During 2013, we acquired all of the interests in Southwest Colonial, DST ("Colonial DST"), a DST sponsored by our Sponsor, such that we owned 100% of the interests as of November 1, 2013. We may in the future make additional investments in the other DSTs sponsored by our Sponsor or invest in other similar programs, but will only do so if our board of directors, including a majority of our independent directors, determines that our participation is in the best interest of our stockholders. We may co-invest in a property or DST only if a majority of our directors, including a majority of our independent directors, not otherwise interested in the transaction approves of the transaction as being fair, competitive and commercially reasonable to us.

Construction and Development Activities

From time to time, we may construct and develop real estate assets or render services in connection with these activities. We may be able to reduce overall purchase costs by constructing and developing a property versus purchasing a completed property. Developing and constructing properties would, however, expose us to risks such as cost overruns, carrying costs of projects under construction or development, availability and costs of materials and labor, weather conditions and government regulation. To comply with the applicable requirements under federal income tax law, we intend to limit our construction and development activities to performing oversight and review functions, including reviewing the construction design proposals, negotiating and contracting for feasibility studies and supervising compliance with local, state or federal laws and regulations, negotiating contracts, overseeing construction, and obtaining financing. In addition, we may use taxable REIT subsidiaries or certain independent contractors to carry out these oversights and review functions. We will retain independent contractors to perform the actual construction work. As of December 31, 2013, we had one property that was under development in Canada.

Government Regulations

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

Americans with Disabilities Act

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. These requirements became effective in 1992. Complying with the ADA requirements could require us to remove access barriers. Failing to comply could result in the imposition of fines by the federal government 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 to comply with the ADA. In addition, a number of additional federal, state and local 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 expected distributions 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 likely 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 assure our stockholders 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.

Disposition Policies

As of December 31, 2013, we had not disposed of any of our self storage facilities. We generally intend to hold each property we acquire for an extended period. However, we may sell a property at any time if, in our judgment, the sale of the property is in the best interests of our stockholders.

The determination of whether a particular property should be sold or otherwise disposed of will generally be made after consideration of relevant factors, including prevailing economic conditions, other investment opportunities and considerations specific to the condition, value and financial performance of the property. In connection with our sales of properties, we may lend the purchaser all or a portion of the purchase price. In these instances, our taxable income may exceed the cash received in the sale.

We may sell assets to third parties or to affiliates of our Advisor. Our nominating and corporate governance committee of our board of directors, which is comprised solely of independent directors, must review and approve all transactions between us and our Advisor and its affiliates.

Investment Limitations in Our Charter

Our charter places numerous limitations on us with respect to the manner in which we may invest our funds, most of which are required by various provisions of the Statement of Policy Regarding Real Estate Investment Trusts published by the North American Securities Administrators Association (NASAA REIT Guidelines). So long as our shares are not listed on a national securities exchange, the NASAA REIT Guidelines apply to us, and we will not:

- Invest in equity securities unless a majority of our directors, including a majority of our independent directors, not otherwise interested in the transaction approve such investment as being fair, competitive and commercially reasonable.
- Invest in commodities or commodity futures contracts, except for futures contracts when used solely for the purpose of hedging in connection with our ordinary business of investing in real estate assets and mortgages.
- Invest in real estate contracts of sale, otherwise known as land sale contracts, unless the contract is in recordable form and is appropriately recorded in the chain of title.
- Make or invest in mortgage loans unless an appraisal is obtained concerning the underlying property, except for those mortgage loans insured or guaranteed by a government or government agency. In cases where our independent directors determine, and in all cases in which the transaction is with any of our directors or our Advisor and its affiliates, we will obtain an appraisal from an independent appraiser. We will maintain such appraisal in our records for at least five years and it will be available to our stockholders for inspection and duplication. We will also obtain a mortgagee's or owner's title insurance policy as to the priority of the mortgage or condition of the title.
- Make or invest in mortgage loans, including construction loans, on any one property if the aggregate amount of all mortgage loans on such property would exceed an amount equal to 85% of the appraised value of such property, as determined by an appraisal, unless substantial justification exists for exceeding such limit because of the presence of other loan underwriting criteria.
- Make or invest in mortgage loans that are subordinate to any mortgage or equity interest of any of our directors, our Advisor or their respective affiliates.
- Make investments in unimproved property or indebtedness secured by a deed of trust or mortgage loans on unimproved property in excess of 10% of our total assets.
- Issue equity securities on a deferred payment basis or other similar arrangement.
- Issue debt securities in the absence of adequate cash flow to cover debt service.
- Issue equity securities that are assessable after we have received the consideration for which our board of directors authorized their issuance.
- Issue "redeemable securities" redeemable solely at the option of the holder, which restriction would have no effect on our ability to implement a share redemption program.
- When applicable, grant warrants or options to purchase shares to our Advisor or its affiliates or to officers or directors affiliated with our Advisor except on the same terms as options or warrants that are sold to the general public. Further, the amount of the options or warrants cannot exceed an amount equal to 10% of outstanding shares on the date of grant of the warrants and options.
- Lend money to our directors, or to our Advisor or its affiliates, except for certain mortgage loans described above.

Changes in Investment Policies and Limitations

Our charter requires that our independent directors review our investment policies at least annually to determine that the policies we are following are in the best interests of our stockholders. Each determination and the basis therefore is required to be set forth in the applicable meeting minutes. The methods of implementing our investment policies may also vary as new investment techniques are developed. The methods of implementing our investment objectives and policies, except as otherwise provided in our charter, may be altered by a majority of our directors, including a majority of our independent directors, without the approval of our stockholders. The determination by our board of directors that it is no longer in our best interests to continue to be qualified as a REIT shall require the concurrence of two-thirds of the board of directors. Investment policies and limitations specifically set forth in our charter, however, may only be amended by a vote of the stockholders holding a majority of our outstanding shares.

Investments in Mortgages

As of December 31, 2013, we had not invested in any mortgages. While we intend to emphasize equity real estate investments and, hence, operate as what is generally referred to as an "equity REIT," as opposed to a "mortgage REIT," we may invest in first or second mortgage loans, mezzanine loans secured by an interest in the entity owning the real estate or other similar real estate loans consistent with our REIT status. We may make such loans to developers in connection with construction and redevelopment of self storage facilities. Such mortgages may or may not be insured or guaranteed by the Federal Housing Administration, the Veterans Benefits Administration or another third party. We may also invest in participating or convertible mortgages if our directors conclude that we and our stockholders may benefit from the cash flow or any appreciation in the value of the subject property. Such mortgages are similar to equity participation.

Affiliate Transaction Policy

During 2010 we increased our ownership in Self Storage I DST, a DST sponsored by our Sponsor, from 3.05% to 19.75%. We subsequently acquired the remaining interests, such that we owned 100% of the interests as of February 2011. In 2011 and 2012, we increased our preferred equity investment in USA Hawthorne, LLC, the entity which has a direct interest in a net leased industrial property ("Hawthorne property") in California with 356,000 rentable square feet leased to a single tenant, by approximately $0.7 million to approximately $6.9 million. During 2012, we acquired all of the interests in Madison County Self Storage DST, a DST sponsored by our Sponsor, such that we owned 100% of the interests as of December 28, 2012. During 2013, we acquired all of the interests in Southwest Colonial, DST ("Colonial DST"), a DST sponsored by our Sponsor, such that we owned 100% of the interests as of November 1, 2013. See Note 3 of the Notes to the Consolidated Financial Statements contained in this report. We may purchase additional properties from one or more affiliates of our Advisor in the future. Our board of directors has established a nominating and corporate governance committee, which will review and approve all matters the board believes may involve a conflict of interest. This committee is composed solely of independent directors. This committee of our board of directors will approve all transactions between us and our Advisor and its affiliates.

Investment Company Act of 1940 and Certain Other Policies

We intend to operate in such a manner that we will not be subject to regulation under the Investment Company Act of 1940, or the 1940 Act. Our Advisor will continually review our investment activity to attempt to ensure that we do not come within the application of the 1940 Act. Among other things, our Advisor will attempt to monitor the proportion of our portfolio that is placed in various investments so that we do not come within the definition of an "investment company" under the 1940 Act. If at any time the character of our investments could cause us to be deemed as an investment company for purposes of the 1940 Act, we will take all necessary actions to attempt to ensure that we are not deemed to be an "investment company." In addition, we do not intend to underwrite securities of other issuers or actively trade in loans or other investments.

Subject to the restrictions we must follow in order to qualify to be taxed as a REIT, we may make investments other than as previously described, although we do not currently intend to do so. We have authority to purchase or otherwise reacquire our common shares or any of our other securities. If we repurchase any of our common shares, we would only take such action in conformity with applicable federal and state laws and the requirements for qualifying as a REIT under the Code.

Employees

We have no paid employees. The employees of our Advisor provide management, acquisition, advisory and certain administrative services for us.

Competition

The extent of competition in the market area depends significantly on local market conditions. The primary factors upon which competition in the self storage industry is based are location, rental rates, suitability of the property's design and the manner in which the property is operated and marketed. We believe we compete successfully on these bases.

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.

Industry Segments

We internally evaluate all of our properties and interests therein as one industry segment and, accordingly, we do not report segment information.

Geographic Information

Our Canadian real estate assets represent approximately $44.6 million or approximately 6.9% of our net carrying value of real estate assets as of December 31, 2013. For the year ended December 31, 2013, approximately $2.4 million, or approximately 2.9% of our revenues, were generated by our Canadian real estate assets. As of December 31, 2013, one of our Canadian real estate assets is in the development stage and is not yet generating revenue.

ITEM 1A. RISK FACTORS

Below are risks and uncertainties that could adversely affect our operations that we believe are material to stockholders. Other risks and uncertainties may exist that we do not consider material based on the information currently available to us at this time.

Risks Related to an Investment in Strategic Storage Trust, Inc.

We have limited established financing sources and we cannot assure our stockholders that we will be successful in the marketplace.

We were incorporated in August 2007 and commenced active business operations on May 22, 2008. As of December 31, 2013, we owned 122 properties in 17 states and Canada. Our stockholders should consider our prospects in light of the risks, uncertainties and difficulties frequently encountered by companies that are in a similar stage of development.

To be successful in this market, we must, among other things:

- identify and acquire investments that further our investment objectives;
- attract, integrate, motivate and retain qualified personnel to manage our day-to-day operations;
- respond to competition for our targeted real estate properties and other investments; and
- continue to build and expand our operational structure to support our business.

We cannot guarantee that we will succeed in achieving these goals, and our failure to do so could cause stockholders to lose a portion of their investment.

We have incurred losses to date and have an accumulated deficit.

We incurred net losses of approximately $7.4 million, $19.0 million and $21.4 million for the fiscal years ended December 31, 2013, 2012 and 2011, respectively. Our accumulated deficits were approximately $69.4 million, $61.9 million and $43.0 million as of December 31, 2013, 2012 and 2011, respectively.

To date, we have paid a majority of our 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.

In the event we do not have enough cash from operations to fund our distributions, we may borrow, issue additional securities, sell assets, or use other capital raising strategies in order to fund the distributions. 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 years ended December 31, 2008 and 2009, we funded 100% of our distributions using proceeds from our Initial Offering. For the years ended December 31, 2010, 2011, 2012 and 2013 we funded 6.5%, 13.3%, 33.9%, and 55.0% respectively of our distributions using cash flow from operations and 93.5%, 86.7%, 66.1%, and 45.0% using proceeds from our offerings. If we continue to pay distributions from sources other than cash flow from operations, we will have fewer funds available for acquiring properties, which may reduce our stockholders' overall returns.

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. Distributions will be based principally on distribution expectations of our potential 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.

We may not calculate the net asset value per share for our shares annually, therefore, you may not be able to determine the net asset value of your shares on an ongoing basis.

On April 2, 2012, our board of directors approved a net asset valuation of $10.79 per share. We intend to use this net asset valuation as the estimated per share value of our shares until the next net asset valuation approved by our board of directors, which we expect to occur within the next two years. We will disclose this net asset value to stockholders in our filings with the SEC. We may not calculate the net asset value per share for our shares annually. Therefore, our stockholders may not be able to determine the net asset value of their shares on an ongoing basis.

In determining our estimated net asset value per share, we primarily relied upon a valuation of our portfolio of properties as of December 31, 2011. 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 net asset value per share, an independent third party appraiser valued our properties as of December 31, 2011. 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 advisor and 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.

If we, through our Advisor, are unable to find suitable investments, then we may not be able to achieve our investment objectives or pay distributions.

Our ability to achieve our investment objectives and to pay distributions is dependent upon the performance of our Advisor in selecting our investments and arranging financing. As of December 31, 2013, we owned 122 properties in 17 states and Canada. Our stockholders will essentially have no opportunity to evaluate the terms of transactions or other economic or financial data concerning our investments prior to the time we make them. Our stockholders must rely entirely on the management ability of our Advisor and the oversight of our board of directors. We cannot be sure that our Advisor will be successful in obtaining suitable investments on financially attractive terms or that, if it makes investments on our behalf, our objectives will be achieved. If we are unable to find suitable investments, we will hold the proceeds of the Offering in an interest-bearing account or invest the proceeds in short-term, investment-grade investments. In such an event, our ability to pay distributions to our stockholders would be adversely affected.

We may suffer from delays in locating suitable investments, which could adversely affect our ability to make distributions and the value of our stockholders' investments.

We could suffer from delays in locating suitable investments, particularly as a result of our reliance on our Advisor at times when management of our Advisor is simultaneously seeking to locate suitable investments for other affiliated programs, including Strategic Storage Trust II, Inc., a publicly registered non-traded REIT, and Strategic Storage Growth Trust, Inc., a non-traded REIT in the registration process, both of which are sponsored by an affiliate of our Sponsor. Delays we encounter in the selection, acquisition and development of income-producing properties are likely to adversely affect our ability to make distributions and may also adversely affect the value of our stockholders' investments. In such event, we may pay all or a substantial portion of our distributions from the proceeds of the Offering or from borrowings in anticipation of future cash flow, which may constitute a return of our stockholders' capital. We are not prohibited from undertaking such activities by our charter, bylaws or investment policies. We have established no maximum of distributions to be paid from such funds. Distributions from the proceeds of the Offering or from borrowings also could reduce the amount of capital we ultimately invest in properties. This, in turn, would reduce the value of our stockholders' investments. In particular, if we acquire properties prior to the start of construction or during the early stages of construction, it will typically take several months to complete construction and rent available storage space. Therefore, our stockholders could suffer delays in the receipt of cash distributions attributable to those particular properties.

If our Advisor or Property Manager loses or is unable to obtain key personnel, our ability to implement our investment objectives could be delayed or hindered, which could adversely affect our ability to make distributions and the value of our stockholders' investments.

Our success depends to a significant degree upon the contributions of certain of our executive officers and other key personnel of our Advisor and Property Manager, including H. Michael Schwartz, Paula Mathews, Michael S. McClure, Ken Morrison and Wayne Johnson, each of whom would be difficult to replace. Our Advisor does not have an employment agreement with any of these key personnel and we cannot guarantee that all, or any particular one, will remain affiliated with us and/or our Advisor. If any of our key personnel were to cease their affiliation with our Advisor, our operating results could suffer. Further, we do not intend to separately maintain key person life insurance on any of these individuals. We believe that our future success depends, in large part, upon our Advisor's ability to hire and retain highly skilled managerial, operational and marketing personnel. Competition for such personnel is intense, and we cannot assure our stockholders that our Advisor will be successful in attracting and retaining such skilled personnel. If our Advisor loses or is unable to obtain the services of key personnel or does not establish or maintain appropriate strategic relationships, our ability to implement our investment strategies could be delayed or hindered, and the value of our stockholders' investments may decline.

Our ability to operate profitably will depend upon the ability of our Advisor to efficiently manage our day-to-day operations and the ability of our Property Manager to effectively manage our properties.

We will rely on our Advisor to manage our business and assets. Our Advisor will make all decisions with respect to our day-to-day operations. In addition, we will rely on our Property Manager to effectively manage our properties. Thus, the success of our business will depend in large part on the ability of our Advisor and Property Manager to manage our operations. Any adversity experienced by our Advisor or our Property Manager or problems in our relationship with our Advisor or Property Manager could adversely impact our operations and, consequently, our cash flow and ability to make distributions to our stockholders.

We do not own or control the intellectual property rights to the "SmartStop® Self Storage" brand and other trademarks and intellectual property used by us in connection with our self storage facilities; therefore, we could potentially lose revenues and incur significant costs if we cease to operate under this brand.

Strategic Storage Holdings, LLC, the parent company of our Advisor and Property Manager, owns and controls the intellectual property rights to the "SmartStop® Self Storage" brand, the website www.smartstopselfstorage.com and other intellectual property currently being used by us in connection with our self storage properties. We are currently authorized to use this brand and other intellectual property pursuant to a license. In the event that we ever cease to operate under this brand, which has garnered substantial value due to its goodwill and reputation associated therewith, we may lose market share and customers, which could result in lost revenues. In addition, we could incur significant costs to change the signage and otherwise change our brand.

We may loan a portion of the proceeds of the Offering to fund the development or purchase of self storage facilities, and we may invest in mortgage or other loans, but if these loans are not fully repaid, the resulting losses could reduce the expected cash available for distribution to our stockholders and the value of our stockholders' investments.

We will use the net proceeds of the Offering primarily to purchase self storage facilities, to repay debt financing that we may incur when acquiring properties, and to pay real estate commissions, acquisition fees and acquisition expenses relating to the selection and acquisition of properties, including amounts paid to our Advisor and its affiliates. In addition, we may loan a portion of the net offering proceeds to entities developing or acquiring self storage facilities, including affiliates of our Advisor, subject to the limitations in our charter. We may also invest in first or second mortgage loans, mezzanine loans secured by an interest in the entity owning the real estate or other similar real estate loans consistent with our REIT status. We may also invest in participating or convertible mortgages if our directors conclude that we and our stockholders may benefit from the cash flow or any appreciation in the value of the subject property. There can be no assurance that these loans will be repaid to us in part or in full in accordance with the terms of the loan or that we will receive interest payments on the outstanding balance of the loan. We anticipate that these loans will be secured by mortgages on the underlying properties, but in the event of a foreclosure, there can be no assurances that we will recover the outstanding balance of the loan. If there are defaults under these loans, we may not be able to repossess and sell the underlying properties quickly. The resulting time delay and associated costs could reduce the value of our investment in the defaulted loans. An action to foreclose on a property securing a mortgage loan is regulated by state statutes and regulations and is subject to many of the delays and expenses of other lawsuits if the defendant raises defenses or counterclaims. In the event of default by a mortgagor, these restrictions, among other things, may impede our ability to foreclose on or sell the mortgaged property or to obtain proceeds sufficient to repay all amounts due to us on the mortgage loan.

Risks Related to Conflicts of Interest

Our Advisor, Property Manager and their 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 Advisor, Property Manager and their 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 Strategic Storage Trust II, Inc., a publicly registered non-traded REIT, and Strategic Storage Growth Trust, Inc., a non-traded REIT in the registration process, both of which are sponsored by an affiliate of our Sponsor, and may have other business interests as well. 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.

Our officers and one of our directors 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.

Our executive officers and one of our directors are also officers of our Advisor, our Property Manager, and other affiliated entities, including Strategic Storage Trust II, Inc., a publicly registered non-traded REIT, and Strategic Storage Growth Trust, Inc., a non-traded REIT in the registration process, both of which are sponsored by an affiliate of our Sponsor. 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, (5) investments with affiliates of our Advisor, (6) compensation to our Advisor, and (7) our relationship with our dealer manager and Property Manager. If we do not successfully implement our investment objectives, we may be unable to generate cash needed to make distributions to our stockholders and to maintain or increase the value of our assets.

Our Advisor will face conflicts of interest relating to the purchase of properties, and such conflicts may not be resolved in our favor, which could adversely affect our investment opportunities.

We may be buying properties at the same time as one or more of the other programs managed by officers and key personnel of our Advisor, including Strategic Storage Trust II, Inc. a publicly registered non-traded REIT, and Strategic Storage Growth Trust, Inc., a non-traded REIT in the registration process, both of which are sponsored by an affiliate of our Sponsor. As of December 31, 2013, our Advisor and its affiliates are actively involved in eight other real estate programs (two of which invest in or own self storage properties) that may compete with us or otherwise have similar business interests. Our Advisor and our Property Manager 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 they may be or become involved. There is a risk that our Advisor will choose a property that provides lower returns to us than a property purchased by another program sponsored by our Sponsor. We cannot be sure that officers and key personnel acting on behalf of our Advisor and on behalf of these other programs will act in our best interests when deciding whether to allocate any particular property to us. Such conflicts that are not resolved in our favor could result in a reduced level of distributions we may be able to pay to our stockholders and a reduction in the value of our stockholders' investments. If our Advisor or its affiliates breach their legal or other obligations or duties to us, or do not resolve conflicts of interest in the appropriate manner, we may not meet our investment objectives, which could reduce the expected cash available for distribution to our stockholders and the value of our stockholders' investments.

We may face a conflict of interest if we purchase properties from affiliates of our Advisor.

In the past, we completed two mergers with private real estate investment trusts sponsored by our Sponsor. During 2010 we increased our ownership from 3.05% to 19.75% in Self Storage I DST, a DST sponsored by our Sponsor. We subsequently acquired the remaining interests in Self Storage I DST, such that we owned 100% of the interests as of February 2011. In 2012 we also acquired all of the interests in Madison County Self Storage DST, a DST sponsored by our Sponsor, such that we owned 100% of the interests as of December 28, 2012. During 2013, we also acquired all of the interests in Southwest Colonial, DST ("Colonial DST"), a DST sponsored by our Sponsor, such that we owned 100% of the interests as of November 1, 2013. We may purchase properties from one or more affiliates of our Advisor in the future. A conflict of interest may exist if such acquisition occurs. The business interests of our Advisor and its affiliates may be adverse to, or to the detriment of, our interests. Additionally, the prices we pay to affiliates of our Advisor 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. 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 will use an independent third-party appraiser to determine fair market value when acquiring properties from our Advisor and its affiliates, we may pay more 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 affiliates of our Advisor will not be negotiated in an arm's-length transaction, and as a result of the affiliation between our Advisor and its affiliates, our Advisor may be reluctant to enforce the agreements against such entities. Our nominating and corporate governance committee of our board of directors approved all of the transactions discussed above and will approve all future transactions between us and our Advisor and its affiliates.

Our Advisor will face conflicts of interest relating to the incentive distribution structure under our operating partnership agreement, which could result in actions that are not necessarily in the long-term best interests of our stockholders.

Pursuant to our operating partnership agreement, our Advisor and its affiliates will be entitled to distributions that are structured in a manner intended to provide incentives to our advisor to perform in our best interests and in the best interests of our stockholders. The amount of such compensation has not been determined as a result of arm's-length negotiations, and such amounts may be greater than otherwise would be payable to independent third parties. However, because our Advisor does not maintain a significant equity interest in us and is entitled to receive substantial minimum compensation regardless of performance, our Advisor's interests will not be wholly aligned with those of our stockholders. In that regard, our Advisor could be motivated to recommend riskier or more speculative investments in order for us to generate the specified levels of performance or sales proceeds that would entitle our Advisor to distributions. In addition, our Advisor's entitlement to distributions upon the sale of our assets and to participate in sale proceeds could result in our Advisor recommending sales of our investments at the earliest possible time at which sales of investments would produce the level of return that would entitle our Advisor to compensation relating to such sales, even if continued ownership of those investments might be in our best long-term interest.

Our operating partnership agreement will require us to pay a performance-based distribution to our Advisor in the event that we terminate our Advisor prior to the listing of our shares for trading on an exchange or, absent such listing, in respect of its participation in net sale proceeds, or in the event of an Extraordinary Transaction, as such term is defined in our operating partnership agreement. To avoid paying this distribution, our board of directors may decide against terminating the advisory agreement prior to our listing of our shares or disposition of our investments even if, but for the distribution, termination of the advisory agreement would be in our best interest. In addition, the requirement to pay the distribution to our Advisor at termination could cause us to make different investment or disposition decisions than we would otherwise make in order to satisfy our obligation to pay the distribution to the terminated Advisor.

As our board of directors engages in the process of determining which liquidity event, if any, is in the best interests of us and our stockholders, our Advisor may not agree with the decision of our board as to which liquidity event, if any, we should pursue. If there is a substantial difference in the amount of the subordinated distribution our Advisor may receive for each liquidity event, our Advisor may prefer a liquidity event with a higher subordinated distribution. If our board of directors decides to list our shares for trading on an exchange, our board may also decide to merge with our Advisor in anticipation of the listing process. Such merger may result in substantial compensation to our Advisor which may create certain conflicts.

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

We may enter into joint ventures with other programs sponsored by our Sponsor for the acquisition, development or improvement of properties. Our Advisor 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, our Advisor 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. Since our Advisor and its affiliates will control both the affiliated co-venturer and, to a certain extent, us, agreements and transactions between 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-venturer receiving benefits greater than the benefits that we receive. In addition, we may assume liabilities, related to the joint venture, that exceed the percentage of our investment in the joint venture, and this could reduce the returns on our stockholders' investments.

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

Baker, Donelson, Bearman, Caldwell & Berkowitz, PC (Baker Donelson) acts as legal counsel to us and also represents our Sponsor, Advisor and some of their affiliates. 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, Baker Donelson 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 Advisor or its 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, Baker Donelson 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% in value or number, whichever is more restrictive, of any class of our outstanding stock. This restriction may 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.

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 could have a priority as to distributions and amounts payable upon liquidation over the rights of the holders of our common stock. 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 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. Since our articles of incorporation, as amended, contain limitations on ownership of 9.8% or more of our common stock, we opted out of the business combinations statute in our charter. Therefore, we will not be afforded the protections of this statute and, accordingly, there is no guarantee that the ownership limitations in our articles of incorporation would provide the same measure of protection as the business combinations statute and prevent an undesired change of control by an interested stockholder.

Our stockholders’ investment returns may be reduced if we are required to register as an investment company under the Investment Company Act of 1940. If we become an unregistered investment company, we will not be able to continue our business.

We do not intend to register as an investment company under the Investment Company Act of 1940 (1940 Act). Currently, our investments in real estate will represent the substantial majority of our total asset mix, which would not subject us to the 1940 Act. In order to maintain an exemption from regulation under the 1940 Act, we must engage primarily in the business of buying real estate, and these investments must be made within a year after the Offering ends. If we are unable to invest a significant portion of the proceeds of the Offering in properties within one year of the termination of the Offering, we may avoid being required to register as an investment company by temporarily investing any unused proceeds in government securities with low returns, which would reduce the cash available for distribution to investors and possibly lower our stockholders’ returns.

To maintain compliance with our 1940 Act exemption, we may be unable to sell assets we would otherwise want to sell and may need to sell assets we would otherwise wish to retain. In addition, we may be required to acquire additional income- or loss-generating assets that we might not otherwise acquire or forego opportunities to acquire interests in companies that we would otherwise want to acquire. If we are required to register as an investment company but fail to do so, we would be prohibited from engaging in our business, and criminal and civil actions could be brought against us. In addition, our contracts would be unenforceable unless a court required enforcement, and a court could appoint a receiver to take control of us and liquidate our business.

Our stockholders are bound by the majority vote on matters on which our stockholders are entitled to vote and, therefore, each stockholder's vote on a particular matter may be superseded by the vote of other stockholders.

Our stockholders may vote on certain matters at any annual or special meeting of stockholders, including the election of directors. However, each stockholder will be bound by the majority vote on matters requiring approval of a majority of the stockholders even if the stockholder does not vote with the majority on any such matter.

If one of our stockholders does not agree with the decisions of our board of directors, the stockholder only has limited control over changes in our policies and operations and may not be able to change such policies and operations, except as provided for in our charter and under applicable law.

Our board of directors determines our major policies, including our policies regarding investments, financing, growth, REIT qualification and distributions. Our board of directors may amend or revise these and other policies without a vote of our stockholders. Under the Maryland General Corporation Law and our charter, our stockholders have a right to vote only on the following:

- the election or removal of directors;
- any amendment of our charter (including a change in our primary investment objectives), except that our board of directors may amend our charter without stockholder approval to increase or decrease the aggregate number of our shares, to increase or decrease the number of our shares of any class or series that we have the authority to issue, or to classify or reclassify any unissued shares by setting or changing the preferences, conversion or other rights, restrictions, limitations as to distributions, qualifications or terms and conditions of redemption of such shares, provided however, that any such amendment does not adversely affect the rights, preferences and privileges of our stockholders;
- our liquidation or dissolution; and
- any merger, consolidation or sale or other disposition of substantially all of our assets.

All other matters are subject to the discretion of our board of directors. Therefore, our stockholders are limited in their ability to change our policies and operations.

Our rights and the rights of our stockholders to recover claims against our officers, directors and our Advisor 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 he or she performs his or her duties in good faith, in a manner he or she 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, in the case of our directors, officers, employees and agents, and our advisory agreement, in the case of our Advisor, requires us to indemnify our directors, officers, employees and agents, and our Advisor and its affiliates, 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, and our Advisor and its affiliates, than might otherwise exist under common law, which could reduce our stockholders' and our recovery against them. In addition, we may be obligated to fund the defense costs incurred by our directors, officers, employees and agents or our Advisor 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 if 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. Therefore, 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 to institutional investors, (4) issue shares of our common stock upon the exercise of the options granted to our independent directors, (5) issue shares to our Advisor, its successors or assigns, in payment of an outstanding fee obligation as set forth under our advisory agreement, or (6) 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, existing stockholders will experience dilution of their equity investment in us. 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 described in this "Risk Factors" section, our stockholders should not expect to be able to own a significant percentage of our shares.

In addition, the net book value per share of our common stock was approximately $5.50 as of December 31, 2013 as compared to the offering price per share of $10.79 in our most recent offering, which terminated on September 22, 2013. Net book value takes into account a deduction of selling commissions, the dealer manager fee and estimated offering expenses paid by us, and is calculated to include depreciated tangible assets, deferred financing costs, and amortized identified intangible assets, which include in-place market leases. Net book value is not an estimate of net asset value, or of the market value or other value of our common stock.

If we merge with our Advisor, the percentage of our outstanding common stock owned by our other stockholders could be reduced, and we could incur additional costs associated with being self-administered.

Our board of directors may consider internalizing the functions performed for us by our Advisor. One method by which we could internalize these functions would be to merge with our Advisor and issue shares to our Advisor as merger consideration. A merger with our Advisor could result in dilution of our stockholders' interests and could reduce earnings per share and funds from operations per share. Internalization transactions have also, in some cases, been the subject of litigation. Even if these claims are without merit, we could be forced to spend significant amounts of money defending claims, which would reduce the amount of funds available for us to invest in properties or other investments and to pay distributions. These factors could have a material adverse effect on our results of operations, financial condition and ability to pay distributions.

Payment of fees to our Advisor and its affiliates will reduce cash available for investment and distribution.

Our Advisor and its affiliates will perform services for us in connection with the selection and acquisition of our investments, and the management of our properties. They will be paid substantial fees for these services, which will reduce the amount of cash available for investment in properties or distribution to stockholders.

We are uncertain of our sources of future 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.

The gross proceeds of the Offering will be used to purchase real estate investments and to pay various commissions, fees and expenses. 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 not identified any sources of debt, other than our current loan facility with KeyBank National Association ("KeyBank"), or equity 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 will consist 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 market rents for self storage space, which could cause a decrease in our rental revenue. Any such decrease could impair our ability to make distributions 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 will 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 will face intense competition in every market in which we purchase self storage facilities. We will compete with numerous national, regional, and local developers, owners and operators in the self storage industry, including other REITs, some of which own or may in the future own facilities similar to, or in the same markets as, the self storage properties we acquire, and some of which will have greater capital resources, greater cash reserves, less demanding rules governing distributions to stockholders and a greater ability to borrow funds to acquire facilities. In addition, due to the low cost of each individual self storage facility, other developers, owners and operators have the capability to build additional facilities that may compete with our facilities. This competition for investments may reduce the number of suitable investment opportunities available to us, may increase acquisition costs and may reduce demand for self storage space 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 make distributions 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 will be 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 rental concessions upon re-letting could adversely affect our rental revenues and impede our growth.

We will 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 will be 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 make distributions 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.

With certain properties we plan to acquire, our business plan contemplates repositioning or redeveloping that property with the goal of increasing its cash flow, value or both. Construction delays to new or existing self storage properties due to weather, unforeseen site conditions, personnel problems, and other factors could delay our anticipated customer occupancy plan which could adversely affect our profitability. 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. Additionally, we may acquire new properties not fully leased, and the cash flow from existing operations may be insufficient to pay the operating expenses associated with that property until the property is fully leased. If one or more of these properties does 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.

Our inability to increase revenue in our current development and lease-up properties could negatively affect our ability to cover distributions.

As of December 31, 2013, we owned one development and several lease-up properties. Some of those lease-up and development properties are currently negatively impacting our results of operations and will continue to do so until the occupancy stabilizes. If several of these properties do not continue to perform as expected, our results of operations and our ability to cover 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, fire, floods, hurricanes, pollution, environmental matters 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. Our customers are required to acquire their own insurance coverage on storage contents or assume all of the risk. Our Advisor 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 by our Advisor based on the type, value, location and risks associated with each investment, as well as any lender requirements, and any other factors our Advisor may consider relevant. Historically, our Sponsor has maintained coverage that includes comprehensive property and general liability coverage, including customer goods legal liability coverage, which covers damage to customer goods due to liability on our part. However, there is no guarantee that such insurance will be obtained 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 will 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.

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.

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 acquire will have stabilized occupancy levels (generally at or above 80%). However, certain of the real properties we acquire may have a higher level of vacancy at the time of closing either because the property is in the process of being developed and constructed, 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 potentially resulting in lower cash distributions to our stockholders due to a lack of an optimum level of customers. In addition, the resale value of the real property could be diminished because the market value may depend principally upon the value of the leases of such real property. Also, because a property's market value depends principally upon its occupancy rate, the resale value of properties with prolonged low occupancy rates could suffer, which could further reduce our stockholders' returns.

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 make distributions 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 distribution.

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 cash available for distribution.

Adverse economic conditions may negatively affect our returns and profitability.

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

- poor economic times may result in tenant 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.

A continuing environment of declining prices could weaken current real estate markets. We do not know when, or even if, real estate markets will return to more normal conditions. Since we cannot predict when real estate markets may recover, the value of our properties 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. The already weak conditions in the real estate markets could be further exacerbated by a deterioration of national or regional economic conditions. Our property values and operations could be negatively affected to the extent that current economic conditions are prolonged or become more severe.

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, 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 have begun to insist 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. 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.

Delays in the acquisition, development and construction of properties may have adverse effects on our results of operations and returns to our stockholders.

Delays we encounter in the selection, acquisition and development of real properties could adversely affect our stockholders' returns. Although we expect that we will invest primarily in properties that have operating histories or in which construction is complete, from time to time we may acquire unimproved real property, properties that are in need of redevelopment or properties that are under development or construction. Investments in such properties will be subject to the uncertainties associated with the development and construction of real property, including those related to re-zoning land for development, environmental concerns of governmental entities and/or community groups and our builders' ability to build in conformity with plans, specifications, budgets and timetables. If a builder fails to perform, we may resort to legal action to rescind the purchase or the construction contract or to compel performance. A builder's performance may also be affected or delayed by conditions beyond the builder's control.

Where properties are acquired prior to the start of construction or during the early stages of construction, it will typically take several months to complete construction and lease available space. Therefore, our stockholders could suffer delays in the receipt of cash distributions attributable to those particular real properties. We may incur additional risks when we make periodic progress payments or other advances to builders before they complete construction. These and other factors can result in increased costs of a project or loss of our investment. We also must rely on rental income and expense projections and estimates of the fair market value of a property upon completion of construction when agreeing upon a purchase price at the time we acquire the property. If our projections are inaccurate, we may pay too much for a property, and the return on our investment could suffer.

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 any self storage properties we acquire, 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 liabilities 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' operations, 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 make distributions to our stockholders and may reduce the value of our stockholders' investments.

We cannot assure our stockholders that any environmental assessment that we obtain 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.

Our costs associated with complying with the Americans with Disabilities Act may affect cash available for distribution.

Our properties will be subject to the Americans with Disabilities Act of 1990, or ADA. Under the ADA, all places of public accommodation are required to comply with federal requirements related to access and use by disabled persons. The ADA has separate compliance requirements for "public accommodations" and "commercial facilities" that generally require that buildings and services, including restaurants and retail stores, be made accessible and available to people with disabilities. The ADA's 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 the ADA or place the burden on the seller or other third party to ensure compliance with the ADA. 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 ADA 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 make distributions to our stockholders.

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

Each of our properties is 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. Recent local government shortfalls in tax revenue may cause pressure to increase tax rates or assessment levels. Increases in real property taxes will adversely affect our net operating income and cash available for distributions.

Risks Associated with Debt Financing

If we breach covenants under our loan facility with KeyBank, we could be held in default under such loan, which could accelerate our repayment date and materially adversely affect the value of our stockholders' investments in us.

On October 28, 2013, we entered into a secured revolving loan with KeyBank ("KeyBank Revolver"), and as of December 31, 2013 there was approximately $71.0 million outstanding on this loan. The KeyBank Revolver is secured by cross-collateralized first mortgage liens or first lien deeds of trust on all properties in the Homeland Portfolio and the Knoxville portfolio, along with five other properties, and is cross-defaulted to other recourse debt of $25 million or greater in the aggregate or non-recourse debt of $75 million or greater in the aggregate. The KeyBank Revolver imposes a number of financial covenant requirements on us. If we should breach certain of those financial covenant requirements or otherwise default on the KeyBank Revolver, KeyBank could accelerate our repayment date. If we do not have sufficient cash to repay this loan at that time, KeyBank could foreclose on the properties securing the loan. Such foreclosure could result in a material loss for us and would adversely affect the value of our stockholders' investments in us.

If we breach certain covenants or restrictions under certain of our debt agreements, we could be held in default thereunder, which could allow the lender to accelerate our repayment date or take other action that could materially adversely affect distributions to our stockholders and the value of our stockholders' investments in us.

Certain of our loans contain various customary covenant requirements and restrictions. If we should breach those requirements or restrictions, or otherwise default on the loans, the respective lenders could accelerate our repayment date or take other action that could be detrimental to us and negatively affect our cash flow. Such actions could adversely affect the distributions we pay to our stockholders and the value of our stockholders' investments in us.

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

Although, technically, our board may approve unlimited levels of debt, our charter generally limits us to incurring debt no greater than 300% of our net assets before deducting depreciation or other non-cash reserves (approximately 75% leverage), unless any excess borrowing is approved by a majority of our independent directors and disclosed to our stockholders in our next quarterly report, along with a justification for such excess borrowing. 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.

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 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. 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.

We have incurred, and intend to continue to incur, indebtedness secured by our properties, which may result in foreclosure.

Most of our borrowings to acquire properties have been and will be secured by mortgages on our 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.

High interest rates may make it difficult for us to refinance properties, which could reduce the number of properties we can acquire and the amount of cash distributions we can make.

For mortgage debt we have placed on our properties, we run the risk of being unable to refinance the properties when the loans come due, or of being unable to refinance on favorable terms. If interest rates are higher when the properties are refinanced, we may not be able to finance the properties and our income could be reduced. If any of these events occur, our cash flow would be reduced. This, in turn, would reduce cash available for distribution to our stockholders and may hinder our ability to raise more capital by issuing more stock or by borrowing more money.

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 make 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 typically contain covenants that limit our ability to further mortgage the property, discontinue insurance coverage or replace our Advisor or our Property Manager. These or other limitations may adversely affect our flexibility and limit our ability to make distributions to our stockholders.

Increases in interest rates could increase the amount of our debt payments and adversely affect our ability to make distributions to our stockholders.

We have incurred indebtedness and expect that we will incur further indebtedness in the future. Interest we pay will reduce cash available for distribution. Additionally, if we incur variable rate debt, increases in interest rates would increase our interest costs, which could reduce our cash flows and our ability to make distributions to our stockholders. In addition, if we need to repay existing debt 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.

Continued 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 which have been brought about in large part by failures in the U.S. banking system. These disruptions have severely impacted the availability of credit and have contributed to rising costs associated with obtaining credit. 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 persist, 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 likely will have to reduce the number of properties we can purchase, and the return on the properties we do purchase may be lower. 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 Co-Ownership of Real Estate

We may have increased exposure to liabilities from litigation as a result of our participation in a tenant-in-common program.

Strategic Capital Holdings, LLC, our Sponsor and an affiliate of our Advisor, has developed tenant-in-common programs to facilitate the acquisition of real estate properties to be owned in co-tenancy arrangements with persons who are looking to invest proceeds from a sale of real estate to qualify for like-kind exchange treatment under Section 1031 of the Code. We may participate in a tenant-in-common program by either co-investing in the property with the exchange investors or purchasing a tenant-in common interest from an affiliate of our Advisor, generally at the cost of the property paid by such affiliate. Changes in tax laws may result in tenant-in-common programs no longer being available, which may adversely affect such programs or cause them not to achieve their intended value. Even though we will not sponsor these tenant-in-common programs, we may be named in or otherwise required to defend against any lawsuits brought by tenant-in-common participants because of our affiliation with sponsors of such transactions. Furthermore, in the event that the Internal Revenue Service (IRS) conducts an audit of the purchasers of co-tenancy interests and successfully challenges the qualification of the transaction as a like-kind exchange, purchasers of co-tenancy interests may file a lawsuit against the entity offering the co-tenancy interests, its sponsors, and/or us. In such event, we may be involved in one or more such offerings and could therefore be named in or otherwise required to defend against lawsuits brought by other tenant-in-common participants. Any amounts we are required to expend defending any such claims will reduce the amount of funds available for investment by us in properties or other investments and may reduce the amount of funds available for distribution to our stockholders. In addition, disclosure of any such litigation may adversely affect our ability to raise additional capital in the future through the sale of stock.

We may be subject to risks associated with tenant-in-common programs inherent in ownership of co-tenancy interests with non-affiliated third parties.

In connection with some of our property acquisitions, we currently or subsequently may become tenant-in-common owners of properties in which an affiliate of our Advisor sells tenant-in-common interests to tenant-in-common participants. As an owner of tenant-in-common interests in properties, we will be subject to the risks inherent to the ownership of co-tenancy interests with unrelated third parties. In a substantial majority of these transactions, the underlying property serves as collateral for the mortgage loan to finance the purchase of the property. To the extent the loan is not repaid in full as part of the tenant-in-common program, the loan remains outstanding after the sale of the co-tenancy interests to the tenant-in-common participants. Each co-tenant is a borrower under the loan agreements. These loans generally are non-recourse against the tenant-in-common participants' interests and are secured by the real property. However, the tenant-in-common participants are required to indemnify, and become liable to, the lender for customary carve-outs under the applicable financing documents, including, but not limited to, fraud or intentional misrepresentation by a co-tenant or a guarantor of the loan, physical waste of the property, misapplication or misappropriation of insurance proceeds, and failure to pay taxes.

We will be subject to risks associated with the co-tenants in our co-ownership arrangements that otherwise may not be present in other real estate investments.

We may enter into tenant-in-common, Delaware Statutory Trust (DST), or other co-ownership arrangements with respect to a portion of the properties we acquire. In connection with the two mergers with private real estate investment trusts we completed on September 24, 2009, we acquired minority interests in several DSTs affiliated with our Sponsor. We also acquired additional interests in some of those DSTs subsequent to the mergers. Ownership of co-ownership interests involves risks generally not otherwise present with an investment in real estate, particularly in respect to tenant-in-common programs, such as the following:

- the risk that a co-owner may at any time have economic or business interests or goals that are or become inconsistent with our business interests or goals;
- the risk that a co-owner may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives;
- the possibility that an individual co-owner might become insolvent or bankrupt, or otherwise default under the applicable mortgage loan financing documents, which may constitute an event of default under all of the applicable mortgage loan financing documents or allow the bankruptcy court to reject the tenants-in-common agreement or management agreement entered into by the co-owner owning interests in the property;

- the possibility that a co-owner might not have adequate liquid assets to make cash advances that may be required in order to fund operations, maintenance and other expenses related to the property, which could result in the loss of current or prospective customers and may otherwise adversely affect the operation and maintenance of the property, and could cause a default under the mortgage loan financing documents applicable to the property and may result in late charges, penalties and interest, and may lead to the exercise of foreclosure and other remedies by the lender;
- the risk that a co-owner could breach agreements related to the property, which may cause a default under, or result in personal liability for, the applicable mortgage loan financing documents, violate applicable securities law and otherwise adversely affect the property and the co-ownership arrangement; or
- the risk that a default by any co-owner would constitute a default under the applicable mortgage loan financing documents that could result in a foreclosure and the loss of all or a substantial portion of the investment made by the co-owner.

Any of the above might subject a property to liabilities in excess of those contemplated and thus reduce the amount available for distribution to our stockholders.

In the event that our interests become adverse to those of the other co-owners, we will not have the contractual right to purchase the co-ownership interests from the other co-owners. Even if we are given the opportunity to purchase such co-ownership interests in the future, we cannot guarantee that we will have sufficient funds available at the time to purchase co-ownership interests from the co-owners.

We might want to sell our co-ownership interests in a given property at a time when the other co-owners in such property do not desire to sell their interests. Therefore, we may not be able to sell our interest in a property at the time we would like to sell. In addition, we anticipate that it will be much more difficult to find a willing buyer for our co-ownership interests in a property than it would be to find a buyer for a property we owned outright.

Federal Income Tax Risks

Failure to qualify as a REIT would adversely affect our operations and our ability to make distributions, as we would incur additional tax liabilities.

Baker Donelson, our legal counsel, has rendered its opinion that we have been organized in conformity with the requirements for qualification and taxation as a REIT pursuant to Sections 856 through 860 of the Code beginning with our taxable year ended December 31, 2008, and that our organization and method of operation will enable us to meet the qualifications and requirements for taxation as a REIT under the Code, based upon our representations as to the manner in which we are and will be owned and our investment in assets and manner of operation, among other things. However, 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. Baker Donelson will not review these operating results or compliance with the qualification standards on an ongoing basis. This means that we may fail to satisfy the REIT requirements in the future. Also, this opinion represents Baker Donelson’s legal judgment based on the law in effect as of the date of the opinion. Baker Donelson’s opinion is not binding on the IRS or the courts and we will not apply for a ruling from the IRS regarding our status as a REIT. Future legislative, judicial or administrative changes to the federal income tax laws could be applied retroactively, which could result in our disqualification as a REIT.

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. In addition, we would generally be disqualified from treatment as a REIT for the four taxable years following the year of losing our REIT status. 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. If this occurs, we might be required to borrow funds or liquidate some investments in order to pay the applicable tax.

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 (including the Offering), 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 real estate investment trust taxable income, determined without regard to the deduction for distributions paid and 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 acquisitions of properties, and it is possible that we might be required to borrow funds, use proceeds from the issuance of securities (including the Offering) 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. 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 investors' capital.

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 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.

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, they 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 investors' 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.

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 the operating partnership, or at the level of the 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 Strategic Storage TRS, Inc., along with our Canadian taxable REIT subsidiary, as taxable REIT subsidiaries, 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, 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.

On January 2, 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, extending the existing 15% qualified dividend rate for 2013 and subsequent taxable years for those individuals with incomes below certain thresholds. 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, which currently are as high as 39.6%. 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 advisors with respect to the impact of recent legislation on our stockholders' investments 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 5% of the value of our outstanding common stock.

ERISA Risks

There are special considerations that apply to 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 pension, profit-sharing, 401(k), Keogh or other qualified retirement plan or the assets of an IRA in our common stock, stockholders 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 should consider ERISA risks of investing in our 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 exception from such prohibited transaction rules is applicable. In addition, the Department of Labor 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 exceptions available, and thereby prevent our assets as being treated as assets of any investing plan.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

As of December 31, 2013, we wholly-owned 122 self storage facilities located in 17 states (Alabama, Arizona, California, Florida, Georgia, Illinois, Kentucky, Mississippi, Nevada, New Jersey, New York, North Carolina, Pennsylvania, South Carolina, Tennessee, Texas and Virginia) and Canada comprising approximately 77,375 units and approximately 10.2 million rentable square feet. Of the 122 properties we wholly-owned as of December 31, 2013, 12 were acquired during 2013. As of December 31, 2013, we also had minority interests in three additional self storage facilities located in two states, comprising approximately 2,670 units and approximately 232,000 rentable square feet. Our interests in these properties range from 1.49% to 12.26%. Additionally, we have a minority interest in a net leased industrial property in California with 356,000 rentable square feet leased to a single tenant.

As of December 31, 2013, our wholly-owned self storage portfolio was comprised as follows:

State	No. of Properties	Units	Sq. Ft. (net)[1]	% of Total Rentable Sq. Ft.	Physical Occupancy %[2]	Climate-Controlled %[3]	Rental Income %[4]
Alabama [5]	3	1,615	213,600	2.1%	75.9%	62.3%	1.9%
Arizona	4	1,975	243,900	2.4%	81.1%	21.0%	1.9%
California [5]	8	6,400	849,600	8.3%	89.5%	19.3%	13.3%
Florida	10	7,750	825,600	8.1%	84.9%	47.5%	9.2%
Georgia	22	12,990	1,708,900	16.9%	79.3%	52.2%	14.5%
Illinois	4	2,455	394,000[6]	3.9%	87.5%	2.0%	3.9%
Kentucky	5	2,870	415,700	4.1%	82.8%	2.0%	3.5%
Mississippi	3	1,495	224,300	2.2%	77.8%	24.2%	1.6%
Nevada	8	4,735	639,000	6.3%	85.9%	60.1%	5.2%
New Jersey	6	4,660	445,400	4.4%	81.2%	62.2%	8.0%
New York	1	700	82,800	0.8%	83.1%	20.2%	0.9%
North Carolina	3	1,560	207,600	2.0%	85.3%	18.0%	1.5%
Ontario, Canada [7][9]	4	3,695	411,600	4.0%	58.5%[8]	74.0%	3.2%
Pennsylvania	4	2,210	285,700	2.8%	75.3%	10.7%	2.5%
South Carolina	13	7,235	998,800	9.8%	83.6%	24.4%	9.1%
Tennessee	4	2,695	463,100	4.5%	82.2%	33.8%	3.8%
Texas	15	9,055	1,428,300	14.0%	84.2%	18.9%	11.8%
Virginia	5	3,280	343,900	3.4%	81.6%	42.4%	4.2%
Total	**122**	**77,375**	**10,181,800**	**100%**	**82.3%**	**35.1%**	**100%**

(1) Includes all rentable square feet consisting of storage spaces, parking and commercial office units.

(2) Represents the occupied square feet of all facilities we owned in a state divided by total rentable square feet of all the facilities we owned in such state as of December 31, 2013.

(3) Represents the percentage of rentable square feet in climate-controlled units as of December 31, 2013 for each state.

(4) Represents rental income (excludes administrative fees, late fees, and other ancillary income) for all facilities we owned in a state divided by our total rental income for the month of December 2013.

(5) Does not include properties in which we owned a minority interest, including the interests owned in the San Francisco Self Storage DST property, Montgomery County Self Storage, DST properties and the Hawthorne property.

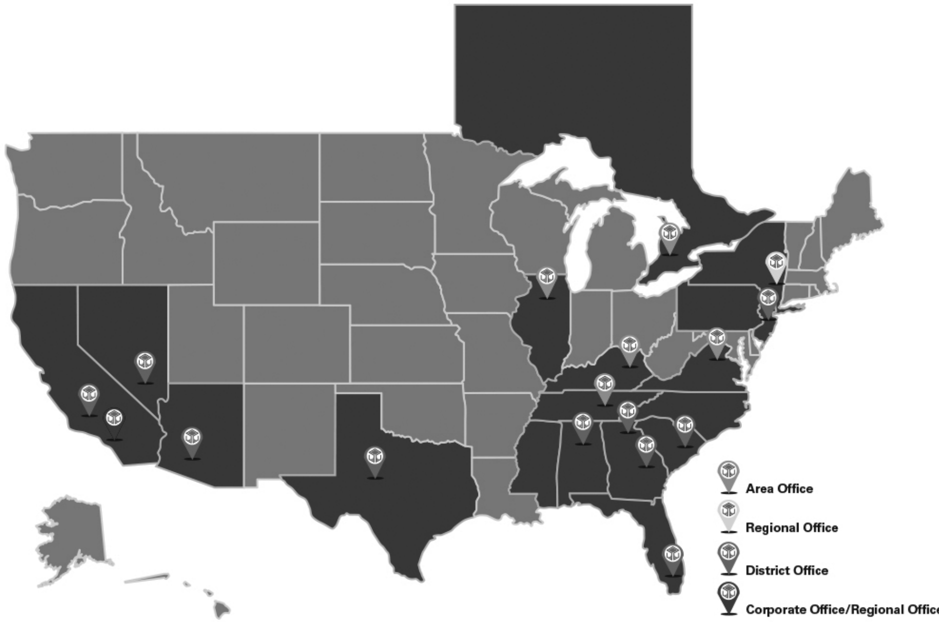
(6) Includes approximately 85,000 rentable square feet of industrial warehouse/office space at the Chicago – Ogden Ave. property.

(7) As of December 31, 2013, the Pickering property was under development, thus the related occupancy statistics exclude this property.

(8) Included in the occupancy calculation for Ontario, Canada are the Mississauga and Brampton properties, which were 64% and 24% occupied, respectively, as of December 31, 2013. The construction on the Mississauga property was fully completed in December 2012 and the construction on the Brampton property was completed in July 2013.

(9) All of these Canadian properties are located within the greater Toronto metropolitan area.

The map below shows the geographic location of our self storage portfolio as of December 31, 2013.



The weighted average capitalization rate at acquisition for our 122 wholly-owned self storage facilities as of December 31, 2013 was approximately 7.20% (7.51% for the 96 properties we acquired that were stabilized upon acquisition and 4.51% for the 23 that were lease-up properties at acquisition). We also had three properties (the Mississauga, Brampton and Pickering properties) that were under development at acquisition). Upon stabilization of the lease-up properties, we expect the capitalization rate of these properties to increase. The weighted average capitalization rate is calculated as the estimated first year annual net operating income at the respective property divided by the property purchase price, exclusive of offering costs, closing costs and fees paid to our Advisor. Estimated first year net operating income on our real estate investments is total estimated revenues generally derived from the terms of in-place leases at the time we acquire the property, less property operating expenses generally based on the operating history of the property. In instances where management determines that historical amounts will not be representative of first year revenues or property operating expenses, management uses its best faith estimate of such amounts based on anticipated property operations. Estimated first year net operating income excludes interest expense, asset management fees, depreciation and amortization and our company-level general and administrative expenses. Historical operating income for these properties is not necessarily indicative of future operating results.

ITEM 3. LEGAL PROCEEDINGS

(a) From time to time, we are party to legal proceedings that arise in the ordinary course of our business. We are not aware of any legal proceedings of which the outcome is reasonably likely to have a material adverse effect on our results of operations or financial condition, nor are we aware of any such legal proceedings contemplated by governmental authorities.

(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 21, 2014, we had approximately 56.6 million shares of common stock outstanding, held by a total of approximately 16,200 stockholders of record. 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.

From June 1, 2012 through September 22, 2013, we were engaged in an offering of shares of our common stock to the public at a price of $10.79 per share. As of September 23, 2013 we continue to sell shares at a price of approximately $10.25 per share pursuant to our distribution reinvestment plan. 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 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 IRA 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 IRA trustees and custodians) who identify themselves to us and request the reports. We intend to provide the estimated value of our shares in our annual report each year.

On April 2, 2012, our board of directors determined our estimated per share value of our common stock to be $10.79. The estimated value per share was based upon the recommendation and valuation of our Advisor, based on the methodologies and assumptions described further below. With regard to the valuation of our real estate properties, we engaged Cushman & Wakefield Western, Inc. ("Cushman & Wakefield") to provide an appraisal of our portfolio of 91 wholly-owned self storage properties as of December 31, 2011. The effective date of value was December 31, 2011 and the results of the valuation were communicated in a report dated February 1, 2012. Cushman & Wakefield conducted its valuation in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice. After considering all information provided, and based on our board of directors' extensive knowledge of our assets, our board of directors unanimously agreed upon the estimated value per share of $10.79, which determination is ultimately and solely the responsibility of our board of directors.

As of December 31, 2011, our estimated value per share was calculated as follows:

Real estate properties [(1)]	$ 18.87
Land/Properties under development	0.53
Investments in unconsolidated joint ventures	0.35
Cash and restricted cash	0.52
Other assets	0.08
Mortgage debt	(9.22)
Other liabilities	(0.34)
Estimated enterprise value premium	None Assumed
Total estimated value per share	$ 10.79

(1) As determined by Cushman & Wakefield

Methodology and Key Assumptions

In determining an estimated value per share, the board of directors considered information and analyses, including the appraisal report of Cushman & Wakefield and information provided by the Advisor. Our goal in calculating an estimated value per share is to arrive at a value that is reasonable and supportable using what the board of directors deems to be appropriate valuation methodologies and assumptions. The following is a summary of the valuation methodologies and assumptions used by the board of directors to value our assets and liabilities:

Real Estate Properties: As described above, we engaged Cushman & Wakefield to provide an appraisal of our portfolio of 91 wholly-owned self storage properties as of December 31, 2011. Cushman & Wakefield's opinion of value assumes the individual properties would be sold as part of a large multi-property self storage portfolio. The appraisal was not intended to estimate or calculate our enterprise value. In preparing its appraisal, Cushman & Wakefield, among other things:

1. Analyzed and reviewed financial statements, annualized where necessary.
2. Researched the national trends in the self storage market.
3. Utilized the Income Capitalization Approach, described in more detail below, to develop a portfolio market value "as-is."
4. Presented its findings in a Summary Appraisal Report.
5. Implemented its internal Quality Control Oversight Program, described in more detail below.

Cushman & Wakefield has an internal Quality Control Oversight Program. This Program mandates a "second read" of all appraisals. Assignments prepared and signed solely by designated members (MAIs) are read by another MAI who is not participating in the assignment. Assignments prepared, in whole or in part, by non-designated appraisers require MAI participation, Quality Control Oversight, and signature. For this assignment, Quality Control Oversight was provided.

As described above, Cushman & Wakefield utilized the Income Capitalization Approach, which is a method of converting the anticipated economic benefits of owning property into a value through the capitalization process. The two most common methods of converting net income into value are direct capitalization and discounted cash flow. In the direct capitalization method, net operating income is divided by an overall capitalization rate to indicate an opinion of market value. In the discounted cash flow method, anticipated future cash flows and a reversionary value are discounted to an opinion of net present value at a chosen yield rate (internal rate of return). Cushman & Wakefield utilized the discounted cash flow method to determine the "as-is" value.

Cushman & Wakefield estimated the value of our real estate portfolio by using a 10-year discounted cash flow analysis. Cushman & Wakefield calculated the value of our real estate portfolio using cash flow estimates provided by the Advisor, terminal capitalization rates and discount rates that fall within ranges Cushman & Wakefield believes would be used by similar investors to value the properties we own. The capitalization rates and discount rates were calculated utilizing methodologies that adjust for market specific information and national trends in self storage. The resulting capitalization rates were compared to historical average capitalization rate ranges that were obtained from third-party service providers. As a test of reasonableness, Cushman & Wakefield compared the metrics of the valuation of our portfolio to current market activity of self storage portfolios. Finally, due to the impact of financing in the current market, Cushman & Wakefield performed a leveraged analysis that is typical of the viewpoint of a portfolio buyer.

From inception through December 31, 2011, we had acquired 91 wholly-owned self storage properties for approximately $522 million, exclusive of acquisition fees and expenses. As of December 31, 2011, the estimated "as-is" value of our real estate portfolio using the valuation method described above was approximately $663 million. This represents a 27% increase in the value of the portfolio. The following summarizes the key assumptions that were used by Cushman & Wakefield in the discounted cash flow models to estimate the value of our real estate portfolio:

Terminal capitalization rate	7.0%
Discount rate	10.0%
Annual market rent growth rate	3.25%
Annual expense growth rate	3.0%
Holding Period	10 years

Cushman & Wakefield utilized the above terminal capitalization rate of 7.0% and discount rate of 10.0% in calculating the "as-is" value of our real estate portfolio and did not use a range or weighted average for these rates in the calculation. While we believe that Cushman & Wakefield's assumptions and inputs are reasonable, a change in these assumptions and inputs would change the estimated value of our real estate. Assuming all other factors remain unchanged, a decrease in the terminal capitalization rate of 25 basis points would increase our real estate value to approximately $674 million and an increase in the terminal capitalization rate of 25 basis points would decrease our real estate value to approximately $652 million. Similarly, a decrease in the discount rate of 25 basis points would increase our real estate value to approximately $677 million and an increase in the discount rate of 25 basis points would decrease our real estate value to approximately $649 million.

Land/Properties Under Development: The above "as-is" appraisal of our portfolio of 91 wholly-owned self storage properties was based on income-generating properties we owned and, accordingly, did not assign any value to the following real estate properties we owned:

- a 3.6 acre tract of vacant land located in Ladera Ranch, California, which was acquired in connection with the Ladera Ranch property for a purchase price of approximately $3.9 million;
- an industrial building located in Mississauga, Ontario, Canada that as of December 31, 2011 was being converted into an 800-unit, 101,000 square foot self storage facility, which was purchased in March 2011 for approximately $5.7 million and for which an additional approximately $3.8 million in construction costs were capitalized as of December 31, 2011;
- a 6.6 acre tract of land located in Brampton, Ontario, Canada that as of December 31, 2011 was being developed into a 930-unit, 108,800 square foot self storage facility, which was purchased in September 2011 for approximately $5.1 million and for which an additional approximately $0.4 million in construction costs were capitalized as of December 31, 2011.

The estimated values of these real estate assets are equal to the purchase price of such assets plus additional invested funds through December 31, 2011. The dollar amounts for the above two Canadian facilities were converted from Canadian dollars to U.S. dollars, based on the December 31, 2011 year-end exchange rate of approximately 1.00 to 0.98.

Investments in Unconsolidated Joint Ventures: The estimated values of our investments in unconsolidated joint ventures were calculated utilizing the direct capitalization approach or book value (estimated to equate to market value). For those investments calculated using the direct capitalization method, the Advisor used forecasted 2012 net operating income for each investment and divided each such figure by a 7.0% capitalization rate for self storage investments and 6.5% for the one single tenant net lease investment.

Mortgage Debt: The estimated value of our aggregate mortgage debt was equal to the U.S. generally accepted accounting principles ("GAAP") fair value as of December 31, 2011. The value of our aggregate mortgage debt was determined using a discounted cash flow analysis. The cash flows were based on the remaining loan terms, and on the Advisor's estimates of current market interest rates for instruments with similar characteristics, including remaining loan term, loan-to-value ratio and type of collateral. Market interest rates applied in the Advisor's analysis of the mortgage debt were based on data provided by Holliday Fenoglio Fowler, L.P., an independent third party.

As of December 31, 2011, the fair value and carrying value of our mortgage debt (excluding consolidated minority interest investments) were approximately $324 million and $320 million, respectively. We used discount rates ranging from 3.25% to 7.28% in determining the fair value of our mortgage debt. Assuming all factors remain unchanged, a decrease in each of the discount rates of 25 basis points would increase the fair value of our mortgage debt to approximately $326 million and an increase in each of the discount rates of 25 basis points would decrease the fair value of our mortgage debt to approximately $322 million.

Other Assets and Liabilities: The carrying values of the majority of our other assets and liabilities were considered to equal their book value.

Limitations of Estimated Value Per Share

The rules of the Financial Industry Regulatory Authority ("FINRA") provide no guidance on the methodology an issuer must use to determine its estimated value per share. As with any valuation methodology, the methodology considered by our board of directors is 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 value per share, and these differences could be significant. Markets for real estate and real estate-related investments can fluctuate and values are expected to change in the future. The estimated value per share does not represent the fair value of our assets less our liabilities according to GAAP nor does it represent a liquidation value of our assets and liabilities or the amount at which our shares of common stock would trade on a national securities exchange.

Accordingly, with respect to the estimated value per share, we can give no assurance that:

- a stockholder would be able to resell his or her shares at this estimated value;
- a stockholder would ultimately realize distributions per share equal to our estimated value per share upon liquidation of our assets and settlement of our liabilities or a sale of our company;
- our shares of common stock would trade at the estimated value per share on a national securities exchange;
- an independent third-party appraiser or other third-party valuation firm would agree with our estimated value per share; or
- the methodology used to estimate our value per share will be in compliance with any future FINRA rules or ERISA reporting requirements.

Further, the estimated value per share 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, 2011. The estimated net asset value per share was based upon 35,147,104 shares of equity interests outstanding as of December 31, 2011, which was comprised of (i) 35,020,561 outstanding shares of our common stock, plus (ii) 209,795 outstanding limited partnership units issued by our Operating Partnership, which units are exchangeable on a one-for-one basis into shares of common stock, plus (iii) 8,750 shares of unvested restricted common stock issued to our independent directors which shares vest ratably over time, and less (iv) 92,002 shares of common stock related to redemption requests reflected as a liability on the balance sheet as of December 31, 2011 and redeemed subsequent thereto.

The value of our shares will fluctuate over time in response to developments related to individual assets in the portfolio and the management of those assets, and in response to the real estate and finance markets. We currently expect to update the estimated value per share within the next two years.

The determination of net asset value by our board of directors was subjective and was primarily based on (i) the estimated net asset value per share, which was predominantly based on an independent third party appraiser's valuation of our properties as of December 31, 2011, (ii) the commissions and dealer manager fees payable in connection with the offering of our shares, (iii) our historical and anticipated results of operations and financial condition, (iv) our current and anticipated distribution payments, (v) our current and anticipated capital and debt structure, and (vi) our Advisor's recommendations and assessment of our prospects and continued execution of our investment and operating strategies. We intend to use this net asset valuation as the estimated per share value of our shares until the next net asset valuation approved by our board of directors, which we expect to occur in the future in conformity with applicable FINRA rules. The estimated value per share does not represent the fair value of our assets less our liabilities according to GAAP nor does it represent a liquidation value of our assets and liabilities or the amount at which our shares of common stock would trade on a national securities exchange.

We will provide annual reports of our determination of value (1) to IRA trustees and custodians not later than January 15 of each year, and (2) to other plan fiduciaries within 75 days after the end of each calendar year. Each determination may be based upon valuation information available as of October 31 of the preceding year, updated, however, for any material changes occurring between October 31 and December 31.

There can be no assurance, however, with respect to any estimate of value that we prepare, that:

- the estimated value per share would actually be realized by our stockholders upon liquidation, because these estimates do not necessarily indicate the price at which properties can be sold;

- our stockholders would be able to realize estimated net asset values if they were to attempt to sell their shares, because no public market for our shares exists or is likely to develop; or
- that the value, or method used to establish value, would comply with ERISA or Code requirements described above.

Distributions

We made an election to be taxed as a REIT under Sections 856 through 860 of the Code beginning with the taxable year ended December 31, 2008. To qualify as a REIT, we must meet certain organizational and operational requirements, including a requirement to currently distribute at least 90% of the REIT's ordinary taxable income to stockholders. 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 will be 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 2008 and 2009 all of our distributions constituted non-taxable returns of capital, which were paid from offering proceeds. For 2010, we paid a total of approximately $14.6 million in distributions, of which approximately $12.7 million constituted a non-taxable return of capital. For 2011, we paid a total of approximately $21.4 million in distributions, of which approximately $19.5 million constituted a non-taxable return of capital. For 2012, we paid a total of approximately $28.1 million in distributions, all of which constituted a non-taxable return of capital. For 2013, we paid a total of approximately $35.1 million in distributions, of which approximately $28.8 million constituted a non-taxable return of capital. In addition, approximately $15.8 million of distributions in 2013 were re-invested pursuant to our distribution reinvestment plan.

The following table shows the distributions we have declared and paid during the years ended December 31, 2013 and 2012:

Quarter	Total Distributions Declared and Paid (1)	Distributions Declared per Common Share
1st Quarter 2012	$ 6,135,014	$ .175
2nd Quarter 2012	$ 6,576,722	$ .175
3rd Quarter 2012	$ 7,645,017	$ .175
4th Quarter 2012	$ 7,786,627	$ .175
1st Quarter 2013	$ 7,981,745	$ .175
2nd Quarter 2013	$ 8,428,422	$ .175
3rd Quarter 2013	$ 8,966,148	$ .175
4th Quarter 2013	$ 9,695,288	$ .175

(1) Declared distributions are paid monthly in arrears. All declared amounts were paid as of December 31, 2013, except for distributions related to shares owned during December 2013, which were paid on January 15, 2014.

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, 2013, under which shares of our common stock 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
Equity Compensation Plans Approved by Security Holders.......	—	—	5,596,144
Equity Compensation Plans Not Approved by Security Holders.......	—	—	—
Total..	—	—	5,596,144

Use of Proceeds from Registered Securities

On March 17, 2008, our Initial Offering (SEC File No. 333-146959) for a maximum of 110,000,000 shares of common stock, consisting of 100,000,000 shares for sale to the public and 10,000,000 shares for sale pursuant to our distribution reinvestment plan, was declared effective by the SEC. We terminated the Initial Offering on September 16, 2011, prior to the sale of all securities registered in the Initial Offering. On September 22, 2011, our Offering (SEC File No. 333-168905) for a maximum of 110,000,000 shares of common stock, consisting of 100,000,000 shares for sale to the public in our Primary Offering and 10,000,000 shares for sale pursuant to our distribution reinvestment plan, was declared effective by the SEC. Our Primary Offering terminated as of the scheduled close date (September 22, 2013), prior to the sale of all securities registered in the Primary Offering. As of December 31, 2013, we had issued approximately 54.1 million shares of common stock in our Initial Offering, Offering and DRP Offering, raising gross offering proceeds of approximately $549 million. From this amount, we incurred approximately $14.3 million in acquisition fees to our Advisor, approximately $49 million in selling commissions and dealer manager fees (of which approximately $39 million was reallowed to third party broker-dealers), and approximately $4.8 million in organization and offering costs to our Advisor. With the net offering proceeds and indebtedness, we acquired approximately $525 million in self storage facilities and made the other payments reflected under "Cash Flows from Financing Activities" in our consolidated statements of cash flows included in this report.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

As noted in Notes 2 and 8 of the Notes to the Consolidated Financial Statements included in this report, and more fully described in our prospectus, as supplemented from time to time, our board of directors adopted a share redemption program on February 25, 2008 as revised in October 2011 and March 2012, which enabled our stockholders to have their shares redeemed by us, subject to the significant conditions and limitations described in our prospectus. Our share redemption program was terminated effective December 1, 2013.

During the year ended December 31, 2013, we redeemed approximately 1.5 million shares of common stock for approximately $14.4 million ($9.75 per share). During the year ended December 31, 2012, we redeemed approximately 1.3 million shares of common stock for approximately $12.6 million ($9.60 per share). During the year ended December 31, 2011, we redeemed approximately 993,300 shares of common stock for approximately $9.7 million ($9.75 per share). We have funded all redemptions using proceeds from the sale of shares pursuant to our distribution reinvestment plan.

During the years ended December 31, 2013, 2012, and 2011, we redeemed shares as follows:

For the Quarter Ended [(1)]	Total Number of Shares Requested	Total Number of Shares Redeemed	Average Price Paid per Share	Total Number of Shares Redeemed as Part of Publicly Announced Plans or Programs
December 31, 2013 [(1)]	377,092	377,092	$ 9.82	377,092
September 30, 2013	445,473	382,014	$ 9.71	382,014
June 30, 2013	515,088	372,168	$ 9.77	372,168
March 31, 2013	443,940	342,081	$ 9.69	342,081
December 31, 2012	503,696	355,659	$ 9.61	355,659
September 30, 2012	363,651	295,897	$ 9.62	295,897
June 30, 2012	694,908	566,969	$ 9.57	566,969
March 31, 2012	372,759	92,002	$ 9.65	92,002
December 31, 2011	238,832	238,832	$ 9.82	238,832
September 30, 2011	315,450	315,450	$ 9.78	315,450
June 30, 2011	439,019	439,019	$ 9.68	439,019
March 31, 2011	196,694	—	—	—

(1) Historically, we have redeemed shares on a quarterly basis; such redemptions were redeemed on the last business day of the month following the end of each quarter. On November 1, 2013 we announced the termination of our share redemption program, such that any final requests for redemption were required to be received by December 1, 2013. Any qualifying redemption requests received by December 1, 2013 were fulfilled on December 31, 2013.

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:

	For the Year Ended December 31, 2013	For the Year Ended December 31, 2012	For the Year Ended December 31, 2011	For the Year Ended December 31, 2010	For the Year Ended December 31, 2009
Operating Data					
Total revenues	$ 83,134,941	$ 66,610,504	$ 49,396,078	$ 26,161,182	$ 7,875,143
Loss from continuing operations	(7,445,198)	(19,015,142)	(21,834,237)	(13,247,015)	(7,404,519)
Net loss attributable to Strategic Storage Trust, Inc.	(7,447,056)	(18,973,712)	(21,357,429)	(12,790,815)	(7,302,896)
Loss from continuing operations per common share-basic and diluted	(0.15)	(0.46)	(0.68)	(0.59)	(1.00)
Dividends declared per common share	0.70	0.70	0.70	0.70	0.70
Balance Sheet Data					
Real estate facilities	$694,138,787	$604,727,895	$ 510,395,576	$ 274,568,200	$155,058,360
Total assets	723,279,503	631,235,662	550,434,267	307,361,213	203,701,303
Total debt	391,285,760	353,440,758	330,043,207	119,811,948	78,256,583
Total liabilities	406,300,597	371,174,593	342,035,731	126,805,993	82,997,383
Stockholders' equity	316,978,906	256,100,405	205,590,699	176,224,923	119,068,866
Other Data					
Net cash provided by (used in) operating activities	$ 19,306,141	$ 9,550,340	$ 2,838,807	$ 944,256	$ (2,595,891)
Net cash used in investing activities	(76,314,511)	(95,632,616)	(206,361,756)	(124,477,551)	(44,300,463)
Net cash provided by financing activities	82,686,294	86,814,473	210,297,834	106,192,928	68,060,180

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

As described in more detail in Item 1 of this report, we are a public, non-traded REIT that invests primarily in self storage facilities and related self storage real estate investments. We were formed on August 14, 2007. We made an election to be taxed as a REIT beginning with the taxable year ended December 31, 2008. We have no paid employees. Our Advisor is responsible for managing our affairs on a day-to-day basis and identifying and making acquisitions and investments on our behalf under the terms of the advisory agreement with our Advisor. Our Advisor was formed on August 13, 2007.

On March 17, 2008, we began our Initial Offering. On May 22, 2008, we satisfied the minimum offering requirements of the Initial Offering and commenced formal operations. On September 16, 2011, we terminated the Initial Offering, having sold approximately 29 million shares for gross proceeds of approximately $289 million. On September 22, 2011, we commenced our Offering. Our Offering terminated on September 22, 2013. On September 18, 2013, our board of directors amended and restated our distribution reinvestment plan, effective September 28, 2013, to make certain minor revisions related to the closing of our Offering. Following the termination of our Offering, on September 23, 2013, we filed with the SEC a Registration Statement on Form S-3, which incorporated the amended and restated distribution reinvestment plan and registered up to an additional $51.25 million in shares under our amended and restated 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, 2013, we had issued approximately 0.4 million shares of common stock for approximately 4.4 million in our DRP Offering. As of December 31, 2013, we had issued approximately 54.1 million shares of common stock for approximately $549 million in our Initial Offering, Offering and our DRP Offering and also issued 6.2 million shares of common stock in a private offering in connection with the 2009 private REIT mergers discussed herein.

As of December 31, 2013, we wholly-owned 122 self storage facilities located in 17 states (Alabama, Arizona, California, Florida, Georgia, Illinois, Kentucky, Mississippi, Nevada, New Jersey, New York, North Carolina, Pennsylvania, South Carolina, Tennessee, Texas and Virginia) and Canada comprising approximately 77,375 units and approximately 10.2 million rentable square feet. As of December 31, 2013, we also had minority interests in three additional self storage facilities. Additionally, we have an interest in a net leased industrial property in California with 356,000 rentable square feet leased to a single tenant.

Critical Accounting Policies

We have established accounting policies which conform to 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 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 allocate the purchase prices of acquired properties based on a number of estimates and assumptions. We allocate the purchase prices to the tangible and intangible assets acquired and the liabilities assumed based on estimated fair values. These estimated fair values are based upon comparable market sales information for land and estimates of depreciated replacement cost of equipment, building and site improvements. Acquisitions of portfolios of properties are allocated to the individual properties based upon an income approach or a cash flow analysis using appropriate risk adjusted capitalization rates which we estimate based upon the relative size, age, and location of the individual property along with actual historical and estimated occupancy and rental rate levels, and other relevant factors. If available, and determined by management to be appropriate, appraised values are used, rather than these estimated values. 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. The determination of market rates is also subject to a number of estimates and assumptions. Our allocations of purchase prices could result in a materially different presentation of the financial statements or materially different amounts being reported in the financial statements, as such allocations may vary dramatically based on the estimates and assumptions we use.

Impairment of Long-Lived Assets

The majority of our assets consist of long-lived real estate assets as well as intangible assets related to our acquisitions. We will continually evaluate such assets for impairment based on events and changes in circumstances that may arise in the future and that may impact the carrying amounts of our long-lived 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 long-lived asset and recognize an impairment loss. Our evaluation of the impairment of long-lived 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.

Estimated Useful Lives of Long-Lived 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 will 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 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 Code to be taxed as a REIT commencing with the taxable year ended December 31, 2008. 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 will operate in a manner that will enable us to qualify for treatment as a REIT for Federal income tax purposes commencing with the year ended December 31, 2008, and we intend to continue to operate as to remain qualified as a REIT for Federal income tax purposes.

Results of Operations

Overview

We derive revenues principally from rents received from our customers who rent units at our self storage facilities under month-to-month leases. Therefore, our operating results depend significantly on our ability to retain our existing customers and lease our available self storage units to new customers, while maintaining and, where possible, increasing the prices for our self storage units. Additionally, our operating results depend on our customers making their required rental payments to us. We believe that our Property Manager's approach to the management and operation of our facilities, which emphasizes local market oversight and control, results in quick and effective response to changes in local market conditions, including increasing rents and/or increasing occupancy levels where appropriate.

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.

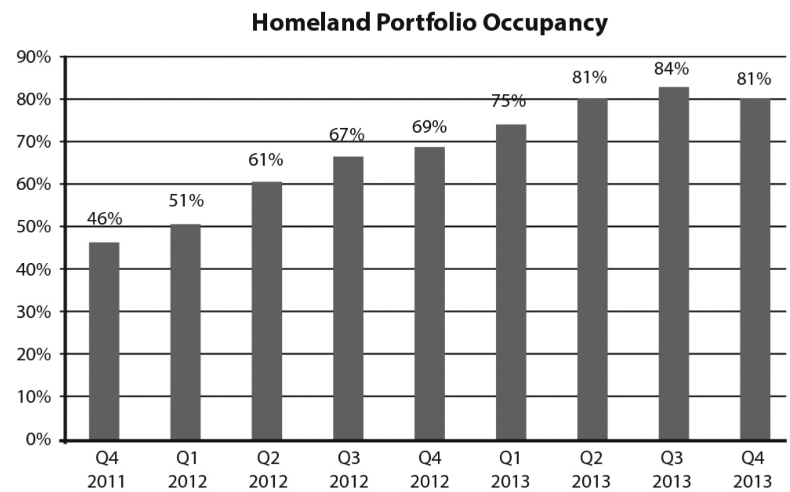
As of December 31, 2013, 2012 and 2011, we wholly-owned 122, 110 and 91 self storage facilities, respectively. The comparability of our results of operations is significantly affected by our acquisition activity in 2013, 2012 and 2011 as listed below.

- In 2013, we acquired 12 self storage facilities for consideration of approximately \$82 million. Of the 122 properties we owned as of December 31, 2013, we owned them for an average of approximately eleven months during 2013.
- In 2012, we acquired 19 self storage facilities for consideration of approximately \$93 million. Of the 110 properties we owned as of December 31, 2012, we owned them for an average of approximately ten months during 2012.
- In 2011, we acquired 46 self storage facilities for consideration of approximately \$245 million. Of the 91 properties we owned as of December 31, 2011, we owned them for an average of approximately nine months during 2011.

Due to the items noted above, we believe there is little basis for comparison between the years ended December 31, 2013, 2012 and 2011.

Homeland Portfolio

On December 27, 2011, we acquired the Homeland Portfolio (consisting of 12 self storage lease-up facilities with an initial occupancy of 46%) for $80 million. The Homeland Portfolio results have substantially improved for the year ended December 31, 2013 as compared to the year ended December 31, 2012. Occupancy increased from 69% as of December 31, 2012 to 81% at December 31, 2013 and revenue increased by approximately $1.6 million or 30% for the year ended December 31, 2013 compared to the year ended December 31, 2012. Additionally, during the year ended December 31, 2013 compared to the year ended December 31, 2012, operating income increased by approximately $1.5 million or 73%. During the year ended December 31, 2013 compared to the year ended December 31, 2012, interest expense decreased by approximately $0.7 million and deferred financing amortization expense decreased by approximately $1.0 million, due to the payoff of our bridge loan with KeyBank (the "KeyBank Bridge Loan") in August 2012, which partially funded the Homeland Portfolio acquisition. We believe that the Homeland Portfolio will continue to provide additional operating income and cash flows during 2014 and future periods. Below is a chart illustrating the increase in the Homeland Portfolio occupancy since our acquisition:



Comparison of the Years Ended December 31, 2013 and 2012

Self Storage Rental Revenue

Rental revenue for the year ended December 31, 2013 was approximately $80.5 million, as compared to rental revenue for the year ended December 31, 2012 of approximately $64.5 million, an increase of approximately $16.1 million or 25%. The increase in rental revenue arose primarily from the 30 operating properties acquired in 2012 and 2013 (approximately $10.5 million) and an increase in same-store rental revenue (approximately $5.6 million or 9.1%; excluding the Homeland Portfolio such same-store increases would have been approximately $4.1 million or 7.3%). We expect rental revenue to increase in future periods as we have a full year of results from our 2013 acquisitions and commensurate with our future acquisition activity.

Ancillary Operating Revenue

Ancillary operating revenue for the year ended December 31, 2013 was approximately $2.6 million, as compared to ancillary operating revenue for the year ended December 31, 2012 of approximately $2.1 million, an increase of $0.5 million or 22%. The increase in ancillary operating revenue is due to the same factors as noted above in self storage rental revenue. We expect ancillary operating revenue to increase in future periods as we have a full year of results from our 2013 acquisitions and commensurate with our future acquisition activity.

Property Operating Expenses

Property operating expenses for the year ended December 31, 2013 were approximately $28.4 million (approximately 34.1% of total revenues) as compared to property operating expenses for the year ended December 31, 2012 of approximately $25.9 million (approximately 38.9% of total revenues). Property operating expenses includes the costs to operate our facilities including payroll, utilities, insurance, real estate taxes and marketing. The majority of the increase in property operating expenses, approximately $3.5 million, arose from the 30 operating properties we acquired in 2012 and 2013, partially off-set by a decrease in same-store property operating expenses of approximately $1.0 million. Our property operating expenses as a percentage of revenue decreased by approximately 4.8% compared to the year ended December 31, 2012, primarily due to increased revenues and to a lesser extent reductions in payroll and advertising expenses. Our same-store property operating expenses as a percentage of revenue decreased by approximately 4.6% compared to the year ended December 31, 2012, primarily due to increased revenues and to a lesser extent reductions in payroll and advertising expenses. We expect property operating expenses to increase in future periods as a result of a full year of operations from our 2013 acquisitions and commensurate with our future acquisition activity.

Property Operating Expenses – Affiliates

Property operating expenses – affiliates for the year ended December 31, 2013 were approximately $9.9 million (approximately 12.0% of total revenues) as compared to property operating expenses – affiliates for the year ended December 31, 2012 of approximately $8.3 million (approximately 12.4% of total revenues). Property operating expenses – affiliates includes property management fees and asset management fees. The primary increases in property operating expenses – affiliates arose from the increase in the number of self storage facilities we owned (approximately $1.0 million) and from an increase in same-store properties (approximately $0.6 million), primarily due to increased revenues and to a lesser extent increased property management fees on REIT II properties. A condition of the REIT II merger was that such properties were not required to pay property management fees until those properties achieved FFO of $0.70 per share, which threshold was met in the first quarter of 2013. Additionally, during the first three quarters of 2013 and the year ended December 31, 2012 our Advisor permanently waived certain asset management fees due pursuant to the advisory agreement. Such amounts totaled approximately $0.5 million and approximately $0.2 million, respectively. Such asset management fees were not waived during the fourth quarter of 2013 and approximately $0.2 million of such fees were therefore recorded, thus causing a commensurate increase in property operating expenses—affiliates. Property operating expenses – affiliates as a percentage of revenues decreased by approximately 0.4% for the year ended December 31, 2013 compared to the year ended December 31, 2012 due to increased revenues as discussed above, as well as having a full year of operations from the entire Stockade Portfolio, where the asset management fees were permanently waived during the first three quarters of 2013. We expect property operating expenses – affiliates to increase in future periods as we have a full year of results from our 2013 acquisitions and commensurate with our future acquisition activity.

General and Administrative Expenses

General and administrative expenses were approximately $3.1 million for the year ended December 31, 2013 as compared to general and administrative expenses for the year ended December 31, 2012 of $2.4 million. Such expenses consist primarily of legal expenses, accounting expenses, transfer agent fees, directors' and officers' insurance expense, an allocation of a portion of our Advisor's payroll related costs (for the fourth quarter of 2013) and board of directors related costs. The increase in general and administrative expenses is primarily due to an increase in transfer agent costs, as our investor base increased, costs incurred associated with our annual report and proxy materials, website related costs, and an increase in professional services and brand promotion related costs. During the first three quarters of 2013 and the year ended December 31, 2012 our Advisor permanently waived certain amounts (primarily payroll and related overhead costs, related to administrative and management services) due pursuant to the advisory agreement. Such amounts totaled approximately $1.0 million and $1.0 million, respectively. Such reimbursable costs were not waived during the fourth quarter of 2013 and approximately $0.3 million of such reimbursable costs were recorded, thus causing an increase in general and administrative expenses. We expect general and administrative expenses to increase in future periods as we acquire additional self storage facilities, but expect such expenses to decrease as a percentage of total revenues.

Depreciation and Intangible Amortization Expenses

Depreciation and amortization expenses for the year ended December 31, 2013 were approximately $25.5 million, compared to approximately $25.8 million for year ended December 31, 2012. Depreciation expense consists primarily of depreciation on the buildings and site improvements at our properties. Amortization expense consists of the amortization of intangible assets resulting from our acquisitions. The increase in depreciation expense is attributable to the increase in the number of self storage facilities we owned, while the decrease in amortization expense primarily relates to certain of our intangible assets that became fully amortized during the year ended December 31, 2013. We expect depreciation and amortization expenses to increase in future periods as we have a full year of results from our 2013 acquisitions and commensurate with our future acquisition activity.

Property Acquisition Expenses

Property acquisition expenses for the year ended December 31, 2013 were approximately $2.9 million, as compared to approximately $3.6 million for the year ended December 31, 2012. The decrease in property acquisition expenses primarily arose from acquiring fewer properties in 2013 as compared to 2012. We expect property acquisition expenses to fluctuate commensurate with our acquisition activity.

Interest Expense

Interest expense for the year ended December 31, 2013 was approximately $18.8 million, as compared to interest expense of approximately $17.8 million for the year ended December 31, 2012. Of the increase in interest expense, approximately $1.8 million is related to new debt incurred in the fourth quarter of 2012, partially offset by decreased interest expense of $0.7 million related to the KeyBank Bridge Loan, which was repaid in full in August 2012 and an additional minor net decrease as a result of decreased interest expense on the KeyBank Revolver, offset by increased expense related to the completion of the development of two of our Canadian properties. We expect interest expense to increase in future periods to the extent we acquire additional properties through the issuance or assumption of debt.

Deferred Financing Amortization Expense

Deferred financing amortization expense for the year ended December 31, 2013 was approximately $2.0 million, as compared to approximately $3.5 million for the year ended December 31, 2012. The decrease of approximately $1.5 million primarily relates to the elimination of amortization of deferred financing fees of approximately $1.0 million on the KeyBank Bridge Loan, which was repaid in full in August 2012, and a reduction in the amortization of deferred financing fees primarily related to the Second Restated KeyBank Loan of approximately $1.1 million, net of an increase of approximately $0.6 million related to the transition from the Second Restated KeyBank Loan to the KeyBank Revolver that were required to be expensed under GAAP.

Other Expense

Other expense for the year ended December 31, 2013 was approximately $0.9 million, as compared to approximately $0.1 million for the year ended December 31, 2012. The increase of approximately $0.8 million primarily relates to increased foreign currency exchange losses and to a lesser extent increased state taxes.

Same-Store Facility Results

The following table sets forth operating data for our same-store facilities (those properties included in the consolidated results of operations since January 1, 2012, excluding our two Canadian properties that were under development during the periods) for the years ended December 31, 2013 and 2012. We consider the following data to be meaningful as this allows for the comparison of results without the effects of acquisition or development activity.

	Same-Store Facilities			Non Same-Store Facilities			Total		
	2013	2012	% Change	2013	2012	% Change	2013	2012	% Change
Revenue [1]	$69,733,162	$63,943,708	9.1%	$13,401,779	$2,666,796	N/M	$ 83,134,941	$ 66,610,504	24.8%
Property operating expenses [2]	27,467,872	27,890,910	(1.5%)	5,771,559	1,719,795	N/M	33,239,431	29,610,705	12.3%
Operating income	$42,265,290	$36,052,798	17.2%	$ 7,630,220	$ 947,001	N/M	$ 49,895,510	$ 36,999,799	34.9%
Number of facilities [3]	90	90		33	21		123	111	
Rentable square feet	7,722,100	7,722,100		2,537,600	1,549,400		10,259,700	9,271,500	
Average physical occupancy [4]	83%	78%		N/M	N/M		82%	76 %	
Annualized rent per occupied square foot [5]	$ 9.94	$ 9.80		N/M	N/M		$ 9.84	$ 9.74	

N/M Not meaningful

(1) Revenue includes rental 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 does include property management fees.

(3) For purposes of this comparison, we have included our consolidated joint venture, SF Property, in same-store facilities.

(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. Properties are included in the respective calculations in their first full month of operations, as appropriate.

(5) Determined by dividing the aggregate realized rental 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 included the realized rental revenue and occupied square feet related to parking herein.

Our increase in same-store revenue of approximately $5.8 million was primarily the result of increased average physical occupancy of approximately 500 basis points combined with increased rent per occupied square foot for the year ended December 31, 2013 over the year ended December 31, 2012. The Homeland Portfolio increased average occupancy by approximately 19% and contributed approximately $1.6 million to the increase in same-store revenue, which was a 30% increase in revenue for the year ended December 31, 2013 compared to the year ended December 31, 2012.

Our same-store property operating expenses decreased by approximately $0.4 million for the year ended December 31, 2013 compared to the year ended December 31, 2012 due to reductions primarily in payroll and advertising expense.

As noted above, our same-store results were impacted favorably by the Homeland Portfolio and its revenue growth. Excluding the Homeland Portfolio, the increase in our same-store revenue and operating income was approximately 7.2% and 13.9%, respectively. Additionally, our same-store average physical occupancy, excluding the Homeland Portfolio, would have been approximately 83% and 80%, for the years ended December 31, 2013 and 2012 respectively. Finally, excluding the Homeland Portfolio, our same-store average rent per occupied square foot would have been $10.19 and $9.99, for the years ended December 31, 2013 and 2012, respectively.

Comparison of the Years Ended December 31, 2012 and 2011

Self Storage Rental Revenue

Rental revenue for the year ended December 31, 2012 was approximately $64.5 million, as compared to rental revenue for the year ended December 31, 2011 of approximately $48.1 million, an increase of approximately $16.4 million. The increase in rental revenue arose primarily from a full year of rental revenue from the 46 properties acquired in 2011 (approximately $12.1 million), the acquisition of 19 properties during 2012 (approximately $2.4 million) and an increase in same-store rental revenue (approximately $1.9 million). We expect rental revenue to increase in future periods as we derive rental revenue for the entire year for properties acquired during 2012 and as we acquire additional operating facilities.

Ancillary Operating Revenue

Ancillary operating revenue for the year ended December 31, 2012 was approximately $2.1 million, as compared to ancillary operating revenue for the year ended December 31, 2011 of approximately $1.3 million. The increase in ancillary operating revenue is due to the same factors as noted above in self storage rental revenue and as a result of our emphasis on increasing tenant insurance sales. We expect ancillary operating revenue to increase in future periods as we derive ancillary operating revenue for the entire year for properties acquired during 2012 and as we acquire additional self storage facilities.

Property Operating Expenses

Property operating expenses for the year ended December 31, 2012 were approximately $25.9 million (approximately 38.9% of total revenues) as compared to property operating expenses for the year ended December 31, 2011 of approximately $19.4 million (approximately 39.3% of total revenues). Property operating expenses includes the costs to operate our facilities including payroll, utilities, insurance, real estate taxes and marketing. The majority of the increase in property operating expenses arose from the increase in the number of self storage facilities we owned, partially off-set by a decrease in same-store property operating expenses of approximately $0.4 million. As a percentage of total revenues, our property operating expenses decreased by approximately 0.4% over 2011, primarily due to increased same-store revenues and cost reduction initiatives. Our same-store property operating expenses as a percentage of revenues decreased by 3.2% for the year ended December 31, 2012 (approximately 36.5% of total revenues) compared to the same period in 2011 (approximately 39.7% of total revenues) due to increased same-store revenues and cost reduction initiatives. We expect property operating expenses to increase in future periods as we incur such expenses for the entire year for properties acquired during 2012 and as we acquire additional self storage facilities.

Property Operating Expenses—Affiliates

Property operating expenses—affiliates for the year ended December 31, 2012 were approximately $8.3 million (approximately 12.4% of total revenues) as compared to property operating expenses—affiliates for the year ended December 31, 2011 of approximately $5.7 million (approximately 11.5% of total revenues). Property operating expenses – affiliates includes property management fees and asset management fees. The increase in property operating expenses—affiliates primarily arose from the increase in the number of self storage facilities we owned. During the year ended December 31, 2012 our Advisor permanently waived certain asset management fees totaling approximately $0.2 million. Property operating expenses—affiliates as a percentage of revenues increased by approximately 0.9% for the year ended December 31, 2012 compared to 2011, as the year ended December 31, 2012 included the Homeland Portfolio lease-up properties and the Mississauga lease-up property. Such lease-up properties' operating expenses are significantly higher as a percentage of revenues than our stabilized properties. We expect that as these properties achieve stabilization their property operating expenses—affiliates as a percentage of revenues will decrease. Our same-store property operating expenses—affiliates as a percentage of revenues decreased by 0.4% for the year ended December 31, 2012 (approximately 10.9% of total revenues) compared to the same period in 2011 (approximately 11.3% of total revenues) primarily due to increased same-store revenues. We expect property operating expenses—affiliates to increase in future periods as we incur such expenses for the entire year for properties acquired during 2012 and as we acquire additional self storage facilities.

General and Administrative Expenses

General and administrative expenses were approximately $2.4 million for each of the years ended December 31, 2012 and 2011. Such expenses consist primarily of legal expenses, accounting expenses, transfer agent fees, directors' and officers' insurance expense and board of directors related costs. During the year ended December 31, 2012 and the nine-month period ended December 31, 2011, our Advisor permanently waived certain reimbursable amounts that were due pursuant to the advisory agreement. Such amounts totaled approximately $960,000 and $740,000, respectively. Such reimbursements, totaling approximately $250,000, were not waived in the first quarter of 2011. The reduction in general and administrative expenses in 2012, due to the waiver of such reimbursements for an additional quarter, was primarily off-set by an increase in transfer agent costs, as our investor base increased. We expect general and administrative expenses to increase in future periods as we acquire additional self storage facilities, but expect such expenses to decrease as a percentage of total revenues.

Depreciation and Intangible Amortization Expenses

Depreciation and amortization expenses for the year ended December 31, 2012 were approximately $25.8 million, compared to approximately $23.4 million for year ended December 31, 2011. Depreciation expense consists primarily of depreciation on the buildings and site improvements at our properties. Amortization expense consists of the amortization of intangible assets resulting from our acquisitions. The increase in depreciation expense is attributable to the increase in the number of self storage facilities we owned, while the decrease in amortization expense primarily relates to certain of our intangible assets that became fully amortized during the year ended December 31, 2012. We expect depreciation and amortization expenses to increase in future periods as we acquire additional operating facilities.

Property Acquisition Expenses

Property acquisition expenses for the year ended December 31, 2012 were approximately $3.6 million, as compared to approximately $7.7 million for the year ended December 31, 2011. The decrease in property acquisition expenses arose primarily from acquiring fewer properties in 2012 compared to 2011. We expect property acquisition expenses to fluctuate commensurate with our acquisition activity.

Interest Expense

Interest expense for the year ended December 31, 2012 was approximately $17.8 million, as compared to interest expense of approximately $11.9 million for the year ended December 31, 2011. The increase primarily relates to additional interest incurred on the Second Restated KeyBank Loan (approximately $3.8 million), the KeyBank Bridge Loan (approximately $0.8 million) and other new debt. We expect interest expense to increase in future periods as such expense is incurred for the entire year for debt transactions completed in 2012 and to the extent we acquire additional properties through the issuance or assumption of secured debt.

Deferred Financing Amortization Expense

Deferred financing amortization expense for the year ended December 31, 2012 was approximately $3.5 million, as compared to approximately $1.3 million for the year ended December 31, 2011. The increase primarily relates to the additional amortization of deferred financing fees incurred on the Second Restated KeyBank Loan (approximately $1.1 million), the KeyBank Bridge Loan (approximately $0.9 million) and other new debt incurred.

Gain on Sale of Investment in Unconsolidated Joint Venture

Gain on sale of investment in unconsolidated joint venture for the year ended December 31, 2012 was approximately $0.8 million compared to none for the year ended December 31, 2011. The gain relates to the sale of our interests in an unconsolidated joint venture which owns a self storage facility in Baltimore, Maryland.

Same-Store Facility Results

The following table sets forth operating data for our same-store facilities (those properties included in the consolidated results of operations since January 1, 2011). We consider the following data to be meaningful as this allows for the comparison of results without the effects of acquisition or development activity.

	Same-Store Facilities			Non Same-Store Facilities			Total		
	2012	2011	% Change	2012	2011	% Change	2012	2011	% Change
Revenue [1]	$38,828,725	$36,614,516	6.0 %	$ 27,781,779	$12,781,562	117%	$ 66,610,504	$49,396,078	34.8%
Property operating expenses [2]	16,189,611	16,306,189	(0.7%)	13,421,094	5,779,488	132%	29,610,705	22,085,677	34.1%
Operating income	$22,639,114	$20,308,327	11.5 %	$ 14,360,685	$ 7,002,074	105%	$ 36,999,799	$27,310,401	35.5%
Number of facilities [3]	46	46		65	46		111	92	
Rentable square feet	4,265,000	4,265,000		5,006,800	3,667,700		9,271,800	7,932,700	
Average physical occupancy [4]	80	76%		N/M	N/M		77%	77%	
Annualized rent per occupied square foot [5]	$ 10.42	$ 10.46		N/M	N/M		$ 9.74	$ 10.01	

N/M Not meaningful

(1) Revenue includes rental 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.

(3) For purposes of this comparison, we have included our consolidated joint venture, SF Property, in same-store facilities.

(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. Properties are included in the respective calculations in their first full month of operations, as appropriate.

(5) Determined by dividing the aggregate realized rental 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 included the realized rental revenue and occupied square feet related to parking herein.

Our increase in same-store revenue was primarily the result of increased average physical occupancy for the year of approximately 400 basis points over 2011 and increased tenant insurance revenue due to increased penetration rates year over year. Same-store operating income increased year over year due to the increased revenue noted above along with decreases in payroll, utilities and repairs and maintenance expenses.

Non-GAAP Financial Measures

Funds from Operations and Modified Funds from Operations

Due to certain unique operating characteristics of real estate companies, the National Association of Real Estate Investment Trusts, or NAREIT, an industry trade group, has promulgated a measure known as funds from operations, or FFO, 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. FFO is not equivalent to our net income (loss) as determined under GAAP.

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, as revised in February 2004, 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 asset impairment writedowns, 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. Our FFO calculation complies with NAREIT's policy described above.

The historical accounting convention used for real estate assets requires straight-line depreciation of buildings and improvements, which implies that the value of real estate assets diminishes predictably over time. Diminution in value may occur if such assets are not adequately maintained or repaired and renovated as required by relevant circumstances or other measures necessary to maintain the assets are not undertaken. However, we believe that, since real estate values historically rise and fall with market conditions, including inflation, interest rates, the business cycle, unemployment and consumer spending, presentations of operating results for a REIT using historical accounting for depreciation may be less informative. In addition, in the determination of FFO, we believe it is appropriate to disregard impairment charges, as this is a fair value adjustment that is largely based on market fluctuations and assessments regarding general market conditions which can change over time. An asset will only be evaluated for impairment if certain impairment indications exist and if the carrying value, or book value, exceeds the total estimated undiscounted future cash flows (including net rental revenues, net proceeds on the sale of the property, and any other ancillary cash flows at a property or group level under GAAP) from such asset. Testing for impairment is a continuous process and is analyzed on a quarterly basis. Investors should note, however, that determinations of whether impairment charges have been incurred are based partly on anticipated operating performance, because estimated undiscounted future cash flows from a property, including estimated future net rental revenues, net proceeds on the sale of the property, and certain other ancillary cash flows, are taken into account in determining whether an impairment charge has been incurred. While impairment charges are excluded from the calculation of FFO as described above, investors are cautioned that due to the fact that impairments are based on estimated future undiscounted cash flows and that we intend to have a relatively limited term of our operations; it could be difficult to recover any impairment charges through the eventual sale of the property. To date, we have not recognized any impairments.

Historical accounting for real estate involves the use of GAAP. Any other method of accounting for real estate such as the fair value method cannot be construed to be any more accurate or relevant than the comparable methodologies of real estate valuation found in GAAP. Nevertheless, we believe that the use of FFO, which excludes the impact of real estate related depreciation and amortization and impairments, assists in providing a more complete understanding of our performance to investors and to our management, and when compared year over year, reflects the impact on our operations from trends in occupancy rates, rental rates, operating costs, general and administrative expenses, and interest costs, which may not be immediately apparent from net income (loss).

However, FFO or Modified FFO (“MFFO”), discussed below, should not be construed to be more relevant or accurate than the current GAAP methodology in calculating net income (loss) or in its applicability in evaluating our operating performance. The method utilized to evaluate the value and performance of real estate under GAAP should be considered a more relevant measure of operational performance and is, therefore, given more prominence than the non-GAAP FFO and MFFO measures and the adjustments to GAAP in calculating FFO and MFFO.

Changes in the accounting and reporting rules under GAAP that were put into effect and other changes to GAAP accounting for real estate subsequent to the establishment of NAREIT's definition of FFO have prompted an increase in cash-settled expenses, specifically acquisition fees and expenses, as items that are expensed as operating expenses under GAAP. We believe these fees and expenses do not affect our overall long-term operating performance. Publicly registered, non-traded REITs typically have a significant amount of acquisition activity and are substantially more dynamic during their initial years of investment and operation. The purchase of properties, and the corresponding expenses associated with that process, is a key feature of our business plan in order to generate operational income and cash flow in order to make distributions to investors. While other start-up entities may also experience significant acquisition activity during their initial years, we believe that publicly registered, non-traded REITs are unique in that they typically have a limited life with targeted exit strategies within a relatively limited time frame after the acquisition activity ceases. Our board is in the process of determining whether it is appropriate for us to achieve a liquidity event (*i.e.*, listing of our shares of common stock on a national securities exchange, a merger or sale, the sale of all or substantially all of our assets, or another similar transaction). We expect to achieve a liquidity event within three years, which is generally comparable to other publicly registered, non-traded REITs. Thus, we do not intend to continuously purchase assets and intend to have a limited life. The decision whether to engage in any liquidity event is in the sole discretion of our board of directors. Due to the above factors and other unique features of publicly registered, non-traded REITs, the Investment Program Association, or the IPA, an industry trade group, has standardized a measure known as modified funds from operations, or MFFO, which the IPA has recommended as a supplemental measure for publicly registered, non-traded REITs and which we believe to be another appropriate supplemental measure to reflect the operating performance of a publicly registered, non-traded REIT having the characteristics described above. MFFO is not equivalent to our net income (loss) as determined under GAAP, and MFFO may not be a useful measure of the impact of long-term operating performance on value if we do not ultimately engage in a liquidity event. We believe that, because MFFO excludes acquisition fees and expenses that affect our operations only in periods in which properties are acquired and that we consider more reflective of investing activities, as well as other non-operating items included in FFO, MFFO can provide, on a going-forward basis, an indication of the sustainability (that is, the capacity to continue to be maintained) of our operating performance after the period in which we are acquiring our properties and once our portfolio is in place. By providing MFFO, we believe we are presenting useful information that assists investors and analysts to better assess the sustainability of our operating performance now that our Offering has been completed and our portfolio is in place. We also believe that MFFO is a recognized measure of sustainable operating performance by the publicly registered, non-traded REIT industry. Further, we believe MFFO is useful in comparing the sustainability of our operating performance now that our Offering has been completed and we expect our acquisition activity over the near term to be less vigorous, with the sustainability of the operating performance of other real estate companies that are not as involved in acquisition activities. Investors are cautioned that MFFO should only be used to assess the sustainability of our operating performance now that our Offering has been completed and we expect our acquisition activity over the near term to be less vigorous, as it excludes acquisition fees and expenses that have a negative effect on our operating performance during the periods in which properties are acquired.

We define MFFO, a non-GAAP measure, consistent with the IPA's Guideline 2010-01, Supplemental Performance Measure for Publicly Registered, Non-Listed REITs: Modified Funds from Operations (the "Practice Guideline") issued by the IPA in November 2010. The Practice Guideline defines MFFO as FFO further adjusted for the following items included in the determination of GAAP net income (loss): acquisition fees and expenses; amounts relating to straight line rents and amortization of above or below intangible lease assets and liabilities; accretion of discounts and amortization of premiums on debt investments; non-recurring impairments of real estate related investments; mark-to-market adjustments included in net income; non-recurring gains or losses included in net income from the extinguishment or sale of debt, hedges, foreign exchange, derivatives or securities holdings where trading of such holdings is not a fundamental attribute of the business plan, unrealized gains or losses resulting from consolidation from, or deconsolidation to, equity accounting, and after adjustments for consolidated and unconsolidated partnerships and joint ventures, with such adjustments calculated to reflect MFFO on the same basis. The accretion of discounts and amortization of premiums on debt investments, unrealized gains and losses on hedges, foreign exchange, derivatives or securities holdings, unrealized gains and losses resulting from consolidations, as well as other listed cash flow adjustments are adjustments made to net income (loss) in calculating cash flows from operations and, in some cases, reflect gains or losses which are unrealized and may not ultimately be realized.

Our MFFO calculation complies with the IPA's Practice Guideline described above. In calculating MFFO, we exclude acquisition related expenses, the amortization of fair value adjustments related to debt, gains or losses from debt defeasance, realized and unrealized gains and losses on foreign exchange holdings and the adjustments of such items related to noncontrolling interests. The other adjustments included in the IPA's Practice Guideline are not applicable to us for the periods presented. Acquisition fees and expenses are paid in cash by us, and we have not set aside or put into escrow any specific amount of proceeds from our Offering to be used to fund acquisition fees and expenses. Acquisition fees and expenses include payments to our Advisor and third parties. Acquisition related expenses under GAAP are considered operating expenses and as expenses included in the determination of net income (loss) and income (loss) from continuing operations, both of which are performance measures under GAAP. All paid and accrued acquisition fees and expenses will have negative effects on returns to investors, the potential for future distributions, and cash flows generated by us, unless earnings from operations or net sales proceeds from the disposition of other properties are generated to cover the purchase price of the property, these fees and expenses and other costs related to such property. In the future, if we are not able to raise additional proceeds from our DRP Offering or other offerings, this could result in us paying acquisition fees or reimbursing acquisition expenses due to our Advisor, or a portion thereof, with net proceeds from borrowed funds, operational earnings or cash flows, net proceeds from the sale of properties, or ancillary cash flows. As a result, the amount of proceeds available for investment and operations would be reduced, or we may incur additional interest expense as a result of borrowed funds.

Further, under GAAP, certain contemplated non-cash fair value and other non-cash adjustments are considered operating non-cash adjustments to net income (loss) in determining cash flows from operations. In addition, we view fair value adjustments of derivatives and the amortization of fair value adjustments related to debt as items which are unrealized and may not ultimately be realized or as items which are not reflective of on-going operations and are therefore typically adjusted for when assessing operating performance.

We use MFFO and the adjustments used to calculate it in order to evaluate our performance against other publicly registered, non-traded REITs which intend to have limited lives with short and defined acquisition periods and targeted exit strategies shortly thereafter. As noted above, MFFO may not be a useful measure of the impact of long-term operating performance if we do not continue to operate in this manner. We believe that our use of MFFO and the adjustments used to calculate it allow us to present our performance in a manner that reflects certain characteristics that are unique to publicly registered, non-traded REITs, such as their limited life, limited and defined acquisition period and targeted exit strategy, and hence that the use of such measures may be useful to investors. For example, acquisition fees and expenses were intended to be funded from the proceeds of our Offering and other financing sources and not from operations. By excluding expensed acquisition fees and expenses, the use of MFFO provides information consistent with management's analysis of the operating performance of the properties. Additionally, fair value adjustments, which are based on the impact of current market fluctuations and underlying assessments of general market conditions, but can also result from operational factors such as rental and occupancy rates, may not be directly related or attributable to our current operating performance. By excluding such charges that may reflect anticipated and unrealized gains or losses, we believe MFFO provides useful supplemental information.

Presentation of this information 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 MFFO the same way, so comparisons with other REITs may not be meaningful. Furthermore, FFO and MFFO 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 MFFO should be reviewed in conjunction with other measurements as an indication of our performance. MFFO may be useful in assisting management and investors in assessing the sustainability of operating performance in future operating periods, and in particular, after the offering and acquisition stages are complete and net asset value is disclosed. FFO and MFFO are not useful measures in evaluating net asset value because impairments are taken into account in determining net asset value but not in determining FFO and MFFO.

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 MFFO. 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 MFFO. The following is a reconciliation of net income (loss), which is the most directly comparable GAAP financial measure, to FFO and MFFO for each of the periods presented below:

	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
Net loss attributable to Strategic Storage Trust, Inc.	$ (7,447,056)	$(18,973,712)	$(21,357,429)
Add:			
Depreciation	16,769,172	13,882,475	9,303,615
Amortization of intangible assets	8,237,601	11,547,843	13,935,903
Deduct:			
Gain on sale of investment in unconsolidated joint venture	—	(815,000)	—
Adjustment for noncontrolling interests (2)	(361,116)	(335,036)	(750,351)
FFO	**17,198,601**	**5,306,570**	**1,131,738**
Other Adjustments:			
Acquisition expenses (3)	2,866,698	3,647,635	7,743,034
Amortization of fair value adjustments of secured debt (4)	147,472	190,724	364,438
Realized and unrealized (gains) losses on foreign exchange holdings (5)	458,662	(60,281)	16,833
Debt defeasance costs (6)	—	—	49,750
Adjustment for noncontrolling interests (2)	(68,447)	(78,091)	(112,654)
Modified FFO (1)	**$20,602,986**	**$ 9,006,557**	**$ 9,193,139**

As discussed in Results of Operations, our net loss and MFFO for the years ended December 31, 2013 and 2012, have been significantly impacted by our acquisition of the Homeland Portfolio and additional debt we incurred to purchase such properties. The information below should be read in conjunction with the discussion regarding the Homeland Portfolio acquisition in Results of Operations.

(1) Changes in MFFO between the years ended December 31, 2013 and 2012 include the following:

- Total revenues less all property operating expenses were approximately $44.8 million for the year ended December 31, 2013 compared to approximately $32.5 million for the year ended December 31, 2012, thereby increasing MFFO by approximately $12.3 million. Such increase was primarily due to the acquisition of 30 properties during 2012 and 2013, along with an increase in same-store operating income of approximately $6.2 million or approximately 17.2%.
- A decrease in MFFO of approximately $1.0 million due to an increase in interest expense, approximately $1.8 million of which is related to new debt that was incurred in the fourth quarter of 2012, partially offset by decreased interest expense of $0.7 million related to the KeyBank Bridge Loan, which was repaid in full in August 2012 and additional minor net decrease as a result of decreased interest expense on the KeyBank Revolver, offset by increased interest expense related to the completion of the development of two of our Canadian properties.
- A increase in MFFO of approximately $1.5 million due to decreased amortization of deferred financing costs, approximately $1.0 million of which relates to the KeyBank Bridge Loan which was repaid in full in August 2012, and a reduction in the amortization of deferred financing fees on the Second Restated KeyBank Loan of approximately $1.1 million, net of an increase of approximately $0.6 million related to the transition from the Second Restated KeyBank Loan to the KeyBank Revolver that were required to be expensed under GAAP.

- A decrease in MFFO of approximately $0.7 million due to increased general and administrative expenses, primarily related to an increase in transfer agent costs, as our investor base increased, costs incurred associated with our annual report and proxy materials, website related costs, an increase in professional services and brand promotion related costs and increased costs related to certain amounts due pursuant to our advisory agreement that were not permanently waived by our Advisor in the fourth quarter of 2013.

Changes in MFFO between the years ended December 31, 2012 and 2011 include the following:

- Total revenues less all property operating expenses were approximately $32.5 million for the year ended December 31, 2012 compared to approximately $24.3 million for the year ended December 31, 2011, thereby increasing MFFO by approximately $8.2 million. Such increase was primarily due to the acquisition of 65 properties during 2011 and 2012, along with an increase in same store operating income of approximately $2.3 million or approximately 11.5%.
- A decrease in MFFO of approximately $6.0 million due to increased interest expense, primarily related to additional interest incurred on the Second Restated KeyBank Loan (approximately $3.8 million), the KeyBank Bridge Loan (approximately $0.8 million) and other new debt incurred. The KeyBank Bridge Loan was repaid in full on August 7, 2012.
- A decrease in MFFO of approximately $2.1 million due to increased amortization of deferred financing costs, which increased for principally the same reasons as interest expense. Of the increase, approximately $0.9 million related to the KeyBank Bridge Loan, which was repaid in full on August 7, 2012.

(2) Relates to the noncontrolling interest in our consolidated joint venture and the noncontrolling interests in our Operating Partnership. The noncontrolling interest holder's share of our consolidated venture's real estate depreciation was $225,000, $225,000 and $621,000, respectively, for the years ended December 31, 2013, 2012 and 2011.

(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. By excluding expensed acquisition related expenses, we believe MFFO provides useful supplemental information that is comparable for each type of real estate investment and is consistent with management's analysis of the investing and operating performance of our properties. Acquisition fees and expenses include payments to our Advisor and third parties. Acquisition related expenses under GAAP are considered operating expenses and as expenses included in the determination of net income (loss) and income (loss) from continuing operations, both of which are performance measures under GAAP. All paid and accrued acquisition fees and expenses will have negative effects on returns to investors, the potential for future distributions, and cash flows generated by us, unless earnings from operations or net sales proceeds from the disposition of other properties are generated to cover the purchase price of the property, these fees and expenses and other costs related to such property.

(4) This represents the difference between the stated interest rate and the estimated market interest rate on assumed notes or seller notes issued, as of the date of acquisition. Such amounts have been excluded from MFFO because we believe MFFO 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.

(5) These amounts primarily relate to transactions with our non-U.S. functional currency entities. The amounts are the result of fluctuations between the U.S. dollar and the Canadian dollar. Such amounts have been excluded from MFFO because we believe MFFO provides useful supplementary information by focusing on operating fundamentals, rather than events not related to our normal operations. We are responsible for managing hedge and foreign exchange risk and do not rely on another party to manage such risk.

(6) We believe that adjusting for the gain or loss on extinguishment of debt provides useful information because such gain or loss on extinguishment of debt may not be reflective of on-going 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:

- Amortization of deferred financing costs of approximately $2.0 million, $3.5 million and $1.3 million was recognized as interest expense for the years ended December 31, 2013, 2012 and 2011, respectively.

Cash Flows

A comparison of cash flows for operating, investing and financing activities for the years ended December 31, 2013 and 2012 is as follows:

	Year Ended December 31, 2013	Year Ended December 31, 2012	Change
Net cash flow provided by (used in):			
Operating activities	$ 19,306,141	$ 9,550,340	$ 9,755,801
Investing activities	(76,314,511)	(95,632,616)	19,318,105
Financing activities	82,686,294	86,814,473	(4,128,179)

Cash flows provided by operating activities for the years ended December 31, 2013 and 2012 were approximately \$19.3 million and \$9.6 million, respectively, an increase in cash provided year to year of approximately \$9.7 million. The increase in cash provided compared to the prior period primarily relates to an improvement in the net loss, adjusted for depreciation and amortization.

Cash flows used in investing activities for the years ended December 31, 2013 and 2012 were approximately \$76.3 million and \$95.6 million, respectively, a decrease in the use of cash of approximately \$19.3 million. The decrease compared to the prior period primarily relates to the decreased amount spent on acquisitions.

Cash flows provided by financing activities for the years ended December 31, 2013 and 2012 were approximately \$82.7 million and \$86.8 million, respectively, a decrease in the cash provided of approximately \$4.1 million. The decrease in cash provided by financing activities over the prior period primarily relates to a decrease in proceeds from the Offering, increased distributions and redemptions, offset by a decrease in repayments of debt.

Liquidity and Capital Resources

Short-Term Liquidity and Capital Resources

We generally expect that we will meet our short-term operating liquidity requirements from the combination of the proceeds of our Offering, proceeds from secured or unsecured financing from banks or other lenders, net cash provided by property operations and advances from our Advisor which will be repaid, without interest, as funds are available after meeting our current liquidity requirements, subject to the limitations on reimbursement set forth in our advisory agreement with our Advisor.

As set forth earlier, our Offering expired on September 22, 2013, and we believe the combination of proceeds from our Offering and potential borrowing capacity under our KeyBank Revolver should be sufficient to allow us to meet our short-term capital needs and move to the next phase of our life cycle.

Distribution Policy and Distributions

Our board of directors will determine the amount and timing of distributions to our stockholders and will base such determination on a number of factors, including funds available for payment of distributions, financial condition, capital expenditure requirements and annual distribution requirements needed to maintain our status as a REIT under the Code. Distributions will be paid to our stockholders as of the record date selected by our board of directors. We declare and pay distributions monthly based on daily declaration and record dates so that investors may be entitled to distributions immediately upon purchasing our shares. 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 will be authorized at the discretion of our board of directors, which will be directed, in substantial part, by its obligation to cause us to comply with the REIT requirements of the Code. The funds we receive from operations that are available for distribution may be affected by a number of factors, including the following:

- the amount of time required for us to invest the funds received in the Offering;
- our operating and interest expenses;
- the amount of distributions or dividends received by us from our indirect real estate investments;
- our ability to keep our properties occupied;
- our ability to maintain or increase rental rates;

- capital expenditures and reserves for such expenditures;
- the issuance of additional shares; and
- financings and refinancings.

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

	Year Ended December 31, 2013		Year Ended December 31, 2012	
Distributions paid in cash	$ 19,276,713		$ 15,831,397	
Distributions reinvested	15,794,890		12,311,983	
Total distributions	$ 35,071,603		$ 28,143,380	
Source of distributions				
Cash flows provided by operations	$ 19,306,141	55.0%	$ 9,550,340	33.9%
Offering proceeds from distribution reinvestment plan	15,765,462	45.0%	12,311,983	43.8%
Offering proceeds from Primary Offering	—	—	6,281,057	22.3%
Total sources	$ 35,071,603	100.0%	$ 28,143,380	100.0%

Cash flows provided by operations for the years ended December 31, 2013 and 2012, include approximately $2.9 million and $3.6 million, respectively, of acquisition related expenses expensed in accordance with GAAP.

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 financing or from proceeds from the issuance of common stock through our DRP Offering.

From our inception through December 31, 2013, we paid cumulative distributions of approximately $107.1 million, as compared to cumulative FFO of approximately $18.7 million. For the year ended December 31, 2013, we incurred distributions of approximately $35.7 million, as compared to FFO of approximately $17.2 million. For the year ended December 31, 2012, we incurred distributions of approximately $28.8 million, as compared to FFO of approximately $5.3 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.

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, 2013, we had approximately $390.4 million of outstanding consolidated indebtedness (excluding net unamortized debt premiums of approximately $0.9 million). The weighted average interest rate on our consolidated fixed rate indebtedness as of December 31, 2013 was approximately 5.4%. As of December 31, 2013, approximately $90.4 million of our total consolidated indebtedness was variable rate debt.

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 equity investments, for the payment of operating expenses, capital improvements on our properties, equity distributions and for debt service on our outstanding indebtedness. As set forth above, our Offering closed on September 22, 2013. Our board of directors is currently contemplating a number of strategies for the next steps in our life cycle. Absent the implementation of those strategies, we generally expect our cash requirements will be met from cash flows from operations, draws under existing credit agreements and the issuance of additional debt or equity.

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. We believe our ability to refinance or secure new debt will in part be affected by our ability to continue to lease-up certain development projects and other lease-up acquisitions. If such facilities continue to progress we believe our ability to borrow against those assets will be favorably impacted. To the extent we are not able to secure requisite additional financing in the form of a credit facility or other debt, we will be dependent upon proceeds from the issuance of equity instruments 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, 2013:

		Payments due by period:			
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Mortgage interest [1]	$ 101,198,161	$ 18,090,061	$ 31,525,624	$ 19,595,258	$ 31,987,218
Mortgage principal [1]	390,371,923	26,089,586	145,410,986	63,118,454	155,752,897
Operating leases	3,103,956	133,403	277,830	277,830	2,414,893
Total contractual obligations	$ 494,674,040	$ 44,313,050	$ 177,214,440	$ 82,991,542	$ 190,155,008

(1) Interest expense was calculated based upon the contractual rates. The interest expense on variable rate debt was calculated based on the rate currently in effect. Debt denominated in foreign currency has been converted at the conversion rate in effect as of the end of the period.

Off-Balance Sheet Arrangements

Except as disclosed in the Note 2 of the Notes to the Consolidated Financial Statements contained in this report, we do not currently have any relationships with unconsolidated entities or financial partnerships. Such entities are often referred to as structured finance or special purposes entities, which typically are established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. Further, except as disclosed in the notes to our financial statements, we have not guaranteed any obligations of unconsolidated entities nor do we have any commitments or intent to provide funding to any such entities.

Subsequent Events

Please see Note 12 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.

As of December 31, 2013, our debt consisted of approximately $300.0 million in fixed rate debt and approximately $90.4 million in variable rate debt (excluding net unamortized debt premiums of approximately $0.9 million). As of December 31, 2012, our debt consisted of approximately $288.5 million in fixed rate debt and approximately $65.5 million in variable rate debt. These instruments were entered into for other than trading purposes. Changes in interest rates have different impacts on the fixed and variable portions of our debt portfolio. A change in interest rates on the fixed portion of our debt portfolio impacts its fair value but has no impact on interest incurred or cash flows. A change in interest rates on the variable portion of our debt portfolio 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 or decrease by 100 basis points, the increase or decrease in interest expense (excluding the portion of our variable rate debt that was effectively fixed through an interest rate swap through December 24, 2014) would increase or decrease future earnings and cash flows by approximately $0.4 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, average interest rates and estimated fair values on our outstanding debt as of December 31, 2013:

	Year Ending December 31,							
	2014	**2015**	**2016**	**2017**	**2018**	**Thereafter**	**Total**	**Fair Value**
Fixed rate debt	$13,180,906	$30,827,135	$37,100,972	$44,044,243	$19,074,211	$155,752,897	$299,980,364	$311,362,132
Average interest rate	5.44%	5.47%	5.44%	5.32%	5.17%	5.11%	—	—
Variable rate debt[1]	$12,908,680	$ —	$77,482,879	$ —	$ —	$ —	$ 90,391,559	$ 90,391,559
Average interest rate	2.39%	2.08%	1.97%	—	—	—	—	—

(1) Interest expense was calculated based upon the contractual rates. The interest expense on variable rate debt was calculated based on the rate in effect as of December 31, 2013. Debt denominated in foreign currency has been converted at the conversion rate in effect as of December 31, 2013.

In the future, 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 or foreign currency hedges to mitigate our risk to foreign currency exposure. We will not enter into derivative or interest rate transactions for speculative purposes.

We had one derivative instrument as of December 31, 2013. Such instrument was a variable to fixed derivative with a notional amount of $45,000,000, which is effective through December 24, 2014. Our average receive rate is one month LIBOR and the average pay rate was 0.9075%.

We consider our direct exposure to foreign exchange rate fluctuations to generally be minimal. Currently, our only foreign exchange rate risk comes from our Canadian properties and the Canadian Dollar (“CAD”), for which we do not maintain an active hedging program. However, we generate all of our revenues and expend essentially all of our operating expenses and third party debt service costs 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 annual report are set forth below beginning on page F-1 of this annual 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, 2013, the effectiveness of our internal control over financial reporting using the framework in *Internal Control — Integrated Framework (1992 framework)* 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, 2013.

There have been no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

During the year ended December 31, 2013, 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

Executive Officers and Directors

Included below is certain information regarding our executive officers and directors. All of our directors, including our two independent directors, have been nominated for re-election at the 2014 annual meeting of stockholders. All of our executive officers serve at the pleasure of our board of directors.

Name	Age	Position(s)	Period with Company
H. Michael Schwartz	47	Chairman of the Board of Directors, Chief Executive Officer and President	8/2007—present
Paula Mathews	62	Executive Vice President and Assistant Secretary	8/2007—present
Michael S. McClure	51	Executive Vice President, Chief Financial Officer and Treasurer	1/2008—present
Wayne Johnson	56	Senior Vice President — Acquisitions	8/2007—present
Ken Morrison	47	Senior Vice President — Property Management	6/2013—present
James L. Berg	61	Secretary	6/2011—present
Harold "Skip" Perry	67	Independent Director	2/2008—present
Timothy S. Morris	53	Independent Director	2/2008—present

H. Michael Schwartz. Mr. Schwartz is the Chairman of our board of directors and our Chief Executive Officer and President, positions he also holds with Strategic Storage Trust II, Inc. and Strategic Storage Growth Trust, Inc. Mr. Schwartz has been an officer and director since our initial formation in August 2007. Mr. Schwartz is also President of our Advisor. Mr. Schwartz owns 100% of Strategic Capital Markets Group, LLC, which owns a 15% non-voting equity interest in Select Capital Corporation, our dealer manager. He was appointed President of our Sponsor in July 2004 and is primarily responsible for the commercial office, retail and self storage programs. He has also served as President of Strategic Storage Advisor, LLC since August 2007, and prior to that held the positions of Vice Chairman or Co-President of U.S. Advisor from July 2004 until April 2007. He has more than 22 years of real estate, securities and corporate financial management experience. His real estate experience includes international investment opportunities, including self storage acquisitions in Canada. From 2002 to 2004, Mr. Schwartz was the Managing Director of Private Structured Offerings for Triple Net Properties, LLC (now an indirect subsidiary of Grubb & Ellis Company). In addition, he served on the board of their affiliated broker-dealer, NNN Capital Corp. (now Grubb & Ellis Securities, Inc.). From 2000 to 2001, Mr. Schwartz was Chief Financial Officer for Futurist Entertainment, a diversified entertainment company. From 1995 to 2000, he was President and Chief Financial Officer of Spider Securities, Inc. (now Merriman Curhan Ford & Co.), a registered broker-dealer that developed one of the first online distribution outlets for fixed and variable annuity products. From 1990 to 1995, Mr. Schwartz served as the Vice President and Chief Financial Officer of Western Capital Financial (an affiliate of Spider Securities), and from 1994 to 1998 Mr. Schwartz was also President of Palladian Advisors, Inc. (an affiliate of Spider Securities). Mr. Schwartz holds a B.S. in Business Administration with an emphasis in Finance from the University of Southern California.

Paula Mathews. Ms. Mathews is our Assistant Secretary and an Executive Vice President. Ms. Mathews has been an Executive Vice President since our initial formation in August 2007 and previously served as our Secretary from our initial formation until June 2011. Ms. Mathews is also Secretary and an Executive Vice President of Strategic Storage Trust II, Inc. and Strategic Storage Growth Trust, Inc., and Executive Vice President of our Advisor. Ms. Mathews is also a member of the board of directors of Strategic Storage Growth Trust, Inc. Ms. Mathews joined our Sponsor in 2005 as Vice President — Commercial Operations. She is responsible for pre-acquisition due diligence and post-acquisition management and leasing of all commercial assets. Prior to joining our Sponsor, Ms. Mathews was a private consultant from 2003 to 2005 providing due diligence services on the acquisition and disposition of assets for real estate firms. Prior to that, Ms. Mathews held senior level executive positions with several pension investment advisors, including the following: a real estate company specializing in 1031 transactions from 2002 to 2003 where she was the Director of Operations; KBS Realty Advisors from 1995 to 2001 where she was responsible for the management of $600 million in "value added" commercial assets in seven states; TCW Realty Advisors (now CBRE Investors) from 1985 to 1992 as a Senior Vice President where her focus was retail assets within closed end equity funds; and PMRealty Advisors from 1983 to 1985 in a portfolio management role. She began her real estate career in 1977 with The Irvine Company, the largest land holder in Orange County, California, where she held several positions within the Commercial/Industrial Division structuring industrial build-to-suits, ground leases and land sales. Ms. Mathews holds a B.S. degree from the University of North Carolina, Chapel Hill.

Michael S. McClure. Mr. McClure is our Chief Financial Officer and Treasurer and an Executive Vice President, positions he also holds with Strategic Storage Trust II, Inc. and Strategic Storage Growth Trust, Inc. Mr. McClure has been our Chief Financial Officer and Treasurer since January 2008 and an Executive Vice President since June 2011. Mr. McClure is also a member of the board of directors of Strategic Storage Growth Trust, Inc. Mr. McClure is also the Chief Financial Officer of our Advisor. He joined our Advisor in January 2008. Mr. McClure is responsible for overseeing our budgeting, forecasting and financial management policies, along with directing all SEC and regulatory reporting. Prior to joining our Advisor, from 2004 to June 2007, Mr. McClure held various positions, including Vice President of Finance, at the North Inland Empire Division of Pulte Homes, Inc. At Pulte Homes, he was responsible for all finance, accounting, human resources and office administration functions. From 2002 to 2004, Mr. McClure was a Director in the Audit Business Advisory Services practice for PricewaterhouseCoopers. From 1985 to 2002, Mr. McClure was with Arthur Andersen LLP, holding various positions including Partner. In his 20 years of experience in the public accounting field, Mr. McClure had extensive experience in the real estate industry working with REITs, homebuilders and land development companies and worked on numerous registration statements and public offerings. He is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. Mr. McClure holds a B.S.B.A. degree from California State University, Fullerton.

Wayne Johnson. Mr. Johnson is our Senior Vice President — Acquisitions, a position he also holds with Strategic Storage Trust II, Inc. and Strategic Storage Growth Trust, Inc. Mr. Johnson has been our Senior Vice President — Acquisitions since our initial formation in August 2007. Mr. Johnson is also Senior Vice President — Acquisitions for our Advisor. He joined our Sponsor in June 2006 to focus on self storage acquisitions. Prior to joining our Sponsor, from 2002 to June 2006, Mr. Johnson developed and managed LaPlaza Self Storage in McAllen, Texas and three American Home Self Storage facilities in Dallas, Texas and Carrollton, Texas. He has been involved in all aspects of commercial development and leasing, including office, office warehouse, retail and self storage facilities. Mr. Johnson previously developed, managed and operated 14 self storage facilities and other commercial properties over the past 23 years. His experience includes the development and management of various facilities representing in excess of one million square feet. Mr. Johnson previously served on the board and is the past President of the Texas Self Storage Association (TSSA), which is the trade organization for self storage development, ownership and management in Texas which has approximately 3,100 members consisting of storage owners, developers, operators and vendors throughout Texas. Mr. Johnson entered the commercial real estate business in 1979 after graduating from Southern Methodist University with a B.B.A. in Finance and Real Estate.

Ken Morrison. Mr. Morrison is our Senior Vice President — Property Management, a position he has held since June 2013. He has also been the President of our property manager since December 2011. Mr. Morrison has also served as the President of Strategic Storage Property Management II, LLC since March 2013, Senior Vice President – Property Management of Strategic Storage Trust II, Inc. since January 2013 and Senior Vice President – Property Management of Strategic Storage Growth Trust, Inc. since January 2014. Mr. Morrison's primary responsibility is to oversee management of our self storage properties, which includes managing the day-to-day activities at our self storage facilities, maintaining and upgrading the properties in our self storage portfolio, and overseeing the Internet and Self Storage Marketing departments of our sponsor. Prior to joining Strategic Storage Property Management, LLC, Mr. Morrison held several executive management positions with Public Storage from 1998 until November 2011, where he was responsible for the oversight of 300 self storage facilities in 11 states and supervised a staff of 37 district managers. Prior to joining Public Storage, Mr. Morrison spent eight years in management with Safeway. Mr. Morrison has completed coursework at both West Valley College in Saratoga, California and the Center for Creative Leadership in San Diego, California.

James L. Berg. Mr. Berg has been our Secretary since June 2011. He also serves as Assistant Secretary of Strategic Storage Trust II, Inc. and Strategic Storage Growth Trust, Inc. Mr. Berg became General Counsel of Strategic Storage Holdings, LLC, the sole member of our Advisor and our Property Manager, in April 2011. Mr. Berg has over 25 years of experience in general business, corporate, securities, venture capital and intellectual property law. From November 2004 to April 2011, he was General Counsel of U.S. Advisor, LLC. From March 2004 until November 2004, Mr. Berg was Senior Vice President and General Counsel of LoanCity.com, a wholesale mortgage lender based in San Jose, California. Prior to that, Mr. Berg was a partner in several laws firms in Oakland, California. Mr. Berg received a J.D. (magna cum laude) from the University of Michigan Law School in 1978 and a B.S. (with high distinction) from the University of Michigan Business School in 1975. He is a member of the State Bar of California, Business Law Section.

Harold "Skip" Perry. Mr. Perry has been one of our independent directors since February 2008 and is the Chairman of our Audit Committee of our board of directors and a member of the Nominating and Corporate Governance Committee and the Compensation Committee of our board of directors. He also serves as independent director of Strategic Storage Trust II, Inc. Mr. Perry has over 35 years of financial accounting, management and consulting experience for domestic and international organizations in the real estate industry. He is currently the Executive Managing Director of Real Globe Advisors, LLC, a commercial real estate advisory firm which he founded. Mr. Perry also held the same position with Real Globe Advisors, LLC from July 2007 to June 2009 as well. From June 2009 to March 2011, he was the Managing Director of Alvarez & Marsal Real Estate Advisory Services. From 1995 to June 2007, Mr. Perry was a national partner in Ernst & Young LLP's Transactional Real Estate Advisory Services Group and held a number of leadership positions within Ernst & Young. While at Ernst & Young, he handled complex acquisition and disposition due diligence matters for private equity funds and corporate clients, complex real estate portfolio optimization studies, and monetization strategies within the capital markets arena, including valuation of self storage facilities. Prior to 1995, Mr. Perry headed the Real Estate Consulting Practice of the Chicago office of Kenneth Leventhal & Co. Prior to his time with Kenneth Leventhal & Co., Mr. Perry was a senior principal with Pannell Kerr Forester, a national accounting and consulting firm specializing in the hospitality industry. Mr. Perry is a CPA and holds an MAI designation with the Appraisal Institute and a CRE designation with the Counselors of Real Estate. He graduated with a Bachelor of Arts in Russian and Economics from the University of Illinois, and has a Masters of Business Administration with a concentration in finance from Loyola University in Illinois.

Timothy S. Morris. Mr. Morris has been one of our independent directors since February 2008 and is the Chairman of the Nominating and Corporate Governance Committee of our board of directors and a member of our Audit Committee and the Compensation Committee of our board of directors. Mr. Morris has more than 30 years of financial and management experience with several international organizations. In March 2014, Mr. Morris assumed a part-time executive position as Finance Director of Tomorrow's Company, a London-based global think tank focusing on business leadership. In May 2008, Mr. Morris founded AMDG Worldwide Ltd., a consultancy business for the philanthropic sector. From June 2007 to April 2008, Mr. Morris was the Chief Financial Officer for Geneva Global, Inc., a philanthropic advisor and broker which invests funds into developing countries. Prior to joining Geneva Global, Inc., from 2002 to June 2007, Mr. Morris was the Director of Corporate Services for Care International UK Ltd. where he was responsible for the finance, internal audit, risk management, human resources, legal insurance and information technology functions during the financial turnaround period of that organization. From 2000 to 2002, Mr. Morris was the Controller for Royal Society Mencap, a learning disability charity. From 1996 to 1999, Mr. Morris was the head of global management reporting for Adidas Group AG in Germany and was later the International Controller for Taylor Made Golf Company, Inc., a subsidiary of Adidas Group AG. Prior to 1996, Mr. Morris held various management and senior finance roles within organizations such as the International Leisure Group, Halliburton/KBR and the Bank for International Settlements in Basel, Switzerland. Mr. Morris has his Bachelor of Science in Economics from Bristol University in the United Kingdom, his MBA from the Cranfield School of Management in the United Kingdom, and he is a Chartered Management Accountant (ACMA).

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires each director, officer, and individual beneficially owning more than 10% of a registered security to file with the SEC, within specified time frames, initial statements of beneficial ownership (Form 3) and statements of changes in beneficial ownership (Forms 4 and 5). These specified time frames require the reporting of changes in ownership within two business days of the transaction giving rise to the reporting obligation. Reporting persons are required to furnish us with copies of all Section 16(a) forms filed with the SEC. Based solely on a review of the copies of such forms furnished to us during and with respect to the fiscal year ended December 31, 2013 or written representations that no additional forms were required, to the best of our knowledge, all required Section 16(a) filings were timely and correctly made by reporting persons for 2013.

Code of Ethics

Our board of directors adopted a Code of Ethics and Business Conduct on May 20, 2008 (the "Code of Ethics"), which contains general guidelines applicable to our executive officers, including our principal executive officer, principal financial officer and principal accounting officer, our directors and employees and officers of our Advisor and its affiliates who perform material functions for us. We adopted our Code of Ethics with the purpose of promoting the following: (1) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; (2) full, fair, accurate, timely and understandable disclosure in reports and documents that we file with or submit to the SEC and in other public communications made by us; (3) compliance with applicable laws and governmental rules and regulations; (4) the prompt internal reporting of violations of the Code of Ethics to our Code of Ethics Compliance Officer; and (5) accountability for adherence to the Code of Ethics. A copy of the Code of Ethics is available on our website at www.strategicstoragetrust.com.

Audit Committee Financial Expert

Our Audit Committee is comprised of our two independent directors, Harold "Skip" Perry and Timothy S. Morris, with Mr. Perry serving as Chairman of the Audit Committee. Our board of directors has determined that Mr. Perry satisfies the requirements for an "audit committee financial expert" and has designated Mr. Perry as the Audit Committee financial expert in accordance with applicable SEC rules.

ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive Compensation

We do not directly compensate our executive officers, including H. Michael Schwartz, the Chairman of our board of directors and our President and Chief Executive Officer, for services rendered to us. We do not currently intend to pay any compensation directly to our executive officers. As a result, we do not have, and our Compensation Committee has not considered, a compensation policy or program for our executive officers. If we determine to compensate our executive officers directly in the future, our Compensation Committee will review all forms of compensation and approve all equity-based awards.

Our executive officers also are officers of our Advisor and its affiliates, and are compensated by such entities for their services to us. We pay these entities fees and reimburse expenses pursuant to our advisory agreement. For the year ended December 31, 2013, these reimbursements to our Advisor include reimbursements of a portion of the salaries of our executive officers for time they spent on matters connected to our public offerings totaling approximately $130,000. Of this amount, $122,000 was attributed to H. Michael Schwartz, the Chairman of our board of directors and our President and Chief Executive Officer, $4,000 was attributed to Michael S. McClure, our Chief Financial Officer, $2,000 was attributed to Paula Mathews, our Executive Vice President and Assistant Secretary, $2,000 was attributed to Ken Morrison, our, Senior Vice President — Property Management and $0 was attributed to Wayne Johnson, our Senior Vice President — Acquisitions.

Director Compensation

Summary

Name	Fees Earned or Paid in Cash	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation	All Other Compensation [(1)]	Total
H. Michael Schwartz	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Harold "Skip" Perry......	$ 58,500	$13,488	$ —	$ —	$ —	$ 7,174	$79,162
Timothy S. Morris	$ 58,500	$13,488	$ —	$ —	$ —	$ 7,136	$79,124

(1) All other compensation includes the value of shares received by each independent director pursuant to the Company's distribution reinvestment plan.

Our Compensation Committee assists our board of directors in fulfilling its responsibilities with respect to employee, officer and director compensation. Because we do not have any employees and our executive officers do not receive any compensation directly from us, these responsibilities are limited to setting director compensation and administering our Employee and Director Long-Term Incentive Plan (the "Plan"). Our non-director officers have no role in determining or recommending director compensation. Directors who are also our officers do not receive any special or additional remuneration for services on our board of directors or any of its committees. Each non-employee independent director received compensation for services on our board of directors and its committees as provided below.

Cash Compensation to Directors

We paid each of our independent directors a retainer of $30,000 for the year ended December 31, 2013 plus $1,500 for each board of directors or committee meeting the independent director attended in person ($2,000 for attendance by the chairperson of a committee at each committee meeting in which the independent director is a chairperson) and $1,500 for each regularly scheduled meeting the independent director attended by telephone ($500 for special meetings conducted by telephone). In the event there were multiple meetings of our board of directors and one or more committees in a single day, the fees were limited to $3,000 per day.

All directors received reimbursement of reasonable out-of-pocket expenses incurred in connection with attendance at meetings of our board of directors.

Employee and Director Long-Term Incentive Plan Awards to Independent Directors

Pursuant to the Plan, we issued 2,500 shares of restricted stock to each independent director on January 27, 2009, which vest ratably over a period of four years from the date such independent director was appointed to our board of directors (the "Initial Restricted Stock Awards"). We also issued additional awards of 1,250 shares of restricted stock to each independent director upon each of their re-elections to our board of directors, which vest ratably over a period of four years from the date of re-election (the "Annual Restricted Stock Awards"). Both independent directors have received a total of 8,750 shares of restricted stock, 5,625 of which have vested to each independent director as of December 31, 2013. Both the Initial Restricted Stock Awards and the Annual Restricted Stock Awards are subject to a number of other conditions set forth in such awards.

The Plan was approved and adopted prior to the commencement of our initial public offering in order to (1) provide incentives to individuals who are granted awards because of their ability to improve our operations and increase profits; (2) encourage selected persons to accept or continue employment with us or with our Advisor or its affiliates that we deem important to our long-term success; and (3) increase the interest of our independent directors in our success through their participation in the growth in value of our stock. Pursuant to the Plan, we may issue options, stock appreciation rights, distribution equivalent rights and other equity-based awards, including, but not limited to, restricted stock.

The total number of shares of our common stock (or common stock equivalents) reserved for issuance under the Plan is equal to 10% of our outstanding shares of stock at any time, but not to exceed 10,000,000 shares. As of December 31, 2013, there were 5,596,144 shares remaining for issuance under the Plan. The term of the Plan is 10 years. Upon our earlier dissolution or liquidation, upon our reorganization, merger or consolidation with one or more corporations as a result of which we are not the surviving corporation, or upon sale of all or substantially all of our properties, the Plan will terminate, and provisions will be made for the assumption by the successor corporation of the awards granted or the replacement of the awards with similar awards with respect to the stock of the successor corporation, with appropriate adjustments as to the number and kind of shares and exercise prices. Alternatively, rather than providing for the assumption of awards, the Compensation Committee may either (1) shorten the period during which awards are exercisable, or (2) cancel an award upon payment to the participant of an amount in cash that the Compensation Committee determines is equivalent to the amount of the fair market value of the consideration that the participant would have received if the participant exercised the award immediately prior to the effective time of the transaction.

In the event that the Compensation Committee determines that any distribution, recapitalization, stock split, reorganization, merger, liquidation, dissolution or sale, transfer, exchange or other disposition of all or substantially all of our assets, or other similar corporate transaction or event, affects the stock such that an adjustment is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to an award, then the Compensation Committee shall, in such manner as it may deem equitable, adjust the number and kind of shares or the exercise price with respect to any award.

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee are our two independent directors, Harold "Skip" Perry and Timothy S. Morris, with Mr. Morris serving as Chairman of the Compensation Committee. No member of the Compensation Committee served as an officer, director or employee of any of our affiliates during 2013 or formerly served in such capacity.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the board of directors that the Compensation Discussion and Analysis – Executive Compensation be included in this Annual Report on Form 10-K.

Timothy S. Morris (Chairman)

Harold "Skip" Perry

March 20, 2014

The preceding Compensation Committee Report to stockholders is not "soliciting material" and is not deemed "filed" with the SEC and is not to be incorporated by reference in any filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

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

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, 2013, under which shares of our common stock 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
Equity Compensation Plans Approved by Security Holders	—	—	5,596,144
Equity Compensation Plans Not Approved by Security Holders	—	—	—
Total	—	—	5,596,144

Beneficial Ownership of the Company's Stock

The following table sets forth, as of December 31, 2013, the amount of our common stock beneficially owned by: (1) any person who is known by us to be the beneficial owner of more than 5% of the outstanding shares of our common stock; (2) each of our directors; (3) each of our executive officers; and (4) our directors and executive officers as a group. The percentage of beneficial ownership is calculated based on 56,136,435 shares of common stock outstanding as of December 31, 2013.

	Common Stock Beneficially Owned[2]	
Name and Address of Beneficial Owner[1]	Number of Shares of Common Stock	Percentage of Class
H. Michael Schwartz, Chairman of the Board of Directors, President and Chief Executive Officer	118[3]	*
Paula Mathews, Executive Vice President and Assistant Secretary	—	*
Michael S. McClure, Executive Vice President, Chief Financial Officer and Treasurer	—	*
Wayne Johnson, Senior Vice President — Acquisitions	—	*
Ken Morrison, Senior Vice President — Property Management		
James L. Berg, Secretary	11	*
Harold "Skip" Perry, Independent Director	7,779[4]	*
Timothy S. Morris, Independent Director	7,725[4]	*
All directors and executive officers as a group	15,633	*

* Represents less than 1% of our outstanding common stock as of December 31, 2013.

(1) The address of each beneficial owner listed is 111 Corporate Drive, Suite 120, Ladera Ranch, California 92694.

(2) Beneficial ownership is determined in accordance with SEC rules and generally includes voting or investment power with respect to securities and shares issuable pursuant to options, warrants and similar rights held by the respective person or group that may be exercised within 60 days following December 31, 2013. Except as otherwise indicated by footnote, and subject to community property laws where applicable, the persons named in the table above have sole voting and investment power with respect to all shares of common stock show as beneficially owned by them.

(3) Includes 100 shares owned by Strategic Storage Advisor, LLC, which is indirectly owned and controlled by Mr. Schwartz.

(4) Each independent director was awarded 2,500 shares of restricted stock on January 27, 2009, which vested ratably over a period of four years from the date such independent director was appointed to our board of directors, and has been awarded 1,250 shares of restricted stock upon each of his re-elections to our board of directors, which vest ratably over a period of four years from the date of re-election. The amounts listed include all shares of restricted stock that have vested as of December 31, 2013 or will vest within 60 days of such date plus shares purchased by the independent directors pursuant to our distribution reinvestment plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Policies and Procedures for Transactions with Related Persons

In accordance with our Nominating and Corporate Governance Committee Charter and our Corporate Governance Guidelines, our independent directors consider, review, and must approve all transactions with related persons prior to approval of such transactions by our full board of directors.

Certain Relationships and Related Transactions

General

Certain of our executive officers and one of our directors hold ownership interests in and are officers of our Sponsor, our Advisor, our Property Manager**,** our Dealer Manager and other affiliated entities. 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; (5) investments with affiliates of our Advisor; (6) compensation to our Advisor; and (7) our relationship with our Dealer Manager and Property Manager.

We are currently a party to three types of agreements giving rise to material transactions between us and our affiliates, including our advisory agreement, our Property Management Agreements and our Dealer Manager Agreement. We are also party to a sub-license agreement with our Advisor with respect to trademarks. Our independent directors reviewed and approved the material transactions between us and our affiliates arising out of these agreements during the year ended December 31, 2013. Set forth below is a description of the relevant transactions with our affiliates, which we believe have been executed on terms that are fair to the Company.

Advisory Agreement

Our Advisor, is owned by Strategic Storage Holdings, LLC. Our Sponsor owns a controlling interest in Strategic Storage Holdings, LLC, and certain executives of our Sponsor and our Advisor, and other individuals, own a minority interest in Strategic Storage Holdings, LLC. H. Michael Schwartz, the Chairman of our board of directors and our President and Chief Executive Officer, and the President of our Advisor, owns a controlling interest in our Sponsor and a minority interest in Strategic Storage Holdings, LLC. Certain of our executives, including Mr. Schwartz, serve as officers of our Advisor, our Sponsor and Strategic Storage Holdings, LLC.

Our Advisor and its affiliates perform services for us in connection with the selection, acquisition and management of our properties pursuant to our advisory agreement. The term of our advisory agreement will end on January 24, 2015, but may be renewed for an unlimited number of successive one-year periods.

Our Advisor and its officers, employees and affiliates expect to engage in other business ventures and, as a result, their resources will not be dedicated exclusively to our business. However, pursuant to the advisory agreement, our Advisor will be required to devote sufficient resources to our administration to discharge its obligations.

Many of the services performed by our Advisor in managing our day-to-day activities are summarized below. This summary is provided to illustrate the material functions that our Advisor performs for us as our Advisor, and it is not intended to include all of the services that may be provided to us by third parties. Under the terms of the advisory agreement, our Advisor undertakes to use its commercially reasonable best efforts to present to us investment opportunities consistent with our investment policies and objectives as adopted by our board of directors. In its performance of this undertaking, our Advisor, either directly or indirectly by engaging an affiliate, performs the following, among other duties and subject to the authority of our board of directors:

- finding, evaluating, presenting and recommending to us investment opportunities consistent with our investment policies and objectives;
- serving as our investment and financial advisor and providing research and economic and statistical data in connection with our assets and our investment policies;
- acquiring properties and making investments on our behalf in compliance with our investment objectives and policies;
- structuring and negotiating the terms and conditions of our real estate acquisitions, sales or joint ventures;
- reviewing and analyzing each property's operating and capital budget;
- arranging, structuring and negotiating financing and refinancing of properties;
- performing all operational functions for the maintenance and administration of our assets, including the servicing of mortgages;
- consulting with our officers and board of directors and assisting the board of directors in formulating and implementing of our financial policies;
- preparing and reviewing on our behalf, with the participation of one designated principal executive officer and principal financial officer, all reports and returns required by the SEC, IRS and other state or federal governmental agencies;
- providing the daily management and performing and supervising the various administrative functions reasonably necessary for our management and operations; and
- investigating, selecting, and, on our behalf, engaging and conducting business with such third parties as our Advisor deems necessary to the proper performance of its obligations under the advisory agreement.

Organization and offering costs of our Offering were allowed to be paid by our Advisor on our behalf and were reimbursed to our Advisor from the proceeds of the Offering. Such amounts were not permitted to exceed (i) 3.5% of the gross offering proceeds raised by us in the terminated offering (excluding sales commissions and dealer manager fees), or (ii) 15% of the gross offering proceeds raised by us in the terminated offering (including sales commissions and dealer manager fees). If the organization and offering expenses exceeded such limits, within 60 days after the end of the month in which the offering terminated, our Advisor would be required to reimburse us for any excess amounts. FINRA and many states also limited our total organization and offering expenses to 15% of gross offering proceeds. Organization and offering costs consist of all expenses (other than sales commissions and the dealer manager fee) paid by us in connection with the Offering, including our legal, accounting, printing, mailing and filing fees, charges of our escrow holder and other accountable offering expenses, including, but not limited to, (i) amounts to reimburse our Advisor for all marketing related costs and expenses such as salaries and direct expenses of employees of our Advisor and its affiliates in connection with registering and marketing our shares; (ii) technology costs associated with the Offering; (iii) our costs of conducting our training and education meetings; (iv) our costs of attending retail seminars conducted by participating broker-dealers; and (v) payment or reimbursement of bona fide due diligence expenses. Our Advisor must reimburse us within 60 days after the end of the month which the Offering terminates to the extent we 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 Primary Offering. Subsequent to the termination of our Offering on September 22, 2013, we have determined that organization and offering costs did not exceed 3.5% of the gross proceeds from the Primary Offering.

Our advisory agreement also requires our Advisor to reimburse us 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 Offering. Our Advisor receives acquisition fees equal to 2.5% of the contract purchase price of each property we acquire plus reimbursement of any acquisition expenses the Advisor incurs. Our Advisor also receives a monthly asset management fee equal to one-twelfth of 1.0% of the average of the aggregate asset value, as defined, of our assets, excluding those properties acquired through our mergers with Self Storage REIT, Inc. (now Self Storage REIT, LLC) ("REIT I") and Self Storage REIT II, Inc. (now Self Storage REIT II, LLC) ("REIT II"), and the acquisitions of beneficial interests in USA Self Storage I, DST ("SS I, DST"), Madison County Self Storage, DST ("Madison DST") and Southwest Colonial, DST ("Colonial DST"); provided, however, that if the average of the aggregate asset value, as defined, of our assets exceeds $500 million, the monthly asset management fee shall be reduced to one-twelfth of 0.75% of the average of the aggregate asset value, as defined, of those assets exceeding $500 million unless our modified funds from operations (as defined in the advisory agreement), including payment of the fee, is greater than 100% of our distributions in any month. The monthly asset management fees for the Excluded Assets are equal to 2.0% of the gross revenues from the properties and are paid to affiliates of our Sponsor. Under our advisory agreement, our Advisor receives fees in an amount equal to up to one-half of the total real estate commission paid but in no event to exceed an amount equal to 3.0% of the contract sale price for each property we sell as long as our Advisor provides substantial assistance in connection with the sale. The total real estate commissions paid (including disposition fee paid to our Advisor) may not exceed the lesser of a competitive real estate commission or an amount equal to 6.0% of the contract sale price of the property and are subordinated to receipt of our stockholders of a 6% cumulative, non-compounded, annual return on such stockholders' invested capital. There were no such disposition fees for the year ended December 31, 2013. Our Advisor may also be entitled to various subordinated fees if we (1) list our shares of common stock on a national exchange, (2) terminate our advisory agreement, or (3) liquidate our portfolio, as described in the advisory agreement. There were no such fees for the year ended December 31, 2013.

The advisors of REIT I and REIT II are entitled to compensation related to their properties if we (1) dispose of a property, (2) liquidate our portfolio, or (3) terminate their advisory agreement.

Our advisory agreement provides for reimbursement of our Advisor's direct and indirect costs of providing administrative and management services to us. Beginning October 1, 2009 (four fiscal quarters after the acquisition of our first real estate asset), our Advisor must pay or reimburse us the amount by which our aggregate annual operating expenses, as defined, exceed the greater of 2% of our average invested assets or 25% of our net income, as defined, unless a majority of our independent directors determine that such excess expenses were justified based on unusual and non-recurring factors. For any fiscal quarter for which total operating expenses for the 12 months then ended exceed the limitation, we will disclose this fact in our next quarterly report or within 60 days of the end of that quarter and send a written disclosure of this fact to our stockholders. In each case the disclosure will include an explanation of the factors that the independent directors considered in arriving at the conclusion that the excess expenses were justified. For the 12 months ended December 31, 2013, our aggregate annual operating expenses, as defined, did not exceed the thresholds described above.

On March 28, 2014, in a series of related transactions, we entered into an amended and restated advisory agreement and an amended and restated limited partnership agreement, and REIT I and REIT II entered into amendments to their respective operating partnership agreements. See Note 12 of the Notes to Consolidated Financial Statements contained in this report for more detail.

Property Management Agreements

Similar to our Advisor, Strategic Storage Property Management, LLC, our Property Manager, is wholly owned by Strategic Storage Holdings.

Our Property Manager manages our properties pursuant to separate Property Management Agreements for each property. The Property Management Agreements generally have one or three year terms and automatically renew unless notice is given by either us or our Property Manager. Our Property Manager derives substantially all of its income from the property management services it performs for us. Our Property Manager may enter into Sub-Property Management Agreements with third party management companies and pay part of its management fee to such Sub-Property Managers.

Our Property Manager (or Sub-Property Manager) is responsible for hiring, directing and establishing policies for employees who have direct responsibility for the operations of each property we acquire, which may include but not be limited to on-site managers and building and maintenance personnel. Certain employees of the Property Manager may be employed on a part-time basis and also may be employed by our Advisor or certain companies affiliated with it. Our Property Manager is also responsible for directing the purchase of equipment and supplies and supervising all maintenance activity.

Our Property Manager receives a fee for its services in managing our properties generally equal to 6% of the gross revenues from the properties plus reimbursement of the direct costs of managing the properties under our property management agreement. In the event that our Property Manager assists with the development or redevelopment of a property, we may pay a separate market-based fee for such services.

On September 27, 2012, our board of directors approved revisions to our property management agreements that will be entered into with respect to properties acquired after that date and will be entered into as our current property management agreements are renewed. These revisions include increasing the term to three years, with automatic three-year extensions; revising the property owner's obligation to reimburse the Property Manager for certain expenses; the addition of a construction management fee in an amount equal to 5% of the amount of construction or capital improvement work in excess of $10,000; the addition of a tenant insurance administrative fee; adding a nonsolicitation provision; and adding a provision regarding the Property Manager's use of trademarks and other intellectual property owned by Strategic Storage Holdings, LLC.

Dealer Manager Agreement

Our President, H. Michael Schwartz, owns a 15% beneficial non-voting equity interest in Select Capital Corporation, the Dealer Manager for our Offering. Our Dealer Manager served as our Dealer Manager pursuant to a Dealer Manager Agreement. The Dealer Manager Agreement terminated upon the termination of our Offering. Our Dealer Manager provided wholesaling, sales promotional and marketing services to us in connection with our Offering. Specifically, our Dealer Manager ensured compliance with SEC rules and regulations and FINRA rules relating to the sale process and participating broker-dealer relationships, assisted in the assembling of prospectus kits, assisted in the due diligence process and ensured proper handling of investment proceeds.

During the term of our Offering, our Dealer Manager received a sales commission of up to 7.0% of gross proceeds from sales in the Primary Offering and a dealer manager fee equal to up to 3.0% of gross proceeds from sales in the Primary Offering under the terms of our Dealer Manager Agreement. Our 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 Dealer Manager re-allowed all of the sales commissions paid in connection with sales made by these broker-dealers. Our Dealer Manager was also permitted to re-allow to these broker-dealers a portion of the 3.0% dealer manager fee as marketing fees, reimbursement of certain costs and expenses of attending training and education meetings sponsored by our Dealer Manager, payment of attendance fees required for employees of our 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 paid an additional amount of gross offering proceeds for reimbursement of bona fide due diligence expenses; however, to the extent these due diligence expenses could be justified, any excess over actual due diligence expenses is considered underwriting compensation subject to a 10% FINRA limitation and, when aggregated with all other non-accountable expenses, may not exceed 3% of gross offering proceeds from sales in the Primary Offering.

Fees Paid to our Affiliates

Pursuant to the terms of the agreements described above, the following summarizes the related party costs incurred for the years ended December 31, 2013, 2012 and 2011:

	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
Expensed			
Reimbursement of operating expenses (1)	$ 385,403	$ 33,476	$ 330,993
Asset management fees (2)	5,050,668	4,521,867	3,019,429
Property management fees (3) (4)	4,889,019	3,732,149	2,683,492
Acquisition expenses	1,869,974	2,415,200	5,706,838
Additional Paid-in Capital			
Selling commissions	7,215,235	7,402,084	5,798,197
Dealer Manager fee	3,092,243	3,172,322	2,484,942
Reimbursement of offering costs	344,055	487,235	555,839
Total	$ 22,846,597	$ 21,764,333	$ 20,579,730

(1) During the years ended December 31, 2013, 2012 and 2011, our Advisor permanently waived certain reimbursable indirect costs, primarily payroll and related overhead costs, related to administrative and management services, totaling approximately $975,000, $960,000 and $740,000, respectively. Such amounts were waived permanently and accordingly, will not be paid to our Advisor. During the three month periods ended December 31, 2013 and March 31, 2011 our Advisor did not waive reimbursable indirect costs, and such reimbursable indirect costs totaled approximately $340,000 and $260,000, respectively, for such periods.

(2) For the nine months ended September 30, 2013 our Advisor permanently waived asset management fees related to the Stockade Portfolio of approximately $525,000, during the three months ended December 31, 2013 such amounts were not waived and approximately $175,000 of such costs were recorded. During the year ended December 31, 2012, our Advisor permanently waived asset management fees related to the Stockade Portfolio and our Dufferin property totaling approximately $186,000 and $37,000, respectively. Such amounts were waived permanently and accordingly, will not be paid to our Advisor.

(3) During the years ended December 31, 2013, 2012 and 2011, property management fees include approximately $27,000 $100,000 and $60,000, respectively, of fees paid to the sub-property manager of our Canadian properties. Such sub-property management agreement was terminated effective March 31, 2013 at a cost of approximately $28,000.

(4) During the year ended December 31, 2013, our Property Manager permanently waived certain costs, reimbursements and fees, including construction management fees, tenant insurance administration fees, accounting administrative fees and expense reimbursements related to certain off-site property management employees. Such amounts totaled approximately $759,000, and were waived permanently and accordingly, will not be paid to our Property Manager.

As of December 31, 2013 and 2012, we had amounts due to affiliates totaling $1,741,518 and $2,282,344, respectively.

Trademark Sub-License Agreement

Under a separate trademark sub-license agreement, our Advisor, through Strategic Storage Holdings, LLC, has granted us a non-transferable, non-sublicenseable, non-exclusive, royalty-free right and license to use the trade name "Strategic Storage Trust" and "SmartStop® Self Storage" as well as certain registered trademarks and trademark applications for registration solely in connection with our business until the later of (a) a change of control event (as defined in the trademark sub-license agreement), (b) termination of the trademark license agreement between Strategic Storage Holdings, LLC and our Advisor, or (c) termination of our advisory agreement, under certain circumstances, or if we declare bankruptcy or file for dissolution or reorganization. The result of this temporary license is that upon the expiration of our temporary license, including any potential renewals or extensions of such license to use the trade names "Strategic Storage Trust" and "SmartStop® Self Storage," we will be required to change our name and re-brand our properties and would lose any value, or perceived value, associated with the use of the trade names "Strategic Storage Trust" and "SmartStop® Self Storage."

Tenant Reinsurance Program

Beginning in 2011, our Chairman of the Board of Directors, Chief Executive Officer and President, through certain entities, began participating in a tenant reinsurance program whereby tenants of our self storage facilities can purchase insurance to cover damage or destruction to their property while stored at our facilities. Such entities have invested in a Cayman Islands company (the "Reinsurance Company") that will reinsure a portion of the insurance required by the program insurer to cover the risks of loss at participating facilities in the program. The program insurer provides fees (approximately 50% of the tenant premium paid) to us as owner of the facilities. The Reinsurance Company may be required to fund additional capital or entitled to receive distributions of profits depending on actual losses incurred under the program. For the years ended December 31, 2013, 2012 and 2011, we recorded revenue of approximately $1.6 million, $1.3 million and $0.4 million respectively, in connection with this tenant reinsurance program.

Storage Auction Program

During the second quarter of 2013, our Chairman of the Board of Directors, Chief Executive Officer and President, and our Senior Vice President — Property Management and the President of our property manager, purchased minority interests in a company (the "Auction Company") that serves as a web portal for self storage companies to post their auctions online instead of using live auctions conducted at the self storage facilities. Once the contents of a storage unit are sold at auction, we will pay the Auction Company a service fee based upon the sale price of the unit. Collectively, these officers owned 18% of the voting interests in the Auction Company. For the year ended December 31, 2013, we incurred approximately $50,000, respectively, in auction fees with the Auction Company. On January 1, 2014, the Auction Company merged with another similar company. Such officers' collective ownership in the new combined company was reduced to approximately nine percent.

Director Independence

While our shares are not listed for trading on any national securities exchange, as required by our charter, a majority of the members of our board of directors and each committee of our board of directors are "independent" as determined by our board of directors by applying the definition of "independent" adopted by the New York Stock Exchange (NYSE), consistent with the North American Securities Administrators Association's Statement of Policy Regarding Real Estate Investment Trusts and applicable rules and regulations of the SEC. Our board of directors has determined that Messrs. Perry and Morris both meet the relevant definition of "independent."

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Independent Registered Public Accounting Firm

CohnReznick LLP ("CohnReznick") serves as our independent registered public accounting firm. In 2012, Reznick Group, P.C. ("Reznick"), the predecessor auditor, entered into a business combination with J.H. Cohn, LLP ("Cohn"). In connection with the business combination, Cohn legally changed its name to CohnReznick LLP and continues to be registered with the Public Company Accounting Oversight Board. On November 9, 2012, Reznick, who had served as our independent auditor since our formation, resigned as our independent registered public accounting firm. The Audit Committee of our Board of Directors appointed CohnReznick as our independent registered public accounting firm effective November 9, 2012. During the year ended December 31, 2012, Reznick, and effective November 9, 2012, CohnReznick, served as our independent auditor and provided certain tax and other services.

Fees Paid to Principal Auditor

The Audit Committee reviewed the audit and non-audit services performed by Reznick and CohnReznick, as well as the fees charged by Reznick and CohnReznick for such services. In its review of the non-audit service fees, the Audit Committee considered whether the provision of such services is compatible with maintaining the independence of Reznick and CohnReznick. The aggregate fees billed to us for professional accounting services provided by Reznick and CohnReznick, including the audits of our annual financial statements, for the years ended December 31, 2013 and 2012, respectively, are set forth in the table below.

	2013	2012[(1)]
Audit Fees	$237,950	$234,040
Audit-Related Fees	41,300	48,338
Tax Fees	235,560	168,928
All Other Fees	—	—
Total	**$514,810**	**$451,306**

(1) Effective November 9, 2012 Reznick resigned as our independent registered public accounting firm, and the Audit Committee of our Board of Directors appointed CohnReznick as our independent registered public accounting firm. Accordingly, the fees in this column represent fees billed to us for professional accounting services performed by Reznick until November 9, 2012 and by CohnReznick from November 9, 2012 through December 31, 2012, but such services were performed by essentially the same audit and tax team throughout 2012.

For purposes of the preceding table, the professional fees are classified as follows:

- Audit Fees – These are fees for professional services performed for the audit of our annual financial statements and the required review of our quarterly financial statements and other procedures performed by the independent auditors to be able to form an opinion on our consolidated financial statements. These fees also cover services that are normally provided by independent auditors in connection with statutory and regulatory filings or engagements, and services that generally only an independent auditor reasonably can provide, such as services associated with filing registration statements, periodic reports and other filings with the SEC.
- Audit-Related Fees – These are fees for assurance and related services that traditionally are performed by an independent auditor, such as due diligence related to acquisitions and dispositions, audits related to acquisitions, attestation services that are not required by statute or regulation, internal control reviews and consultation concerning financial accounting and reporting standards.

- Tax Fees – These are fees for all professional services performed by professional staff in our independent auditor's tax division, except those services related to the audit of our financial statements. These include fees for tax compliance, tax planning and tax advice, including federal, state and local issues. Such services may also include assistance with tax audits and appeals before the IRS and similar state and local agencies, as well as federal, state and local tax issues related to due diligence.
- All Other Fees – These are fees for other permissible work performed that do not meet one of the above-described categories.

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.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Ladera Ranch, State of California, on March 31, 2014.

STRATEGIC STORAGE TRUST, INC.

By: /s/ H. Michael Schwartz
H. Michael Schwartz
Chief Executive Officer, President and Director

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

Signature	Title	Date
/s/ H. MICHAEL SCHWARTZ H. Michael Schwartz	Chief Executive Officer, President and Director (Principal Executive Officer)	March 31, 2014
/s/ MICHAEL S. MCCLURE Michael S. McClure	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	March 31, 2014
/s/ HAROLD "SKIP" PERRY Harold "Skip" Perry	Independent Director	March 31, 2014
/s/ TIMOTHY S. MORRIS Timothy S. Morris	Independent Director	March 31, 2014

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND FINANCIAL STATEMENT SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2013**

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Strategic Storage Trust, Inc.

We have audited the accompanying consolidated balance sheets of Strategic Storage Trust, Inc. and Subsidiaries as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for the years then ended. In connection with our audit of the consolidated financial statements, we also have audited the financial statement schedule listed in the accompanying index. Strategic Storage Trust, Inc.'s management is responsible for these consolidated financial statements and the financial statement schedule. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Strategic Storage Trust, Inc. and Subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ CohnReznick LLP

Los Angeles, California
March 31, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Strategic Storage Trust, Inc.

We have audited the consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows of Strategic Storage Trust, Inc. and Subsidiaries for the year ended December 31, 2011. Strategic Storage Trust, Inc.'s management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated results of operations and cash flows of Strategic Storage Trust, Inc. and Subsidiaries for the year ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

/s/ Reznick Group, P.C.

Baltimore, Maryland
March 29, 2012

STRATEGIC STORAGE TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2013 and 2012

	December 31, 2013	December 31, 2012
ASSETS		
Cash and cash equivalents	$ 39,603,949	$ 13,998,391
Real estate facilities:		
Land	194,033,413	178,459,163
Buildings	456,372,075	389,149,948
Site improvements	43,733,299	37,118,784
	694,138,787	604,727,895
Accumulated depreciation	(46,432,155)	(29,840,320)
	647,706,632	574,887,575
Construction in process	776,804	5,233,426
Real estate facilities, net ($16,584,089 and $16,829,789 related to VIEs)	648,483,436	580,121,001
Deferred financing costs, net of accumulated amortization	5,798,963	5,989,290
Intangible assets, net of accumulated amortization	10,447,513	11,635,112
Restricted cash	6,506,112	6,449,225
Investments in unconsolidated joint ventures	8,662,363	8,772,005
Other assets	3,777,167	4,270,638
Total assets	**$ 723,279,503**	**$ 631,235,662**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Secured debt ($10,072,106 and $10,149,024 related to VIEs)	$ 391,285,760	$ 353,440,758
Accounts payable and accrued liabilities	9,917,437	12,726,888
Due to affiliates	1,741,518	2,282,344
Distributions payable	3,355,882	2,724,603
Total liabilities	**406,300,597**	**371,174,593**
Commitments and contingencies (Note 8)		
Redeemable common stock	—	3,960,664
Stockholders' equity:		
Strategic Storage Trust, Inc. stockholders' equity:		
Preferred Stock, $0.001 par value; 200,000,000 shares authorized; none issued and outstanding at December 31, 2013 and 2012, respectively	—	—
Common stock, $0.001 par value; 700,000,000 shares authorized; 56,136,435 and 46,184,742 shares issued and outstanding at December 31, 2013 and 2012, respectively	56,136	46,184
Additional paid-in capital	487,032,573	383,072,118
Distributions	(107,090,016)	(71,401,126)
Accumulated deficit	(69,376,201)	(61,929,145)
Accumulated other comprehensive loss	(1,615,743)	(682,692)
Total Strategic Storage Trust, Inc. stockholders' equity	309,006,749	249,105,339
Noncontrolling interest in Operating Partnership	2,289,379	1,149,679
Other noncontrolling interests	5,682,778	5,845,387
Total noncontrolling interests	7,972,157	6,995,066
Total stockholders' equity	**316,978,906**	**256,100,405**
Total liabilities and stockholders' equity	**$ 723,279,503**	**$ 631,235,662**

See notes to consolidated financial statements.

STRATEGIC STORAGE TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 31, 2013, 2012 and 2011

	2013	2012	2011
Revenues:			
Self storage rental revenue	$ 80,526,461	$ 64,464,466	$ 48,109,145
Ancillary operating revenue	2,608,480	2,146,038	1,286,933
Total revenues	83,134,941	66,610,504	49,396,078
Operating expenses:			
Property operating expenses	28,350,412	25,878,556	19,402,185
Property operating expenses – affiliates	9,939,687	8,254,016	5,702,921
General and administrative	3,103,808	2,361,229	2,405,218
Depreciation	17,271,925	14,254,525	9,422,606
Intangible amortization expense	8,237,601	11,547,843	13,935,903
Property acquisition expenses—affiliates	1,869,974	2,415,200	5,706,838
Other property acquisition expenses	996,724	1,232,435	2,036,196
Total operating expenses	69,770,131	65,943,804	58,611,867
Operating income (loss)	13,364,810	666,700	(9,215,789)
Other income (expense):			
Interest expense	(18,826,701)	(17,813,762)	(11,859,146)
Deferred financing amortization expense	(1,966,395)	(3,466,463)	(1,331,514)
Equity in earnings of real estate ventures	847,143	887,551	852,728
Gain on sale of investment in unconsolidated joint venture	—	815,000	—
Other	(864,055)	(104,168)	(280,516)
Net loss	(7,445,198)	(19,015,142)	(21,834,237)
Less: Net loss attributable to the noncontrolling interest in our Operating Partnership	35,799	83,435	118,601
Net (income) loss attributable to other noncontrolling interests	(37,657)	(42,005)	358,207
Net loss attributable to Strategic Storage Trust, Inc.	$ (7,447,056)	$ (18,973,712)	$ (21,357,429)
Net loss per share—basic	$ (0.15)	$ (0.46)	$ (0.68)
Net loss per share—diluted	$ (0.15)	$ (0.46)	$ (0.68)
Weighted average shares outstanding—basic	50,982,783	41,103,477	31,243,109
Weighted average shares outstanding—diluted	50,982,783	41,103,477	31,243,109

See notes to consolidated financial statements.

STRATEGIC STORAGE TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
Years Ended December 31, 2013, 2012 and 2011

	2013	2012	2011
Net loss	$ (7,445,198)	$ (19,015,142)	$ (21,834,237)
Other comprehensive income (loss):			
Foreign currency translation adjustments	(1,176,333)	381,663	(642,434)
Change in fair value of interest rate swap	243,282	(234,703)	(311,630)
Other comprehensive income (loss)	(933,051)	146,960	(954,064)
Comprehensive loss	(8,378,249)	(18,868,182)	(22,788,301)
Comprehensive loss allocated to noncontrolling interests:			
Comprehensive loss attributable to the noncontrolling interests in our Operating Partnership	40,852	82,806	123,963
Comprehensive (income) loss attributable to other noncontrolling interests	(37,657)	(42,005)	358,207
Comprehensive loss attributable to Strategic Storage Trust, Inc.	$ (8,375,054)	$ (18,827,381)	$ (22,306,131)

See notes to consolidated financial statements.

STRATEGIC STORAGE TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years Ended December 31, 2013, 2012 and 2011

	Number of Shares	Common Stock Par Value	Additional Paid-in Capital	Distributions	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total
Balance as of December 31, 2010	26,658,061	$ 26,659	$ 211,685,569	$ (20,734,778)	$ (21,598,004)	$ 124,412	$ 6,721,065	$ 176,224,923
Gross proceeds from issuance of common stock	8,401,149	8,401	83,847,852	—	—	—	—	83,856,253
Offering costs	—	—	(10,350,548)	—	—	—	(76,055)	(10,426,603)
Changes to redeemable common stock	—	—	634,694	—	—	—	—	634,694
Redemptions of common stock	(993,301)	(993)	(9,679,145)	—	—	—	—	(9,680,138)
Issuance of restricted stock	2,500	2	—	—	—	—	—	2
Distributions ($0.70 per share)	—	—	—	(21,867,752)	—	—	—	(21,867,752)
Distributions for noncontrolling interests	—	—	—	—	—	—	(367,225)	(367,225)
Issuance of shares for distribution reinvestment plan	952,152	952	9,044,492	—	—	—	—	9,045,444
Issuance of limited partnership units in our Operating Partnership	—	—	—	—	—	—	930,759	930,759
Stock based compensation expense	—	—	28,643	—	—	—	—	28,643
Net loss attributable to Strategic Storage Trust, Inc.	—	—	—	—	(21,357,429)	—	—	(21,357,429)
Net loss attributable to the noncontrolling interests	—	—	—	—	—	—	(476,808)	(476,808)
Foreign currency translation adjustment	—	—	—	—	—	(642,434)	—	(642,434)
Change in fair value of interest rate swap	—	—	—	—	—	(311,630)	—	(311,630)
Balance as of December 31, 2011	35,020,561	35,021	285,211,557	(42,602,530)	(42,955,433)	(829,652)	6,731,736	205,590,699
Gross proceeds from issuance of common stock	11,235,955	11,236	113,932,158	—	—	—	—	113,943,394
Offering costs	—	—	(12,016,241)	—	—	—	—	(12,016,241)
Changes to redeemable common stock	—	—	(3,593,608)	—	—	—	—	(3,593,608)
Redemptions of common stock	(1,310,527)	(1,311)	(12,575,925)	—	—	—	—	(12,577,236)
Issuance of restricted stock	3,125	3	—	—	—	—	—	3
Distributions ($0.70 per share)	—	—	—	(28,798,596)	—	—	—	(28,798,596)
Distributions for noncontrolling interests	—	—	—	—	—	—	(249,055)	(249,055)
Issuance of shares for distribution reinvestment plan	1,235,628	1,235	12,310,748	—	—	—	—	12,311,983
Repurchase of limited partnership units in our Operating Partnership	—	—	(221,335)	—	—	—	(175,403)	(396,738)
Issuance of limited partnership units in our Operating Partnership	—	—	—	—	—	—	729,218	729,218
Stock based compensation expense	—	—	24,764	—	—	—	—	24,764
Net loss attributable to Strategic Storage Trust, Inc.	—	—	—	—	(18,973,712)	—	—	(18,973,712)
Net loss attributable to the noncontrolling interests in our Operating Partnership	—	—	—	—	—	—	(41,430)	(41,430)
Foreign currency translation adjustment	—	—	—	—	—	381,663	—	381,663
Change in fair value of interest rate swap	—	—	—	—	—	(234,703)	—	(234,703)
Balance as of December 31, 2012	46,184,742	46,184	383,072,118	(71,401,126)	(61,929,145)	(682,692)	6,995,066	256,100,405

	Number of Shares	Common Stock Par Value	Additional Paid-in Capital	Distributions	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total
Gross proceeds from issuance of common stock	9,881,658	9,882	106,270,780	—	—	—	—	106,280,662
Offering costs	—	—	(11,055,522)	—	—	—	(25,362)	(11,080,884)
Changes to redeemable common stock	—	—	7,289,885	—	—	—	—	7,289,885
Redemptions of common stock	(1,473,355)	(1,474)	(14,365,360)	—	—	—	—	(14,366,834)
Issuance of restricted stock	2,500	3	—	—	—	—	—	3
Distributions ($0.70 per share)	—	—	—	(35,688,890)	—	—	—	(35,688,890)
Distributions for noncontrolling interests	—	—	—	—	—	—	(311,177)	(311,177)
Issuance of shares for distribution reinvestment plan	1,540,890	1,541	15,794,890	—	—	—	—	15,796,431
Issuance of limited partnership units in our Operating Partnership	—	—	—	—	—	—	1,311,772	1,311,772
Stock based compensation expense	—	—	25,782	—	—	—	—	25,782
Net loss attributable to Strategic Storage Trust, Inc.	—	—	—	—	(7,447,056)	—	—	(7,447,056)
Net income attributable to the noncontrolling interests in our Operating Partnership	—	—	—	—	—	—	1,858	1,858
Foreign currency translation adjustment	—	—	—	—	—	(1,176,333)	—	(1,176,333)
Change in fair value of interest rate swap	—	—	—	—	—	243,282	—	243,282
Balance as of December 31, 2013	56,136,435	$ 56,136	$ 487,032,573	$(107,090,016)	$(69,376,201)	$ (1,615,743)	$ 7,972,157	$ 316,978,906

See notes to consolidated financial statements.

STRATEGIC STORAGE TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2013, 2012 and 2011

	2013	2012	2011
Cash flows from operating activities:			
Net loss	$ (7,445,198)	$ (19,015,142)	$ (21,834,237)
Adjustments to reconcile net loss to cash provided by operating activities:			
Depreciation and amortization expense	27,475,921	29,268,831	24,690,023
Noncash interest expense	147,472	190,724	364,438
Expense related to issuance of restricted stock	25,785	24,767	28,645
Equity in income of unconsolidated joint ventures	(805,360)	(783,452)	(710,616)
Distributions from unconsolidated joint ventures	887,673	816,720	802,086
Gain on sale of unconsolidated joint venture	—	(815,000)	—
Foreign currency exchange (gain) loss	458,662	(60,281)	16,833
Increase (decrease) in cash from changes in assets and liabilities:			
Restricted cash	(1,606,887)	(1,214,746)	(1,763,420)
Other assets	(49,443)	(1,184,733)	(1,649,563)
Accounts payable and other accrued liabilities	1,071,649	2,033,098	1,464,568
Due to affiliates	(854,133)	289,554	1,430,050
Net cash provided by operating activities	19,306,141	9,550,340	2,838,807
Cash flows from investing activities:			
Purchase of real estate	(62,405,547)	(85,546,702)	(198,143,849)
Additions to real estate facilities	(5,339,858)	(5,330,259)	(4,467,642)
Development and construction of real estate facilities	(8,569,106)	(7,924,666)	(4,307,108)
Deposits on acquisition of real estate facilities	—	—	1,069,201
Additional investment in unconsolidated joint ventures	—	(234,735)	(512,358)
Proceeds from land disposition	—	1,978,746	—
Proceeds from sale of investment in unconsolidated joint venture	—	1,425,000	—
Net cash flows used in investing activities	(76,314,511)	(95,632,616)	(206,361,756)
Cash flows from financing activities:			
Proceeds from issuance of secured debt	80,934,943	82,217,152	179,290,017
Principal payments on secured debt	(3,398,567)	(3,157,375)	(1,752,724)
Repayment of secured debt	(56,695,148)	(62,833,334)	(9,939,555)
Deferred financing costs	(1,798,602)	(2,001,411)	(6,462,085)
Gross proceeds from issuance of common stock	106,280,662	113,943,394	83,856,253
Offering costs	(11,080,884)	(12,016,241)	(10,426,603)
Redemptions of common stock	(14,366,834)	(12,577,236)	(9,680,138)
Distributions paid to common stockholders	(19,275,189)	(15,831,397)	(12,311,945)
Distributions paid to noncontrolling interests	(297,167)	(251,541)	(363,078)
Escrow receivable	544,391	(182,290)	(181,750)
Due to affiliates	288,689	(98,510)	(180,558)
Restricted cash	1,550,000	—	(1,550,000)
Repurchase of limited partnership units in our Operating Partnership	—	(396,738)	—
Net cash flows provided by financing activities	82,686,294	86,814,473	210,297,834
Effect of exchange rate changes on cash	(72,366)	48,784	4,434
Increase in cash and cash equivalents	25,605,558	780,981	6,779,319
Cash and cash equivalents, beginning of period	13,998,391	13,217,410	6,438,091
Cash and cash equivalents, end of period	$ 39,603,949	$ 13,998,391	$ 13,217,410
Supplemental disclosures and non-cash transactions:			
Cash paid for interest	$ 18,990,649	$ 17,903,925	$ 10,965,627
Interest capitalized	$ 414,389	$ 498,772	$ 352,095
Distributions payable	$ 3,355,882	$ 2,724,603	$ 2,071,876
Issuance of shares pursuant to distribution reinvestment plan	$ 15,796,431	$ 12,311,983	$ 9,045,444
Assumption of notes payable issued in connection with purchase of real estate	$ 18,025,647	$ 6,706,790	$ 42,580,540
Issuance of limited partnership units in our Operating Partnership in connection with the purchase of real estate facilities	$ 1,311,772	$ 729,218	$ 930,759
Foreign currency translation adjustment – Real estate facilities, net	$ (2,415,103)	$ 614,721	$ (695,064)

See notes to consolidated financial statements.

Note 1. Organization

Strategic Storage Trust, Inc., a Maryland corporation (the “Company”), was formed on August 14, 2007 under the Maryland General Corporation Law for the purpose of engaging in the business of investing in self storage facilities. The Company’s year-end is December 31. As used in this report, “we” “us” and “our” refer to Strategic Storage Trust, Inc.

Strategic Capital Holdings, LLC, a Virginia limited liability company (our “Sponsor”), is our sponsor. Our Sponsor was formed on July 21, 2004 to engage in private structured offerings of limited partnerships and other entities with respect to the acquisition, management and disposition of commercial real estate assets. Our Sponsor owns a majority of Strategic Storage Holdings, LLC, which is the sole member of both our advisor and our property manager.

Our advisor is Strategic Storage Advisor, LLC, a Delaware limited liability company (our “Advisor”) which was formed on August 13, 2007. Our Advisor is responsible for managing our affairs on a day-to-day basis and identifying and making acquisitions and investments on our behalf under the terms of an advisory agreement we have with our Advisor (our “Advisory Agreement”). Some of the officers of our Advisor are also officers of our Sponsor and of us.

On August 24, 2007, our Advisor purchased 100 shares of our common stock for $1,000 and became our initial stockholder. Our Articles of Amendment and Restatement authorize 700,000,000 shares of common stock with a par value of $0.001 and 200,000,000 shares of preferred stock with a par value of $0.001.

Our operating partnership, Strategic Storage Operating Partnership, L.P., a Delaware limited partnership (our “Operating Partnership”), was formed on August 14, 2007. On August 24, 2007, our Advisor purchased a limited partnership interest in our Operating Partnership for $200,000 and on August 24, 2007, we contributed the initial $1,000 capital contribution we received to our Operating Partnership in exchange for the general partner interest. Our Operating Partnership owns, directly or indirectly through one or more special purpose entities, all of the self storage properties that we have acquired. As of December 31, 2013, we owned 99.28% of the limited partnership interests of our Operating Partnership. The remaining limited partnership interests are owned by our Advisor (0.04%) and unaffiliated third parties (0.68%). As the sole general partner of our Operating Partnership, we have the exclusive power to manage and conduct business of our Operating Partnership. We will conduct certain activities (such as selling packing supplies and locks and renting trucks or other moving equipment) through our taxable REIT subsidiaries (the “TRSs”), which are our wholly-owned subsidiaries.

Our property manager is Strategic Storage Property Management, LLC, a Delaware limited liability company (our “Property Manager”), which was formed in August 2007 to manage our properties. Our Property Manager derives substantially all of its income from the property management services it performs for us.

On March 17, 2008, we began our initial public offering of common stock (our “Initial Offering”). On May 22, 2008, we satisfied the minimum offering requirements of the Initial Offering and commenced formal operations. On September 16, 2011, we terminated the Initial Offering, having sold approximately 29 million shares for gross proceeds of approximately $289 million. On September 22, 2011, we commenced our follow-on public offering of stock for a maximum of 110,000,000 shares of common stock, consisting of 100,000,000 shares for sale to the public (our “Primary Offering”) and 10,000,000 shares for sale pursuant to our distribution reinvestment plan (collectively, our “Offering”). Our Offering terminated on September 22, 2013. On September 18, 2013, our board of directors amended and restated our distribution reinvestment plan, effective September 28, 2013, to make certain minor revisions related to the closing of our Offering. Following the termination of our Offering, on September 23, 2013, we filed with the SEC a Registration Statement on Form S-3, which incorporated the amended and restated distribution reinvestment plan and registered up to an additional $51.25 million in shares under our amended and restated 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, 2013, we had issued approximately 0.4 million shares of common stock for approximately $4.4 million in our DRP Offering. As of December 31, 2013, we had issued approximately 54.1 million shares of common stock for approximately $549 million in our Initial Offering, Offering and our DRP Offering and also issued 6.2 million shares of common stock in a private offering in connection with the 2009 private REIT mergers discussed herein.

In connection with the close-down of our Offering and in light of current market conditions, our board of directors has been and is continuing to explore certain strategic alternatives to create stockholder liquidity. Over several months, we interviewed several investment banking firms to assist us in this process. After this extensive interview process, on May 30, 2013, we engaged Citigroup Global Markets Inc. to help us analyze these strategic alternatives. Our management and our board of directors are also exploring the possibility of becoming self-administered. However, there can be no assurance that the exploration of strategic alternatives will result in any particular outcome. In anticipation of a future possible liquidity event, on November 1, 2013, our board of directors approved the termination of our share redemption program, effective December 1, 2013. See Note 8.

On April 2, 2012, our board of directors determined our estimated per share value of our common stock to be $10.79. Such amount was calculated 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 an adjusted fully diluted basis, calculated as of December 31, 2011. In light of the above-described net asset value calculation, our board of directors determined that it was appropriate to increase the per share offering price for new purchases of our shares commencing on June 1, 2012. This determination by our board of directors was subjective and was primarily based on (i) the estimated net asset value per share, which was predominantly based on an independent third party appraiser's valuation of our properties as of December 31, 2011, (ii) the commissions and dealer manager fees payable in connection with the offering of our shares, (iii) our historical and anticipated results of operations and financial condition, (iv) our current and anticipated distribution payments, (v) our current and anticipated capital and debt structure, and (vi) our Advisor's recommendations and assessment of our prospects and continued execution of our investment and operating strategies.

Our dealer manager is Select Capital Corporation, a California corporation (our "Dealer Manager"). Our Dealer Manager was responsible for marketing our shares that were offered pursuant to the Offering. Our chief executive officer, through a wholly-owned limited liability company, owns a 15% non-voting equity interest in our Dealer Manager.

As we accept subscriptions for shares of our common stock, we transfer substantially 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 are deemed to have made capital contributions in the amount of the gross offering proceeds received from investors, and our Operating Partnership is 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 (except for Class D units) that will be equivalent to the distributions made to holders of our common stock. In March 2011, we adopted Amendment No. 1 to our Operating Partnership's First Amended and Restated Limited Partnership Agreement, which established Class D Units, and our Operating Partnership issued approximately 120,000 Class D Units in connection with our acquisition of the Las Vegas VII and Las Vegas VIII properties. The Class D Units have all of the rights, powers, duties and preferences of our Operating Partnership's other limited partnership units, except that they are subject to an annual distribution limit (initially zero percent) and the holders of the Class D Units have agreed to modified exchange rights that prevent them from exercising their exchange rights until the occurrence of a specified event (see Note 8). 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 as outlined in the limited partnership agreement. Our Advisor is prohibited from exchanging or otherwise transferring its limited partnership units so long as it is acting as our Advisor pursuant to our Advisory Agreement.

As of December 31, 2013, we wholly-owned 122 self storage facilities located in 17 states (Alabama, Arizona, California, Florida, Georgia, Illinois, Kentucky, Mississippi, Nevada, New Jersey, New York, North Carolina, Pennsylvania, South Carolina, Tennessee, Texas and Virginia) and Canada comprising approximately 77,375 units and approximately 10.2 million rentable square feet. As of December 31, 2013, we also had noncontrolling interests in three additional self storage facilities. Of those interests, one has been deemed to be a controlling interest and is therefore consolidated in our consolidated financial statements as discussed in Note 2. Additionally, we have an interest in a net leased industrial property in California with 356,000 rentable square feet leased to a single tenant.

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.

Effective September 15, 2009, the ASC was established as the single source of authoritative nongovernmental GAAP. Prior to the issuance of the ASC, all GAAP pronouncements were issued in separate topical pronouncements in the form of statements, staff positions or Emerging Issues Task Force Abstracts, and were referred to as such. While the ASC does not change GAAP, it introduces a new structure and supersedes all previously issued non-SEC accounting and reporting standards. In addition to the ASC, the Company is still required to follow SEC rules and regulations relating to the preparation of financial statements. The Company's accounting policies are consistent with the guidance set forth by both the ASC and the SEC.

Reclassifications

Certain amounts previously reported in our 2012 financial statements have been reclassified to conform to the fiscal 2013 presentation.

Principles of Consolidation

Our financial statements, the financial statements of our Operating Partnership, including its wholly-owned subsidiaries, the financial statements of Self Storage REIT, LLC (REIT I) and Self Storage REIT II, LLC (REIT II), and the accounts of variable interest entities (VIEs) for which we are the primary beneficiary are consolidated in the accompanying consolidated financial statements. The portion of these entities not wholly-owned by us is presented as noncontrolling interests both as of and during the periods presented. All significant intercompany accounts and transactions have been eliminated in consolidation.

Consolidation Considerations for Our Investments in Joint Ventures

Current accounting guidance provides a framework for identifying VIEs and determining when a company should include the assets, liabilities, noncontrolling interests, and results of activities of the 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. As of December 31, 2013 and 2012, we had entered into contracts/interests that are deemed to be variable interests in VIEs; those variable interests include both lease agreements and equity investments. We have evaluated those variable interests against the criteria for consolidation and determined that we are not the primary beneficiary of certain investments discussed further in the *"Equity Investments"* section of this note.

As of December 31, 2013 and 2012, we had an equity interest in a self storage property located in San Francisco, California ("SF property") which was deemed to be a VIE of which we are the primary beneficiary. As such, the SF property has been consolidated in our consolidated financial statements since we acquired our interest in the property through the REIT I merger. In January 2010, we acquired an approximately 2% additional interest in the SF property, bringing our total interest to approximately 12%. See Note 12 for further discussion of additional interests acquired subsequent to December 31, 2013. The SF property is owned by a Delaware Statutory Trust (DST), and by virtue of the trust agreement the investors in the trust have no direct or indirect ability through voting rights to make decisions about the DST's significant activities. The operating partnership of REIT I (the "REIT I Operating Partnership") has also entered into a lease agreement for the SF property, in which the REIT I Operating Partnership is the tenant, which exposes it to losses of the VIE that could be significant to the VIE and also allows it to direct activities of the VIE that determine its economic performance by means of its operation of the leased facility. The lease has an initial term of ten years which commenced on December 19, 2006. The initial term of the lease may be extended at the option of the REIT I Operating Partnership for up to four successive five year terms. As of December 31, 2013, the consolidated joint venture had net real estate assets of approximately $16.6 million. Such assets are only available to satisfy the obligations of the SF property. We have also consolidated approximately $10.1 million of secured debt and approximately $5.7 million of noncontrolling interest related to this entity. The lenders of the secured debt have no recourse to other Company assets. Our Sponsor has entered into an agreement to indemnify us for any losses as a result of potential shortfalls in the lease payments required to be made by the REIT I Operating Partnership. Despite such indemnification, we continue to be deemed the primary beneficiary, as our Sponsor is not deemed to have a variable interest in the SF property.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States 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 adjusts such estimates when facts and circumstances dictate. The most significant estimates made include the allocation of property purchase price to tangible and intangible assets acquired and liabilities assumed at fair value, the determination if certain entities should be consolidated, the evaluation of potential impairment of long-lived assets and of assets held by equity method investees, and the useful lives of real estate assets and intangibles. Actual results could materially differ from those estimates.

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 equivalents in financial institutions in excess of insured limits, but believe this risk is 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 accounting guidance which requires that we allocate the purchase price of the property to the tangible and intangible assets acquired and the liabilities assumed based on estimated fair values. This guidance requires us to make significant estimates and assumptions, including fair value estimates, as of the acquisition date and to adjust those estimates as necessary during the measurement period (defined as the period, not to exceed one year, in which we may adjust the provisional amounts recognized for an acquisition). 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. Allocations to the individual assets and liabilities are based upon comparable market sales information for land and estimates of depreciated replacement cost of equipment, building and site improvements. In allocating the purchase price, we determine whether the acquisition includes intangible assets or liabilities. 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. Accordingly, to date we have not allocated any portion of the purchase price to above or below market leases. We also consider whether in-place, market leases represent an intangible asset. We recorded approximately $7.1 million and approximately $7.3 million in intangible assets to recognize the value of in-place leases related to our acquisitions in 2013 and 2012, respectively. We do not expect, nor to date have we recorded, intangible assets for the value of customer relationships because we will not have concentrations of significant customers and the average customer turnover is fairly frequent. Our acquisition-related transaction costs are required to be expensed as incurred. During the years ended December 31, 2013, 2012 and 2011 we expensed approximately $2.9 million, $3.6 million and $7.7 million, respectively, of acquisition related transaction costs.

Should the initial accounting for an acquisition 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 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 those measurement period adjustments that we determine to be significant retrospectively to comparative information in our financial statements, potentially including adjustments to interest, depreciation and amortization expense.

Evaluation of Possible Impairment of Long-Lived Assets

Management will continually monitor events and changes in circumstances that could indicate that the carrying amounts of our long-lived assets, including those held through joint ventures, 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 long-lived 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 long-lived assets to the fair value and recognize an impairment loss. As of December 31, 2013 and 2012, no impairment losses have been recognized.

Equity Investments

Our investments in unconsolidated real estate joint ventures and VIEs in which we are not the primary beneficiary, where we have significant influence, but not control, are recorded under the equity method of accounting in the accompanying consolidated financial statements. Under the equity method, our investments in real estate ventures are stated at cost and adjusted for our share of net earnings or losses and reduced by distributions. Equity in earnings of real estate ventures is generally recognized based on the allocation of cash distributions upon liquidation of the investment in accordance with the joint venture agreements.

Investments representing passive preferred equity and/or minority interests are accounted for under the cost method. Under the cost method, our investments in real estate ventures are carried at cost and adjusted for other-than-temporary declines in fair value, distributions representing a return of capital and additional investments.

Through mergers with REIT I and REIT II in 2009, we acquired five preferred equity and/or minority interests in unconsolidated joint ventures (one became wholly-owned in 2011, one was sold in May 2012 and another also became wholly-owned in November of 2013), all of which were deemed to be VIEs. We have evaluated each variable interest against the amended criteria for consolidation and determined that we are not the primary beneficiary, generally due to our inability to direct significant activities that determine the economic performance of the VIE. One of those investments is a passive or limited partner interest in two self storage facilities (such properties are owned by a DST, and by virtue of the related trust agreements, the investors have no direct or indirect ability through voting rights to make decisions about its significant activities) and is therefore accounted for under the cost method; our aggregate investment therein is approximately $0.1 million. Our ownership interest in such investment was approximately 1.49% and our risk of loss is limited to our investment therein.

In May 2012, our equity interest in an unconsolidated joint venture which owned a self storage facility in Baltimore, Maryland was redeemed for approximately $1.4 million. This resulted in a gain of approximately $0.8 million, which is included in gain on sale of investment in unconsolidated joint venture in our Consolidated Statement of Operations for the year ended December 31, 2012.

The remaining interest is in a net leased industrial property (“Hawthorne property”) in California with 356,000 rentable square feet leased to a single tenant. This investment is accounted for under the equity method of accounting and our risk of loss is limited to our investment, including our maximum exposure under the terms of a debt guarantee. We own a 12% interest in Westport LAX LLC, the joint venture that acquired the Hawthorne property and the carrying value in such investment is approximately $1.3 million. Hawthorne LLC, an affiliate of our Sponsor, owns 78% of Westport LAX LLC, and we have a preferred equity interest in Hawthorne LLC which entitles us to distributions equal to 10% per annum on our investment of approximately $6.9 million and a non-interest bearing receivable of approximately $0.4 million. The preferred equity interest has a redemption date in November 2014, subject to extension at our sole discretion. The preferred equity interest may be called at any time in whole or part by Hawthorne LLC or redeemed at any time by us. The remaining 10% interest in Westport LAX LLC is owned by a third party, who is also the co-manager, along with our Sponsor, of the Hawthorne property. Such third party is the acting property manager and directs the operating activities of the property that determine its economic performance. We, along with other non-affiliated parties, are guarantors on the approximately $19.0 million loan used to secure the Hawthorne property; the loan has a maturity date of August 1, 2020. As of December 31, 2013, our maximum exposure to loss as a result of our involvement with this VIE, consisting of our investment balances and our guarantee of the secured debt, totaled approximately $27.6 million.

Revenue Recognition

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.

Allowance for Doubtful Accounts

Customer accounts receivable are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based upon a review of the current status of customer accounts receivable. It is reasonably possible that management's estimate of the allowance will change in the future.

Real Estate Facilities

Real estate facilities are recorded at cost. 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.

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 to 35 years
Site Improvements	7 to 15 years

Depreciation of Personal Property Assets

Personal property assets, consisting primarily of furniture, fixtures and equipment 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 leases. We are amortizing in-place leases on a straight-line basis over the estimated future benefit period. As of December 31, 2013 and 2012, accumulated amortization of in-place lease intangibles totaled approximately $44.6 million and $36.4 million, respectively.

The total estimated amortization expense of intangible assets for the years ending December 31, 2014, 2015, 2016, 2017 and 2018 is approximately $5.4 million, $3.4 million, $1.6 million, $0, and $0, respectively.

Amortization of Deferred Financing Costs

Costs incurred in connection with obtaining financing are deferred and amortized on a straight-line basis over the term of the related loan, which is not materially different than the effective interest method. As of December 31, 2013 and 2012, accumulated amortization of deferred financing costs totaled approximately $5.9 million and $4.4 million, respectively.

Organization and Offering Costs

Pursuant to our Advisory Agreement, our Advisor may fund organization and offering costs on our behalf. We are required to reimburse our Advisor for such organization and offering costs; provided, however, our Advisor must reimburse us within 60 days after the end of the month in which the Offering terminates to the extent we 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 Primary Offering. Such costs will be recognized as a liability when we have a present responsibility to reimburse our Advisor, which is defined in our Advisory Agreement as the date we satisfied the minimum offering requirements of the primary offering portion of our Initial Offering (which occurred on May 22, 2008). If at any point in time we determine that the total organization and offering costs are expected to exceed 3.5% of the gross proceeds anticipated to be received from the Primary Offering, we will recognize such excess as a capital contribution from our Advisor. Subsequent to the termination of our Offering on September 22, 2013, we have determined that organization and offering costs did not exceed 3.5% of the gross proceeds from the Primary Offering. Offering costs are recorded as an offset to additional paid-in capital, and organization costs are recorded as an expense.

Redeemable Common Stock

We previously had a share redemption program that enabled stockholders to sell their shares to us in limited circumstances.

We recorded amounts that were redeemable under the share redemption program as redeemable common stock in the accompanying consolidated balance sheets since the shares were mandatorily redeemable at the option of the holder and therefore their redemption was outside our control. The maximum amount redeemable under our share redemption program was limited to the number of shares we could 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 but that are contingent on an event that is likely to occur (e.g., the passage of time) should be presented as redeemable when such amount is known. Therefore, the net proceeds from the distribution reinvestment plan were considered to be temporary equity and were presented as redeemable common stock in the accompanying consolidated balance sheets accordingly.

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. Our redeemable common shares were contingently redeemable at the option of the holder. When we determined we had a mandatory obligation to repurchase shares under the share redemption program, we reclassified such obligations from temporary equity to a liability based upon their respective settlement values.

We funded all redemptions using proceeds from the sale of shares pursuant to our distribution reinvestment plan.

In anticipation of a future possible liquidity event, on November 1, 2013, our board of directors approved the termination of our share redemption program, effective December 1, 2013. See Note 8 for further discussion of our share redemption program.

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 related adjustments are recorded in other comprehensive income (loss) as a separate component of stockholders' 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. Gains or losses on foreign currency transactions are recorded in other income (expense). For the years ended December 31, 2013, 2012 and 2011, we recorded a loss of approximately $460,000, a gain of approximately $60,000 and a loss of approximately $17,000, respectively.

Accounting for Equity Awards

The cost of restricted stock is required to be measured based on the grant-date fair value and the cost to be recognized over the relevant service period.

Fair Value Measurements

The accounting standard for fair value measurements and disclosures defines fair value, establishes a framework for measuring fair value, and provides for expanded disclosure about fair value measurements. 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.

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 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 is 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 present herein are 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 assets and investments in unconsolidated joint ventures and related liabilities assumed and equity consideration related to our acquisitions. The fair values of these assets, liabilities and equity consideration 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. 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, liabilities and common stock as of the acquisition dates were derived using Level 3 inputs.

The carrying amounts of cash and cash equivalents, customer accounts receivable, other assets, accounts payable and accrued liabilities, distributions payable and amounts due to affiliates approximate fair value because of the relatively short-term nature of these instruments.

The table below summarizes our fixed rate notes payable at December 31, 2013. 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, 2013		December 31, 2012	
	Fair Value	**Carrying Value**	**Fair Value**	**Carrying Value**
Fixed Rate Secured Debt	$311,362,132	$300,894,201	$298,636,303	$287,912,016

As of December 31, 2013, we had an interest rate swap on one of our loans (See Notes 5 and 6). The valuation of this instrument was determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.

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 our derivative contracts for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by us and our counterparties. However, as of December 31, 2013, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and have determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy. As of December 31, 2013, we had $303,051 of Level 2 derivatives (interest rate swap) classified in accounts payable and accrued liabilities on our consolidated balance sheet.

Derivative Instruments and Hedging Activities

The accounting for changes in the fair value of derivatives depends on the intended use of the derivative and the resulting designation. Derivatives used to hedge exposure to changes in the fair value of an asset, liability or firm commitment attributable to a particular risk are considered fair value hedges. Derivatives used to hedge the exposure to variability in expected future cash flows or other types of forecasted transactions are considered cash flow hedges.

For derivatives designated as fair value hedges, changes in the fair value of the derivative and the hedged item related to the hedged risk are recognized in the consolidated statements of operations. For derivatives designated as cash flow hedges, the effective portion of changes in the fair value of the derivative is initially reported in other comprehensive income, outside of earnings and subsequently reclassified to earnings when the hedged transaction affects earnings.

Noncontrolling Interest in Consolidated Entities

We account for the noncontrolling interest in our Operating Partnership in accordance with amended accounting guidance. Due to our control through our general partnership interest in our Operating Partnership and the limited rights of the limited partner, our Operating Partnership, including its wholly-owned subsidiaries, is consolidated with the Company and the limited partner interest is reflected as a noncontrolling interest in the accompanying consolidated balance sheets. In addition, we account for the noncontrolling interest in the SF property in accordance with the amended accounting guidance. The noncontrolling interests shall continue to be attributed their share of income and losses, even if that attribution results in a deficit noncontrolling interest balance.

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, 2008. To qualify as a REIT, we must meet certain organizational and operational requirements, including a requirement to currently distribute at least 90% of the REIT's ordinary taxable income to stockholders. 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 will be 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. We have concluded that there are no significant uncertain tax positions requiring recognition or disclosure in our consolidated financial statements.

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

We have filed an election to treat the TRSs as taxable REIT subsidiaries. In general, the TRSs may perform additional services for our customers and generally may engage in any real estate or non-real estate related business. The TRSs are subject to corporate Federal and state income tax. The TRSs follow accounting guidance which requires the use of the asset and liability method. Deferred income taxes will represent the tax effect of future differences between the book and tax bases of assets and liabilities.

Per Share Data

Basic earnings per share attributable for all periods presented are computed by dividing net income (loss) by the weighted average number of shares outstanding during the period. Diluted earnings per share are computed by dividing net income (loss) by the weighted average number of shares outstanding, including all restricted stock grants as though fully vested. For the years ended December 31, 2013, 2012 and 2011, 6,250, 6,250 and 6,875 shares, of unvested restricted stock, respectively were not included in the diluted weighted average shares as such shares were antidilutive.

Recently Issued Accounting Guidance

ASU No. 2013-02, "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income" ("ASU 2013-02"), was issued in February 2013 and does not change the current requirements for reporting net income or other comprehensive income. However, ASU 2013-02 requires disclosure of significant amounts reclassified out of accumulated other comprehensive income in their entirety, by component, on the face of the statement of operations or in the notes thereto. Amounts that are not required to be reclassified in their entirety to net income must be cross-referenced to other disclosures that provide additional detail. This standard is effective prospectively for annual and interim reporting periods beginning after December 15, 2012. We adopted this ASU in the interim period ended March 31, 2013 and its adoption did not have a material impact on our consolidated financial statements or financial statement disclosures.

Note 3. USA Self Storage I, DST; Madison County Self Storage, DST and Southwest Colonial, DST Acquisitions

In February 2011, we, through an indirect wholly-owned subsidiary, closed on the purchase of the remaining 80.247% in beneficial interests ("Interests") in USA Self Storage I, DST ("SS I, DST"), a Delaware statutory trust sponsored by our Sponsor, from approximately 40 third-party sellers pursuant to separate purchase agreements with each seller. None of the purchases were contingent upon any of the others. The agreed upon purchase price the Interests acquired, which was based on the aggregate appraised value of the properties, was approximately $30.1 million ($37.55 million total purchase price multiplied by 80.247%). The consideration consisted of approximately $10.2 million in cash along with approximately 70,000 limited partnership units in our Operating Partnership and the ratable portion of approximately $23.3 million of three separate bank loans (Bank of America Loan – 1, Bank of America Loan – 2 and Bank of America Loan – 3) held by the three property owning subtrusts (the "Subtrusts") of SS I, DST (the "Bank of America Loans").

We paid our Advisor approximately $377,000 in acquisition fees in connection with these acquisitions.

SS I, DST, through the Subtrusts, owns 10 self storage facilities located in Georgia, North Carolina and Texas with an aggregate of approximately 5,425 units and 800,400 rentable square feet. The three Subtrusts lease their respective properties to master tenants (the "Tenants") on a triple-net basis pursuant to master leases (the "Leases") that have terms of 10 years and expire on November 1, 2015. The Tenants are owned by affiliates of the Sponsor. Under the Leases, the Tenants pay a stated monthly rent equivalent to the monthly debt service payment under the Bank of America Loans, which is paid directly to the lender on behalf of the Subtrusts, a monthly stated rent equivalent to an investor return of 7.0% per annum, and may pay certain annual bonus rent per the terms of the Leases, both of which stated rent and bonus rent are remitted to the Subtrusts. As an Interest holder, we are entitled to our pro rata share of the total rent less the debt service under the Bank of America Loans. The Tenants are entitled to retain any cash flow in excess of these rent payments. We and our Sponsor along with its affiliates have agreed to assign 100% of the economic benefits and obligations from these properties to us in exchange for indemnification by us for any potential liability incurred subsequent to the assignment by the Sponsor in connection with the Leases.

The properties owned by the Subtrusts are subject to the Bank of America Loans, which had an aggregate principal balance of approximately $23.3 million as of February 1, 2011. The Bank of America Loans bear a fixed interest rate of 5.18%, had original terms of 10 years and mature on November 1, 2015. The Bank of America Loans required monthly interest-only payments during the first three years of their terms and now require monthly principal-and-interest payments based on a 30-year amortization period. Each of the Bank of America Loans is secured only by the properties owned by the respective Subtrust that obtained such loan.

During the third and fourth quarters of 2012, we purchased beneficial interests (the "Madison Interests") in Madison County Self Storage, DST ("Madison DST"), a Delaware statutory trust sponsored by our Sponsor, from 13 third-party sellers pursuant to separate purchase agreements with each seller. None of the purchases were contingent upon any of the others. Such purchases were completed on December 28, 2012, when we acquired the remaining 52%, such that we then owned 100% of the Madison Interests. The agreed upon purchase price of the Madison Interests acquired, based on the aggregate appraised value of the two properties owned by Madison DST, was approximately $10.7 million, consideration provided consisted of approximately $3.1 million in cash along with the issuance of approximately 84,000 limited partnership units in our Operating Partnership and the assumption of an approximately $6.5 million bank loan held by Madison DST (the "Bank of America Loan –4"). Madison DST leased its properties to a master tenant (the "Tenant") on a triple-net basis pursuant to a master lease (the "Lease"). The Tenant is owned by affiliates of the Sponsor. Such Lease was terminated effective December 28, 2012.

We paid our Advisor approximately $133,000 in acquisition fees in connection with these acquisitions.

The Madison DST owns two self storage facilities located in Mississippi with an aggregate of approximately 895 units and 149,300 rentable square feet. The properties owned by the Madison DST are subject to the Bank of America Loan – 4, which had an aggregate principal balance of approximately $6.5 million as of the acquisition dates of the Madison Interests. The loan bears a fixed interest rate of 6.33% and had an original term of ten years and matures on October 1, 2017. The loan is secured only by the two properties owned by the Madison DST that obtained such loan.

During the fourth quarter of 2013, we purchased beneficial interests (the "Colonial Interests") in Southwest Colonial, DST ("Colonial DST"), a Delaware statutory trust sponsored by our Sponsor, from approximately 50 third-party sellers pursuant to separate purchase agreements with each seller. None of the purchases were contingent upon any of the others. Such purchases were fully completed on November 1, 2013. Following the purchase of these interests, we owned 100% of the interests in Colonial DST. The agreed upon purchase price of the Colonial Interests acquired, based on the aggregate appraised value of the five properties owned by Colonial DST was approximately $27.9 million. Consideration provided consisted of approximately $9.0 million in cash along with the issuance of approximately 151,300 limited partnership units in our Operating Partnership and the assumption of an approximately $16.7 million bank loan held by Colonial DST (the "John Hancock Loan"). Colonial DST leased its properties to a master tenant (the "Colonial Tenant") on a triple-net basis pursuant to a master lease (the "Colonial Lease"). The Colonial Tenant is owned by affiliates of our Sponsor. We and our Sponsor, along with its affiliates, have agreed to assign 100% of the economic benefits and obligations from these properties to us in exchange for indemnification by us for any potential liability incurred subsequent to the assignment by the Sponsor in connection with the Colonial Lease.

We incurred acquisition fees due to our Advisor of approximately $340,000 in connection with these acquisitions.

Colonial DST owns five self storage facilities located in Texas with an aggregate of approximately 2,805 units and 392,000 rentable square feet. The properties owned by Colonial DST are subject to the John Hancock Loan, which had an aggregate principal balance of approximately $16.7 million as of the acquisition date. The loan bears a fixed interest rate of 6.36% and had an original term of ten years, maturing in June 2018. The loan is secured only by the five properties owned by Colonial DST that obtained such loan.

Note 4. Real Estate Facilities

The following summarizes the activity in real estate facilities during the years ended December 31, 2013 and 2012:

Real estate facilities	
Balance at December 31, 2011	**$ 510,395,576**
Facility acquisitions	85,722,709
Land disposition	(1,675,860)
Impact of foreign exchange rate changes	614,721
Improvements and additions	9,670,749
Balance at December 31, 2012	**604,727,895**
Facility acquisitions	74,743,745
Impact of foreign exchange rate changes	(2,415,103)
Improvements and additions	17,082,250
Balance at December 31, 2013	**$ 694,138,787**
Accumulated depreciation	
Balance at December 31, 2011	**$ (15,971,288)**
Depreciation expense	(13,869,032)
Balance at December 31, 2012	**(29,840,320)**
Depreciation expense	(16,591,835)
Balance at December 31, 2013	**$ (46,432,155)**

2013 and 2012 Acquisitions

The following table summarizes the purchase price allocation for our acquisitions for the years ended December 31, 2013 and 2012:

Property	Acquisition Date	Real Estate Assets	Intangibles	Total	Debt Assumed or Issued [2][3]	Revenue [4]	Operating Income [4][5]
Chantilly—VA	5/24/2012	$ 6,400,000	$ 900,000	$ 7,300,000	$ 3,500,000	$ 550,910	$ 359,387
Savannah I—GA [1]	8/16/2012	2,560,000	140,000	2,700,000	—	123,372	57,061
Savannah II—GA [1]	8/16/2012	2,490,000	110,000	2,600,000	—	113,223	46,759
Columbia—SC [1]	8/16/2012	2,630,000	70,000	2,700,000	—	99,115	20,289
Lexington I—SC [1]	8/16/2012	1,810,000	190,000	2,000,000	—	81,112	23,272
Stuart I—FL [1]	8/16/2012	2,890,000	110,000	3,000,000	—	106,495	43,489
Lexington II—SC [1]	8/16/2012	4,130,000	170,000	4,300,000	—	151,327	71,512
Stuart II—FL [1]	8/16/2012	3,300,000	100,000	3,400,000	—	148,858	76,937
Bluffton—SC [1]	8/16/2012	5,230,000	270,000	5,500,000	—	210,482	114,010
Wilmington Island—GA [1]	10/1/2012	5,810,000	690,000	6,500,000	4,330,000	191,219	135,144
Myrtle Beach—SC [1]	10/1/2012	3,510,000	190,000	3,700,000	1,500,000	74,102	31,355
Mt. Pleasant I—SC [1]	11/5/2012	2,680,000	320,000	3,000,000	1,500,000	51,787	23,551
Charleston I—SC [1]	11/5/2012	2,810,000	190,000	3,000,000	1,500,000	53,393	20,811
Charleston II—SC [1]	11/5/2012	3,150,000	350,000	3,500,000	1,650,000	63,445	35,634
Mt. Pleasant II—SC [1]	11/5/2012	5,200,000	600,000	5,800,000	3,350,000	91,692	55,170
Charleston III—SC [1]	11/5/2012	6,305,000	620,000	6,925,000	3,362,500	99,124	64,738
Mt. Pleasant III—SC [1]	11/5/2012	15,410,000	1,090,000	16,500,000	8,000,000	221,524	146,105
Ridgeland—MS	12/28/2012	4,910,788	610,000	5,520,788	3,510,095	—	—
Canton—MS	12/28/2012	4,496,921	540,000	5,036,921	3,196,694	—	—
2012 Total		**$85,722,709**	**$7,260,000**	**$92,982,709**	**$35,399,289**	**$2,431,180**	**$1,325,224**

Property	Acquisition Date	Real Estate Assets	Intangibles	Total	Debt Assumed or Issued [2][3]	Revenue [4]	Operating Income [4][5]
North Charleston—SC	7/10/2013	$ 6,152,000	$ 420,000	$ 6,572,000	$ —	$ 365,262	$ 200,625
Toms River II—NJ	8/28/2013	4,900,000	300,000	5,200,000	—	157,717	67,146
Pickering—CAN [6][7]	8/29/2013	5,100,155	—	5,100,155	—	—	—
Montgomery II—AL [8][9]	10/28/2013	7,770,000	830,000	8,600,000	4,554,014	149,645	102,435
Knoxville—TN [8][9]	10/28/2013	7,790,000	740,000	8,530,000	4,527,382	145,984	105,675
Knoxville II—TN [8][9]	10/28/2013	9,940,000	960,000	10,900,000	5,805,701	174,377	124,008
Knoxville III—TN [8][9]	10/28/2013	7,840,000	660,000	8,500,000	4,527,382	136,503	94,497
Midland I—TX [8]	11/1/2013	5,092,387	590,000	5,682,387	3,607,716	114,346	77,453
Coppell—TX [8]	11/1/2013	6,662,738	750,000	7,412,738	4,707,735	148,475	99,927
Midland II—TX [8]	11/1/2013	6,947,260	850,000	7,797,260	4,952,183	139,454	106,544
Arlington—TX [8]	11/1/2013	3,108,876	480,000	3,588,876	2,276,830	82,520	44,744
Weatherford—TX [8]	11/1/2013	3,440,329	470,000	3,910,329	2,481,183	82,632	49,614
2013 Total		**$74,743,745**	**$7,050,000**	**$81,793,745**	**$37,440,126**	**$1,696,915**	**$1,072,668**

(1) The above noted properties are collectively referred to as the "Stockade Portfolio."
(2) See Note 5 for specific terms of the Company's debt.
(3) Amounts include the purchase accounting fair value adjustment of debt, as applicable
(4) The operating results of the facilities acquired above have been included in the Company's statement of operations since their respective acquisition date. The revenue and operating income in the table above represents such metrics from the respective acquisition date through the end of the respective fiscal year.

(5) Property operating income excludes corporate general and administrative expenses, asset management fees, interest expense, depreciation, amortization and acquisition expenses.

(6) Allocation (excludes development costs) based on Canadian/U.S. exchange rate as of the date of acquisition.

(7) Property was under construction; therefore no revenue or operating income is included above.

(8) The allocations noted above are based on a preliminary determination of the fair value of the total consideration provided. Such valuations may change as we complete our purchase price accounting.

(9) The above noted properties are collectively referred to as the “Knoxville Portfolio.”

All of the above properties were acquired from unaffiliated third parties. We incurred acquisition fees due to our Advisor for the above acquisitions. For the years ended December 31, 2013 and 2012, such fees were approximately $1.7 million and $2.2 million, respectively.

During the quarter ended December 31, 2013, we finalized the purchase price accounting for the last two acquisitions completed in 2012 and for all of the 2013 acquisitions, excluding those acquired on October 28, 2013 and November 1, 2013, and made revisions to preliminary estimates including real estate facilities and intangible assets as further evaluations were completed and additional information was received from third parties subsequent to the acquisition dates. We anticipate finalizing the purchase price allocations for the remaining 2013 acquisitions by December 31, 2014, as further evaluations are completed and additional information is received from third parties.

The impact related to the finalization of purchase price accounting was not material to our consolidated financial statements. For acquisitions where the purchase price accounting was finalized in 2013 and 2012 the weighted-average amortization period of the intangibles as of the date of acquisition was 34 months and 29 months, respectively.

Note 5. Secured Debt

The Company's secured debt is summarized as follows:

Encumbered Property	Carrying value as of: December 31, 2013	Carrying value as of: December 31, 2012	Interest Rate	Maturity Date
Montgomery	$ 2,693,364	$ 2,768,704	6.42%	7/1/2016
Seabrook	4,444,137	4,516,470	5.73%	1/1/2016
Greenville	2,226,986	2,263,211	5.65%	3/1/2016
Kemah	8,732,981	8,858,838	6.20%	6/1/2016
Memphis	2,465,045	2,502,922	5.67%	12/1/2016
Tallahassee	7,446,178	7,537,926	6.16%	8/1/2016
Houston	1,981,095	2,018,754	5.67%	2/1/2017
San Francisco (consolidated VIE)	10,256,163	10,387,192	5.84%	1/1/2017
Lake Forest	18,000,000	18,000,000	6.47%	10/1/2017
Las Vegas II	1,511,958	1,530,923	5.72%	6/1/2017
Pearland	3,438,473	3,480,298	5.93%	7/1/2017
Daphne	1,381,213	1,544,325	5.47%	8/1/2020
Mesa	2,968,060	3,036,098	5.38%	4/1/2015
Riverdale	4,800,000	4,800,000	4.00%	5/14/2014
Prudential Portfolio Loan [(1)] [(2)]	31,044,708	31,547,772	5.42%	9/5/2019
Dufferin – Toronto – Ontario, Canada [(3)]	6,144,911	6,812,855	5.22%	5/15/2014
Citi Loan [(4)]	28,077,873	28,466,942	5.77%	2/6/2021
Bank of America Loan – 1 [(5)]	4,321,842	4,400,398	5.18%	11/1/2015
Bank of America Loan – 2 [(6)]	6,548,748	6,667,782	5.18%	11/1/2015
Bank of America Loan – 3 [(7)]	11,770,704	11,984,654	5.18%	11/1/2015
Prudential – Long Beach [(8)]	6,533,640	6,637,926	5.27%	9/5/2019
SF Bay Area – Morgan Hill [(19)]	—	2,928,860	5.75%	4/1/2013
SF Bay Area – Vallejo	4,295,098	4,390,176	6.04%	6/1/2014
Citi Las Vegas Loan [(9)]	7,434,590	7,545,688	5.26%	6/6/2021
ING Loan [(10)]	21,265,500	21,587,669	5.47%	7/1/2021
Ladera Ranch	6,691,304	6,821,300	5.84%	6/1/2016
SF Bay Area – San Lorenzo	—	2,099,622	6.07%	1/1/2014
Las Vegas V	1,628,783	1,667,485	5.02%	7/1/2015
Second Restated KeyBank Loan [(11)]	—	51,666,666	4.67%	12/24/2014[(11)]
Mississauga [(12)] – Ontario, Canada	6,763,769	6,841,134	5.00%	10/31/2014
Chantilly [(13)]	3,421,797	3,474,712	4.75%	6/6/2022
Brampton [(14)] – Ontario, Canada	6,482,879	208,086	5.25%	6/30/2016
Citi Stockade Loan – 1 [(15)]	18,200,000	18,200,000	4.60%	10/1/2022
KeyBank CMBS Loan [(16)]	30,960,278	31,000,000	4.65%	11/1/2022
Citi Stockade Loan – 2 [(17)]	19,362,500	19,362,500	4.61%	11/6/2022
Bank of America Loan – 4 [(18)]	6,394,362	6,459,043	6.33%	10/1/2017
Citi SF Bay Area – Morgan Hill Loan [(19)]	3,000,000	—	4.08%	3/6/2023
KeyBank Revolver [(20)]	71,000,000	—	1.67%	10/25/2016
John Hancock Loan [(21)]	16,682,984	—	6.36%	6/1/2018
Net fair value adjustment	913,837	(576,173)		
Total secured debt	$391,285,760	$353,440,758		

(1) This portfolio loan is comprised of 11 discrete mortgage loans on 11 respective properties (Manassas, Marietta, Erlanger, Pittsburgh, Weston, Fort Lee, Oakland Park, Tempe, Phoenix II, Davie and Las Vegas I). Each of the individual loans is cross-collateralized by the other ten.

(2) Ten of the loans in this portfolio loan bear an interest rate of 5.43%, and the remaining loan bears an interest rate of 5.31%. The weighted average interest rate of this portfolio is 5.42%.

(3) On January 12, 2011, we encumbered the Dufferin property with a Canadian dollar denominated loan which bears interest at the bank's floating rate plus 3.5% (subject to a reduction in certain circumstances). The rate in effect at December 31, 2013 was 5.22%.

(4) This portfolio loan encumbers 11 properties (Biloxi, Gulf Breeze I, Alpharetta, Florence II, Jersey City, West Mifflin, Chicago – 95th St., Chicago – Western Ave., Chicago – Ogden Ave., Chicago – Roosevelt Rd. and Las Vegas IV). The net book value of the encumbered properties as of December 31, 2013 was approximately $50.4 million. Such amounts are only available to satisfy the obligations of this loan.

(5) This loan encumbers the Lawrenceville I and II properties.

(6) This loan encumbers the Concord, Hickory and Morganton properties.

(7) This loan encumbers the El Paso II, III, IV & V properties as well as the Dallas property.

(8) This loan is cross-collateralized by the 11 properties discussed in footnote (1) to this table.

(9) This loan encumbers the Las Vegas VII and Las Vegas VIII properties. The net book value of the encumbered properties as of December 31, 2013 was approximately $9.0 million. Such amounts are only available to satisfy the obligations of this loan.

(10) This portfolio loan is comprised of 11 discrete mortgage loans on 11 respective properties (Peachtree City, Buford, Jonesboro, Ellenwood, Marietta II, Collegeville, Skippack, Ballston Spa, Trenton, Fredericksburg and Sandston). Each of the individual loans have an original term of 30 years and mature on July 1, 2041. ING has the option to require payment of the loan in full every five years beginning on July 1, 2021.

(11) Through October 28, 2013, this loan was collateralized by the Homeland Portfolio (Kennesaw, Sharpsburg, Duluth I, Duluth II, Duluth III, Marietta III, Austell, Sandy Springs, Smyrna, Lawrenceville II, Jacksonville I and Jacksonville II). This loan was a variable rate loan, such rate was based on 30-day LIBOR, which including the applicable spread equaled an interest rate of 4.67% as of October 28, 2013; however, we were required to purchase an interest rate swap with a notional amount of $45 million, and, inclusive of the interest rate swap, the effective fixed interest rate was 5.41%. For additional discussion, see "Second Restated KeyBank Loan" below. This loan was paid off in October 2013 in connection with entering into a revolving loan agreement with KeyBank National Association (the "KeyBank Revolver"). The KeyBank Revolver is further described below.

(12) In December 2011, we entered into a Canadian dollar denominated construction loan with an aggregate potential commitment amount of approximately $9.2 million. Such loan bears interest at the bank's floating rate, plus 2% (totaling 5.00% as of December 31, 2013).

(13) The net book value of the Chantilly property as of December 31, 2013 was approximately $6.9 million. Such amounts are only available to satisfy the obligations of this loan.

(14) In September 2012, we entered into a Canadian dollar denominated construction loan with an aggregate potential commitment amount of approximately $9.2 million. Such loan bears interest at the bank's floating rate, plus 2.25% (totaling 5.25% as of December 31, 2013).

(15) This portfolio loan encumbers 10 properties (Savannah I, Savannah II, Columbia, Lexington I, Stuart I, Lexington II, Stuart II, Bluffton, Wilmington Island and Myrtle Beach). The net book value of the encumbered properties as of December 31, 2013 was approximately $34.5 million. Such amounts are only available to satisfy the obligations of this loan.

(16) This portfolio loan encumbers nine properties (Los Angeles – La Cienega, Las Vegas III, Las Vegas VI, Hampton, SF Bay Area – Gilroy, Toms River, Crescent Springs, Florence and Walton). The net book value of the encumbered properties as of December 31, 2013 was approximately $42.6 million. Such amounts are only available to satisfy the obligations of this loan.

(17) This portfolio loan encumbers six properties (Mt. Pleasant I, Charleston I, Charleston II, Mt. Pleasant II, Charleston III, and Mt. Pleasant III). The net book value of the encumbered properties as of December 31, 2013 was approximately $37.2 million. Such amounts are only available to satisfy the obligations of this loan.

(18) This loan encumbers the Ridgeland and Canton properties.

(19) The SF Bay Area – Morgan Hill loan was paid off on March 5, 2013 using proceeds from the Citi SF Bay Area – Morgan Hill Loan. For additional discussion, see "Citi SF Bay Area – Morgan Hill Loan" below.

(20) On October 28, 2013, through our Operating Partnership and certain property-owning special purpose entities wholly-owned by our Operating Partnership, we entered into the KeyBank Revolver, which matures on October 25, 2016. Such loan encumbers the Homeland Portfolio properties, the Knoxville Portfolio properties and five other previously unencumbered properties (Gulf Breeze II, El Paso I, Toms River II, North Charleston and Phoenix I). This loan is a LIBOR based variable rate loan, and such rate is based on 30-day LIBOR, which including the applicable spread equaled an initial interest rate of 1.67% as of October 28, 2013 and remained at such interest rate as of December 31, 2013. The interest rate swap with a notional amount of $45 million that was originally entered into in connection with the Second Restated KeyBank Loan remains outstanding; inclusive of the interest rate swap, the effective fixed interest rate as of December 31, 2013 was approximately 2.4%. For additional discussion, see "KeyBank Revolver" below.

(21) This loan encumbers the Midland I, Coppell, Midland II, Arlington and Weatherford properties.

As of December 31, 2013 and 2012, the Company's secured promissory notes shown above were secured by the properties shown above, which properties had net book values of approximately $647 million and $587 million, respectively.

KeyBank Revolver

On October 28, 2013, we, through our Operating Partnership and certain property-owning special purpose entities wholly-owned by our Operating Partnership (collectively with the Operating Partnership, the "Borrower"), obtained a revolving loan from KeyBank, National Association ("KeyBank") for borrowings up to $75 million (as amended, the "KeyBank Revolver"). In November 2013, $25 million of the KeyBank Revolver was syndicated to another participating lender. The initial amount funded at closing was $71 million (the "Initial Draw"), $45 million of which was used to pay off the outstanding principal amount under the Second Restated KeyBank Loan, and thereby release the 12 properties comprising the Homeland Portfolio that were serving as collateral for the Second Restated KeyBank Loan, and approximately $26 million of which was used to partially fund the acquisition of the Knoxville Portfolio described in Note 4. It is anticipated that future draws on the KeyBank Revolver will be used to help fund our future acquisitions of self storage facilities and for other general corporate purposes.

The KeyBank Revolver has an initial term of three years, maturing on October 25, 2016, with two one-year extension options subject to certain conditions outlined further in the credit agreement for the KeyBank Revolver (the "Credit Agreement"). Payments due pursuant to the KeyBank Revolver are interest-only for the life of the loan. The KeyBank Revolver bears interest at the Borrower's option of either the Alternate Base Rate plus the Applicable Rate or the Adjusted LIBO Rate plus the Applicable Rate (each as defined in the Credit Agreement). The Applicable Rate will vary based on our total leverage ratio. We elected to have the Adjusted LIBO Rate plus the Applicable Rate apply to the Initial Draw, which equated an initial interest rate of 1.67%. The $45 million interest rate swap originally purchased in connection with the Second Restated KeyBank Loan will remain in place through December 24, 2014, thus fixing the rate on $45 million at approximately 2.4%, assuming the Applicable Rate remains constant.

During the first 18 months of the KeyBank Revolver, we may request increases in the aggregate commitment up to a maximum of $200 million in minimum increments of $10 million. We may also reduce the aggregate commitment in minimum increments of $10 million during the life of the loan, provided, however, that at no time will the aggregate commitment be reduced to less than $25 million unless the KeyBank Revolver is paid in full.

The KeyBank Revolver is secured by cross-collateralized first mortgage liens or first lien deeds of trust on the properties in the Homeland Portfolio, the properties in the Knoxville Portfolio, and five of our other self storage properties, and is cross-defaulted to any recourse debt of $25 million or greater in the aggregate or non-recourse debt of $75 million or greater in the aggregate. The KeyBank Revolver may be prepaid or terminated at any time without penalty, provided, however, that KeyBank and any other lender shall be indemnified for any breakage costs associated with any LIBOR borrowings. Pursuant to that certain guaranty dated October 28, 2013 in favor of KeyBank, we serve as a guarantor of all obligations due under the KeyBank Revolver.

Under certain conditions, the Borrower may cause the release of one or more of the properties serving as collateral for the KeyBank Revolver in connection with a full or partial pay down of the KeyBank Revolver, provided that there shall at all times be at least four properties serving as collateral.

The KeyBank Revolver contains a number of other customary terms and covenants, including the following (capitalized terms are as defined in the Credit Agreement):

- the aggregate borrowing base availability under the KeyBank Revolver is limited to the lesser of: (1) 60% of the Pool Value of the properties in the collateral pool, or (2) an amount that would provide a minimum Debt Service Coverage Ratio of no less than 1.35 to 1.0; and
- we must meet the following financial tests, calculated as of the close of each fiscal quarter: (1) a Total Leverage Ratio of no more than 60%; (2) a Tangible Net Worth of at least $250 million; (3) an Interest Coverage Ratio of no less than 1.85 to 1.0; (4) a Fixed Charge Ratio of no less than 1.6 to 1.0; (5) a ratio of varying rate Indebtedness to total Indebtedness not in excess of 30%; (6) a Loan to Value Ratio of not greater than sixty percent (60%); and (7) a Debt Service Coverage Ratio of not less than 1.35 to 1.0.

Second Restated KeyBank Loan

On December 27, 2011, in connection with the acquisition of the Homeland Portfolio (an $80 million portfolio of 10 properties in Atlanta, Georgia and two properties in Jacksonville, Florida), our Operating Partnership and various property owning SPEs entered into a second amended and restated secured credit facility with KeyBank with total commitments of $82 million (such facility replaced our then existing $30 million Restated KeyBank Credit Facility, which had approximately $20 million outstanding before the purchase of the Homeland Portfolio) and we drew down an additional approximately $56.6 million thereunder. On January 12, 2012, we drew down an additional approximately $5.4 million in connection with the repayment of the previously outstanding debt on our Crescent Springs, Florence and Walton properties, bringing the total amount outstanding to $82 million. Such credit facility, as amended (the “Second Restated KeyBank Loan”) was converted from a revolving credit facility to a term loan on August 15, 2012 and the principal balance was reduced on October 10, 2012, from $82 million to $55 million, through the use of the majority of the proceeds from the KeyBank CMBS Loan.

Beginning on November 30, 2012, we were required to make monthly payments in the amount of $1,666,667 until the outstanding principal balance of the Second Restated KeyBank Loan was reduced to $45 million, which occurred on April 5, 2013. The remaining $45 million was due to mature on December 24, 2014, subject to two, one-year extension options (subject to the fulfillment of certain conditions), and required monthly interest-only payments.

We were required to purchase an interest rate swap with a notional amount of $45 million, which requires us to pay an effective fixed interest rate of approximately 5.41% on the hedged portion of the debt. For the remaining amount outstanding, under the terms of the Second Restated KeyBank Loan, our Operating Partnership had the option of selecting one of three variable interest rates which had applicable spreads.

The Second Restated KeyBank Loan was secured by cross-collateralized first mortgage liens or first lien deeds of trust on all properties in the Homeland Portfolio and was cross-defaulted to any recourse debt of $25 million or greater in the aggregate or non-recourse debt of $75 million or greater in the aggregate. Our Operating Partnership could have the Second Restated KeyBank Loan, in whole or in part, at any time without penalty. Pursuant to that certain guaranty dated December 27, 2011 in favor of KeyBank, we served as a guarantor of all obligations due under the Second Restated KeyBank Loan.

KeyBank Bridge Loan

On December 27, 2011, in connection with the acquisition of the Homeland Portfolio, our Operating Partnership and certain property owning SPEs also obtained a bridge loan with total commitments of $28 million (the “KeyBank Bridge Loan”) from KeyBank ($10 million of which was previously committed with nothing outstanding under our previously existing KeyBank Working Capital Line, which was terminated) and drew down the entire committed amount.

The KeyBank Bridge Loan required monthly principal and interest payments and was repaid in full on August 7, 2012. Under the terms of the KeyBank Bridge Loan, our Operating Partnership had the option of selecting one of three variable interest rates, which had applicable spreads. Our Operating Partnership elected to have a 30-day LIBOR rate apply, which, including the applicable spread, equaled an interest rate of approximately 6.7% for the period outstanding during 2012.

Citi SF Bay Area – Morgan Hill Loan

On March 5, 2013, we entered into a loan agreement with Citigroup Global Markets Realty Corp. in the principal amount of $3 million. The proceeds from the loan were used to repay the then outstanding loan collateralized by the SF Bay Area – Morgan Hill property. The new loan matures on March 6, 2023 and bears a fixed interest rate of 4.08% per annum on a 30-year amortization schedule with required monthly payments of interest only for the first five years. The loan contains a number of customary terms and covenants.

The following table presents the future principal payment requirements on outstanding secured debt as of December 31, 2013:

2014	$ 26,089,586
2015	30,827,135
2016	114,583,851
2017	44,044,243
2018	19,074,211
2019 and thereafter	155,752,897
Total payments	390,371,923
Unamortized fair value adjustment	913,837
Total	$391,285,760

We record the amortization of debt premiums related to fair value adjustments to interest expense. The weighted average interest rate of the Company's fixed rate debt as of December 31, 2013 was approximately 5.4%.

Note 6. Derivative Instruments—Cash Flow Hedge of Interest Rate Risk

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 as part of our interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for us making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

The effective portion of the change in the fair value of the derivative designated and that qualifies as a cash flow hedge is recorded in accumulated other comprehensive income ("AOCI") and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. During 2013 and 2012, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings, of which there were none during the years ended December 31, 2013 and 2012.

Amounts reported in AOCI related to derivatives will be reclassified to interest expense as interest payments are made on our variable-rate debt. Over the next 12 months, we estimate that approximately $303,000 will be reclassified as an increase to interest expense.

As of December 31, 2013, we had one derivative outstanding, which was an interest rate derivative that was designated as a cash flow hedge of interest rate risk:

Interest Rate Derivative	Number of Instruments	Notional
Interest Rate Swaps	1	$45,000,000

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the balance sheet as of December 31, 2013 and 2012:

	As of December 31, 2013		As of December 31, 2012	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate derivatives				
Assets	Other assets	$ —	Other assets	$ —
Liabilities	Accounts payable and accrued liabilities	$303,051	Accounts payable and accrued liabilities	$546,333

We have agreements with our derivative counterparty that contain a provision where if we either default or are capable of being declared in default, including default where repayment of the indebtedness has not been accelerated, on any of our indebtedness, then we could also be declared in default on our derivative obligations.

Certain of our agreements with our derivative counterparties contain provisions where if a specified event or condition (Credit Event Upon Merger) occurs that materially changes our creditworthiness in an adverse manner, we may be required to fully collateralize our obligations under the derivative instrument. As of December 31, 2013 we had not posted any collateral.

As of December 31, 2013, the fair value of derivatives in a net liability position, which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements was approximately $310,000. If we had breached any of these provisions at December 31, 2013, we could have been required to settle our obligations under the agreements at their termination value of approximately $310,000.

Note 7. Related Party Transactions

Fees to Affiliates

Our Advisory Agreement with our Advisor and dealer manager agreement ("Dealer Manager Agreement") with our Dealer Manager entitle our Advisor and our Dealer Manager to specified fees upon the provision of certain services with regard to the Offering and investment of funds in real estate properties, among other services, as well as reimbursement for organizational and offering costs incurred by our Advisor on our behalf and reimbursement of certain costs and expenses incurred by our Advisor in providing services to us.

Organization and Offering Costs

Organization and offering costs of the Offering may be paid by our Advisor on our behalf and will be reimbursed to our Advisor from the proceeds of the Offering. Organization and offering costs consist of all expenses (other than sales commissions and the dealer manager fee) to be paid by us in connection with the Offering, including our legal, accounting, printing, mailing and filing fees, charges of our escrow holder and other accountable offering expenses, including, but not limited to, (i) amounts to reimburse our Advisor for all marketing related costs and expenses such as salaries and direct expenses of employees of our Advisor and its affiliates in connection with registering and marketing our shares; (ii) technology costs associated with the Offering; (iii) our costs of conducting our training and education meetings; (iv) our costs of attending retail seminars conducted by participating broker-dealers; and (v) payment or reimbursement of bona fide due diligence expenses. Our Advisor must reimburse us within 60 days after the end of the month which the Offering terminates to the extent we 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 Primary Offering. Subsequent to the termination of our Offering on September 22, 2013, we have determined that organization and offering costs did not exceed 3.5% of the gross proceeds from the Primary Offering.

Advisory Agreement

We currently do not have any employees. Our Advisor is primarily responsible for managing our business affairs and carrying out the directives of our board of directors. Our Advisor receives various fees and expenses under the terms of our Advisory Agreement. As discussed above, we are required under our Advisory Agreement to reimburse our Advisor for organization and offering costs; provided, however, our Advisor must reimburse us within 60 days after the end of the month in which the Offering terminates to the extent we 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 Primary Offering. Subsequent to the termination of our Offering on September 22, 2013, we have determined that organizational and offering costs did not exceed 3.5% of the gross proceeds from the Primary Offering. Our Advisory Agreement also requires our Advisor to reimburse us 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 Offering. Subsequent to the termination of our Offering on September 22, 2013, we have determined that these expenses did not exceed 15% of gross proceeds from the Offering. Our Advisor receives acquisition fees equal to 2.5% of the contract purchase price of each property we acquire plus reimbursement of any acquisition expenses the Advisor incurs. Our Advisor also receives a monthly asset management fee equal to one-twelfth of 1.0% of the average of the aggregate asset value, as defined, of our assets, excluding those properties acquired through our mergers with REIT I and REIT II and the SS I, DST, Madison DST and Colonial DST acquisitions; provided, however, that if the average of the aggregate asset value, as defined, of our assets exceeds $500 million, the monthly asset management fee shall be reduced to one-twelfth of 0.75% of the average of the aggregate asset value, as defined, of those assets exceeding $500 million unless our modified funds from operations (as defined in the Advisory Agreement), including payment of the fee, is greater than 100% of our distributions in any month (see footnote (2) in the following table for a discussion of the Advisor's permanent waiver of certain asset management fees). The monthly asset management fees for our properties acquired through our mergers with REIT I and REIT II and the SS I, DST, Madison DST and Colonial DST acquisitions are equal to 2.0% of the gross revenues from the properties and are paid to affiliates of our Sponsor. Under our Advisory Agreement, and our articles of incorporation, as amended, our Advisor may receive disposition fees in an amount equal to the lesser of (i) 3.0% of the contract sale price for each property we sell, or (ii) one-half of the competitive real estate commission, as long as our Advisor provides substantial assistance in connection with the sale. The disposition fees paid to our Advisor are subordinated to the receipt of our stockholders of a 6% cumulative, non-compounded, annual return on such stockholders' invested capital. The total real estate commissions paid (including disposition fee paid to our Advisor) may not exceed the lesser of a competitive real estate commission or an amount equal to 6.0% of the contract sale price of the property. Our Advisor may also be entitled to various subordinated fees if we (1) list our shares of common stock on a national exchange, (2) terminate our Advisory Agreement, or (3) liquidate our portfolio, as described in the advisory agreement.

The advisors of REIT I and REIT II are entitled to various fees related to their properties if we (1) dispose of a property, (2) liquidate our portfolio, or (3) terminate their advisory agreement for cause.

Our Advisory Agreement provides for reimbursement of our Advisor's direct and indirect costs of providing administrative and management services to us (see footnote (1) in the following table for a discussion of the Advisor's permanent waiver of certain reimbursements for the nine months ended September 30, 2013, the year ended December 31, 2012 and the nine months ended December 31, 2011). Beginning October 1, 2009 (four fiscal quarters after the acquisition of our first real estate asset), our Advisor must pay or reimburse us the amount by which our aggregate annual operating expenses, as defined, exceed the greater of 2% of our average invested assets or 25% of our net income, as defined, unless a majority of our independent directors determine that such excess expenses were justified based on unusual and non-recurring factors. For any fiscal quarter for which total operating expenses for the 12 months then ended exceed the limitation, we will disclose this fact in our next quarterly report or within 60 days of the end of that quarter and send a written disclosure of this fact to our stockholders. In each case, the disclosure will include an explanation of the factors that the independent directors considered in arriving at the conclusion that the excess expenses were justified. For the 12 months ended December 31, 2013, our aggregate annual operating expenses, as defined, did not exceed the thresholds described above.

On September 27, 2012, we entered into a Second Amended and Restated Advisory Agreement (the "Amended Advisory Agreement") with our Advisor. The material terms of the Advisory Agreement were not changed. However, certain provisions were added, the most significant of which was a provision restricting us, during the term of the Amended Advisory Agreement and for a period of two years after the termination of the Amended Advisory Agreement, from soliciting or hiring any employee of, or person performing services on behalf of, our Advisor.

On March 28, 2014, in a series of related transactions, we entered into an amended and restated advisory agreement and an amended and restated limited partnership agreement, and REIT I and REIT II entered into amendments to their respective operating partnership agreements. See Note 12.

Dealer Manager Agreement

During the term of our Offering, our Dealer Manager received a sales commission of up to 7.0% of gross proceeds from sales in the Primary Offering and a dealer manager fee equal to up to 3.0% of gross proceeds from sales in the Primary Offering under the terms of our Dealer Manager Agreement. Our 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 Dealer Manager re-allowed all of the sales commissions paid in connection with sales made by these broker-dealers. Our Dealer Manager was also permitted to re-allow to these broker-dealers a portion of the 3.0% dealer manager fee as marketing fees, reimbursement of certain costs and expenses of attending training and education meetings sponsored by our Dealer Manager, payment of attendance fees required for employees of our Dealer Manager or other affiliates to attend retail seminars and public seminars sponsored by these broker-dealers, or to defray other distribution related expenses. Our Dealer Manager also received reimbursement of bona fide due diligence expenses; however, to the extent these due diligence expenses cannot be justified, any excess over actual due diligence expenses will be considered underwriting compensation subject to a 10% FINRA limitation and, when aggregated with all other non-accountable expenses, may not exceed 3% of gross offering proceeds from sales in the Primary Offering. The Dealer Manager Agreement terminated upon the termination of our Offering.

Our dealer manager agreement with our prior dealer manager for our Initial Offering was substantially equivalent to the terms described above.

Affiliated Dealer Manager

Our chief executive officer owns, through a wholly-owned limited liability company, a 15% non-voting equity interest in our Dealer Manager.

Property Management Agreement

Our Property Manager receives a fee for its services in managing our properties, generally equal to 6% of the gross revenues from the properties plus reimbursement of the direct costs of managing the properties under our property management agreement. In the event that our Property Manager assists with the development or redevelopment of a property, we may pay a separate market-based fee for such services. As a condition of the REIT II merger transaction, our Property Manager agreed to waive the monthly property management fees for the REIT II properties until the FFO, as defined in the merger agreement, of those properties reached $0.70 per share (which threshold was met in the three months ended March 31, 2013). During the year ended December 31, 2013, property management fees of approximately $217,000 were recorded relative to the REIT II properties.

On September 27, 2012, our board of directors approved revisions to our property management agreements that will be entered into with respect to properties acquired after that date and will be entered into as our current property management agreements are renewed. These revisions include increasing the term to three years, with automatic three-year extensions; revising the property owner's obligation to reimburse the Property Manager for certain expenses; the addition of a construction management fee (as defined); the addition of a tenant insurance administrative fee; adding a nonsolicitation provision; and adding a provision regarding the Property Manager's use of trademarks and other intellectual property owned by Strategic Storage Holdings, LLC.

Pursuant to the terms of the agreements described above, the following summarizes the related party costs incurred for the years ended December 31, 2013, 2012 and 2011:

	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
Expensed			
Reimbursement of operating expenses [(1)]	$ 385,403	$ 33,476	$ 330,993
Asset management fees [(2)]	5,050,668	4,521,867	3,019,429
Property management fees [(3) (4)]	4,889,019	3,732,149	2,683,492
Acquisition expenses	1,869,974	2,415,200	5,706,838
Additional Paid-in Capital			
Selling commissions	7,215,235	7,402,084	5,798,197
Dealer Manager fee	3,092,243	3,172,322	2,484,942
Reimbursement of offering costs	344,055	487,235	555,839
Total	$ 22,846,597	$ 21,764,333	$ 20,579,730

(1) During the years ended December 31, 2013, 2012, and 2011, our Advisor permanently waived certain reimbursable indirect costs, primarily payroll and related overhead costs, related to administrative and management services, totaling approximately $975,000, $960,000 and $740,000, respectively. Such amounts were waived permanently and accordingly, will not be paid to our Advisor. Such reimbursable indirect costs were not waived by the Advisor during the three month periods ended December 31, 2013 and March 31, 2011 and totaled approximately $340,000 and $260,000 respectively.

(2) For the nine months ended September 30, 2013 our Advisor permanently waived asset management fees related to the Stockade Portfolio of approximately $525,000. During the three months ended December 31, 2013 such amounts were not waived and approximately $175,000 of such costs were recorded. During the year ended December 31, 2012, our Advisor permanently waived asset management fees related to the Stockade Portfolio and our Dufferin property totaling approximately $186,000 and $37,000, respectively. Such amounts were waived permanently and accordingly, will not be paid to our Advisor.

(3) During the years ended December 31, 2013, 2012 and 2011, property management fees include approximately $27,000 $100,000 and $60,000, respectively, of fees paid to the sub-property manager of our Canadian properties. Such sub-property management agreement was terminated effective March 31, 2013 at a cost of approximately $28,000.

(4) During the year ended December 31, 2013, our Property Manager permanently waived certain costs, reimbursements and fees, including construction management fees, tenant insurance administration fees, accounting administrative fees and expense reimbursements related to certain off-site property management employees. Such amounts totaled approximately $759,000, and were waived permanently and accordingly, will not be paid to our Property Manager.

As of December 31, 2013 and 2012, we had amounts due to affiliates totaling $1,741,518 and $2,282,344, respectively.

Tenant Reinsurance Program

Beginning in 2011, our Chairman of the Board of Directors, Chief Executive Officer and President, through certain entities, began participating in a tenant reinsurance program whereby tenants of our self storage facilities can purchase insurance to cover damage or destruction to their property while stored at our facilities. Such entities have invested in a Cayman Islands company (the “Reinsurance Company”) that will reinsure a portion of the insurance required by the program insurer to cover the risks of loss at participating facilities in the program. The program insurer provides fees (approximately 50% of the tenant premium paid) to us as owner of the facilities. The Reinsurance Company may be required to fund additional capital or entitled to receive distributions of profits depending on actual losses incurred under the program. For the years ended December 31, 2013, 2012 and 2011, we recorded revenue of approximately $1.6 million, $1.3 million and $0.4 million respectively, in connection with this tenant reinsurance program.

Storage Auction Program

During the second quarter of 2013, our Chairman of the Board of Directors, Chief Executive Officer and President, and our Senior Vice President — Property Management and the President of our property manager, purchased minority interests in a company (the “Auction Company”) that serves as a web portal for self storage companies to post their auctions online instead of using live auctions conducted at the self storage facilities. Once the contents of a storage unit are sold at auction, we will pay the Auction Company a service fee based upon the sale price of the unit. Collectively, these officers own 18% of the voting interests in the Auction Company. For the year ended December 31, 2013, we incurred approximately $50,000, respectively, in auction fees with the Auction Company. On January 1, 2014, the Auction Company merged with another similar company. Such officers’ collective ownership in the new combined company was reduced to approximately nine percent.

Note 8. Commitments and Contingencies

Distribution Reinvestment Plan

We have adopted a distribution reinvestment plan that allows our stockholders to have distributions otherwise distributable to them invested in additional shares of our common stock. The plan became effective on the effective date of our Initial Offering. The purchase price per share was the higher of $9.50 per share or 95% of the fair market value of a share of our common stock. On March 28, 2012, the purchase price per share under the distribution reinvestment plan was changed to 95% of the offering price of our shares. On September 18, 2013, our board of directors amended and restated our distribution reinvestment plan to change the purchase price per share from 95% of the offering price to approximately $10.25 (which currently results in the same price as prior to this amendment and restatement) and make other certain minor revisions related to the closing of our Offering. Our board of directors may set or change the purchase price at any time in its sole and absolute discretion based upon such factors as it deems appropriate.

Following the termination of our Offering, on September 22, 2013, we filed with the SEC a Registration Statement on Form S-3, which incorporated the amended and restated distribution reinvestment plan and registered up to an additional $51.25 million in shares. The Form S-3 allows us to continue to offer shares pursuant to our amended and restated distribution reinvestment plan beyond September 22, 2013; however we may amend or terminate the plan at any time upon 10 days’ prior written notice to stockholders. The plan was effective as of September 28, 2013.

No sales commission or dealer manager fee will be paid on shares sold through the distribution reinvestment plan. As of December 31, 2013, we have sold approximately 0.4 million shares through our DRP offering.

Share Redemption Program

On November 1, 2013, we filed an 8-K with the SEC that announced the termination of our share redemption program. Our management and board of directors determined that termination of the share redemption program was prudent due to the closure of our Offering and in consideration of our continued pursuit of certain strategic alternatives to provide stockholder liquidity. Pursuant to the terms of the share redemption program, investors had 30 days from the date of the notice (November 1, 2013) to submit any final requests for redemption, thus, any requests for redemption were required to received by us and in good order by December 1, 2013. We satisfied all such redemption requests on December 31, 2013.

During the year ended December 31, 2013, we redeemed approximately 1.5 million shares of common stock for approximately $14.4 million ($9.75 per share). During the year ended December 31, 2012, we redeemed approximately 1.3 million shares of common stock for approximately $12.6 million ($9.60 per share). During the year ended December 31, 2011, we redeemed approximately 993,300 shares of common stock for approximately $9.7 million ($9.75 per share).

Redeemable Common Stock—State of Washington

In the third quarter of 2012, we discovered that, due to a clerical error, we exceeded our registration amount in the State of Washington during a three month period in 2012. Upon this discovery, we immediately took action to increase our registration amount; however, stockholders who purchased shares in excess of the amount then-registered in the State of Washington were entitled to a rescission of their respective investments (totaling approximately $3.9 million) in our shares, as the shares they originally purchased were unregistered. If any of those stockholders sought a rescission, we would have been required to redeem their shares.

During the third quarter of 2013, we sent such investors an offer to rescind their respective investments. One investor that held approximately 1,000 shares ($10,000) accepted our offer and such rescission was completed subsequent to September 30, 2013. The remaining investors did not accept our offer, and the rescission offer is now expired.

Operating Partnership Redemption Rights

The limited partners of our Operating Partnership 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. The holders of the Class D Units have agreed to modified exchange rights that prevent them from exercising their exchange rights: (1) until the earlier of (a) a listing of our shares or (b) our merger into another entity whereby our stockholders receive securities listed on a national securities exchange; or (2) until FFO of the properties contributed by the holders of the Class D Units reaches $0.70 per share, based on our fully-loaded cost of equity. 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. Our Advisor is prohibited from exchanging or otherwise transferring its limited partnership units so long as our Sponsor is acting as our sponsor.

Ground Lease Commitment—SF Bay Area—San Lorenzo

In connection with the acquisition of our SF Bay Area – San Lorenzo property, we assumed a land lease, with a remaining term of approximately 21 years as of December 31, 2013 and recorded rent expense of approximately $147,000. The lease has minimum lease payments of approximately $133,000, $139,000, $139,000, $139,000 and $139,000 for the years ending 2014, 2015, 2016, 2017 and 2018, respectively.

Other Contingencies

We have been involved in routine litigation and threatened litigation arising in the ordinary course of business. While the outcome of any litigation is inherently unpredictable, we believe the likelihood of these pending legal matters having a material adverse effect on our financial condition or results of operations is remote.

Note 9. Declaration of Distributions

On December 12, 2013, our board of directors declared a distribution rate for the first quarter of 2014 of $0.001917808 per day per share on the outstanding shares of common stock payable to 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, 2014 and continuing on each day thereafter through and including March 31, 2014.

Note 10. Pro Forma Financial Information (Unaudited)

The table set forth below summarizes on an unaudited pro forma basis the combined results of operations of the Company for the years ended December 31, 2013 and 2012 as if the Company's acquisitions discussed in Note 4 were completed as of January 1, 2012. This pro forma information does not purport to represent what the actual results of operations of the Company would have been for the periods indicated, nor do they purport to predict the results of operations for future periods.

The following table summarizes, on a pro forma basis, our consolidated results of operations for the years ended December 31, 2013 and 2012 based on the assumptions described above:

	Year Ended December 31, 2013	Year Ended December 31, 2012
Pro forma revenue	$ 89,296,180	$ 81,245,811
Pro forma operating expenses	$ 75,793,091	$ 82,290,199
Pro forma net loss attributable to the Company	$ (8,382,100)	$ (23,987,490)
Pro forma net loss per common share, basic and diluted	$ (0.16)	$ (0.52)
Weighted average number of common shares outstanding, basic and diluted	52,055,652	46,374,544

Note 11. Selected Quarterly Data (Unaudited)

The following is a summary of quarterly financial information for the years ended December, 31, 2013 and 2012, respectively:

	Three months ended			
	March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013
Total revenues	$ 19,407,941	$19,931,208	$ 21,292,574	$ 22,503,218
Total operating expenses	$ 16,557,885	$16,667,044	$ 17,229,995	$ 19,315,207
Operating income	$ 2,850,056	$ 3,264,164	$ 4,062,579	$ 3,188,011
Net loss	$ (2,167,459)	$(1,949,099)	$ (689,288)	$ (2,639,352)
Net loss attributable to the Company	$ (2,167,224)	$(1,949,079)	$ (693,245)	$ (2,637,508)
Net loss per share-basic and diluted	$ (0.05)	$ (0.04)	$ (0.01)	$ (0.05)

	Three months ended			
	March 31, 2012	June 30, 2012	September 30, 2012	December 31, 2012
Total revenues	$ 15,351,917	$15,705,274	$ 17,098,173	$ 18,455,140
Total operating expenses	$ 15,455,345	$16,136,742	$ 17,000,260	$ 17,351,457
Operating income (loss)	$ (103,428)	$ (431,468)	$ 97,913	$ 1,103,683
Net loss	$ (5,451,145)	$(5,091,133)	$ (4,620,823)	$ (3,852,041)
Net loss attributable to the Company	$ (5,432,094)	$(5,087,074)	$ (4,610,650)	$ (3,843,894)
Net loss per share-basic and diluted	$ (0.15)	$ (0.12)	$ (0.11)	$ (0.08)

Note 12. Subsequent Events

Acquisitions

USA SF Self Storage, DST

Between January 22, 2014 and February 25, 2014, we through an indirect wholly-owned subsidiary, closed on the purchase of an additional approximately 86% in beneficial interests (the "SF Interests") in USA SF Self Storage, DST (the "SF DST"), a Delaware Statutory Trust sponsored by our Sponsor, from approximately 45 third-party sellers pursuant to separate purchase agreements with each seller. None of the purchases were contingent upon any of the others. The agreed upon purchase price of the property relating to the SF Interests acquired was approximately $20 million.

The acquisition brought our ownership of the SF DST to approximately 98%, including approximately 12% that we acquired previously in unrelated transactions. The consideration provided was primarily in the form of cash, an assumption of the pro rata debt of approximately $10.2 million and the issuance of approximately 245,000 limited partnership units in our Operating Partnership. We paid our Advisor approximately $0.2 million in acquisition fees in connection with these acquisitions.

SF DST, owns a self storage facility located in San Francisco with an aggregate of approximately 1,120 units and 76,000 rentable square feet.

SF DST leases its property to a master tenant (the "REIT I Tenant") on a triple-net basis pursuant to a master lease (the "San Francisco Lease") that had an original term of ten years and will expire on December 19, 2016. The REIT I Tenant is a wholly-owned subsidiary of us. Under the San Francisco Lease, the REIT I Tenant is required to pay a stated monthly rent equivalent to the monthly debt service payment under the loan, which is paid directly to the lender on behalf of the SF DST, a monthly stated rent, and certain annual bonus rent per the terms of the San Francisco Lease. As an Interest holder, we are entitled to our pro rata share of the total rent less the debt service under the loan.

The loan had an aggregate principal balance of approximately $10.2 million as of January 1, 2014. The loan bears a fixed interest rate of 5.84%, and matures on January 1, 2017. The loan required monthly interest-only payments during the first five years of its term and now requires monthly principal-and-interest payments based on a 30-year amortization period.

Hampton, VA

On March 5, 2014, we through an indirect wholly-owned subsidiary, closed on the purchase of a self storage facility located in Hampton, Virginia for approximately $6.7 million. We paid our Advisor an acquisition fee of approximately $0.2 million in connection with this acquisition. The facility has approximately 500 units and 70,000 rentable square feet.

Chandler, AZ

On March 27, 2014, we through an indirect wholly-owned subsidiary, closed on the purchase of a self storage facility located in Chandler, Arizona for approximately $4.9 million. We paid our Advisor an acquisition fee of approximately $0.1 million in connection with this acquisition. The facility has approximately 480 units and 51,000 rentable square feet.

Potential Acquisition

On March 13, 2014, we entered into a purchase and sale agreement for a parcel of land located in Toronto, Canada. The purchase price for the acquisition is $3.8 million Canadian dollars. We expect to close this acquisition by the end of the second quarter of 2014. There can be no assurance that we will complete such acquisition. In some circumstances, if we fail to complete such acquisition, we may forfeit some earnest money as a result. Our intent is to develop this parcel of land into a self storage facility with approximately 900 units and 80,000 rentable square feet.

Key Bank Revolver

Subsequent to December 31, 2013 the aggregate commitment under our KeyBank Revolver was increased from $75 million to $100 million and two additional financial institutions became participating lenders.

Declaration of Dividends

On March 20, 2014, our board of directors declared a distribution rate for the second quarter of 2014 of $0.001917808 per day per share on the outstanding shares of common stock payable to stockholders of record of such shares as shown on our books at the close of business on each day during the period, commencing on April 1, 2014 and continuing on each day thereafter through and including June 30, 2014.

Distribution Reinvestment Plan

As of March 21, 2014, we have issued approximately 0.9 million shares of our common stock for gross proceeds of approximately $9 million under our DRP Offering.

Entry into Third Amended and Restated Advisory Agreement, Second Amended and Restated Limited Partnership Agreement and Amendments to REIT I Operating Partnership Agreement and REIT II Operating Partnership Agreement

In conjunction with our exploration of the various strategic alternatives available to us, and in order to more closely align the interests of our Advisor with our stockholders and provide more clarity to the marketplace relating to the subordinated distributions available to our Advisor, on March 28, 2014, we entered into a Third Amended and Restated Advisory Agreement with our Advisor and our Operating Partnership and a Second Amended and Restated Limited Partnership Agreement with our Operating Partnership and our Advisor, and two of our wholly-owned subsidiaries entered into amendments to their respective operating partnership agreements.

Third Amended and Restated Advisory Agreement

On March 28, 2014, we entered into a Third Amended and Restated Advisory Agreement with our Advisor and our Operating Partnership, which amends and supersedes the Second Amended and Restated Advisory Agreement. Pursuant to the Third Amended and Restated Advisory Agreement, provisions related to various subordinated fees that would be due to our Advisor upon the occurrence of certain events have been removed from such agreement and are now included in the Second Amended and Restated Limited Partnership Agreement of our Operating Partnership. Additionally, our Operating Partnership is now a party to the Third Amended and Restated Advisory Agreement and has provided customary representations and warranties, and the provisions of the Second Amended and Restated Limited Partnership Agreement are incorporated into the Third Amended and Restated Advisory Agreement.

Operating Partnership Agreements

On March 28, 2014, we entered into a Second Amended and Restated Limited Partnership Agreement with our Operating Partnership and our Advisor, which amends and supersedes the First Amended and Restated Limited Partnership Agreement. In addition, on March 28, 2014, REIT I and USA Self Storage Advisor LLC, the advisor to REIT I, entered into an amendment to the Agreement of Limited Partnership of USA Self Storage Operating Partnership, LP (the "REIT I OP Agreement Amendment"), and REIT II and USA SS REIT II Advisor, LLC, the advisor to REIT II, entered into an amendment to the Agreement of Limited Partnership of USA SS REIT II Operating Partnership, L.P. (the "REIT II OP Agreement Amendment"). REIT I and REIT II are each wholly-owned by our Operating Partnership.

Pursuant to the Second Amended and Restated Limited Partnership Agreement, our Advisor and the advisors to REIT I and REIT II have each been granted a special limited partnership interest in our Operating Partnership and are each a party to the Second Amended and Restated Limited Partnership Agreement. In addition, provisions related to various subordinated fees that would be due to our Advisor upon the occurrence of certain events have been included in such agreement and are payable as distributions pursuant to our Advisor's special limited partnership interest. After giving effect to the Second Amended and Restated Limited Partnership Agreement, the REIT I OP Agreement Amendment, and the REIT II OP Agreement Amendment, our Advisor and the advisors to REIT I and REIT II may be entitled to receive various subordinated distributions, each of which are outlined further in the Second Amended and Restated Limited Partnership Agreement, the REIT I OP Agreement Amendment, and the REIT II OP Agreement Amendment, if we (1) list our shares of common stock on a national exchange, (2) terminate our advisory agreement, (3) liquidate our portfolio, or (4) enter into an Extraordinary Transaction, as defined in such agreements. In the case of each of the foregoing distributions, our Advisor's receipt of the distribution is subordinate to return of capital to our stockholders plus at least a 6% cumulative, non-compounded return, and our Advisor's share of the distribution is 5%, 10%, or 15%, depending on the return level to our stockholders. The receipt of the distribution by the advisors to REIT I and REIT II is subordinate to return of capital to the original REIT I and REIT II stockholders plus at least a 7% cumulative, non-compounded return, and such advisors' share of the distribution is 15%. In addition, our Advisor may be entitled to a one-time cash distribution in the event that we (1) list our shares of common stock on a national exchange, (2) liquidate our portfolio, or (3) enter into an Extraordinary Transaction resulting in a return to our stockholders in excess of an amount per share that will be determined by our independent directors. Such one-time cash distribution will be paid as part of the complete redemption of our Advisor's special limited partnership interest in our Operating Partnership and will be up to the aggregate amount of all unreturned and unreimbursed capital invested by our Advisor and its affiliates in us, our Operating Partnership, our Advisor and affiliates, relating in any way to our business or our Operating Partnership's business or any offering.

STRATEGIC STORAGE TRUST, INC AND. SUBSIDIARIES
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2013

			Initial Cost to Company				Gross Carrying Amount at December 31, 2013					
Description	ST	Encumbrance	Land	Building and Improvements	Total	Cost Capitalized Subsequent to Acquisition	Land	Building and Improvements	Total [1]	Accumulated Depreciation	Date of Construction	Date Acquired
Biloxi	MS	$ 1,156,856	$ 518,701	$ 2,847,676	$ 3,366,377	$ 114,735	$ 518,701	$ 2,962,411	$ 3,481,112	$ (698,836)	1980/1984/1992	9/25/2008
Gulf Breeze	FL	3,744,359	1,943,144	5,043,905	6,987,049	227,480	1,943,144	5,271,385	7,214,529	(1,052,077)	1978/1982/2004	9/25/2008
Manassas	VA	1,476,859	1,050,519	3,741,305	4,791,824	113,055	1,050,519	3,854,360	4,904,879	(694,928)	1996/2000	12/19/2008
Walton	KY	2,297,053	650,000	2,634,959	3,284,959	160,583	650,000	2,795,542	3,445,542	(552,247)	1991	2/12/2009
Crescent Springs	KY	1,957,489	280,000	1,637,802	1,917,802	135,875	280,000	1,773,677	2,053,677	(322,454)	1999/2003	2/12/2009
Florence	KY	3,096,028	840,000	2,691,629	3,531,629	70,325	840,000	2,761,954	3,601,954	(546,966)	1996	2/12/2009
Alpharetta	GA	2,592,323	1,060,107	3,752,629	4,812,736	165,101	1,060,107	3,917,730	4,977,837	(619,718)	2003	6/1/2009
Marietta	GA	2,143,828	1,060,000	2,705,806	3,765,806	58,951	1,060,000	2,764,757	3,824,757	(413,088)	2006	6/1/2009
Erlanger	KY	1,524,499	565,790	2,463,269	3,029,059	192,569	565,790	2,655,838	3,221,628	(499,817)	1987	7/17/2009
Florence II	KY	3,181,356	871,200	4,877,025	5,748,225	415,541	871,200	5,292,566	6,163,766	(880,873)	1982/1995	7/17/2009
Jersey City	NJ	5,784,283	3,625,048	6,999,952	10,625,000	520,966	3,625,048	7,520,918	11,145,966	(1,057,884)	1985	8/21/2009
Montgomery	AL	2,693,364	1,197,900	2,389,873	3,587,773	117,781	1,197,900	2,507,654	3,705,554	(419,440)	1995/2004	9/3/2009
Phoenix	AZ	1,171,793	680,620	1,259,380	1,940,000	473,031	680,620	1,732,411	2,413,031	(360,037)	1974	9/4/2009
Seabrook	TX	4,444,137	1,520,000	3,860,000	5,380,000	85,812	1,520,000	3,945,812	5,465,812	(660,603)	2001-2003	9/24/2009
Greenville	SC	2,226,986	530,000	2,570,000	3,100,000	187,872	530,000	2,757,872	3,287,872	(373,059)	1948/1995	9/24/2009
Kemah	TX	8,732,981	2,510,000	8,970,000	11,480,000	434,974	2,510,000	9,404,974	11,914,974	(1,558,464)	1985/2005/ 1999/2002	9/24/2009
Tallahassee	FL	7,446,178	1,230,000	6,310,000	7,540,000	369,386	1,230,000	6,679,386	7,909,386	(975,671)	1979-1987	9/24/2009
Memphis	TN	2,465,045	790,000	2,560,000	3,350,000	359,459	790,000	2,919,459	3,709,459	(588,469)	1987/1994	9/24/2009
Houston	TX	1,981,095	420,000	1,650,000	2,070,000	266,844	420,000	1,916,844	2,336,844	(406,432)	1984/2005	9/24/2009
Las Vegas	NV	1,453,039	1,460,000	4,220,000	5,680,000	50,996	1,460,000	4,270,996	5,730,996	(603,307)	2006	9/24/2009
Las Vegas II	NV	1,511,958	1,050,000	970,000	2,020,000	64,358	1,050,000	1,034,358	2,084,358	(172,695)	1998	9/24/2009
Pearland	TX	3,438,473	1,060,000	4,540,000	5,600,000	56,608	1,060,000	4,596,608	5,656,608	(796,160)	2004/2005	9/24/2009
Daphne	AL	1,381,213	1,530,000	2,510,000	4,040,000	105,986	1,530,000	2,615,986	4,145,986	(366,407)	2000	9/24/2009
Lake Forest	CA	18,000,000	15,840,000	8,860,000	24,700,000	160,234	15,840,000	9,020,234	24,860,234	(1,972,491)	2003	9/24/2009
San Francisco	CA	10,256,163	9,280,000	8,200,000	17,480,000	167,168	9,284,074	8,363,094	17,647,168	(1,063,079)	1909/2000	9/24/2009
Pittsburgh	PA	1,286,296	680,189	1,379,025	2,059,214	55,312	680,189	1,434,337	2,114,526	(243,389)	1990	12/11/2009
West Mifflin	PA	1,833,618	868,872	2,114,578	2,983,450	361,105	868,872	2,475,683	3,344,555	(327,003)	1983	12/11/2009
Fort Lee	NJ	8,289,466	2,000,000	13,630,000	15,630,000	179,356	2,000,000	13,809,356	15,809,356	(1,642,042)	2000	2/24/2010
Weston	FL	3,144,280	1,500,000	4,330,000	5,830,000	162,558	1,500,000	4,492,558	5,992,558	(572,863)	2005	2/24/2010
Gulf Breeze II	FL	1,544,636	270,000	895,000	1,165,000	48,769	270,000	943,769	1,213,769	(170,315)	2004/2005	3/10/2010
Mesa	AZ	2,968,060	600,000	2,633,728	3,233,728	52,388	600,000	2,686,116	3,286,116	(372,829)	2002	4/9/2010
Oakland Park	FL	7,360,474	4,530,650	8,729,350	13,260,000	270,295	4,530,650	8,999,645	13,530,295	(1,053,568)	1987	4/16/2010
Phoenix II	AZ	809,890	1,020,000	515,000	1,535,000	427,695	1,020,000	942,695	1,962,695	(215,741)	1974	5/16/2010
Tempe	AZ	952,812	900,000	740,000	1,640,000	381,704	900,000	1,121,704	2,021,704	(216,635)	1973	5/16/2010
Riverdale	NJ	4,800,000	1,050,000	4,794,357	5,844,357	139,436	1,050,000	4,933,793	5,983,793	(552,835)	2007	5/14/2010

			Initial Cost to Company				Gross Carrying Amount at December 31, 2013					
Description	ST	Encumbrance	Land	Building and Improvements	Total	Cost Capitalized Subsequent to Acquisition	Land	Building and Improvements	Total [1]	Accumulated Depreciation	Date of Construction	Date Acquired
Davie	FL	2,603,265	2,840,000	2,040,000	4,880,000	780,584	2,840,000	2,820,584	5,660,584	(425,629)	1988	7/14/2010
95th St.	IL	3,036,748	1,600,000	4,230,000	5,830,000	82,532	1,600,000	4,312,532	5,912,532	(519,205)	2002	10/22/2010
Western	IL	578,428	900,000	400,000	1,300,000	174,868	900,000	574,868	1,474,868	(98,850)	2004	10/22/2010
Ogden	IL	2,120,904	1,703,370	1,766,630	3,470,000	867,007	1,703,370	2,633,637	4,337,007	(353,360)	2002	10/26/2010
Las Vegas III	NV	1,797,694	1,130,000	2,985,000	4,115,000	108,875	1,130,000	3,093,875	4,223,875	(317,552)	2005	10/29/2010
Roosevelt	IL	674,833	1,207,135	502,865	1,710,000	130,502	1,207,135	633,367	1,840,502	(105,436)	2004	11/16/2010
Dufferin [2]		6,144,911	4,576,772	9,120,472	13,697,244	(623,036) [3]	4,347,287	8,726,921	13,074,208	(831,189)	1965/2008	11/23/2010
La Cienega	CA	7,939,812	3,260,000	8,990,000	12,250,000	82,863	3,260,000	9,072,863	12,332,863	(835,703)	2004	12/16/2010
Long Beach	CA	6,533,640	4,810,000	7,040,000	11,850,000	104,844	4,810,000	7,144,844	11,954,844	(716,739)	1999	12/16/2010
Las Vegas IV	NV	3,374,165	1,470,000	4,835,000	6,305,000	301,374	1,470,000	5,136,374	6,606,374	(494,609)	1996	12/21/2010
Rancho	NV	2,361,970	990,000	2,830,000	3,820,000	102,611	990,000	2,932,611	3,922,611	(315,400)	2006	12/29/2010
Concord	NC	2,166,645	1,250,000	1,559,179	2,809,179	102,709	1,250,000	1,661,888	2,911,888	(232,507)	1996/2001	2/15/2011
Hickory	NC	2,354,754	660,000	2,408,239	3,068,239	64,804	660,000	2,473,043	3,133,043	(273,569)	1997	2/15/2011
Morganton	NC	2,027,349	620,000	1,859,875	2,479,875	84,591	620,000	1,944,466	2,564,466	(258,883)	2001	2/15/2011
El Paso II	TX	2,359,326	1,110,000	2,918,337	4,028,337	104,214	1,110,000	3,022,551	4,132,551	(362,094)	2001/2003	2/15/2011
El Paso III	TX	3,133,708	1,330,000	4,254,356	5,584,356	156,931	1,330,000	4,411,287	5,741,287	(490,284)	1985/2000	2/15/2011
El Paso IV	TX	1,899,777	790,000	2,604,766	3,394,766	59,644	790,000	2,664,410	3,454,410	(306,418)	1999/2004	2/15/2011
El Paso V	TX	2,034,064	930,000	2,605,809	3,535,809	61,402	930,000	2,667,211	3,597,211	(305,127)	2004	2/15/2011
Dallas	TX	2,343,829	520,000	3,588,217	4,108,217	121,675	520,000	3,709,892	4,229,892	(383,945)	1986/1999-2000	2/15/2011
Lawrenceville I	GA	1,521,138	820,000	709,603	1,529,603	138,986	820,000	848,589	1,668,589	(95,179)	1996	2/15/2011
Lawrenceville II	GA	2,800,704	990,000	1,842,445	2,832,445	113,453	990,000	1,955,898	2,945,898	(238,354)	1999	2/15/2011
Mississauga [2]		6,763,769	2,573,750	3,088,500	5,662,250	7,515,316 [3]	2,337,250	10,840,316	13,177,566	(544,357)	1963/2011	3/11/2011
El Paso	TX	772,318	330,000	1,230,000	1,560,000	11,429	330,000	1,241,429	1,571,429	(153,703)	2010	3/17/2011
Las Vegas VII	NV	3,683,209	2,030,000	2,543,052	4,573,052	139,499	2,030,000	2,682,551	4,712,551	(327,222)	1996	3/25/2011
Las Vegas VIII	NV	3,751,381	1,520,000	3,381,631	4,901,631	147,389	1,520,000	3,529,020	5,049,020	(393,224)	1997	3/25/2011
SF Bay Area –Morgan Hill	CA	3,000,000	1,000,000	4,654,098	5,654,098	72,620	1,000,000	4,726,718	5,726,718	(455,207)	1997	3/30/2011
SF Bay Area – Vallejo	CA	4,295,098	2,000,000	5,266,974	7,266,974	72,437	2,000,000	5,339,411	7,339,411	(519,554)	2001	3/30/2011
Peachtree City	GA	2,554,951	800,000	4,090,000	4,890,000	375,388	800,000	4,465,388	5,265,388	(393,438)	1988/1992	6/10/2011
Buford	GA	1,304,039	1,000,000	1,357,000	2,357,000	115,665	1,000,000	1,472,665	2,472,665	(139,013)	2002	6/10/2011
Jonesboro	GA	1,062,551	800,000	1,495,000	2,295,000	101,087	800,000	1,596,087	2,396,087	(153,673)	2002	6/10/2011
Ellenwood	GA	1,217,103	550,000	1,564,225	2,114,225	226,190	550,000	1,790,415	2,340,415	(192,913)	1998	6/10/2011
Marietta II	GA	1,159,146	1,050,000	1,402,200	2,452,200	44,844	1,050,000	1,447,044	2,497,044	(148,208)	1998/2008	6/10/2011
Collegeville	P A	1,463,422	440,000	2,395,500	2,835,500	132,282	440,000	2,527,782	2,967,782	(234,128)	1996	6/10/2011
Skippack	P A	1,130,167	600,000	1,513,000	2,113,000	82,889	600,000	1,595,889	2,195,889	(158,503)	2004	6/10/2011
Ballston Spa	NY	2,429,377	900,000	3,806,760	4,706,760	30,057	900,000	3,836,817	4,736,817	(436,910)	2002	6/10/2011
Trenton	NJ	3,680,289	2,250,000	4,743,000	6,993,000	13,342	2,250,000	4,756,342	7,006,342	(428,740)	2003	6/10/2011
Fredericksburg	VA	2,018,846	1,600,000	2,311,625	3,911,625	80,291	1,600,000	2,391,916	3,991,916	(299,213)	2000	6/10/2011
Sandston	VA	3,245,609	1,550,000	4,593,000	6,143,000	50,133	1,550,000	4,643,133	6,193,133	(478,990)	2005/2006	6/10/2011
Ladera Ranch	CA	6,691,304	4,800,000	10,969,414	15,769,414	43,067	4,800,000	11,012,481	15,812,481	(904,514)	2003	7/6/2011
Ladera Ranch— Land	CA	—	3,953,282	—	3,953,282	—	3,953,282	—	3,953,282	—	2003	7/6/2011

			Initial Cost to Company				Gross Carrying Amount at December 31, 2013					
Description	ST	Encumbrance	Land	Building and Improvements	Total	Cost Capitalized Subsequent to Acquisition	Land	Building and Improvements	Total [1]	Accumulated Depreciation	Date of Construction	Date Acquired
SF Bay Area –San Lorenzo	CA	—	—	2,450,880	2,450,880	54,750	—	2,505,630	2,505,630	(223,710)	2000	7/15/2011
Hampton	VA	3,495,515	400,000	3,930,000	4,330,000	99,565	400,000	4,029,565	4,429,565	(325,598)	2007	7/20/2011
Las Vegas V	NV	1,628,783	890,000	3,160,000	4,050,000	129,830	890,000	3,289,830	4,179,830	(268,146)	1997	7/21/2011
SF Bay Area –Gilroy	CA	4,444,298	1,200,000	4,690,000	5,890,000	179,022	1,200,000	4,869,022	6,069,022	(468,315)	1999	8/12/2011
Brewster – Brampton [2]		6,482,879	5,174,205	—	5,174,205	9,081,162 [3][4]	3,178,660	11,076,707	14,255,367	(152,177)	n/a	9/13/2011
Toms River	NJ	3,570,419	1,490,000	3,730,000	5,220,000	59,171	1,490,000	3,789,171	5,279,171	(269,034)	2006	10/21/2011
Kennesaw	GA	3,195,799	875,000	5,133,992	6,008,992	23,822	875,000	5,157,814	6,032,814	(339,889)	2006	12/27/2011
Sharpsburg	GA	3,488,747	1,250,000	4,792,241	6,042,241	36,210	1,250,000	4,828,451	6,078,451	(338,113)	2006	12/27/2011
Duluth	GA	3,169,167	900,000	5,711,120	6,611,120	66,855	900,000	5,777,975	6,677,975	(393,723)	2007	12/27/2011
Duluth II	GA	3,222,431	800,000	5,893,201	6,693,201	23,446	800,000	5,916,647	6,716,647	(364,129)	2007	12/27/2011
Duluth III	GA	3,249,062	750,000	6,090,561	6,840,561	41,634	750,000	6,132,195	6,882,195	(388,434)	2007	12/27/2011
Marietta III	GA	3,115,904	450,000	6,053,761	6,503,761	31,259	450,000	6,085,020	6,535,020	(379,861)	2007	12/27/2011
Austell	GA	2,396,849	800,000	3,728,801	4,528,801	31,874	800,000	3,760,675	4,560,675	(250,049)	2007	12/27/2011
Sandy Springs	GA	6,018,754	563,888	7,877,873	8,441,761	33,293	563,888	7,911,166	8,475,054	(479,018)	2009	12/27/2011
Smyrna	GA	3,515,379	1,475,000	5,173,480	6,648,480	68,653	1,475,000	5,242,133	6,717,133	(336,448)	2007	12/27/2011
Lawrenceville III	GA	3,542,011	1,325,000	5,692,721	7,017,721	29,704	1,325,000	5,722,425	7,047,425	(382,950)	2009	12/27/2011
Jacksonville	FL	4,580,645	900,000	7,169,841	8,069,841	34,115	900,000	7,203,956	8,103,956	(447,625)	2008	12/27/2011
Jacksonville II	FL	2,290,323	2,100,000	3,033,522	5,133,522	32,274	2,100,000	3,065,796	5,165,796	(257,630)	2009	12/27/2011
Chantilly	VA	3,421,797	2,431,905	3,968,095	6,400,000	329,637	2,431,905	4,297,732	6,729,637	(270,718)	1985	5/24/2012
Savannah I	GA	1,400,000	987,000	1,573,000	2,560,000	121,630	987,000	1,694,630	2,681,630	(93,520)	2002	8/16/2012
Savannah II	GA	1,250,000	1,026,000	1,464,000	2,490,000	86,910	1,026,000	1,550,910	2,576,910	(81,723)	2001	8/16/2012
Columbia	SC	935,000	1,002,000	1,628,000	2,630,000	39,824	1,002,000	1,667,824	2,669,824	(80,772)	2003	8/16/2012
Lexington I	SC	900,000	789,000	1,021,000	1,810,000	17,284	789,000	1,038,284	1,827,284	(58,393)	2010	8/16/2012
Stuart I	FL	1,425,000	875,000	2,015,000	2,890,000	103,534	875,000	2,118,534	2,993,534	(100,604)	2004	8/16/2012
Lexington II	SC	1,875,000	1,090,000	3,040,000	4,130,000	121,497	1,090,000	3,161,497	4,251,497	(170,151)	1998/2003	8/16/2012
Stuart II	FL	2,085,000	2,100,000	1,200,000	3,300,000	31,239	2,100,000	1,231,239	3,331,239	(71,524)	2008	8/16/2012
Bluffton	SC	2,500,000	1,240,000	3,990,000	5,230,000	47,193	1,240,000	4,037,193	5,277,193	(192,765)	2008	8/16/2012
Wilmington Island	SC	4,330,000	1,616,000	4,194,000	5,810,000	124,484	1,616,000	4,318,484	5,934,484	(182,412)	1999	10/1/2012
Myrtle Beach	SC	1,500,000	1,956,000	1,554,000	3,510,000	34,956	1,956,000	1,588,956	3,544,956	(92,043)	2002	10/1/2012
Mt. Pleasant I	SC	1,500,000	1,360,000	1,320,000	2,680,000	171,565	1,360,000	1,491,565	2,851,565	(65,269)	1989	11/5/2012
Charleston I	SC	1,500,000	725,000	2,085,000	2,810,000	61,680	725,000	2,146,680	2,871,680	(85,762)	2011	11/5/2012
Charleston II	SC	1,650,000	775,000	2,375,000	3,150,000	203,171	775,000	2,578,171	3,353,171	(102,874)	1992	11/5/2012
Mt. Pleasant II	SC	3,350,000	2,630,000	2,570,000	5,200,000	108,997	2,630,000	2,678,997	5,308,997	(128,716)	1995	11/5/2012
Charleston III	SC	3,362,500	1,563,000	4,742,000	6,305,000	212,063	1,563,000	4,954,063	6,517,063	(202,052)	1986/1996	11/5/2012
Mt. Pleasant III	SC	8,000,000	7,190,000	8,220,000	15,410,000	68,042	7,190,000	8,288,042	15,478,042	(331,174)	1997/2007	11/5/2012

			Initial Cost to Company				Gross Carrying Amount at December 31, 2013					
Description	ST	Encumbrance	Land	Building and Improvements	Total	Cost Capitalized Subsequent to Acquisition	Land	Building and Improvements	Total [1]	Accumulated Depreciation	Date of Construction	Date Acquired
Ridgeland	MS	3,346,580	574,992	4,335,796	4,910,788	124,949	574,992	4,460,745	5,035,737	(145,589)	1989/2004	12/28/2012
Canton	MS	3,047,782	686,070	3,810,851	4,496,921	233,703	686,070	4,044,554	4,730,624	(149,662)	1996/2004	12/28/2012
North Charleston	SC	3,675,168	2,150,000	4,002,000	6,152,000	382,548	2,150,000	4,384,548	6,534,548	(76,146)	2000	7/10/2013
Toms River II	NJ	2,636,534	1,075,000	3,825,000	4,900,000	17,562	1,075,000	3,842,562	4,917,562	(41,973)	2006	8/28/2013
Pickering [2]		—	2,287,920	2,812,235	5,100,155	(98,440)[3]	2,243,760	2,757,955	5,001,715	—	1999	8/29/2013
Montgomery II	AL	4,554,014	1,350,000	6,420,000	7,770,000	3,400	1,350,000	6,423,400	7,773,400	(36,929)	2005	10/28/2013
Knoxville I	TN	4,527,382	1,100,000	6,690,000	7,790,000	3,200	1,100,000	6,693,200	7,793,200	(41,896)	1996/2005	10/28/2013
Knoxville II	TN	5,805,702	1,500,000	8,440,000	9,940,000	—	1,500,000	8,440,000	9,940,000	(47,350)	2006	10/28/2013
Knoxville III	TN	4,527,382	1,600,000	6,240,000	7,840,000	—	1,600,000	6,240,000	7,840,000	(40,633)	2005	10/28/2013
Midland I	TX	3,338,991	975,000	4,117,387	5,092,387	29,783	975,000	4,147,170	5,122,170	(26,998)	1981	11/1/2013
Coppell	TX	4,357,188	2,100,000	4,562,738	6,662,738	53,709	2,100,000	4,616,447	6,716,447	(33,127)	1985/2007	11/1/2013
Midland II	TX	4,583,453	950,000	5,997,260	6,947,260	—	950,000	5,997,260	6,947,260	(37,464)	1994/2004	11/1/2013
Arlington	TX	2,107,099	725,000	2,383,876	3,108,876	—	725,000	2,383,876	3,108,876	(16,480)	1985/1995	11/1/2013
Weathorford	TX	2,296,253	525,000	2,915,329	3,440,329	37,752	525,000	2,953,081	3,478,081	(18,623)	2000/2007	11/1/2013
		$ 390,371,923	$196,535,029	$465,345,581	$661,880,610	$ 32,258,177	$194,033,413	$ 500,105,374	$694,138,787	($46,432,155)		

(1) The aggregate cost of real estate for United States federal income tax purposes is $761,130,955.
(2) This property is located in Ontario, Canada.
(3) The change in cost at this self storage facility is the net of the impact of foreign exchange rate changes and any actual additions.
(4) This amount also includes a reduction in basis due to a sale of a parcel of land at this facility.

Activity in real estate facilities during 2013 was as follows:

	2013
Real estate facilities	
Balance at beginning of year	$604,727,895
Facility acquisitions	74,743,745
Impact of foreign exchange rate changes	(2,415,103)
Improvements	17,082,250
Balance at end of year	$694,138,787
Accumulated depreciation	
Balance at beginning of year	$ 29,840,320
Depreciation expense	16,591,835
Balance at end of year	$ 46,432,155
Real estate facilities, net	$647,706,632

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EXHIBIT INDEX

Exhibit No.	Description
3.1	Second Articles of Amendment and Restatement of Strategic Storage Trust, Inc., incorporated by reference to Exhibit 3.1 to the Company's Form 8-K, filed on June 21, 2011, Commission File No. 000-53644
3.2	Articles of Amendment to the Second Articles of Amendment and Restatement of Strategic Storage Trust, Inc., incorporated by reference to Exhibit 3.1 to the Company's Form 8-K, filed on June 13, 2012, Commission File No. 000-53644
3.3	Bylaws of Strategic Storage Trust, Inc., incorporated by reference to Exhibit 3.2 to Pre-Effective Amendment No. 3 to the Company's Registration Statement on Form S-11, filed on March 7, 2008, Commission File No. 333-146959
4.1	Form of Subscription Agreement and Subscription Agreement Signature Page (included as Appendix A to prospectus), incorporated by reference to Post-Effective Amendment No. 6 to the Company's Registration Statement on Form S-11, filed on November 15, 2012, Commission File No. 333-168905
10.1	Employee and Director Long-Term Incentive Plan of Strategic Storage Trust, Inc., incorporated by reference to Exhibit 10.4 to Pre-Effective Amendment No. 3 to the Company's Registration Statement on Form S-11, filed on March 7, 2008, Commission File No. 333-146959
10.2	Strategic Storage Trust, Inc. Amended and Restated Distribution Reinvestment Plan, incorporated by reference to Exhibit 4.2 to the Company's Form 8-K, filed on September 18, 2013, Commission File No. 000-53644
10.3	Collateral Loan Agreement for Prudential Loan by and among The Prudential Life Insurance Company of America and Eleven Special-Purpose Entities dated August 25, 2010, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, filed on August 31, 2010, Commission File No. 000-53644
10.4	Form of Promissory Note for Prudential Loan, incorporated by reference to Exhibit 10.2 to the Company's Form 8-K, filed on August 31, 2010, Commission File No. 000-53644
10.5	Form of Mortgage or Deed of Trust and Security Agreement for Prudential Loan, incorporated by reference to Exhibit 10.3 to the Company's Form 8-K, filed on August 31, 2010, Commission File No. 000-53644
10.6	Form of Assignment of Leases and Rents for Prudential Loan, incorporated by reference to Exhibit 10.4 to the Company's Form 8-K, filed on August 31, 2010, Commission File No. 000-53644
10.7	Form of Supplemental Guaranty for Prudential Loan, incorporated by reference to Exhibit 10.5 to the Company's Form 8-K, filed on August 31, 2010, Commission File No. 000-53644
10.8	Form of Recourse Liabilities Guaranty for Prudential Loan, incorporated by reference to Exhibit 10.6 to the Company's Form 8-K, filed on August 31, 2010, Commission File No. 000-53644
10.9	Promissory Note for Citi Loan in favor of The Citigroup Global Markets Realty Corp. dated January 28, 2011, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, filed on February 3, 2011, Commission File No. 000-53644
10.10	Loan Agreement for Citi Loan, incorporated by reference to Exhibit 10.2 to the Company's Form 8-K, filed on February 3, 2011, Commission File No. 000-53644
10.11	Limited Recourse Guaranty for Citi Loan, incorporated by reference to Exhibit 10.3 to the Company's Form 8-K, filed on February 3, 2011, Commission File No. 000-53644
10.12	Loan Agreement for Bank of America Loan between EP Rhino, DST and Bank of America, N.A. dated November 1, 2005, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, filed on February 7, 2011, Commission File No. 000-53644
10.13	Promissory Note for Bank of America Loan, incorporated by reference to Exhibit 10.2 to the Company's Form 8-K, filed on February 7, 2011, Commission File No. 000-53644
10.14	Purchase and Sale Agreement Related to B&B Portfolio dated March 25, 2011, incorporated by reference to Exhibit 10.2 to the Company's Form 8-K, filed on March 31, 2011, Commission File No. 000-53644

Exhibit No.	Description
10.15	Loan Agreement for ING Loan by and among ING Life Insurance and Annuity Company, 11 Special-Purpose Entities, and Strategic Storage Trust, Inc. dated June 10, 2011, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, filed on June 14, 2011, Commission File No. 000-53644
10.16	Form of Mortgage, Deed of Trust or Deed to Secure Debt for ING Loan, incorporated by reference to Exhibit 10.2 to the Company's Form 8-K, filed on June 14, 2011, Commission File No. 000-53644
10.17	Form of Security Agreement for ING Loan, incorporated by reference to Exhibit 10.3 to the Company's Form 8-K, filed on June 14, 2011, Commission File No. 000-53644
10.18	Form of Promissory Note for ING Loan, incorporated by reference to Exhibit 10.4 to the Company's Form 8-K, filed on June 14, 2011, Commission File No. 000-53644
10.19	Form of Assignment of Leases and Rents for ING Loan, incorporated by reference to Exhibit 10.5 to the Company's Form 8-K, filed on June 14, 2011, Commission File No. 000-53644
10.20	Form of Guaranty of Affiliate Loans for ING Loan, incorporated by reference to Exhibit 10.6 to the Company's Form 8-K, filed on June 14, 2011, Commission File No. 000-53644
10.21	Form of Limited Guaranty for ING Loan, incorporated by reference to Exhibit 10.7 to the Company's Form 8-K, filed on June 14, 2011, Commission File No. 000-53644
10.22	Note for the KeyBank Loan, incorporated by reference to Exhibit 10.2 to the Company's Form 8-K, filed on July 8, 2011, Commission File No. 000-53644
10.23	Deed of Trust, Assignment of Leases and Rents, Security Agreement, and Fixture Filing for the La Cienega-LA Property for the KeyBank Loan, incorporated by reference to Exhibit 10.3 to the Company's Form 8-K, filed on July 8, 2011, Commission File No. 000-53644
10.24	Collateral Assignment of Leases and Rents for the La Cienega-LA Property for the KeyBank Loan, incorporated by reference to Exhibit 10.4 to the Company's Form 8-K, filed on July 8, 2011, Commission File No. 000-53644
10.25	Collateral Assignment of Management Contract for the La Cienega-LA Property for the KeyBank Loan, incorporated by reference to Exhibit 10.5 to the Company's Form 8-K, filed on July 8, 2011, Commission File No. 000-53644
10.26	Collateral Assignment and Security Agreement in Respect of Contracts, Licenses and Permits for the La Cienega-LA Property for the KeyBank Loan, incorporated by reference to Exhibit 10.6 to the Company's Form 8-K, filed on July 8, 2011, Commission File No. 000-53644
10.27	Pledge and Security Agreement for the KeyBank Loan, incorporated by reference to Exhibit 10.8 to the Company's Form 8-K, filed on July 8, 2011, Commission File No. 000-53644
10.28	Purchase and Sale Agreement for the Homeland Portfolio, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, filed on September 13, 2011, Commission File No. 000-53644
10.29	Second Amended and Restated Credit Agreement for the Second Restated KeyBank Loan, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, filed on January 3, 2012, Commission File No. 000-53644
10.30	Second Amended and Restated Guaranty for the Second Restated KeyBank Loan, incorporated by reference to Exhibit 10.2 to the Company's Form 8-K, filed on January 3, 2012, Commission File No. 000-53644
10.31	Amended and Restated Credit Agreement for the KeyBank Bridge Loan, incorporated by reference to Exhibit 10.3 to the Company's Form 8-K, filed on January 3, 2012, Commission File No. 000-53644
10.32	Amended and Restated Guaranty for the KeyBank Bridge Loan, incorporated by reference to Exhibit 10.4 to the Company's Form 8-K, filed on January 3, 2012, Commission File No. 000-53644
10.33	Purchase and Sale Agreement Related to the Stockade Portfolio dated June 19, 2012, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, filed on June 25, 2012, Commission File No. 000-53644
10.34	First Amendment to Second Amended and Restated Credit Agreement, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, filed on August 16, 2012, Commission File No. 000-53644

Exhibit No.	Description
10.35	Loan Agreement with KeyBank, National Association for the KeyBank CMBS Loan dated as of October 10, 2012, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on October 15, 2012, Commission File No. 000-53644
10.36	Promissory Note for the KeyBank CMBS Loan dated as of October 10, 2012, incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on October 15, 2012, Commission File No. 000-53644
10.37	Guaranty for the KeyBank CMBS Loan dated as of October 10, 2012, incorporated by reference to Exhibit 10.3 to the Company's Form 8-K filed on October 15, 2012, Commission File No. 000-53644
10.38	Credit Agreement for KeyBank Revolver, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, filed on November 1, 2013, Commission File No. 000-53644
10.39	Promissory Note for KeyBank Revolver, incorporated by reference to Exhibit 10.2 to the Company's Form 8-K, filed on November 1, 2013, Commission File No. 000-53644
10.40	Guaranty for KeyBank Revolver, incorporated by reference to Exhibit 10.3 to the Company's Form 8-K, filed on November 1, 2013, Commission File No. 000-53644
10.41	Third Amended and Restated Advisory Agreement, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on March 31, 2014, Commission File No. 000-53644
10.42	Second Amended and Restated Limited Partnership Agreement of Strategic Storage Operating Partnership, L.P., incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on March 31, 2014, Commission File No. 000-53644
21.1	Subsidiaries of Strategic Storage Trust, Inc., incorporated by reference to Exhibit 21.1 to Post-Effective Amendment No. 6 to the Company's Registration Statement on Form S-11, filed on October 14, 2009, Commission File No. 333-146959
23.1*	Consent of Reznick Group, P.C., Independent Registered Public Accounting Firm
23.2*	Consent of CohnReznick LLP, 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 Financial Officer, pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002
101*	The following Strategic Storage Trust, Inc. financial information for the Year Ended December 31, 2013, formatted in XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Loss (iv) Consolidated Statements of Stockholders' Equity, (v) Consolidated Statements of Cash Flows and (vi) the Notes to Consolidated Financial Statements

* Filed herewith.

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Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement on Form S-3 of Strategic Storage Trust, Inc. (File No. 333-191313) of our report dated March 29, 2012 with respect to the consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows of Strategic Storage Trust, Inc. and Subsidiaries for the year ended December 31, 2011, which report is included in this Annual Report on Form 10-K of Strategic Storage Trust, Inc. for the year ended December 31, 2013.

/s/ Reznick Group, P.C.

Baltimore, Maryland
March 31, 2014

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement on Form S-3 of Strategic Storage Trust, Inc. (File No. 333-191313) of our report dated March 31, 2014 with respect to the consolidated balance sheets of Strategic Storage Trust, Inc. and Subsidiaries as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for the years then ended, which report is included in this Annual Report on Form 10-K of Strategic Storage Trust, Inc. for the year ended December 31, 2013.

/s/ CohnReznick LLP

Los Angeles, California
March 31, 2014

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, H. Michael Schwartz, certify that:

1. I have reviewed this Annual Report on Form 10-K of Strategic Storage Trust, 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.

March 31, 2014	By: /s/ H. Michael Schwartz
Date	H. Michael Schwartz
	President, CEO and Director
	(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL 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 Strategic Storage Trust, 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.

March 31, 2014	By: /s/ Michael S. McClure
Date	Michael S. McClure
	Executive Vice President, Chief Financial Officer and Treasurer
	(Principal Financial and Accounting Officer)

Exhibit 32.1

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 Strategic Storage Trust, Inc., or the Company, in connection with the Company's Annual Report on Form 10-K for the year ended December 31, 2013 (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.

March 31, 2014	By:	/s/ H. Michael Schwartz
Date		H. Michael Schwartz
		President, CEO and Director
		(Principal Executive Officer)

Exhibit 32.2

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 Strategic Storage Trust, Inc., or the Company, in connection with the Company's Annual Report on Form 10-K for the year ended December 31, 2013 (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.

March 31, 2014
Date

By: /s/ Michael S. McClure
Michael S. McClure
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

CORPORATE INFORMATION

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Ladera Ranch, CA 92694

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Company: www.strategicstoragetrust.com
Storage Rental: www.smartstopselfstorage.com

Investor Services
TF: 866-418-5144

Independent Registered Public Accounting Firm
CohnReznick LLP
1900 Avenue of the Stars
28th Floor
Los Angeles, CA 90067

Legal Counsel
Baker, Donelson, Bearman,
Caldwell & Berkowitz, PC
Atlanta, GA

Forward Looking Statements

Strategic Storage Trust, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2013 is included in this annual report. The exhibits accompanying the report are filed with the U.S. Securities and Exchange Commission and can be accessed in the EDGAR database at the SEC's website, www.sec.gov. You may also obtain this information by visiting our website at www.strategicstoragetrust.com. We will provide these items to stockholders upon request. Requests for any such exhibits should be made to our main office.

Certain statements contained in the CEO letter and this annual report may be considered forward-looking statements. Such statements include, in particular, statements about our plans and strategies and are subject to certain risks and uncertainties, including known and unknown risks, such as those risks set forth in our annual report on Form 10-K, which could cause actual results to differ materially from those projected or anticipated. We cannot guarantee the accuracy of any such forward-looking statements and we do not intend to publicly update or revise any forward-looking statements.

THINK NATIONAL, ACT LOCAL!℠

Part of the success of SmartStop® involves becoming an integral part of communities across North America. We continue to connect and actively engage in a variety of national and local communities via team sponsorships, community outreach, donations and charities on many levels.

- SmartStop® partners with Riding on Insulin, a non-profit that operates programs for kids, teens and adults living with Type 1 diabetes, by sponsoring a daylong BMX camp for kids ages 7-17 in Chandler, Arizona.
- SmartStop® sponsors a professional cycling team who races throughout North America.
- SmartStop® has signed on as sponsors of the Mount Everest expedition planned this year by Greg Paul, a veteran adventurer and climber who will attempt to reach the top of the world after undergoing his second knee replacement.
- SmartStop® sponsors Kure It cancer research that provides funding for innovative research projects focused on kidney cancer and other under-funded cancer research. The funds raised through Kure It directly support groundbreaking research at leading cancer centers nationwide.
- SmartStop® contributed to the Bahati Foundation's Adopt-a-School Program which supports inner city youth in under-served communities through inspirational speaking engagements and cycling outreach programs. SmartStop®'s donation will help provide instruments for Crenshaw High School's band program as well as shoes and warm-up suits for The King R. Drew High School's girls' basketball teams. Both high schools are located in Los Angeles County.
- SmartStop® supports Discovery Arts, a non-profit organization that brings the healing power of the arts to more than 3,500 critically ill children with life-threatening illnesses while they are in the hospital receiving treatment.
- SmartStop® signed on and sponsored the Mississauga Steelheads, a motivated junior ice hockey team in the Ontario Hockey League, based in Mississauga, Ontario, Canada.

StrategicStorageTrust, inc

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