

STRATEGIC
STORAGE TRUST II, INC.

2017 ANNUAL REPORT

INCOME

LETTER TO OUR STOCKHOLDERS



It is my pleasure to present the Strategic Storage Trust II, Inc. annual report for 2017. We remain the only public, non-traded REIT focused on stabilized self storage properties that is expected to support sustainable stockholder distributions over the long term. 2017 was a year of stable growth for the Company, and our balance sheet provides the flexibility to pursue a variety of opportunities in the future.

Operating Results. We increased total revenue in 2017 by approximately $30.7 million, or 68%, when compared to 2016. In addition, our modified funds from operations grew by approximately $8.9 million during 2017. Our same-store operating results were strong for 2017, with revenues and net operating income growing by 10.6% and 19.4%, respectively, across the 33 same-store facilities. These results were driven by an increase in same-store average physical occupancy of approximately 3.5% and increased annualized rent per occupied square foot of approximately 6.3%. These results emphasize the quality of the assets acquired in the portfolio and our ability to drive performance through institutional management.

Closedown of Offering. We had a successful closedown of our primary share offering on January 9, 2017. We are well capitalized as a result of our equity raise, with approximately 56 million shares of common stock and $565 million of equity raised. We continue to offer up to an additional $100.9 million in shares under our distribution reinvestment plan.

Portfolio Overview. During 2017, we acquired six self storage properties, representing approximately 4,410 units and approximately 513,800 rentable square feet. As of December 31, 2017, we owned 83 self storage properties located in 14 states and the Greater Toronto Area, comprising approximately 51,300 units and approximately 6.0 million rentable square feet. We believe our portfolio is well positioned for growth, with the strong geographic clustering needed for additional economies of scale.

Balance Sheet. Our balance sheet remains strong, with approximately $397 million of debt outstanding as of December 31, 2017, equating to a leverage ratio of approximately 49%. Furthermore, we've taken efforts to reduce our exposure to increases in interest rates, with over 66% of our debt being fixed rate at a weighted average interest rate of approximately 4.4%. In addition, we've hedged a significant portion of our variable rate interest exposure with interest rate caps, bringing our effective fixed rate percentage of debt up to approximately 89%. We are confident that our balance sheet provides the protection and flexibility for the Company to grow.

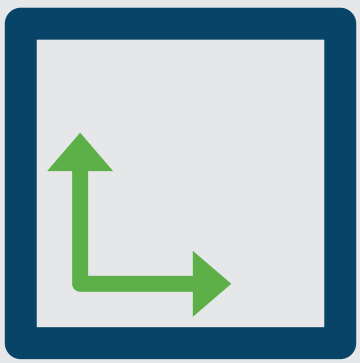
The Return of SmartStop® Self Storage. As of October 1, 2017, all of our properties have been integrated into the SmartStop® Self Storage property management platform. We are excited about the potential for SmartStop® Self Storage's institutional practices and dedicated call center to continue to drive performance and enhance economies of scale across the portfolio.

We are very pleased with our 2017 performance and same-store operating results and look forward to 2018. We continue to unlock value with our conservative debt strategies, increased presence in the Greater Toronto Area, and diversified U.S. portfolio with clustered holdings in strategic markets. We are grateful for your continued confidence in Strategic Storage Trust II, Inc., and look forward to future opportunities.

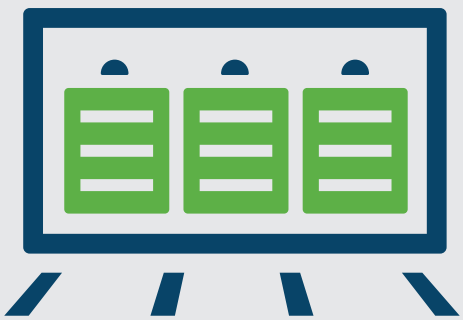
Continued successes,



H. Michael Schwartz
Chairman and CEO



6,029,600
NRSF



51,330
Units



83
Properties

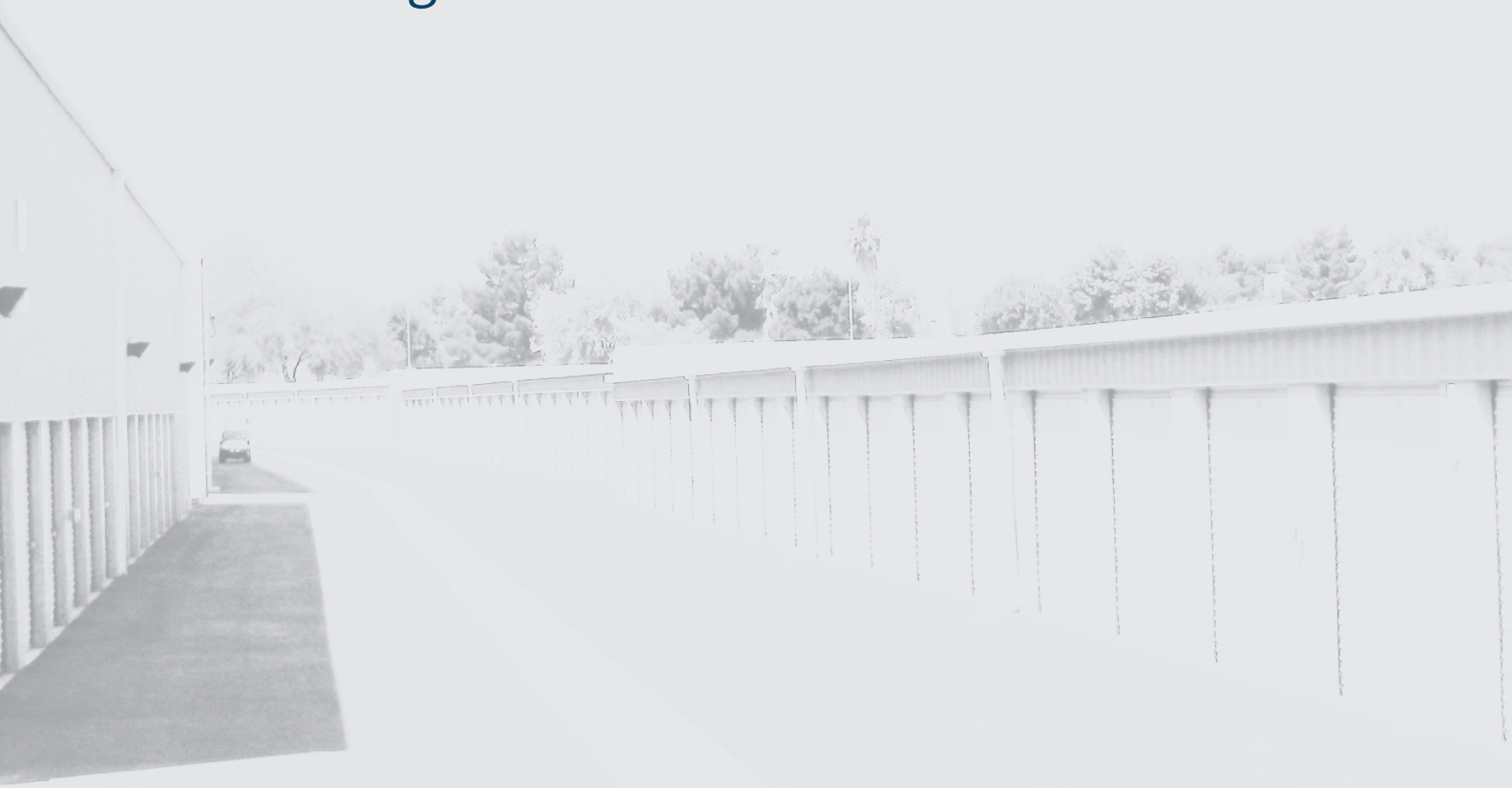


$840,000,000
Purchased

“Fastest-growing sector of the U.S. commercial real estate industry over the last 40 years”*

“65% of all self storage renters have a garage but still rent a unit; 47% have an attic in their home; and 33% have a basement”*

“Nearly 1 in 10 U.S. households currently rent a self storage unit”*



* Self Storage Association “Industry Fact Sheet” (7/15)

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, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 000-55617

Strategic Storage Trust II, Inc.

(Exact name of Registrant as specified in its charter)

Maryland	**46-1722812**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

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

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

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

Title of Each Class	**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.

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

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

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

There is currently no established public market for the registrant's shares of common stock. Based on the $10.22 offering price of the Class A shares and the Class T shares in effect on June 30, 2017, the aggregate market value of the stock held by non-affiliates of the registrant on such date was approximately $573,000,000.

As of March 23, 2018, there were 49,637,262 outstanding shares of Class A common stock and 7,399,104 outstanding shares of Class T common stock of the registrant.

Documents Incorporated by Reference:

The registrant incorporates by reference in Part III (Items 10, 11, 12, 13 and 14) of this Form 10-K portions of its Definitive Proxy Statement for the 2018 Annual Meeting of Stockholders.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

Any such forward-looking statements are subject to risks, uncertainties, and other factors and are based on a number of assumptions involving judgments with respect to, among other things, future economic, competitive, and market conditions, all of which are difficult or impossible to predict accurately. To the extent that our assumptions differ from actual results, our ability to realize the plans, strategies and prospects contemplated by such forward-looking statements, including our ability to generate positive cash flow from operations and provide distributions to stockholders, and our ability to find suitable investment properties, may be significantly hindered.

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

PART I

ITEM 1. BUSINESS

Overview

Strategic Storage Trust II, Inc., a Maryland corporation (the "Company"), was formed on January 8, 2013 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," "our," and "Company" refer to Strategic Storage Trust II, Inc. and each of our subsidiaries.

SmartStop Asset Management, LLC, a Delaware limited liability company (our "Sponsor") organized in 2013, was the sponsor of our Offering of shares of common stock, as described below. Our Sponsor is a company focused on providing real estate advisory, asset management, and property management services. Our Sponsor owns 97.5% of the economic interests (and 100% of the voting membership interests) of Strategic Storage Advisor II, LLC (our "Advisor") and owns 100% of Strategic Storage Property Management II, LLC (our "Property Manager").

On October 1, 2015, SmartStop Self Storage, Inc. ("SmartStop") and Extra Space Storage Inc. ("Extra Space"), along with subsidiaries of each of SmartStop and Extra Space, closed on a merger transaction (the "Extra Space Merger") in which SmartStop was acquired by Extra Space for $13.75 per share in cash, representing an enterprise value of approximately $1.4 billion. At the closing of the Extra Space Merger, our Sponsor was sold to an entity controlled by H. Michael Schwartz, our Chairman of the Board of Directors and Chief Executive Officer, and became our sponsor. The former executive management team of SmartStop continues to serve as the executive management team for our Sponsor. In addition, our management team at the time of the Extra Space Merger continues to serve on our management team, as well as the management team of our Advisor and Property Manager.

We have no employees. Our Advisor, a Delaware limited liability company, was formed on January 8, 2013. 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 we have with our Advisor (our "Advisory Agreement"). The officers of our Advisor, as well as a majority of the officers of our Sponsor, are also officers of us.

Our Articles of Amendment and Restatement, as amended, authorized 350,000,000 shares of Class A common stock, $0.001 par value per share (the "Class A Shares") and 350,000,000 shares of Class T common stock, $0.001 par value per share (the "Class T Shares") and 200,000,000 shares of preferred stock with a par value of $0.001. We offered a maximum of $1.0 billion in common shares for sale to the public (the "Primary Offering") and $95.0 million in common shares for sale pursuant to our distribution reinvestment plan (collectively, the "Offering").

On January 10, 2014, the Securities and Exchange Commission ("SEC") declared our registration statement effective. On May 23, 2014, we satisfied the $1.5 million minimum offering requirements of our Offering and commenced formal operations. On January 9, 2017, our Offering terminated. We sold approximately 48 million Class A Shares and approximately 7 million Class T Shares for approximately $493 million and $73 million respectively, in our Offering. On November 30, 2016, prior to the termination of our Offering, we filed with the SEC a Registration Statement on Form S-3, which registered up to an additional $100.9 million in shares under our distribution reinvestment plan (our "DRP Offering"). The DRP Offering may be terminated at any time upon 10 days' prior written notice to stockholders. As of December 31, 2017, we had sold approximately 1.4 million Class A Shares and approximately 0.2 million Class T Shares for approximately $13.9 million and $2.1 million, respectively, in our DRP Offering. As of December 31, 2017, we owned 83 self storage properties located in 14 states and Ontario, Canada (the Greater Toronto Area).

On April 13, 2017, our board of directors, upon recommendation of our Nominating and Corporate Governance Committee, approved an estimated value per share of our common stock of $10.22 for our Class A Shares and Class T Shares based on the estimated value of our assets less the estimated value of our liabilities, or net asset value, divided by the number of shares outstanding on a fully diluted basis, calculated as of December 31, 2016. See Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Market Information, for a description of the methodologies and assumptions used to determine, and the limitations of, the estimated value per share.

As a result of the calculation of our estimated value per share, beginning in May 2017, shares sold pursuant to our distribution reinvestment plan are being sold at the estimated value per share of $10.22 for both Class A Shares and Class T Shares.

Our operating partnership, Strategic Storage Operating Partnership II, L.P., a Delaware limited partnership (our "Operating Partnership"), was formed on January 9, 2013. During 2013, our Advisor purchased limited partnership interests in our Operating Partnership for $200,000 and on August 2, 2013, we contributed the initial $1,000 capital contribution we received to our Operating Partnership in exchange for the general partner interest. In conjunction with the Toronto Merger (as defined in Note 8) we issued an aggregate of approximately 483,197 Class A Units of our Operating Partnership to the common stockholders of Strategic Storage

Toronto Properties REIT, Inc. ("SS Toronto"), consisting of Strategic 1031, LLC ("Strategic 1031"), a subsidiary of our Sponsor, and SS Toronto REIT Advisors, Inc., an affiliate of our Sponsor. Our Operating Partnership owns, directly or indirectly through one or more special purpose entities, all of the self storage properties that we have acquired and the self storage properties we will acquire in the future. As of December 31, 2017, we owned approximately 99.1% of the common units of limited partnership interests of our Operating Partnership. The remaining approximately 0.9% of the common units are owned by our Advisor, Strategic 1031, and SS Toronto REIT Advisors, Inc. As the sole general partner of our Operating Partnership, we have the exclusive power to manage and conduct the business of our Operating Partnership. We conduct certain activities through our taxable REIT subsidiary, Strategic Storage TRS II, Inc., a Delaware corporation (the "TRS"), which is a wholly-owned subsidiary of our Operating Partnership.

Our Property Manager was formed on January 8, 2013 to manage our properties. 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 manager. From October 1, 2015 through September 30, 2017, our Property Manager contracted with Extra Space for Extra Space to serve as the sub-property manager for each of our properties located in the United States pursuant to separate sub-property management agreements for each property.

Effective October 1, 2017, our Property Manager terminated the sub-property management agreements with Extra Space and our Property Manager began managing all of our United States properties directly. In connection therewith, an affiliate of our Property Manager reacquired the rights to the "SmartStop® Self Storage" brand in the United States. As a result, we also began using the "SmartStop® Self Storage" brand at our United States properties effective October 1, 2017. For more information, please see Note 8 of the Notes to the Consolidated Financial Statements contained in this report.

All properties owned or acquired in Canada are managed by a subsidiary of our Sponsor and branded using the SmartStop® Self Storage brand.

Our dealer manager is Select Capital Corporation, a California corporation (our "Dealer Manager"). Our Dealer Manager was responsible for marketing our shares offered pursuant to our Primary Offering. Our Sponsor owns a 15% non-voting equity interest in our Dealer Manager. Affiliates of our Dealer Manager own a 2.5% non-voting membership interest in our Advisor.

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

Industry Summary

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

Self storage provides a convenient way for individuals and businesses to store their possessions, whether due to a life change or simply because of a need for extra storage space. According to the 2018 Self Storage Almanac, self storage facilities generally have a customer mix of approximately 77% residential, 19% commercial, 2% military and 2% students. The mix of residential customers using a self storage property is determined by a property's local demographics and often includes people who are looking to downsize their living space or who are not yet settled in a large home. The items that residential customers place in self storage properties range from 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 2018 Self Storage Almanac:

- at the end of 2017 there were 44,149 facilities with 2.31 billion square feet of rentable self storage in the U.S.;
- at the end of 2016 there were 41,879 facilities with 2.19 billion square feet of rentable self storage in the U.S.; and
- at the end of 2015 there were 41,443 facilities with 2.16 billion square feet of rentable self storage in the U.S.

According to the 2018 Self Storage Almanac, the top 10 self storage companies own approximately 19.2% of the total self storage facilities. The market share of the top 100 self storage companies is approximately 26.0%.

According to the Self Storage Association's Self Storage Industry Fact Sheet (July 2015), the self storage industry has been one of the fastest-growing sectors of the United States commercial real estate industry over the period of the last 40 years. Additionally, in the 30 year period between 1984 and 2014, self storage facilities in the U.S. increased from 6,601 facilities at year-end 1984 to 48,500 facilities at year-end 2014 with rentable square footage increasing from 289.7 million square feet at year-end 1984 to 2.5 billion square feet at year-end 2014.

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.

Self storage operators have placed increased emphasis on offering ancillary products that provide incremental revenues. Moving and packing supplies, such as locks and boxes, and the offering of other services, such as tenant insurance and truck rentals, help to increase revenues. As more sophisticated self storage operators continue to develop innovative products and services such as online rentals, 24-hour accessibility, 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 latest data from the U.S. Census Bureau, "baby boomers" make up nearly 23% of the U.S. population. These "baby boomers" are retired or heading towards retirement age and have accumulated possessions which they wish to retain. As the "baby boomers" retire 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, own, operate and manage self storage facilities. Our self storage facilities offer inexpensive, easily accessible, enclosed storage units or parking spaces to residential and commercial users on a month-to-month basis. Most of our facilities are fenced with computerized gates and 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 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 are generally constructed of masonry or steel walls resting on concrete slabs and have standing seam metal, shingle, or tar and gravel roofs. Customers typically have access to their storage units from 6:00 AM – 10:00 PM, 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.

As an operating business, self storage requires a much greater focus on strategic planning and tactical operation plans. As we have grown our portfolio of self storage facilities, we have been able to consolidate and streamline a number of aspects of our operations through economies of scale. For example, our size and geographic diversification, as well as institution of a blanket property and casualty insurance program over all properties managed by our Property Manager nationwide, reduces our total insurance costs per property. As we acquired facilities, increased diversification further mitigates against risk and reduces the cost of insurance per property. To the extent we acquired facilities in clusters within geographic regions, we see property management efficiencies resulting in reduction of personnel and other administrative costs.

Investment Objectives

Overview

We have invested and will continue to invest a substantial amount of the net proceeds of the Offering and cash from operations in self storage facilities and related self storage real estate investments. We may also use such amounts to pay down debt or make distributions. We may use an unlimited amount from any source to pay our distributions. 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.

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;
- achieve appreciation in the value of our properties over the long term; and
- grow net cash flow from operations in order to provide sustainable cash distributions to our stockholders over the long-term.

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

Liquidity Events

Subject to then-existing 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 to five years after completion of our Primary Offering:

- 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;
- list our shares on a national securities exchange; 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 charter does not require us to pursue a liquidity transaction at any time. Our board of directors has the sole discretion to continue operations beyond five years after completion of the Offering 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 was paid for shares in our Offering. At the time it becomes necessary for our board of directors to determine which liquidity event, if any, is in our best interest and the best interests of our stockholders, we expect that the board will take all relevant factors at that time into consideration when making a liquidity event decision. 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 payable to our Advisor.

Our Self Storage Acquisition Strategy

We focus on investing in a portfolio of income-producing self storage facilities and related self storage real estate investments that are expected to support sustainable stockholder distributions over the long term. In order to implement our investment strategy, we focus on income-producing self storage facilities located in primary and secondary markets. Many of these facilities have stabilized occupancy rates greater than 75%, but have the opportunity for higher economic occupancy due to the property management capabilities of our Property Manager.

We may make investments in mortgage loans secured by self storage facilities, including but not limited to, senior, mezzanine, or subordinated loans. We may also invest in self storage facilities internationally.

Self Storage Focus

"Self storage" refers to properties that offer do-it-yourself, month-to-month storage unit rental for personal or business use. The self storage industry is highly fragmented, comprised mainly of local operators and a few national owners and operators, including, we believe, only seven publicly traded self storage REITs. As a result of the track record of our Sponsor and its affiliates in investing in self storage facilities, our experienced management team and the fragmented nature of the self storage industry, we believe there is a significant opportunity for us to achieve market penetration in our markets.

We focus on pursuing investments in self storage facilities and related self storage real estate investments 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 described below under "General Acquisition and Investment Policies." We also 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. 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 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 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 our 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.

Our Advisor has substantial discretion with respect to the selection of specific properties. However, each acquisition is 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 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 impediments, if any, to obtaining 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. The number and mix of properties will depend upon real estate market conditions and other circumstances existing at the time of acquisition, such as our cash from operations or our ability to obtain financing. 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 low leverage (less than 50% loan to purchase price) to make our investments, at certain times, our debt leverage levels may be temporarily higher. Our board of directors will regularly monitor our investment pipeline in relation to our projected fundraising efforts and otherwise evaluate market conditions related to our debt leverage ratios.

We may incur 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 a separate loan for certain acquisitions. 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 redemptions 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 funds 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 will 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 10 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.

Conditions to Closing Acquisitions

Generally, we will not purchase any property unless and until we obtain at least a Phase I environmental assessment and environmental history for each property purchased 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 investment on the delivery and verification of certain documents from the seller or other independent professionals, including, but not limited to, where appropriate:

- appraisals, property surveys and site audits;
- 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

We may acquire some of our properties in joint ventures, some of which may be entered into with affiliates of our Advisor, including Strategic Storage Growth Trust, Inc. ("SSGT"), a public, non-traded REIT focused on opportunistic self storage properties, and Strategic Storage Trust IV, Inc. ("SST IV"), a public non-traded REIT focused on income-producing and growth self storage properties. 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 report.

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

Government Regulations

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

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 distributions to our stockholders could be adversely affected.

Environmental Matters

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

Other Regulations

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

Disposition Policies

As of December 31, 2017, 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). Pursuant to the NASAA REIT Guidelines 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 has no effect on our ability to implement our share redemption program.
- 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.

Investment Allocation Policy

In the event that an investment opportunity becomes available, our Sponsor will allocate such investment opportunity to us, SSGT or SST IV based on the following factors:

- the investment objectives of each program;
- the amount of funds available to each program;
- the financial and investment characteristics of each program, including investment size, potential leverage, transaction structure and anticipated cash flows;
- the strategic location of the investment in relationship to existing properties owned by each program;
- the effect of the investment on the diversification of each program's investments; and
- the impact of the financial metrics of the investment, such as revenue per square foot, on each program.

If, after consideration and analysis of these factors, the investment opportunity is suitable for us, SSGT or SST IV, then:

- we will have priority for large portfolios of stabilized properties with an aggregate purchase price in excess of $150 million;
- SSGT will have priority for growth properties until it has aggregate assets (based on contract purchase price) of $250 million of more; and
- SST IV will have priority for all stabilized properties and portfolios with aggregate purchase prices less than $150 million and growth properties once SSGT has aggregate assets (based on contract purchase price) of $250 million;

In the event all acquisition allocation factors have been exhausted and an investment opportunity remains suitable for two or more of us, SSGT or SST IV, then our Sponsor will offer the investment opportunity to the program that has had the longest period of time elapse since it was offered an investment opportunity. It will be the duty of our board of directors, including the independent directors, to ensure that this method is applied fairly to us.

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 therefor 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 Mortgage Loans

As of December 31, 2017, 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.

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 attempts 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. We have no present intention of repurchasing any of our common shares except pursuant to our share redemption program, and we would only take such action in conformity with applicable federal and state laws and the requirements for qualifying as a REIT under the Internal Revenue Code of 1986, as amended (the "Code").

Employees

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

Competition

The extent of competition in a 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 will 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 have internally evaluated all of our properties and interests therein as one industry segment and, accordingly, we do not report segment information.

Geographic Information

As of December 31, 2017, we owned 83 self storage facilities located in 14 states (Alabama, California, Colorado, Florida, Illinois, Indiana, Maryland, Michigan, New Jersey, Nevada, North Carolina, Ohio, South Carolina, and Washington) and Ontario, Canada (the Greater Toronto Area) comprising approximately 51,330 units and approximately 6.0 million rentable square feet.

ITEM 1A. RISK FACTORS

Below are risks and uncertainties that could adversely affect our operations that we believe are material to stockholders. Additional risks and uncertainties not presently known to us or that we do not consider material based on the information currently available to us may also harm our business.

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

We have incurred a net loss to date and have an accumulated deficit.

We incurred a net loss of approximately $14.9 million for the fiscal year ended December 31, 2017. Our accumulated deficit was approximately $58.6 million as of December 31, 2017.

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

In the event we do not have enough cash from operations to fund our distributions, we may borrow, issue additional securities, or sell assets in order to fund the distributions or make the distributions out of proceeds from our DRP. We are not prohibited from undertaking such activities by our charter, bylaws or investment policies, and we may use an unlimited amount from any source to pay our distributions. For the years ended December 31, 2014, 2015, and 2016, we funded 100% of our distributions using proceeds from our Offering. For the year ended December 31, 2017, we funded 59% of our distributions using cash flow from operations and 41% using proceeds from our DRP Offering. If we fund distributions from financings, then such financings will need to be repaid, and if we fund distributions from offering proceeds, then we will have fewer funds available for the acquisition of properties, which may affect our ability to generate future cash flows from operations and may reduce our stockholders' overall returns. Additionally, to the extent distributions exceed cash flow from operations, a stockholder's basis in our stock may be reduced and, to the extent distributions exceed a stockholder's basis, the stockholder may recognize a capital gain.

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

There is currently no public market for our shares and there may never be one. Stockholders may not sell their shares unless the buyer meets applicable suitability and minimum purchase standards. Our charter also prohibits the ownership by any one individual of more than 9.8% of our stock, unless waived by our board of directors, which may inhibit large investors from desiring to purchase our stockholders' shares. Moreover, our share redemption program includes numerous restrictions that would limit our stockholders' ability to sell their shares to us. Our board of directors could choose to amend, suspend or terminate our share redemption program upon 30 days' notice. Therefore, it may be difficult for our stockholders to sell their shares promptly or at all. If our stockholders are able to sell their shares, they will likely have to sell them at a substantial discount to the price they paid for the shares. It also is likely that the shares would not be accepted as the primary collateral for a loan. Our stockholders should purchase the shares only as a long-term investment because of the illiquid nature of
the shares.

Our stockholders may be unable to sell their shares because their ability to have their shares redeemed pursuant to our share redemption program is subject to significant restrictions and limitations and if our stockholders are able to sell their shares under the program, our stockholders may not be able to recover the amount of their investment in our shares.

Even though our share redemption program may provide our stockholders with a limited opportunity to sell their shares to us after they have held them for a period of one year, our stockholders should be fully aware that our share redemption program contains significant restrictions and limitations. Further, our board of directors may limit, suspend, terminate or amend any provision of the share redemption program upon 30 days' notice. Redemption of shares, when requested, will generally be made quarterly. During any calendar year, we will not redeem in excess of 5% of the weighted average number of shares outstanding during the prior calendar year and redemptions will be funded solely from proceeds from our distribution reinvestment plan. Therefore, in making a decision to purchase our shares, our stockholders should not assume that they will be able to sell any of their shares back to us pursuant to our share redemption program at any time or at all.

The purchase price for shares we repurchase under our share redemption program will depend on the length of time our stockholders have held such shares. The purchase price will be as follows: 90.0% of the redemption amount, as defined, after one year from the purchase date; 95.0% of the redemption amount after three years from the purchase date; and 100% of the redemption amount after four years from the purchase date. While we are offering shares, the redemption amount equals the amount the stockholder paid for the shares, until the offering price of such shares changes (as described in our share redemption program). Accordingly, our stockholders may receive less by selling their shares back to us than they would receive if our investments were sold for their estimated values and such proceeds were distributed in our liquidation.

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

On April 13, 2017, our board of directors approved an estimated value per share for our Class A shares and Class T shares of $10.22. Our board of directors approved this estimated value per share pursuant to rules promulgated by FINRA, which require us to disclose an estimated per share value of our shares based on a valuation no later than 150 days following the second anniversary of the date on which we broke escrow in our Offering. When determining the estimated value per share there are currently no SEC, federal and state rules that establish requirements specifying the methodology to employ in determining an estimated value per share; provided, however, that the determination of the estimated value per share must be conducted by, or with the material assistance or confirmation of, a third-party valuation expert or service and must be derived from a methodology that conforms to standard industry practice.

We intend to use this estimated per share value of our shares until the next net asset valuation approved by our board of directors, which we are required to approve at least annually. We may not calculate the net asset value per share for our shares more than annually. Therefore, you may not be able to determine the net asset value of your shares on an ongoing basis.

In determining our estimated value per share, we primarily relied upon a valuation of our portfolio of properties as of December 31, 2016. Valuations and appraisals of our properties are estimates of fair value and may not necessarily correspond to realizable value upon the sale of such properties; therefore our estimated net asset value per share may not reflect the amount that would be realized upon a sale of each of our properties.

For the purposes of calculating the estimated value per share, an independent third party appraiser valued our properties as of December 31, 2016. 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. Because the price you will pay for shares in this offering is primarily based on the estimated net asset value per share, you may pay more than realizable value when you purchase your shares or receive less than realizable value for your investment when you sell your shares.

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 investors and cash available from our operations. The amount of cash available for distribution will be affected by many factors, such as the yields on securities of other real estate programs that we invest in and our operating expense levels, as well as many other variables. Actual cash available for distribution may vary substantially from estimates. We cannot assure our stockholders that we will be able to pay or maintain distributions or that distributions will increase over time, nor can we give any assurance that rents from the properties will increase, that the securities we buy will increase in value or provide constant or increased distributions over time, or that future acquisitions of real properties will increase our cash available for

distribution to stockholders. Our actual results may differ significantly from the assumptions used by our board of directors in establishing the distribution rate to stockholders.

If our Sponsor, Advisor or Property Manager loses or is unable to retain its executive officers, 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' investment.

Our success depends to a significant degree upon the contributions of our executive officers and the executive officers of our Advisor and Property Manager, including H. Michael Schwartz, Paula Mathews, Michael S. McClure, Matt F. Lopez, Wayne Johnson, James Berg, and Ken Morrison, each of whom would be difficult to replace. Neither our Advisor nor our Property Manager, as applicable, has 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 or our Property Manager. If any of these executive officers were to cease their affiliation with our Sponsor, our Advisor or our Property Manager, our operating results could suffer. If our Sponsor, our Advisor or our Property Manager loses or is unable to retain its executive officers or does not establish or maintain appropriate strategic relationships, our ability to implement our investment strategies could be delayed or hindered, which could adversely affect our ability to make distributions and the value of our stockholders' investment.

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

We are an "emerging growth company" under the federal securities laws and will be subject to reduced public company reporting requirements.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act, or the JOBS Act, and are eligible to take advantage of certain exemptions from, or reduced disclosure obligations relating to, various reporting requirements that are normally applicable to public companies.

We could remain an "emerging growth company" for up to five years, or until the earliest of (1) the last day of the first fiscal year in which we have total annual gross revenue of $1.07 billion or more, (2) December 31 of the fiscal year that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act (which would occur if the market value of our common stock held by non-affiliates exceeds $700 million, measured as of the last business day of our most recently completed second fiscal quarter, and we have been publicly reporting for at least 12 months) or (3) the date on which we have issued more than $1 billion in non-convertible debt during the preceding three-year period. Under the JOBS Act, emerging growth companies are not required to (1) provide an auditor's attestation report on management's assessment of the effectiveness of internal control over financial reporting, pursuant to Section 404 of the Sarbanes-Oxley Act, (2) comply with new audit rules adopted by the PCAOB after April 5, 2012 (unless the SEC determines otherwise), (3) provide certain disclosures relating to executive compensation generally required for larger public companies or (4) hold shareholder advisory votes on executive compensation. If we take advantage of any of these exemptions, we do not know if some investors will find our common stock less attractive as a result.

Additionally, the JOBS Act provides that an "emerging growth company" may take advantage of an extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies. This means an "emerging growth company" can delay adopting certain accounting standards until such standards are otherwise applicable to private companies. However, we are electing to "opt out" of such extended transition period, and will therefore comply with new or revised accounting standards on the applicable dates on which the adoption of such standards are required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of such extended transition period for compliance with new or revised accounting standards is irrevocable.

We may make loans to fund the development or purchase of income-producing 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' investment.

We will use our cash from operations primarily to purchase income-producing 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. However, from time to time, we may

make loans 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 board of 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 self storage facilities, 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 SSGT, and SST IV 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 two 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 two of our directors are also officers of our Advisor, our Property Manager, and other affiliated entities, including our Sponsor, SSGT, and SST IV. 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 (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, including conflicts with SSGT and SST IV 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 SSGT, a public non-traded REIT sponsored by our Sponsor with assets of approximately $240 million as of December 31, 2017, and SST IV, a public non-traded REIT sponsored by our Sponsor that registered its initial public offering on March 17, 2017 and, as of December 31, 2017, had sold approximately $35.1 million in shares of its Class A, T and W common stock in connection with its public offering and a total of approximately $7.5 million in connection with a private offering. Our Advisor and its affiliates are actively involved in five other real estate programs (two of which invest in 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 and the Sponsor's investment allocation policy may not mitigate these risks. 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 or its affiliates. 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 the value of their investment. 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 manner described herein, we may not meet our investment objectives, which could reduce our expected cash available for distribution to stockholders and the value of their investment.

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

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

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

Our Advisor will face conflicts of interest relating to the incentive fee 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 requires us to pay a performance-based termination 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. 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 termination 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.

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 or its affiliates 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 exceeds the percentage of our investment in the joint venture, and this could reduce the returns on investment.

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

Nelson Mullins Riley & Scarborough LLP (Nelson Mullins) acts as legal counsel to us and also represents 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, Nelson Mullins may be precluded from representing any one or all of such parties. If any situation arises in which our interests appear to be in conflict with those of our 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, Nelson Mullins may inadvertently act in derogation of the interest of the parties, which could affect our ability to meet our investment objectives.

Risks Related to Our Corporate Structure

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

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

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

Our charter permits our board of directors to issue up to 900,000,000 shares of capital stock. In addition, our board of directors, without any action by our stockholders, may amend our charter from time to time to increase or decrease the aggregate number of shares or the number of shares of any class or series of stock that we have authority to issue. Our board of directors may classify or reclassify any unissued common stock or preferred stock and establish the preferences, conversion or other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms or conditions of redemption of any such stock. Thus, our board of directors could authorize the issuance of preferred stock with terms and conditions that 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 charter contains 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 charter would provide the same measure of protection as the business combinations statute and prevent an undesired change of control by an interested stockholder.

Our 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 lose our exemption from registration under the 1940 Act, 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). We intend that 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. If we are unable to invest a significant portion of the proceeds of our Offering in properties within applicable time periods, 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 have limited control over changes in our policies and operations.

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, 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 terms and conditions of redemption of such shares, provided however, that any such amendment does not adversely affect the rights, preferences and privileges of the stockholders;
- our liquidation or dissolution; and
- any merger, consolidation or sale or other disposition of substantially all of our assets.

The board of directors must declare advisable any amendment to the charter or any merger, consolidation, transfer of assets, or share exchange, prior to such amendment or transaction, under the Maryland General Corporation Law. 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 and its affiliates in some cases which would decrease the cash otherwise available for distribution to our stockholders.

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

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

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

Our stockholders will not have preemptive rights to any shares issued by us in the future. Subject to any limitations set forth under Maryland law, our board of directors may increase the number of authorized shares of stock (currently 900,000,000 shares), increase or decrease the number of shares of any class or series of stock designated, or reclassify any unissued shares without the necessity of obtaining stockholder approval. All such shares may be issued in the discretion of our board of directors. Therefore, as we (1) sell additional shares in the future, including those issued pursuant to our distribution reinvestment plan, or sell additional shares in the future (2) sell securities that are convertible into shares of our common stock, (3) issue shares of our common stock in a private offering of securities, (4) issue restricted shares of our common stock 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, our stockholders may experience substantial dilution in their percentage ownership of our shares.

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

Our Advisor and its affiliates perform services for us in connection with the selection and acquisition of our investments and the management of our properties. They are paid substantial fees for these services, which reduces the amount of cash available for investment in properties or distribution to stockholders. As additional compensation for having sold Class T shares in the Offering and for ongoing stockholder services, we pay our dealer manager a stockholder servicing fee. The amount available for distributions on all Class T shares will be reduced by the amount of stockholder servicing fees payable to our dealer manager with respect to the Class T shares issued in the Primary Offering. Payment of these fees to our Advisor and its affiliates will reduce cash available for investment and distribution.

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

The gross proceeds of the Offering will be used to purchase real estate investments and to pay various 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 additional sources of capital for future funding, and such sources of funding may not be available to us on favorable terms or at all. If we do not have access to sufficient funding in the future, we may not be able to make necessary capital improvements to our properties, pay other expenses or expand our business.

Our Advisor may receive economic benefits from its status as a special limited partner without bearing any of the investment risk.

Our Advisor is a special limited partner in our Operating Partnership. As the special limited partner, our Advisor is entitled to receive, among other distributions, an incentive distribution of net proceeds from the sale of properties after we have received and paid to our stockholders a specified threshold return. We will bear all of the risk associated with the properties but, as a result of the incentive distributions to our Advisor, we may not be entitled to all of the Operating Partnership's proceeds from a property sale and certain other events.

Risks Related to the Self Storage Industry

Because we are focused on the self storage industry, our rental revenues will be significantly influenced by demand for self storage space generally, and a decrease in such demand would likely have a greater adverse effect on our rental revenues than if we owned a more diversified real estate portfolio.

Because our portfolio of properties consists primarily of self storage facilities, we are subject to risks inherent in investments in a single industry. A decrease in the demand for self storage space would likely have a greater adverse effect on our rental revenues than if we owned a more diversified real estate portfolio. Demand for self storage space has been and could be adversely affected by weakness in the national, regional and local economies and changes in supply of or demand for similar or competing self storage facilities in an area. To the extent that any of these conditions occur, they are likely to affect demand, and market rents, for self storage space, which could cause a decrease in our rental revenue. Any such decrease could impair our ability to 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 face significant competition in the self storage industry, which may increase the cost of acquisitions or developments or impede our ability to retain customers or re-let space when existing customers vacate.

We face intense competition in every market in which we purchase self storage facilities. We compete with numerous national, regional, and local developers, owners and operators in the self storage industry, including SSGT and SST IV, and 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 relatively 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. In addition, competition for suitable investments may reduce the number of suitable investment opportunities available to us, may increase acquisition costs and may reduce demand for self storage units in certain areas where our facilities are located, all of which may adversely affect our operating results. Additionally, an economic slowdown in a particular market could have a negative effect on our self storage revenues.

If competitors build new facilities that compete with our facilities or offer space at rental rates below the rental rates we charge our customers, we may lose potential or existing customers and we may be pressured to discount our rental rates to retain customers. As a result, our rental revenues may become insufficient to 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.

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 higher rental concessions upon re-letting could adversely affect our rental revenues and impede our growth.

We depend on the on-site personnel to maximize customer satisfaction at each of our facilities, and any difficulties our Property Manager encounters 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 our Property Manager is 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.

We may acquire properties that require repositioning or redeveloping such properties with the goal of increasing cash flow, value or both. Construction delays to new or existing self storage properties due to weather, unforeseen site conditions, personnel problems, and other factors could delay our anticipated customer occupancy plan which could adversely affect our profitability and

cash flow. Furthermore, our estimate of the costs of repositioning or redeveloping an acquired property may prove to be inaccurate, which may result in our failure to meet our profitability goals. Additionally, we may acquire a new property that has a relatively low physical occupancy, and the cash flow from existing operations may be insufficient to pay the operating expenses associated with that property until the property is adequately leased. If one or more of these properties do not perform as expected or we are unable to successfully integrate new properties into our existing operations, our financial performance and our ability to make distributions may be adversely affected.

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

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

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

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

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

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

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

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

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

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

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 future acquisitions.

Any properties that we buy in the future will be subject to operating risks common to real estate in general, any or all of which may negatively affect us. If any property is not fully occupied or if rents are being paid in an amount that is insufficient to cover operating expenses, we could be required to expend funds for that property's operating expenses. Our properties will be subject to increases in tax rates, utility costs, operating expenses, insurance costs, repairs and maintenance and administrative expenses.

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

Adverse economic conditions will negatively affect our returns and profitability.

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

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

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

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

Historically, we have relied on our sub-property manager to operate our self storage facilities in the United States, but we now operate all our self storage facilities through our Property Manager. Accordingly, we are subject to additional risks, such as inability to achieve similar results as our prior sub-property manager, as well as other risks inherent in managing the facilities.

Historically, our Property Manager has entered into sub-property management agreements with an affiliate of Extra Space to manage our self storage facilities located in the United States. As of October 1, 2017, our arrangement with Extra Space was terminated and our Property Manager began managing all of our properties directly. Please see Note 8 — Related Party Transactions – Property Management Agreement. There can be no assurances that our Property Manager will manage our properties as effectively as Extra Space. Accordingly, our operating results may suffer, which could have a material adverse effect on our financial condition, as well as our ability to pay distributions to stockholders.

Our tenant insurance business is subject to significant governmental regulation, which may adversely affect our results.

Our tenant insurance business is subject to significant governmental regulation. The regulatory authorities generally have broad discretion to grant, renew and revoke licenses and approvals, to promulgate, interpret and implement regulations, and to evaluate compliance with regulations through periodic examinations, audits and investigations of the affairs of insurance providers. As a result of regulatory or private action in any jurisdiction, we may be temporarily or permanently suspended from continuing some or all of our tenant insurance activities, or otherwise fined or penalized or suffer an adverse judgment, which could adversely affect our business and results of operations.

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

Material losses may occur in excess of insurance proceeds with respect to any property, as insurance may not be sufficient to fund the losses. However, there are types of losses, generally of a catastrophic nature, such as losses due to wars, acts of terrorism, earthquakes, floods, fires, hurricanes, pollution or environmental matters, which are either uninsurable or not economically insurable, or may be insured subject to limitations such as large deductibles or co-payments. Insurance risks associated with potential terrorist

acts could sharply increase the premiums we pay for coverage against property and casualty claims. Additionally, mortgage lenders in some cases 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. 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 liability on customers, owners or operators for the costs to investigate or remediate contaminated properties, regardless of fault or whether the acts causing the contamination were legal. This liability could be substantial. In addition, the presence of hazardous substances, or the failure to properly remediate these substances, may adversely affect our ability to sell or rent a property, or to pledge such property as collateral for future borrowings.

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

We cannot assure our stockholders that the independent third party environmental assessments we obtain prior to acquiring any properties we purchase will reveal all environmental liabilities or that a prior owner of a property did not create a material environmental condition not known to us. We cannot predict what other environmental legislation or regulations will be enacted in the future, how existing or future laws or regulations will be administered or interpreted, or what environmental conditions may be found to exist in the future. We cannot assure our stockholders that our business, assets, results of operations, liquidity or financial condition will not be adversely affected by these laws, which may adversely affect cash available for distribution, and the amount of distributions to our stockholders.

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 the properties we acquire will be subject to real property taxes. Some local real property tax assessors may seek to reassess some of our properties as a result of our acquisition of the property. From time to time, our property taxes may increase as property values or assessment rates change or for other reasons deemed relevant by the assessors. 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.

We will be subject to additional risks if we continue to make international investments.

We have acquired, and may continue to acquire, properties located outside the United States, and we may make or purchase loans or participations in loans secured by property located outside the United States. These investments may be affected by factors peculiar to the laws and business practices of the jurisdictions in which the properties are located. These laws and business practices may expose us to risks that are different from and in addition to those commonly found in the United States. Foreign investments pose the following risks:

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

- the willingness of domestic or foreign lenders to make loans in certain countries and changes in the availability, cost and terms of loan funds resulting from varying national economic policies;
- general political and economic instability in certain regions;
- the potential difficulty of enforcing obligations in other countries; and
- the limited experience and expertise in foreign countries of our Advisor's and its affiliates' employees relative to their experience and expertise in the United States.

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

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

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

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

We have purchased and may continue to purchase properties in Canada. As a result, our financial results may be adversely affected by fluctuations in the Canadian Dollar/USD exchange rate. We cannot predict with any certainty changes in foreign currency exchange rates or our ability to mitigate these risks. Several factors may affect the Canadian Dollar/USD exchange rate, including:

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

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

We are subject to additional risks due to the location of any of our properties in Canada.

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

- the burden of complying with both Canadian and United States' laws;
- changing governmental rules and policies, including changes in land use and zoning laws, more stringent environmental laws or changes in such laws;

- existing or new Canadian laws relating to the foreign ownership of real property or loans and laws restricting the ability of Canadian persons or companies to remove profits earned from activities within the country to the person's or company's country of origin;
- the potential for expropriation;
- imposition of adverse or confiscatory taxes;
- changes in real estate and other tax rates or laws and changes in other operating expenses in Canada;
- possible challenges to the anticipated tax treatment of our revenue and our properties;
- adverse market conditions caused by terrorism, civil unrest and changes in national or local governmental or economic conditions; and
- our limited experience and expertise in foreign countries relative to our experience and expertise in the United States.

Risks Associated with Debt Financing

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

Our charter generally limits us to incurring debt no greater than 300% of our net assets before deducting depreciation or other non-cash reserves (equivalent to 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 incur, mortgage indebtedness and other borrowings, which may increase our business risks.

We have placed, and intend to continue to place, permanent financing on our properties and we may obtain additional credit facilities or other similar financing arrangements in order to acquire additional properties. We may also decide to later further leverage our properties. We may incur mortgage debt and pledge all or some of our real properties as security for that debt to obtain funds to acquire real properties. 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.

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

On December 22, 2015, we entered into an amended and restated revolving credit facility (the "Amended KeyBank Credit Facility") with KeyBank with a maximum borrowing capacity of $105 million, which as of December 31, 2017 had increased to $145 million. The Amended KeyBank Credit Facility may be increased to a maximum credit facility size of $500 million, in minimum increments of $10 million, which KeyBank will arrange on a best efforts basis. The Amended KeyBank Credit Facility is secured by cross-collateralized first mortgage liens or first lien deeds of trust on 21 of our current properties. The loan imposes a number of financial covenant requirements on us. If we should breach certain of those financial covenant requirements or otherwise default on this Amended KeyBank Credit Facility, KeyBank could accelerate our repayment dates. If we do not have sufficient cash to repay these loans at the time of a default, KeyBank could foreclose on the properties securing such loans. Such foreclosure could result in a material loss for us and would adversely affect the value of our stockholders' investment in us.

We have incurred, and intend 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 refinance 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 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 may contain covenants that limit our ability to further mortgage the property, discontinue insurance coverage or replace our Advisor. These or other limitations may adversely affect our flexibility and limit our ability to make distributions to our stockholders. If the limits set forth in these covenants prevent us from satisfying our distribution requirements, we could fail to qualify for federal income tax purposes as a REIT. If the limits set forth in these covenants do not jeopardize our qualification for taxation as a REIT, but prevent us from distributing 100% of our REIT taxable income, we will be subject to U.S. federal income tax, and potentially a nondeductible excise tax, on the retained amounts.

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

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

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

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

Federal Income Tax Risks

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

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

If we fail to qualify as a REIT for any taxable year, we will be subject to federal income tax on our taxable income at 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.

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

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

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

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

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

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

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

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

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

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

Any net taxable income earned directly by our taxable REIT subsidiaries, or through entities that are disregarded for federal income tax purposes as entities separate from our taxable REIT subsidiaries, will be subject to federal and possibly state corporate income tax. We have elected to treat Strategic Storage TRS II, Inc., as a taxable REIT subsidiary, and we may elect to treat other

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

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

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

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

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

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

Legislative or regulatory action could adversely affect investors.

Individuals with incomes below certain thresholds are subject to federal income taxation on qualified dividends at a maximum rate of 15%. For those with income above such thresholds, the qualified dividend rate is 20%. These tax rates are generally not applicable to distributions paid by a REIT, unless such distributions represent earnings on which the REIT itself has been taxed. As a result, distributions (other than capital gain distributions) we pay to individual investors generally will be subject to the tax rates that are otherwise applicable to ordinary income for federal income tax purposes, subject to a 20% deduction for REIT dividends available as set forth in "An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018" (the "2017 Tax Act"). Our stockholders are urged to consult with their 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 10% of the value of our outstanding common stock.

ERISA Risks

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

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

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

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of December 31, 2017, we owned 83 self storage properties located in 14 states (Alabama, California, Colorado, Florida, Illinois, Indiana, Maryland, Michigan, New Jersey, Nevada, North Carolina, Ohio, South Carolina, and Washington) and Ontario, Canada (the Greater Toronto Area) comprising of approximately 51,330 units and approximately 6.0 million rentable square feet.

As of December 31, 2017, we owned the following 83 self storage properties and two parcels of land:

Property	Acquisition Date	Allocated Purchase Price	Year Built	Approx. Units[1]	Approx. Sq. Ft. (net)[2]	% of Total Rentable Sq. Ft.	Physical Occupancy %[3]
Morrisville - NC	11/3/2014	$ 2,442,000	2004	320	36,900	0.6%	86%
Cary - NC	11/3/2014	4,398,500	1998/2005/2006	310	62,100	1.0%	86%
Raleigh - NC	11/3/2014	3,763,500	1999	440	60,600	1.0%	91%
Myrtle Beach I - SC	11/3/2014	6,052,000	1998/2005-2007	760	100,100	1.6%	94%
Myrtle Beach II - SC	11/3/2014	5,444,000	1999/2006	660	94,500	1.6%	91%
La Verne - CA	1/23/2015	4,166,875	1986	520	49,800	0.8%	94%
Chico - CA	1/23/2015	1,826,875	1984	360	38,800	0.6%	95%
Riverside - CA	1/23/2015	2,806,875	1985	570	61,000	1.0%	98%
Fairfield - CA	1/23/2015	3,926,875	1984	440	41,000	0.7%	92%
Littleton - CO	1/23/2015	4,346,875	1985	400	45,800	0.8%	85%
Crestwood - IL	1/23/2015	2,486,875	1987	460	49,300	0.8%	85%
Forestville - MD	1/23/2015	6,696,875	1988	530	55,200	0.9%	95%
Upland - CA	1/29/2015	6,276,875	1979	610	56,500	0.9%	93%
Lancaster - CA	1/29/2015	1,806,875	1980	700	64,700	1.1%	97%
Santa Rosa - CA	1/29/2015	10,466,875	1979-1981	1,150	116,400	1.9%	91%
Vallejo - CA	1/29/2015	5,286,875	1981	510	54,400	0.9%	89%
Federal Heights - CO	1/29/2015	4,746,875	1983	450	40,600	0.7%	89%
Santa Ana - CA	2/5/2015	9,276,875	1978	840	84,500	1.4%	94%
La Habra - CA	2/5/2015	4,606,875	1981	420	51,400	0.9%	87%
Monterey Park - CA	2/5/2015	4,426,875	1987	390	31,200	0.5%	97%
Huntington Beach - CA	2/5/2015	10,876,875	1986	610	61,000	1.0%	90%
Lompoc - CA	2/5/2015	4,036,875	1982	430	46,500	0.8%	92%
Aurora - CO	2/5/2015	7,336,875	1984	890	87,400	1.4%	84%
Everett - WA	2/5/2015	5,196,875	1986	490	48,100	0.8%	91%
Whittier - CA	2/19/2015	5,916,875	1989	510	58,600	1.0%	93%
Bloomingdale - IL	2/19/2015	4,996,874	1987	570	58,200	1.0%	88%
Warren I - MI	5/8/2015	3,436,875	1996	500	63,100	1.0%	89%
Warren II - MI	5/8/2015	3,636,875	1987	490	52,100	0.9%	92%
Troy - MI	5/8/2015	4,816,875	1988	730	82,200	1.4%	94%
Sterling Heights - MI	5/21/2015	3,856,875	1977	460	63,600	1.1%	87%
Beverly - NJ	5/28/2015	2,176,875	1988	460	51,000	0.8%	97%
Foley - AL	9/11/2015	7,965,000	1985/1996/2006	1,080	159,000	2.6%	89%
Tampa - FL	11/3/2015	3,162,500	1985	510	50,100	0.8%	89%
Boynton Beach – FL	1/7/2016	17,900,000	2004	940	74,800	1.2%	92%
Lancaster II – CA	1/11/2016	4,650,000	1991	600	86,200	1.4%	97%
Milton[4]	2/11/2016	9,555,220	2006	850	70,100	1.2%	84%
Burlington I[4]	2/11/2016	13,910,898	2011	900	79,700	1.3%	90%
Oakville I[4]	2/11/2016	15,727,674	2016	820	82,400	1.4%	73%[5]
Oakville II[4]	2/29/2016	12,913,885	2004	820	92,700	1.5%	88%
Burlington II[4]	2/29/2016	8,452,983	2008	460	54,800	0.9%	82%
Xenia – OH	4/20/2016	3,147,807	2003	470	57,800	1.0%	88%
Sidney – OH	4/20/2016	2,202,491	2003	410	54,400	0.9%	87%
Troy – OH	4/20/2016	2,923,660	2003	490	59,200	1.0%	90%
Greenville – OH	4/20/2016	2,124,526	2003	390	46,700	0.8%	84%
Washington Court House - OH	4/20/2016	2,309,691	2003	450	54,200	0.9%	97%
Richmond – IN	4/20/2016	3,362,209	2003	640	64,700	1.1%	90%
Connersville – IN	4/20/2016	1,929,616	2003	360	47,400	0.8%	90%
Port St. Lucie I – FL	4/29/2016	9,300,000	1999	530	59,000	1.0%	92%
Sacramento – CA	5/9/2016	8,150,000	2006	530	62,200	1.0%	90%
Oakland – CA	5/18/2016	12,912,774	1979	600	67,200	1.1%	91%
Concord – CA	5/18/2016	36,937,226	1988/1998	1,340	157,400	2.6%	91%
Pompano Beach – FL	6/1/2016	21,286,482	1979	870	115,600	1.9%	89%
Lake Worth – FL	6/1/2016	23,584,455	1998/2003	830	126,800	2.1%	92%
Jupiter – FL	6/1/2016	27,434,567	1992/2012	820	93,600	1.6%	95%
Royal Palm Beach – FL	6/1/2016	25,539,747	2001/2003	850	111,000	1.8%	97%

Port St. Lucie II – FL	6/1/2016	14,059,963	2002	720	108,000	1.8%	94%
Wellington – FL	6/1/2016	22,677,360	2005	730	86,700	1.4%	93%
Doral – FL	6/1/2016	23,594,533	1998	1,030	106,000	1.8%	92%
Plantation - FL	6/1/2016	33,250,050	2002/2012	910	89,800	1.5%	92%
Naples – FL	6/1/2016	25,297,855	2002	800	80,800	1.3%	88%
Delray – FL	6/1/2016	31,073,023	2003	900	135,700	2.3%	88%
Baltimore – MD	6/1/2016	27,101,965	1990/2014	1,080	117,700	2.0%	86%
Sonoma – CA	6/14/2016	7,425,000	1984	340	44,600	0.7%	92%
Las Vegas I – NV	7/28/2016	13,935,000	2002	770	106,800	1.8%	94%
Las Vegas II – NV	9/23/2016	14,200,000	2000	810	101,400	1.7%	94%
Las Vegas III – NV	9/27/2016	9,250,000	1989	640	82,200	1.4%	88%
Asheville I – NC	12/30/2016	15,094,379	1988/2005/2015	590	95,600	1.6%	89%
Asheville II – NC	12/30/2016	5,010,839	1984	330	43,400	0.7%	88%
Hendersonville I – NC	12/30/2016	4,639,666	1982	350	39,400	0.7%	91%
Asheville III – NC	12/30/2016	9,970,126	1991/2002	420	55,400	0.9%	89%
Arden – NC	12/30/2016	12,362,131	1973	570	75,100	1.2%	84%
Asheville IV – NC	12/30/2016	9,238,090	1985/1986/2005	480	58,300	1.0%	85%
Asheville V – NC	12/30/2016	10,485,644	1978/2009/2014	450	98,100	1.6%	90%
Asheville VI – NC	12/30/2016	6,629,567	2004	380	45,500	0.8%	90%
Asheville VII – NC	12/30/2016	3,031,249	1999	210	26,700	0.4%	77%
Asheville VIII – NC	12/30/2016	8,145,191	1968/2002	380	54,000	0.9%	90%
Hendersonville II – NC	12/30/2016	7,794,638	1989/2003	490	71,000	1.2%	84%
Sweeten Creek Land – NC	12/30/2016	348,480	N/A	—	—	0.0%	N/A
Highland Center Land – NC	12/30/2016	50,000	N/A	—	—	0.0%	N/A
Aurora II - CO	1/11/2017	10,100,000	2012	400	53,400	0.9%	90%
Dufferin[4]	2/1/2017	24,084,283	2015	1,070	122,700	2.0%	88%
Mavis[4]	2/1/2017	20,519,378	2013	800	99,900	1.7%	93%
Brewster[4]	2/1/2017	14,575,304	2013	770	90,600	1.5%	90%
Granite[4]	2/1/2017	12,103,738	1998/2016	760	80,700	1.3%	79%
Centennial[4]	2/1/2017	13,143,182	2016/2017	610	66,500	1.1%	63%[6]
Totals		**$838,112,794**		**51,330**	**6,029,600**	**100%**	**90%**

(1) Includes all rentable units, consisting of storage units and parking (approximately 1,900 units).

(2) Includes all rentable square feet consisting of storage units and parking (approximately 540,000 square feet).

(3) Represents the occupied square feet divided by total rentable square feet as of December 31, 2017.

(4) These properties are located in Ontario, Canada (Greater Toronto Area).

(5) The Oakville I property opened in March of 2016 with occupancy at 0%. The property's occupancy has increased to approximately 73% as of December 31, 2017.

(6) The Centennial property was acquired on February 1, 2017 with occupancy of approximately 11%. The property's occupancy has increased to approximately 63% as of December 31, 2017.

The weighted average capitalization rate for the 80 stabilized operating self storage facilities we owned as of December 31, 2017 was approximately 5.3%. The weighted average capitalization rate is calculated as the estimated first year 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, 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.

As of December 31, 2017, our self storage portfolio was comprised as follows:

State	No. of Properties	Units[1]	Sq. Ft. (net)[2]	% of Total Rentable Sq. Ft.	Physical Occupancy %[3]	Rental Income %[4]
Alabama	1	1,080	159,000	2.7%	89%	1.4%
California	19	11,470	1,233,400	20.5%	93%	24.4%
Colorado	4	2,140	227,200	3.8%	86%	3.6%
Florida	13	10,440	1,237,900	20.5%	92%	24.9%
Illinois	2	1,030	107,500	1.8%	86%	1.4%
Indiana	2	1,000	112,100	1.9%	90%	1.0%
Maryland	2	1,610	172,900	2.9%	89%	3.1%
Michigan	4	2,180	261,000	4.3%	91%	3.5%
New Jersey	1	460	51,000	0.8%	97%	0.8%
Nevada	3	2,220	290,400	4.8%	92%	3.9%
North Carolina	14	5,720	822,100	13.6%	88%	11.2%
Ohio	5	2,210	272,300	4.5%	89%	2.5%
South Carolina	2	1,420	194,600	3.2%	93%	2.7%
Washington	1	490	48,100	0.8%	91%	1.0%
Ontario, Canada	10	7,860	840,100	13.9%	84% [5]	14.6%
Total	**83**	**51,330**	**6,029,600**	**100%**	**90%**	**100%**

(1) Includes all rentable units, consisting of storage units and parking (approximately 1,900 units).

(2) Includes all rentable square feet consisting of storage units and parking (approximately 540,000 square feet).

(3) Represents the occupied square feet of all facilities we owned in a state or province divided by total rentable square feet of all the facilities we owned in such state as of December 31, 2017.

(4) Represents rental income (excludes administrative fees, late fees, and other ancillary income) for all facilities we owned in a state or province divided by our total rental income for the month of December 2017.

(5) The Oakville I property opened in March of 2016 with occupancy at 0%. The property's occupancy has increased to approximately 73% as of December 31, 2017. The Centennial property was acquired on February 1, 2017 with occupancy of approximately 11%. The property's occupancy has increased to approximately 63% as of December 31, 2017.

ITEM 3. LEGAL PROCEEDINGS

(a) From time to time, we may become subject to legal proceedings arising in the ordinary course of our business. As of December 31, 2017, we were not party to any material legal proceedings, nor were 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 23, 2018, we had approximately 50 million shares of Class A common stock outstanding and approximately 7 million shares of Class T common stock outstanding, held by a total of approximately 13,000 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. Our Offering terminated on January 9, 2017. As of now, we only offer Class A and Class T shares pursuant to our DRP Offering, both of which are offered at a price of $10.22 per share. Pursuant to the terms of our charter, certain restrictions are imposed on the ownership and transfer of shares.

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

Net Asset Value Determination

On April 13, 2017, our board of directors, upon recommendation of the Nominating and Corporate Governance Committee (the "Committee"), approved an estimated value per share of $10.22 for our Class A shares and Class T shares based on the estimated value of our assets less the estimated value of our liabilities, or net asset value, divided by the number of shares outstanding on an adjusted fully diluted basis, calculated as of December 31, 2016.

We provided this estimated value per share to assist broker-dealers in connection with their obligations under applicable Financial Industry Regulatory Authority ("FINRA") rules with respect to customer account statements and to assist fiduciaries in discharging their obligations under Employee Retirement Income Security Act ("ERISA") reporting requirements. This valuation was performed in accordance with the provisions of Practice Guideline 2013-01, *Valuations of Publicly Registered Non-Listed REITs*, issued by the Investment Program Association ("IPA") in April 2013
(the "IPA Guidelines"). Our board of directors previously approved an estimated value per share of our Class A shares and Class T shares of $10.09 as of December 31, 2015.

The Committee comprised of our three independent directors, was responsible for the oversight of the valuation process, including the review and approval of the valuation process and methodology used to determine our estimated value per share, the consistency of the valuation methodology with real estate standards and practices and the reasonableness of the assumptions used in the valuations and appraisals.

The Committee, approved the engagement of Duff & Phelps, LLC ("Duff & Phelps"), an independent third party real estate valuation and advisory firm, to provide valuation services for our assets and liabilities. In connection therewith, Duff & Phelps provided values for each of our properties owned as of December 31, 2016 and a calculation of a range of the estimated value per share of our Class A shares and Class T shares as of December 31, 2016. The scope of work conducted by Duff & Phelps was in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute and each of the appraisals was prepared by Duff & Phelps personnel who are members of the Appraisal Institute and have the Member of Appraisal Institute ("MAI") professional designation. We previously engaged Duff & Phelps to assist the Board in determining the estimated value per share of our common stock as of December 31, 2015. Other than its engagement as described herein, Duff & Phelps does not have any direct or indirect material interest in any transaction with us or Strategic Storage Advisor II, LLC, our advisor. We do not believe that there are any material conflicts of interest between Duff & Phelps, on the one hand, and us or our advisor, on the other hand. We have agreed to indemnify Duff & Phelps against certain liabilities arising out of this engagement.

After considering all information provided, and based on the Committee's extensive knowledge of our assets and liabilities, the Committee concluded that the range in estimated value per share of $9.84 to $10.61, with an approximate mid-range value per share of $10.22, as indicated in the valuation report provided by Duff & Phelps (the "Valuation Report") was reasonable and recommended to our board of directors that it adopt $10.22 as the estimated value per share for our Class A shares and Class T shares. Our board of directors unanimously agreed upon the estimated value per share of $10.22 recommended by the Committee, which determination is ultimately and solely the responsibility of our board of directors.

The table below sets forth the calculation of our estimated value per share as of December 31, 2016 and our previous estimated value per share as of December 31, 2015:

	December 31,	
Assets	**2016**	**2015**
Properties acquired prior to 2016	$267,500,000	$207,600,000
Properties acquired in 2016[1]	581,496,277	—
Development in process	1,679,290	—
Cash and restricted cash	18,034,805	28,514,962
Other assets	5,120,318	5,828,183
Total Assets	$873,830,690	$241,943,145
Liabilities		
Mortgage debt	$321,356,434	$ 22,437,841
Mark-to-market on mortgage debt	(4,887,361)	934,475
Other liabilities	7,428,988	3,341,621
Incentive distribution	—	332,472
Total Liabilities	$323,898,061	$ 27,046,409
Net Asset Value	**$549,932,629**	**$214,896,736**
Net Asset Value for Class A shares	$482,608,922	$208,753,054
Number of Class A shares outstanding[2]	47,210,195	20,692,291
Estimated value per Class A share	$ 10.22	$ 10.09
Net Asset Value for Class T shares	$ 67,323,707	$ 6,143,682
Number of Class T shares outstanding	6,585,799	608,982
Estimated value per Class T share	$ 10.22	$ 10.09

(1) 46 properties (44 self storage properties and two parcels of land) were acquired during 2016 and were valued at their respective purchase prices less the termination fees that would be payable on termination of the third party sub-property management agreements.

(2) Includes outstanding units in our operating partnership ("OP Units") and unvested restricted stock issued to our independent directors.

Methodology and Key Assumptions

In determining an estimated value per share, the board of directors considered information and analyses, including the Valuation Report provided by Duff & Phelps. Our goal in calculating an estimated value per share was to arrive at a value that was reasonable and supportable using what the board of directors deemed 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 the Company's assets and liabilities.

Real Estate Properties

We engaged Duff & Phelps to provide an appraisal, as of December 31, 2016, of 33 of our self storage properties acquired prior to 2016 (the "Appraised Properties"). Duff & Phelps also valued 46 additional properties (44 self storage properties and two parcels of land) that we acquired in 2016. For these 46 properties, Duff & Phelps reviewed prior appraisals and other data provided by us and included these properties in their analysis at the purchase prices paid, adjusted as described above. Duff & Phelps is of the opinion that the purchase prices for these 46 properties, as adjusted, reasonably approximate their market value.

Duff & Phelps' opinion of value used in calculating our estimated value per share above is based on the individual asset values of each of the Appraised Properties in the portfolio on the valuation date in accordance with the IPA Guidelines. The appraisal was not intended to estimate or calculate our enterprise value. The appraisals were performed in accordance with the Code of Ethics and the Uniform Standards of Professional Appraisal Practice, or USPAP, the real estate appraisal industry standards created by The Appraisal Foundation, as well as the requirements of the state where each real property is located. Each appraisal was reviewed, approved and signed by an individual with the professional designation of MAI.

The scope of work by Duff & Phelps in performing the appraisal of our Appraised Properties included:

- reviewing and relying upon data provided by us regarding the number of units, size, year built, construction quality and construction type to understand the characteristics of the existing improvements and underlying land;
- reviewing and relying upon data provided by us regarding rent rolls, lease rates and terms, real estate taxes and operating expense data;
- reviewing and relying upon balance sheet items provided by us, such as cash and other assets as well as debt and other liabilities;
- reviewing and relying upon mortgage summaries and amortization schedules provided by us;
- researching the market by means of publications and other resources to measure current market conditions, supply and demand factors and growth patterns and their effect on the Appraised Properties;
- utilizing the income capitalization approach as the primary indicator of value with support from the sales comparison approach as a secondary methodology for each Appraised Property; and
- delivering a range of values with a midpoint estimate for each of the Appraised Properties, as well as the underlying assumptions used in the analysis, including capitalization rates, discount rates, growth rates, and others as appropriate.

The income capitalization approach is a valuation technique that provides an estimation of the value of an asset based on market expectations about the cash flows that an asset would generate over its remaining useful life. The income capitalization approach begins with an estimation of the annual cash flows a market participant would expect the subject asset to generate over a discrete projection period. The estimated cash flows for each of the years in the discrete projection period are then capitalized at an appropriate rate to derive an estimate of value (the "direct capitalization method") or converted to their present value equivalent using a market-oriented discount rate appropriate for the risk of achieving the projected cash flows (the "discounted cash flow method"). In the discounted cash flow method, the present value of the estimated cash flows are then added to the present value equivalent of the residual value of the asset which is calculated based upon applying a terminal capitalization rate to the projected net operating income of the property at the end of the discrete projection period to arrive at an estimate of value. Duff & Phelps utilized the direct capitalization method for the Appraised Properties that were deemed stabilized and the discounted cash flow method for the Appraised Properties that were not deemed stabilized.

In utilizing the discounted cash flow method, Duff & Phelps estimated the value of the individual Appraised Properties primarily by using a multiple year discounted cash flow analysis. Duff & Phelps calculated the value of the individual Appraised Properties using our historical financial data and forecasts going forward, terminal capitalization rates and discount rates that fall within ranges Duff & Phelps believes would be used by similar investors to value each of the Appraised Properties. The capitalization rates and discount rates were calculated utilizing methodologies that adjust for market specific information and national trends in self storage. As a test of reasonableness, Duff & Phelps compared the metrics of the valuation of the Appraised Properties to current market activity of self storage properties.

The sales comparison approach is a valuation technique that provides an estimation of value based on market prices in actual transactions and asking prices for assets. The valuation process is a comparison and correlation between the subject asset and other similar assets. Considerations such as time and condition of sale and terms of agreements are analyzed for comparable assets and are adjusted to arrive at an estimation of the fair value of the subject asset.

We acquired the 33 Appraised Properties for an aggregate purchase price of approximately $162.7 million. As of December 31, 2016, the total appraised value of the individual Appraised Properties as provided by Duff & Phelps using the valuation method described above was approximately $267.5 million. This represents an approximate 64% increase in the total value of the Appraised Properties over the aggregate purchase price. During 2016, we had acquired an additional 46 properties for an aggregate purchase price of approximately $581.5 million, adjusted as described above, which aggregate purchase price was used by Duff & Phelps in their analysis, along with associated development costs of approximately $1.7 million.

The following summarizes the range of overall capitalization rates used by Duff & Phelps to arrive at the estimated market values of the Appraised Properties valued using the direct capitalization method:

Assumption	Range in Values	Weighted Average Basis
Overall Capitalization rate	4.75% to 6.50%	5.49%

The following summarizes the key assumptions that were used by Duff & Phelps in the discounted cash flow models to estimate the value of the Appraised Properties:

Assumption	Range in Values	Weighted Average Basis
Terminal capitalization rate	5.25% to 6.25%	5.73%
Discount rate	6.25% to 7.25%	6.62%
Annual rent growth rate (market)	0.0% to 5.00%	2.46%
Annual expense growth rate	3.00%	3.00%
Holding Period	1 to 2 years	N/A

While we believe that Duff & Phelps' assumptions and inputs are reasonable, a change in these assumptions and inputs would change the estimated value of the Appraised Properties. Assuming all other factors remain unchanged, a decrease in the overall capitalization rate used for the properties valued using the direct capitalization method of 50 basis points, together with a decrease in the terminal capitalization rate and discount rate used for the properties valued using the discounted cash flow method of 50 basis points would increase the value of the Appraised Properties to approximately $291.7 million. Similarly, an increase in the overall capitalization rate used for the properties valued using the direct capitalization method of 50 basis points, together with an increase in the terminal capitalization rate and discount rate used for the properties valued using the discounted cash flow method of 50 basis points would decrease the value of the Appraised Properties to approximately $246.6 million.

Mortgage Debt

The estimated value of our aggregate mortgage debt was equal to the aggregate amount of all principal balances outstanding as of December 31, 2016. The fair value of our aggregate mortgage debt was determined by Duff & Phelps using a discounted cash flow analysis. The cash flows were based on the remaining loan terms, and on estimates of current market interest rates for instruments with similar characteristics, including remaining loan term, loan-to-value ratio and type of collateral.

As of December 31, 2016, the fair value and aggregate amount of all principal balances outstanding of our mortgage debt were approximately $316.5 million and $321.4 million, respectively. Assuming all factors remain unchanged, a decrease in the interest rates of 50 basis points would increase the fair value of our mortgage debt by approximately $5.5 million and an increase in the interest rates of 50 basis points would decrease the fair value of our mortgage debt by approximately $5.3 million.

Other Assets and Liabilities

The carrying values of the majority of our other assets and liabilities were considered to equal their book value. Adjustments to exclude the GAAP basis carrying value of certain assets were made to other assets in accordance with the IPA Guidelines. Our liability related to stockholder servicing fees has been valued using a liquidation value as of December 31, 2016. The estimated value per share for the Class T Shares does not reflect any obligation to pay future stockholder servicing fees since such fees would cease upon liquidation.

Incentive Distribution

The estimated value of the incentive distribution payable to our advisor and its affiliates is based on 15% of the amount by which our net asset value plus distributions paid exceeds a return of stockholders' capital plus a 6% cumulative, non-compounded, annual return to the stockholders. At the midpoint estimated value per share, Duff & Phelps assumed no payment of an incentive distribution.

Limitations of Estimated Value Per Share

FINRA rules 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 its 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 the 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, 2016. The estimated net asset value per share was based upon 53,795,994 shares of equity interests outstanding as of December 31, 2016, which was comprised of (i) 47,174,543 outstanding shares of Class A common stock, plus (ii) 6,585,799 outstanding shares of Class T common stock, plus (iii) 20,000 outstanding OP Units, which OP Units are exchangeable on a one-for-one basis into shares of Class A common stock, plus (iv) 15,652 shares of unvested restricted Class A common stock issued to our independent directors, which shares vest ratably over time.

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.

Distribution Reinvestment Plan

In accordance with our DRP Offering, the price per share pursuant to the DRP Offering is equal to the estimated value per share approved by the Board and in effect on the date of purchase of shares under the DRP Offering. In connection with the estimated value per share described herein, the Board approved a share price for the purchase of shares under the DRP Offering equal to the estimated value per share of $10.22 for both Class A shares and Class T shares, to be effective for distribution payments being paid beginning in May 2017.

Distributions

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

For income tax purposes, distributions to common stockholders are characterized as ordinary dividends, capital gain dividends, or as nontaxable distributions. To the extent that we make a distribution in excess of our current or accumulated earnings and profits, the distribution will be a non-taxable return of capital, reducing the tax basis in each U.S. stockholder's shares, and the amount of each distribution in excess of a U.S. stockholder's tax basis in its shares will be taxable as gain realized from the sale of its shares. For 2014 and 2015, all of our distributions constituted non-taxable returns of capital, which were paid from offering proceeds. For 2016, we paid a total of approximately $22.2 million in distributions, of which approximately $21.2 million constituted a non-taxable return of capital. For 2017, we paid a total of approximately $32.9 million in distributions, of which approximately $27.9 million constituted a non-taxable return of capital.

Our Operating Partnership had issued approximately 2.4 million Preferred Units for approximately $59.5 million. The Preferred Units received current distributions (the "Current Distributions") at a rate of one-month LIBOR plus 6.5% per annum, payable monthly and calculated on an actual/360 basis. In addition to the Current Distributions, our Operating Partnership had the obligation to elect either to (A) pay the holder of the Preferred Units additional distributions monthly in an amount that will accrue at the rate of: (i) 4.35% until January 31, 2017; and (ii) thereafter, 6.35% or (B) defer the additional distributions in an amount that will accrue monthly at the rate of (i) for the period until January 31, 2017, LIBOR plus 10.85% and (ii) thereafter, LIBOR plus 12.85% (the "Deferred Distributions"). On July 22, 2015, our Operating Partnership redeemed 240,000 Preferred Units for $6 million; on September 23, 2015, our Operating Partnership redeemed 340,000 Preferred Units for $8.5 million; and on October 30, 2015, our Operating Partnership redeemed 1.0 million Preferred Units for $25 million. The Redemption Price for the Preferred Units for the

partial redemptions equaled the sum of the Liquidation Amount plus all accumulated and unpaid Current Distributions thereon to the date of redemption. On November 9, 2015, our Operating Partnership redeemed the remaining approximately 800,000 Preferred Units for approximately $22 million resulting in the redemption of all of the Preferred Units. The Redemption Price for the Preferred Units for the redemption of the remaining outstanding Preferred Units equaled the sum of the Liquidation Amount plus all accumulated and unpaid Current Distributions and any accumulated Deferred Distributions thereon to the date of redemption. As of November 9, 2015, there were no Preferred Units outstanding and we no longer have any obligations to the Preferred Investor, including the payment of any distributions.

The following table shows the distributions we have paid in cash and through our distribution reinvestment program through December 31, 2017:

Quarter	OP Unit Holders	Common Stockholders[1]	Distributions Declared per Common Share
1st Quarter 2016	$ 2,986	$ 3,319,251	$ 0.150
2nd Quarter 2016	$ 3,017	$ 5,342,768	$ 0.150
3rd Quarter 2016	$ 3,016	$ 6,411,358	$ 0.150
4th Quarter 2016	$ 2,984	$ 7,076,707	$ 0.150
1st Quarter 2017	$ 25,197	$ 7,856,562	$ 0.150
2nd Quarter 2017	$ 76,100	$ 8,253,823	$ 0.150
3rd Quarter 2017	$ 76,100	$ 8,302,792	$ 0.150
4th Quarter 2017	$ 75,274	$ 8,264,124	$ 0.150

(1) Declared distributions are paid monthly in arrears

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

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

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides details of our Employee and Director Long-Term Incentive Plan as of December 31, 2017, under which shares of our Class A 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[1]
Equity Compensation Plans Approved by Security Holders	—	—	5,652,685
Equity Compensation Plans Not Approved by Security Holders	—	—	—
Total	—	—	5,652,685

(1) The total number of shares of our Class A common stock reserved for issuance under the Plan is equal to 10% of our outstanding shares of Class A and Class T common stock at any time, but not to exceed 10,000,000 shares in the aggregate. As of December 31, 2017, we had 56,736,234 outstanding shares of common stock.

Recent Sales of Unregistered Securities

We did not have any recent sales of unregistered securities during the period covered by this Annual Report.

Use of Proceeds from Registered Securities

On January 10, 2014, our Initial Offering (SEC File No. 333-190983) for a maximum of 110 million shares of common stock, consisting of 100 million shares for sale to the public and 10 million shares for sale pursuant to our distribution reinvestment plan, was declared effective by the SEC. On September 28, 2015, we revised our Primary Offering to offer two classes of shares of common stock: Class A common stock, $0.001 par value per share (the "Class A Shares") and Class T common stock, $0.001 par value per share (the "Class T Shares"). As of December 31, 2017, we had sold approximately 49.6 million Class A Shares and approximately 7.5 million Class T Shares in our Offering and DRP Offering for gross proceeds of approximately $507 million and approximately $75 million, respectively. From this amount, we incurred approximately $53 million in selling commissions and dealer manager fees (of which approximately $39 million was re-allowed to third party broker-dealers with an additional accrual of approximately $3 million in trailing service fees), and approximately $5 million in other organization and offering costs. With the net offering proceeds, Preferred Units and indebtedness, we acquired approximately $838 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.

Redemption Program

Our share redemption program, enables our stockholders to have their shares redeemed by us, subject to the significant conditions and limitations described in our prospectus. As of December 31, 2017, approximately $24.5 million of common stock was available for redemption and approximately $0.7 million was included in accrued expenses and other liabilities in the consolidated balance sheets as of December 31, 2017. During the three months ended December 31, 2017, we redeemed shares as follows:

For the Month Ended	Total Number of Shares Redeemed	Average Price Paid per Share	Total Number of Shares Redeemed as Part of Publicly Announced Plans or Programs	Maximum Number of Shares (or Units) That May Yet to be Purchased Under the Plans or Programs
October 31, 2017	70,976	$ 9.30	70,976	1,850,272[(1)]
November 30, 2017	-	$ -	-	1,850,272[(1)]
December 31, 2017	-	$ -	-	1,850,272[(1)]

(1) A description of the maximum number of shares that may be purchased under our share redemption program is included in the narrative preceding this table.

ITEM 6. SELECTED FINANCIAL DATA

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

	As of and for the Year Ended December 31, 2017	As of and for the Year Ended December 31, 2016	As of and for the Year Ended December 31, 2015	As of and for the Year Ended December 31, 2014	As of and for the Period January 8, 2013 (date of inception) through December 31, 2013
Operating Data					
Total revenues	$ 76,108,906	$ 45,431,146	$ 17,905,699	$ 465,345	$ —
Operating income (loss)	3,575,111	(14,910,503)	(5,076,880)	(2,256,865)	—
Net loss attributable to Strategic Storage Trust II, Inc. common stockholders	(14,864,065)	(26,090,385)	(15,290,941)	(2,396,385)	—
Net loss per Class A common share-basic and diluted	(0.27)	(0.65)	(2.56)	(4.59)	—
Net loss per Class T common share-basic and diluted	(0.27)	(0.65)	(2.56)	—	—
Dividends declared per common share	0.60	0.60	0.60	0.60	—
Balance Sheet Data					
Real estate facilities	$829,679,477	$ 727,455,733	$ 156,244,550	$ 20,857,880	$ —
Total assets	817,497,838	752,553,611	193,446,828	34,815,960	201,000
Total debt	396,792,902	320,820,740	23,029,775	13,260,182	—
Total liabilities	410,062,755	331,209,006	26,371,397	18,334,234	—
Total equity	382,938,024	410,632,923	165,851,948	11,380,097	201,000
Other Data					
Net cash provided by (used in) operating activities	$ 19,441,170	$ (1,587,221)	$ (1,252,240)	$ (334,442)	$ —
Net cash used in investing activities	(58,441,023)	(510,295,408)	(140,865,350)	(13,688,652)	—
Net cash provided by financing activities	31,278,664	498,943,670	163,690,908	20,353,246	201,000

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

Strategic Storage Trust II, Inc., a Maryland corporation (the "Company"), was formed on January 8, 2013 under the Maryland General Corporation Law for the purpose of engaging in the business of investing in self storage facilities and related self storage real estate investments. Our year-end is December 31. As used in this report, "we," "us," "our," and "Company" refer to Strategic Storage Trust II, Inc. and each of our subsidiaries.

SmartStop Asset Management, LLC (our "Sponsor"), is the sponsor of our Offering (as defined below). Our Sponsor became our sponsor on October 1, 2015 in connection with the merger of SmartStop Self Storage, Inc. into Extra Space Storage, Inc. Our Sponsor owns 97.5% of the economic interests (and 100% of the voting membership interests) of Strategic Storage Advisor II, LLC, a Delaware limited liability company (our "Advisor") and owns 100% of Strategic Storage Property Management II, LLC, a Delaware limited liability company (our "Property Manager"). See Note 1 of the Notes to the Consolidated Financial Statements contained in this report for further details about our affiliates.

On January 10, 2014, we commenced a public offering of a maximum of $1.0 billion in common shares for sale to the public (the "Primary Offering") and $95.0 million in common shares for sale pursuant to our distribution reinvestment plan (collectively, the "Offering"). On May 23, 2014, we satisfied the $1.5 million minimum offering requirements of our Offering and commenced formal operations. On September 28, 2015, we revised our Primary Offering and offered two classes of shares of common stock: Class A common stock, $0.001 par value per share (the "Class A Shares") and Class T common stock, $0.001 par value per share (the "Class T Shares"). Our Primary Offering terminated on January 9, 2017. We sold approximately 48 million Class A Shares and approximately 7 million Class T Shares in our Offering for gross proceeds of approximately $493 million and approximately $73 million, respectively. On November 30, 2016, prior to the termination of our Offering, we filed with the SEC a Registration Statement on Form S-3, which registered up to an additional $100.9 million in shares under our distribution reinvestment plan (our "DRP Offering"). The DRP Offering may be terminated at any time upon 10 days' prior written notice to stockholders. As of December 31, 2017, we had sold approximately 1.4 million Class A Shares and approximately 0.2 million Class T Shares for approximately $13.9 million and $2.1 million, respectively, in our DRP Offering.

As of December 31, 2017, we owned 83 self storage properties located in 14 states (Alabama, California, Colorado, Florida, Illinois, Indiana, Maryland, Michigan, New Jersey, Nevada, North Carolina, Ohio, South Carolina, and Washington) and Ontario, Canada (the Greater Toronto Area) comprising of approximately 51,300 units and approximately 6.0 million rentable square feet.

Critical Accounting Policies

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

We believe that our critical accounting policies include the following: real estate purchase price allocations; the evaluation of whether any of our long-lived assets have been impaired; the 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 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 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 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 will evaluate the consolidation of our investments in joint ventures in accordance with relevant accounting guidance. This evaluation requires us to determine whether we have a controlling interest in a joint venture through a means other than voting rights, and, if so, such joint venture may be required to be consolidated in our financial statements. Our evaluation of our joint ventures under such accounting guidance could result in a materially different presentation of the financial statements or materially different amounts being reported in the financial statements, as the joint venture entities included in our financial statements may vary based on the estimates and assumptions we use.

REIT Qualification

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

Results of Operations

Overview

We derive revenues principally from: (i) rents received from tenants who rent storage units under month-to-month leases at each of our self storage facilities; and (ii) sales of packing- and storage-related supplies at our storage facilities; and (iii) our tenant insurance program. Therefore, our operating results depend significantly on our ability to retain our existing tenants and lease our available self storage units to new tenants, while maintaining and, where possible, increasing the prices for our self storage units. Additionally, our operating results depend on our tenants making their required rental payments to us.

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, 2017, 2016, and 2015, we owned 83, 77, and 33 self storage facilities, respectively. Our operating results for the year ended December 31, 2015 include full year periods for five self storage facilities plus partial year periods for the 28 self storage facilities we acquired during 2015. Our operating results for the year ended December 31, 2016 included full year periods for the 33 self storage facilities owned as of December 31, 2015, plus partial year periods for the 44 self storage facilities we acquired during 2016. Our operating results for the year ended December 31, 2017 included full year periods for the 77 self storage facilities owned as of December 31, 2016, plus partial year periods for the 6 self storage facilities we acquired during 2017. As such, we believe there is little basis for comparison between the years ended December 31, 2017, 2016, and 2015. Operating results in future periods will depend on the results of operations of these properties and of the real estate properties that we acquire in the future.

Comparison of the Years Ended December 31, 2017 and 2016

Total Revenues

Total revenues for the years ended December 31, 2017 and 2016 were approximately $76.1 million and $45.4 million, respectively. The increase in total revenue is primarily attributable to a full year of operations for 77 self storage facilities and a partial year of operations for six self storage facilities during the year ended December 31, 2017 compared to a full year of operations for 33 self storage facilities and a partial year of operations of 44 self storage facilities during the year ended December 31, 2016.

Property Operating Expenses

Property operating expenses for the years ended December 31, 2017 and 2016 were approximately $24.5 million (or 32.2% of total revenues) and $16.0 million (or 35.2% of total revenues), respectively. Property operating expenses includes the cost to operate our facilities including payroll, utilities, insurance, real estate taxes, and marketing. The increase in property operating expenses is primarily attributable to a full year of operations for 77 self storage facilities and a partial year of operations for six self storage facilities during the year ended December 31, 2017 compared to a full year of operations for 33 self storage facilities and a partial year of operations of 44 self storage facilities during the year ended December 31, 2016.

Property Operating Expenses – Affiliates

Property operating expenses – affiliates for the years ended December 31, 2017 and 2016 were approximately $10.6 million and $5.7 million, respectively. Property operating expenses – affiliates includes property management fees and asset management fees. The increase in property operating expenses – affiliates is primarily attributable to a full year of operations for 77 self storage facilities and a partial year of operations for six self storage facilities during the year ended December 31, 2017 compared to a full year of operations for 33 self storage facilities and a partial year of operations of 44 self storage facilities during the year ended December 31, 2016, as well as costs incurred in connection with the property management changes.

General and Administrative Expenses

General and administrative expenses for the years ended December 31, 2017 and 2016 were approximately $3.5 million and $2.9 million, respectively. General and administrative expenses consist primarily of legal expenses, transfer agent fees, directors' and officers' insurance expense, an allocation of a portion of our Advisor's payroll related costs, accounting expenses and board of directors' related costs. The increase in general and administrative expenses is primarily attributable to increases in accounting, board of directors' and legal costs commensurate with our increased operational activity.

Depreciation and Amortization Expenses

Depreciation and amortization expenses for the years ended December 31, 2017 and 2016 were approximately $33.5 million and $22.1 million, respectively. Depreciation expense consists primarily of depreciation on the buildings and site improvements at our properties. Amortization expense consists of the amortization of intangible assets resulting from our acquisitions. The increase in depreciation and amortization expenses is primarily attributable to a full year of operations for 77 self storage facilities and a partial year of operations for six self storage facilities during the year ended December 31, 2017 compared to a full year of operations for 33 self storage facilities and a partial year of operations of 44 self storage facilities during the year ended December 31, 2016.

Acquisition Expenses – Affiliates

Acquisition expenses – affiliates for the years ended December 31, 2017 and 2016 were approximately $0.2 million and $10.7 million, respectively. These acquisition expenses primarily relate to the costs associated with the six self storage facilities acquired during 2017 and 44 self storage facilities acquired during 2016.

Other Property Acquisition Expenses

Other property acquisition expenses for the years ended December 31, 2017 and 2016 were approximately $0.3 million and $3.0 million, respectively. These acquisition expenses primarily relate to the due diligence costs associated with the six self storage facilities acquired during 2017 and 44 self storage facilities acquired during 2016.

Interest Expense and Accretion of Fair Market Value of Secured Debt

Interest expense and the accretion of fair market value of secured debt for the years ended December 31, 2017 and 2016 were approximately $16.0 million and $7.1 million, respectively. The increase is primarily attributable to the debt obtained in conjunction with the six self storage facilities acquired during 2017 and 44 self storage facilities acquired during 2016. We expect interest expense to fluctuate in future periods commensurate with our future debt level.

Interest Expense - Debt Issuance Costs

Interest expense - debt issuance costs for the years ended December 31, 2017 and 2016 were approximately $2.2 million and $3.8 million, respectively. The decrease in interest expense - debt issuance costs is primarily attributable to approximately $0.8 million of costs incurred related to the KeyBank CMBS Loan that were expensed in accordance with GAAP during 2016, and the amortization of debt issuance costs related to the Amended KeyBank Property Loan which were fully amortized in 2016. We expect debt issuance costs to fluctuate commensurate with our future financing activity.

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, 2016) for the years ended December 31, 2017 and 2016. 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		
	2017	2016	% Change	2017	2016	% Change	2017	2016	% Change
Revenue [1]	$25,720,362	$23,249,163	10.6%	$50,388,544	$22,181,983	N/M	$76,108,906	$45,431,146	67.5%
Property operating expenses [2]	9,626,363	9,771,800	-1.5%	19,370,864	8,958,011	N/M	28,997,227	18,729,811	54.8%
Operating income	$16,093,999	$13,477,363	19.4%	$31,017,680	$13,223,972	N/M	$47,111,679	$26,701,335	76.4%
Number of facilities	33	33		50	44		83	77	
Rentable square feet[3]	2,075,700	2,075,700		3,953,900	3,331,100		6,029,600	5,406,800	
Average physical occupancy[4]	93.3%	89.8%		N/M	N/M		91.5%	90.7%	
Annualized rent per occupied square foot[5]	$ 13.61	$ 12.80		N/M	N/M		$ 14.60	$ 13.90	

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 and costs incurred in connection with the property management transition during 2017, but includes property management fees.

(3) Of the total rentable square feet, parking represented approximately 540,000 and approximately 527,000 as of December 31, 2017 and 2016, respectively. On a same-store basis, for the same periods, parking represented approximately 100,000 square feet.

(4) Determined by dividing the sum of the month-end occupied square feet for the applicable group of facilities for each applicable period by the sum of their month-end rentable square feet for the period.

(5) Determined by dividing the aggregate realized 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 excluded the realized rental revenue and occupied square feet related to parking herein for the purpose of calculating annualized rent per occupied square foot.

Our increase in same-store revenue of approximately $2.5 million was primarily the result of increased average physical occupancy of approximately 3.5% and increased rent per occupied square foot of approximately 6.3% for the year ended December 31, 2017 over the year ended December 31, 2016.

Our same-store property operating expenses decreased by approximately $0.1 million for the year ended December 31, 2017 compared to the year ended December 31, 2016 primarily due to decreased repair and maintenance expense.

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

	For the Year Ended December 31,	
	2017	2016
Net loss	$ (14,986,290)	$ (26,103,609)
Adjusted to exclude:		
Costs incurred in connection with the property management changes [1]	775,709	—
Asset management fees [2]	5,346,280	2,970,847
General and administrative	3,457,907	2,860,653
Depreciation	19,939,856	11,213,663
Intangible amortization expense	13,512,217	10,864,617
Acquisition expenses—affiliates	212,577	10,729,535
Other property acquisition expenses	292,022	2,972,523
Interest expense	16,356,565	7,445,230
Interest expense—accretion of fair market value of secured debt	(340,382)	(386,848)
Interest expense—debt issuance costs	2,177,833	3,848,286
Other	367,385	286,438
Total operating income	$ 47,111,679	$ 26,701,335

(1) Costs incurred in connection with the property management changes are included in Property operating expenses – affiliates in the consolidated statement of operations for the year ended December 31, 2017.

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

Comparison of the Years Ended December 31, 2016 and 2015

Total Revenues

Total revenues for the years ended December 31, 2016 and 2015 were approximately $45.4 million and $17.9 million, respectively. The increase in total revenue is primarily attributable to a full year of operations for 33 self storage facilities and a partial year of operations for 44 self storage facilities during the year ended December 31, 2016 compared to a full year of operations for five self storage facilities and a partial year of operations of 28 properties during the year ended December 31, 2015.

Property Operating Expenses

Property operating expenses for the years ended December 31, 2016 and 2015 were approximately $16.0 million and $6.8 million, respectively. Property operating expenses includes the cost to operate our facilities including payroll, utilities, insurance, real estate taxes, and marketing. The increase in property operating expenses is primarily attributable to a full year of operations for 33 self storage facilities and a partial year of operations for 44 self storage facilities during the year ended December 31, 2016 compared to a full year of operations for five self storage facilities and a partial year of operations of 28 self storage facilities during the year ended December 31, 2015.

Property Operating Expenses – Affiliates

Property operating expenses – affiliates for the years ended December 31, 2016 and 2015 were approximately $5.7 million and $2.1 million, respectively. Property operating expenses – affiliates includes property management fees and asset management fees. The increase in property operating expenses – affiliates is primarily attributable to a full year of operations for 33 self storage facilities and a partial year of operations for 44 self storage facilities during the year ended December 31, 2016 compared to a full year of operations for five self storage facilities and a partial year of operations of 28 self storage facilities during the year ended December 31, 2015.

General and Administrative Expenses

General and administrative expenses for the years ended December 31, 2016 and 2015 were approximately $2.9 million and $1.6 million, respectively. General and administrative expenses consist primarily of legal expenses, transfer agent fees, directors' and officers' insurance expense, an allocation of a portion of our Advisor's payroll related costs, accounting expenses and board of directors' related costs. The increase in general and administrative expenses is primarily attributable to increases in accounting, transfer agent, board of directors', and legal costs commensurate with our increased operational activity.

Depreciation and Amortization Expenses

Depreciation and amortization expenses for the years ended December 31, 2016 and 2015 were approximately $22.1 million and $9.1 million, respectively. Depreciation expense consists primarily of depreciation on the buildings and site improvements at our self storage facilities. Amortization expense consists of the amortization of intangible assets resulting from our acquisitions. The increase in depreciation and amortization expenses is primarily attributable to a full year of operations for 33 self storage facilities and a partial year of operations for 44 self storage facilities during the year ended December 31, 2016 compared to a full year of operations for five self storage facilities and a partial year of operations of 28 self storage facilities during the year ended December 31, 2015.

Acquisition Expenses – Affiliates

Acquisition expenses – affiliates for the years ended December 31, 2016 and 2015 were approximately $10.7 million and $2.8 million, respectively. These acquisition expenses primarily relate to the costs associated with the 44 self storage facilities acquired during 2016 and 28 self storage facilities acquired during 2015.

Other Property Acquisition Expenses

Other property acquisition expenses for the years ended December 31, 2016 and 2015 were approximately $3.0 million and $0.6 million, respectively. These acquisition expenses primarily relate to the due diligence costs associated with the 44 self storage facilities acquired during 2016 and 28 self storage facilities acquired during 2015.

Interest Expense and Accretion of Fair Market Value of Secured Debt

Interest expense and the accretion of fair market value of secured debt for the years ended December 31, 2016 and 2015 were approximately $7.1 million and $2.8 million, respectively. The increase is attributable to the debt obtained in conjunction with the 44 properties acquired during 2016 and 28 properties acquired during 2015. We expect interest expense to fluctuate in commensurate with our debt level.

Interest Expense - Debt Issuance Costs

Interest expense - debt issuance costs for the years ended December 31, 2016 and 2015 were approximately $3.8 million and $1.0 million, respectively. The increase in interest expense - debt issuance costs is attributable to the amortization of costs incurred in connection with obtaining financing for the acquisition of our self storage facilities, approximately $0.8 million of costs incurred related to the KeyBank CMBS Loan that were expensed in accordance with GAAP during 2016, and the amortization of debt issuance costs related to the Amended KeyBank Property Loan which were fully amortized in 2016. We expect debt issuance costs to fluctuate commensurate with our future financing activity.

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, 2015) for the years ended December 31, 2016 and 2015. 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		
	2016	2015	% Change	2016	2015	% Change	2016	2015	% Change
Revenue [1]	$3,391,202	$3,021,667	12.2%	$42,039,944	$14,884,032	N/M	$45,431,146	$17,905,699	153.7%
Property operating expenses [2]	1,334,856	1,215,923	9.8%	17,394,955	6,660,899	N/M	18,729,811	7,876,822	137.8%
Operating income	$2,056,346	$1,805,744	13.9%	$24,644,989	$ 8,223,133	N/M	$26,701,335	$10,028,877	166.2%
Number of facilities	5	5		72	28		77	33	
Rentable square feet [3]	354,200	354,200		5,052,600	1,671,400		5,406,800	2,025,600	
Average physical occupancy [4]	92.0%	89.0%		N/M	N/M		90.7%	86.8%	
Annualized rent per occupied square foot [5]	$ 11.30	$ 10.45		N/M	N/M		$ 13.90	$ 12.23	

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 includes property management fees.

(3) Of the total rentable square feet, parking represented approximately 527,000 and approximately 100,000 as of December 31, 2016 and 2015, respectively. On a same-store basis, for the same periods, parking represented approximately 43,000 square feet.

(4) Determined by dividing the sum of the month-end occupied square feet for the applicable group of facilities for each applicable period by the sum of their month-end rentable square feet for the period.

(5) Determined by dividing the aggregate realized 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 excluded the realized rental revenue and occupied square feet related to parking herein for the purpose of calculating annualized rent per occupied square foot.

Our increase in same-store revenue of approximately $370,000 was primarily the result of increased average physical occupancy of approximately 3% and increased rent per occupied square foot of approximately 8.1% for the year ended December 31, 2016 over the year ended December 31, 2015.

Our same-store property operating expenses increased by approximately $120,000 for the year ended December 31, 2016 compared to the year ended December 31, 2015 primarily due to increased payroll and property tax expenses.

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

	For the Year Ended December 31,	
	2016	2015
Net loss	$ (26,103,609)	$ (8,937,541)
Adjusted to exclude:		
Asset management fees [1]	2,970,847	1,002,461
General and administrative	2,860,653	1,591,577
Depreciation	11,213,663	3,967,981
Intangible amortization expense	10,864,617	5,142,417
Acquisition expenses—affiliates	10,729,535	2,776,679
Other property acquisition expenses	2,972,523	624,642
Interest expense	7,445,230	2,908,171
Interest expense—accretion of fair market value of secured debt	(386,848)	(91,061)
Interest expense—debt issuance costs	3,848,286	1,011,121
Other	286,438	32,430
Total operating income	$ 26,701,335	$ 10,028,877

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

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 write downs, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO on the same basis. 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 funds from operations ("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, 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. We have used the proceeds raised in our Offering, including our DRP Offering, to acquire properties, and we expect to begin the process of achieving 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) within three to five years after the completion of our Primary Offering, 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 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 after our Primary Offering has been completed and our properties have been acquired. 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 after our Primary Offering and acquisitions are completed 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 after our Primary Offering has been completed and properties have been acquired, 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, adjustments relating to contingent purchase price obligations included in net income, 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, 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. We do not intend to fund acquisition fees and expenses in the future from operating revenues and cash flows, nor from the sale of properties and subsequent re-deployment of capital and concurrent incurrence of 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 are 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.

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, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Net loss (attributable to common stockholders)	$(14,864,065)	$(26,090,385)	$(15,290,941)
Add:			
Depreciation	19,777,620	11,132,336	3,939,676
Amortization of intangible assets	13,512,217	10,864,617	5,142,417
Deduct:			
Adjustment for noncontrolling interests	(274,222)	(10,818)	(45,976)
FFO (attributable to common stockholders)	**18,151,550**	**(4,104,250)**	**(6,254,824)**
Other Adjustments:			
Acquisition expenses[1]	504,599	13,702,058	3,401,321
Accretion of fair market value of secured debt[2]	(340,382)	(386,848)	(91,061)
Foreign currency and interest rate derivative gains, net[3]	(163,571)	-	-
Adjustment for noncontrolling interests	(3,773)	(7,145)	(26,775)
MFFO (attributable to common stockholders)	**$ 18,148,423**	**$ 9,203,815**	**$ (2,971,339)**

As discussed above, our results of operations for the years ended December 31, 2017, 2016, and 2015 have been significantly impacted by our acquisitions during each year. The information below should be read in conjunction with the discussion regarding the acquisitions above.

(1) 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.

(2) This represents the difference between the stated interest rate and the estimated market interest rate on assumed notes as of the date of acquisition. Such amounts have been excluded from 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.

(3) This represents the mark-to-market adjustment for our derivative instruments not designated for hedge accounting and the ineffective portion of the change in fair value of derivatives recognized in earnings. These derivative contracts are intended to manage the Company's exposure to interest rate and foreign currency risk.

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:

- Debt issuance costs of approximately $2.2 million, $3.8 million, and $1.0 million respectively, were recognized for the years ended December 31, 2017, 2016, and 2015.

Cash Flows

A comparison of cash flows for operating, investing and financing activities for the years ended December 31, 2017 and 2016 are as follows:

	Year Ended December 31, 2017	Year Ended December 31, 2016	Change
Net cash flow provided by (used in):			
Operating activities	$ 19,441,170	$ (1,587,221)	$ 21,028,391
Investing activities	$(58,441,023)	$(510,295,408)	$ 451,854,385
Financing activities	$ 31,278,664	$ 498,943,670	$(467,665,006)

Cash flows provided by (used in) operating activities for the years ended December 31, 2017 and 2016 were approximately $19.4 million and ($1.6 million), respectively, a change of approximately $21.0 million. The change in cash provided by (used in) our operating activities is primarily the result of a change from a net loss of ($4.0 million) to net income of $18.5 million, when excluding depreciation and amortization.

Cash flows used in investing activities for the years ended December 31, 2017 and 2016 were approximately $58 million and $510 million, respectively, a decrease in the use of cash of approximately $452 million. The change in cash used in investing activities primarily relates to cash consideration paid of approximately $49.4 million for our acquisitions during the year ended December 31, 2017, compared to $500 million for the purchase of our acquisitions during the year ended December 31, 2016.

Cash flows provided by financing activities for the years ended December 31, 2017 and 2016 were approximately $31.3 million and $499 million, respectively, a decrease in the cash provided of approximately $468 million. The decrease in cash provided by financing activities was comprised of approximately $280 million less in net proceeds from the issuance of common stock, and approximately $185 million less in net proceeds from the issuance of secured debt.

Liquidity and Capital Resources

Short-Term Liquidity and Capital Resources

Our Primary Offering terminated on January 9, 2017. We generally expect that we will meet our short-term liquidity requirements from the combination of the 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. Per the Advisory Agreement, all advances from our Advisor shall be reimbursed no less frequently than monthly, although our Advisor has indicated that it may waive such a requirement on a month-by-month basis.

Distribution Policy and Distributions

On December 19, 2017, our board of directors declared a distribution rate for the first quarter of 2018 of $0.001644 per day per share on the outstanding shares of common stock payable to both Class A and Class T stockholders of record of such shares as shown on our books at the close of business on each day during the period, commencing on January 1, 2018 and continuing on each day thereafter through and including March 31, 2018. Such distributions payable to each stockholder of record during a month will be paid the following month.

Historically, we have primarily made distributions to our stockholders using proceeds of the Offering in anticipation of future cash flow. As such, this reduced the amount of capital we ultimately had available to invest in properties. Because substantially all of our operations will be performed indirectly through our Operating Partnership, our ability to pay distributions depends in large part on our Operating Partnership's ability to pay distributions to its partners, including to us. In the event we do not have enough cash from operations to fund cash distributions, we may borrow, issue additional securities or sell assets in order to fund the distributions. Though we presently intend to pay only cash distributions, and potentially stock distributions, we are authorized by our charter to pay in-kind distributions of readily marketable securities, distributions of beneficial interests in a liquidating trust established for our dissolution and the liquidation of our assets in accordance with the terms of the charter or distributions that meet all of the following conditions: (a) our board of directors advises each stockholder of the risks associated with direct ownership of the property; (b) our board of directors offers each stockholder the election of receiving such in-kind distributions; and (c) in-kind distributions are only made to those stockholders who accept such offer.

For some period after our Offering, 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.

Distributions are paid to our stockholders based on the record date selected by our board of directors. We currently 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 are authorized at the discretion of our board of directors, which are directed, in substantial part, by its obligation to cause us to comply with the REIT requirements of the Code. Our board of directors may increase, decrease or eliminate the distribution rate that is being paid at any time. Distributions are made on all classes of our common stock at the same time. The per share amount of distributions on Class A Shares and Class T Shares differ because of different allocations of class-specific expenses. Specifically, distributions on Class T Shares are lower than distributions on Class A Shares because Class T Shares are subject to ongoing stockholder servicing fees. The funds we receive from operations that are available for distribution may be affected by a number of factors, including the following:

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

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

	Year Ended December 31, 2017		Year Ended December 31, 2016	
Distributions paid in cash – common stockholders	$16,671,024		$11,358,337	
Distributions paid in cash – Operating Partnership unitholders	252,671		12,003	
Distributions reinvested	16,006,277		10,791,747	
Total distributions	$32,929,972		$22,162,087	
Source of distributions				
Cash flows provided by operations	$19,441,170	59%	$ —	—
Offering proceeds from Primary Offering	—	—	11,370,340	51%
Offering proceeds from distribution reinvestment plan	13,488,802	41%	10,791,747	49%
Total sources	$32,929,972	100%	$22,162,087	100%

From our inception through December 31, 2017, we paid cumulative distributions of approximately $62.9 million, as compared to cumulative FFO of approximately $5.6 million. For the year ended December 31, 2017, we paid distributions of approximately $32.9 million, as compared to FFO of approximately $18.2 million which reflects acquisition related expenses of approximately $0.5 million. For the year ended December 31, 2016, we paid distributions of approximately $22.2 million, as compared to a negative FFO of approximately $4.1 million which reflects acquisition related expenses of approximately $13.7 million. The payment of distributions from sources other than FFO may reduce the amount of proceeds available for investment and operations or cause us to incur additional interest expense as a result of borrowed funds.

We must distribute to our stockholders at least 90% of our taxable income each year in order to meet the requirements for being treated as a REIT under the Code. Our directors may authorize distributions in excess of this percentage as they deem appropriate. Because we may receive income from interest or rents at various times during our fiscal year, distributions may not reflect our income earned in that particular distribution period, but may be made in anticipation of cash flow that we expect to receive during a later period and may be made in advance of actual receipt of funds in an attempt to make distributions relatively uniform. To allow for such differences in timing between the receipt of income and the payment of expenses, and the effect of required debt payments, among other things, we could be required to borrow funds from third parties on a short-term basis, issue new securities, or sell assets to meet the distribution requirements that are necessary to achieve the tax benefits associated with qualifying as a REIT. We are not prohibited

from undertaking such activities by our charter, bylaws or investment policies, and we may use an unlimited amount from any source to pay our distributions. These methods of obtaining funding could affect future distributions by increasing operating costs and decreasing available cash, which could reduce the value of our stockholders' investment in our shares. In addition, such distributions may constitute a return of investors' capital.

Historically, we have not been able to and in the future 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 in our Primary Offering and pursuant to our distribution reinvestment plan. The payment of distributions from sources other than cash flows from operations may reduce the amount of proceeds available for investment and operations or cause us to incur additional interest expense as a result of borrowed funds.

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

Indebtedness

As of December 31, 2017, our total indebtedness was approximately $396.8 million, which included approximately $263.4 million in fixed rate debt, $134.1 million in variable rate debt and approximately $1.7 million in debt premium less approximately $2.4 million in debt issuance costs. Some of our loans have maturity dates within the next year. We intend to repay these loans through potential loan extensions or other debt refinancing. See Note 5 of the Notes to the Consolidated Financial Statements for more information about our indebtedness.

Long-Term Liquidity and Capital Resources

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

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

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2017:

	Payments due during the years ending December 31:				
	Total	**2018**	**2019-2020**	**2021-2022**	**Thereafter**
Debt interest[1]	$ 87,760,020	$ 17,037,271	$22,586,159	$20,122,289	$ 28,014,301
Debt principal[2]	397,507,764	122,652,273	39,482,786	17,650,290	217,722,415
Total contractual obligations	$485,267,784	$139,689,544	$62,068,945	$37,772,579	$245,736,716

(1) Interest expense for fixed rate debt was calculated based upon the contractual rate and the interest expense on variable rate debt was calculated based on the rate in effect on December 31, 2017. Interest expense on the Amended KeyBank Credit Facility was calculated presuming the amount outstanding as of December 31, 2017 would remain outstanding through the maturity date of December 22, 2018. Debt denominated in foreign currency has been converted based on the rate in effect as of December 31, 2017.

(2) Amount represents principal payments only, excluding debt premium and debt issuance costs.

Off-Balance Sheet Arrangements

We do not currently have any relationships with unconsolidated entities or financial partnerships. Such entities are often referred to as structured finance or special purpose entities, which typically are established for the purpose of facilitating off-balance sheet

arrangements or other contractually narrow or limited purposes. Further, 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. We may be exposed to the effects of interest rate changes primarily as a result of borrowings used to maintain liquidity and fund acquisition, expansion, and financing of our real estate investment portfolio and operations. Our interest rate risk management objectives will be to limit the impact of interest rate changes on earnings and cash flows and to lower overall borrowing costs. To achieve our objectives, we may borrow at fixed rates or variable rates. We may also enter into derivative financial instruments such as interest rate swaps and caps in order to mitigate our interest rate risk on a related financial instrument. We will not enter into derivative or interest rate transactions for speculative purposes.

As of December 31, 2017, our total indebtedness was approximately $396.8 million, which included approximately $263.4 million in fixed rate debt, $134.1 million in variable rate debt and approximately $1.7 million in debt premium less approximately $2.4 million in debt issuance costs. As of December 31, 2016, our total indebtedness was approximately $320.8 million, which included approximately $184.3 million in fixed rate debt, approximately $137.0 million in variable rate debt, approximately $2.1 million in debt premium, less $2.6 million in debt issuance costs. Our debt instruments were entered into for other than trading purposes. Changes in interest rates have different impacts on the fixed and variable debt. A change in interest rates on fixed rate debt impacts its fair value but has no impact on interest incurred or cash flows. A change in interest rates on variable debt could impact the interest incurred and cash flows and its fair value. If the underlying rate of the related index on our variable rate debt were to increase by 100 basis points, the increase in interest would decrease future earnings and cash flows by approximately $0.3 million annually. (Our variable rate LIBOR based debt has an interest rate cap with a notional amount of $90 million that caps LIBOR at 1.25% through December 22, 2018.)

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

The following table summarizes annual debt maturities and average interest rates on our outstanding debt as of December 31, 2017:

	Year Ending December 31,						
	2018	2019	2020	2021	2022	Thereafter	Total
Fixed rate debt	$ 12,100,814	$26,584,936	$ 1,362,534	$ 1,983,016	$3,635,428	$217,722,415	$263,389,143
Average interest rate	4.38%	4.41%	4.46%	4.46%	4.46%	4.46%	
Variable rate debt	$110,551,459	$ 267,658	$11,267,658	$12,031,846	—	—	$134,118,621
Average interest rate[(1)]	3.99%	4.43%	4.18%	3.83%	—	—	

(1) Interest expense for fixed rate debt was calculated based upon the contractual rate and the interest expense on variable rate debt was calculated based on the rate in effect on December 31, 2017. Interest expense on the Amended KeyBank Credit Facility is calculated presuming the amount outstanding as of December 31, 2017 would remain outstanding through the maturity date of December 22, 2018. Debt denominated in foreign currency has been converted based on the rate in effect as of December 31, 2017.

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for us. Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated, as of December 31, 2017, the effectiveness of our internal control over financial reporting using the framework in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2017.

There have been no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

For the year ended December 31, 2017, 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

We expect to file a definitive Proxy Statement for our 2018 Annual Meeting of Stockholders (the "2018 Proxy Statement") with the SEC, pursuant to Regulation 14A, not later than 120 days after the end of our fiscal year. Accordingly, certain information required by Part III has been omitted under General Instructions G(3) to Form 10-K and is incorporated by reference to the 2018 Proxy Statement. Only those sections of the 2018 Proxy Statement that specifically address the items required to be set forth herein are incorporated by reference.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item is incorporated by reference to the 2018 Proxy Statement to be filed with the SEC.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference to the 2018 Proxy Statement to be filed with the SEC.

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

The information required by this Item is incorporated by reference to the 2018 Proxy Statement to be filed with the SEC.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated by reference to the 2018 Proxy Statement to be filed with the SEC.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is incorporated by reference to the 2018 Proxy Statement to be filed with the SEC.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) List of Documents Filed.

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

(b) See (a) 3 above.

(c) See (a) 2 above.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Ladera Ranch, State of California, on March 28, 2018.

STRATEGIC STORAGE TRUST II, INC.

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

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

Signature	Title	Date
/s/ H. Michael Schwartz H. Michael Schwartz	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	March 28, 2018
/s/ Matt F. Lopez Matt F. Lopez	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	March 28, 2018
/s/ David J. Mueller David J. Mueller	Independent Director	March 28, 2018
/s/ Harold “Skip” Perry Harold “Skip” Perry	Independent Director	March 28, 2018
/s/ Timothy S. Morris Timothy S. Morris	Independent Director	March 28, 2018
/s/ Paula Mathews Paula Mathews	Director	March 28, 2018

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FOR THE YEAR ENDED DECEMBER 31, 2017

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Financial Statement Schedule

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Strategic Storage Trust II, Inc.
Ladera Ranch, California

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Strategic Storage Trust II, Inc. (the "Company") and subsidiaries as of December 31, 2017, and the related consolidated statement of operations, comprehensive loss, equity, and cash flows for the year then ended, and the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and subsidiaries at December 31, 2017, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

/s/ BDO USA, LLP

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

Costa Mesa, California

March 28, 2018

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Strategic Storage Trust II, Inc.

We have audited the accompanying consolidated balance sheet of Strategic Storage Trust II, Inc. and Subsidiaries (the "Company") as of December 31, 2016, and the related consolidated statements of operations, comprehensive loss, equity, and cash flows for the years ended December 31, 2016 and 2015. The Company's management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements 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 consolidated 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 II, Inc. and Subsidiaries as of December 31, 2016, and the results of their operations and their cash flows for the years ended December 31, 2016 and 2015, in conformity with accounting principles generally accepted in the United States of America.

/s/ CohnReznick LLP

Los Angeles, California
March 31, 2017

STRATEGIC STORAGE TRUST II, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2017 and 2016

	December 31, 2017	December 31, 2016
ASSETS		
Real estate facilities:		
Land	$ 272,313,395	$ 249,051,278
Buildings	514,648,107	439,426,157
Site improvements	42,717,975	38,978,298
	829,679,477	727,455,733
Accumulated depreciation	(34,686,973)	(14,855,188)
	794,992,504	712,600,545
Construction in process	92,519	1,740,139
Real estate facilities, net	795,085,023	714,340,684
Cash and cash equivalents	7,355,422	14,993,869
Restricted cash	4,512,990	3,040,936
Other assets, net	5,563,600	5,533,182
Debt issuance costs, net of accumulated amortization	836,202	1,550,410
Intangible assets, net of accumulated amortization	4,144,601	13,094,530
Total assets	**$ 817,497,838**	**$ 752,553,611**
LIABILITIES AND EQUITY		
Debt, net	$ 396,792,902	$ 320,820,740
Accounts payable and accrued liabilities	7,451,849	4,601,422
Due to affiliates	2,965,904	3,178,235
Distributions payable	2,852,100	2,608,609
Total liabilities	**410,062,755**	**331,209,006**
Commitments and contingencies (Note 9)		
Redeemable common stock	24,497,059	10,711,682
Equity:		
Strategic Storage Trust II, Inc. equity:		
Preferred stock, $0.001 par value; 200,000,000 shares authorized; none issued and outstanding at December 31, 2017 and 2016	—	—
Class A common stock, $0.001 par value; 350,000,000 shares authorized; 49,386,092 and 47,174,543 shares issued and outstanding at December 31, 2017 and 2016, respectively	49,386	47,174
Class T common stock, $0.001 par value; 350,000,000 shares authorized; 7,350,142 and 6,585,799 issued and outstanding at December 31, 2017 and 2016, respectively	7,351	6,586
Additional paid-in capital	496,287,890	480,692,731
Distributions	(60,561,504)	(27,665,337)
Accumulated deficit	(58,641,776)	(43,777,711)
Accumulated other comprehensive income	1,369,208	1,377,950
Total Strategic Storage Trust II, Inc. equity	378,510,555	410,681,393
Noncontrolling interests in our Operating Partnership	4,427,469	(48,470)
Total equity	**382,938,024**	**410,632,923**
Total liabilities and equity	**$ 817,497,838**	**$ 752,553,611**

See notes to consolidated financial statements.

STRATEGIC STORAGE TRUST II, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 31, 2017, 2016 and 2015

	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Revenues:			
Self storage rental revenue	$ 75,408,257	$ 45,169,831	$ 17,547,235
Ancillary operating revenue	700,649	261,315	358,464
Total revenues	76,108,906	45,431,146	17,905,699
Operating expenses:			
Property operating expenses	24,487,854	15,976,950	6,754,391
Property operating expenses – affiliates	10,631,362	5,723,708	2,124,892
General and administrative	3,457,907	2,860,653	1,591,577
Depreciation	19,939,856	11,213,663	3,967,981
Intangible amortization expense	13,512,217	10,864,617	5,142,417
Acquisition expenses – affiliates	212,577	10,729,535	2,776,679
Other property acquisition expenses	292,022	2,972,523	624,642
Total operating expenses	72,533,795	60,341,649	22,982,579
Operating income (loss)	3,575,111	(14,910,503)	(5,076,880)
Other income (expense):			
Interest expense	(16,356,565)	(7,445,230)	(2,908,171)
Interest expense—accretion of fair market value of secured debt	340,382	386,848	91,061
Interest expense—debt issuance costs	(2,177,833)	(3,848,286)	(1,011,121)
Other	(367,385)	(286,438)	(32,430)
Net loss	(14,986,290)	(26,103,609)	(8,937,541)
Less: Distributions to preferred unitholders in our Operating Partnership	—	—	(4,825,139)
Less: Accretion of preferred equity costs	—	—	(1,621,385)
Net loss attributable to the noncontrolling interests in our Operating Partnership	122,225	13,224	93,124
Net loss attributable to Strategic Storage Trust II, Inc. common stockholders	$ (14,864,065)	$ (26,090,385)	$ (15,290,941)
Net loss per Class A share – basic and diluted	$ (0.27)	$ (0.65)	$ (2.56)
Net loss per Class T share – basic and diluted	$ (0.27)	$ (0.65)	$ (2.56)
Weighted average Class A shares outstanding – basic and diluted	48,781,865	36,828,765	5,923,286
Weighted average Class T shares outstanding – basic and diluted	7,240,953	3,431,714	45,924

See notes to consolidated financial statements.

STRATEGIC STORAGE TRUST II, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
Years Ended December 31, 2017, 2016 and 2015

	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Net loss	$ (14,986,290)	$ (26,103,609)	$ (8,937,541)
Other comprehensive income (loss):			
Foreign currency translation adjustment	3,947,683	591,721	—
Foreign currency forward contract gain (loss)	(4,101,495)	86,315	—
Interest rate swap and cap contract gains	145,070	699,914	—
Other comprehensive income (loss)	(8,742)	1,377,950	—
Comprehensive loss	(14,995,032)	(24,725,659)	(8,937,541)
Less: Distributions to preferred unitholders in our Operating Partnership	—	—	(4,825,139)
Less: Accretion of preferred equity costs	—	—	(1,621,385)
Comprehensive loss attributable to noncontrolling interests:			
Comprehensive loss attributable to the noncontrolling interests in our Operating Partnership	122,296	12,526	93,124
Comprehensive loss attributable to Strategic Storage Trust II, Inc. common stockholders	$ (14,872,736)	$ (24,713,133)	$ (15,290,941)

See notes to consolidated financial statements.

STRATEGIC STORAGE TRUST II, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
Years Ended December 31, 2017, 2016, and 2015

	Common Stock												
	Class A		Class T										
	Number of Shares	Common Stock Par Value	Number of Shares	Common Stock Par Value	Additional Paid-in Capital	Distributions	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Strategic Storage Trust II, Inc. Equity	Noncontrolling Interests in our Operating Partnership	Total Equity	Preferred Equity in our Operating Partnership	Redeemable Common Stock
Balance as of December 31, 2014	1,765,515	$ 1,766	—	$ —	$ 14,004,810	$ (311,975)	$(2,396,385)	$ —	$ 11,298,216	$ 81,881	$ 11,380,097	$ 5,028,115	$ 73,514
Gross proceeds from issuance of common stock	18,797,161	18,796	608,918	608	193,085,902	—	—	—	193,105,306	—	193,105,306	—	—
Offering costs	—	—	—	—	(19,667,131)	—	—	—	(19,667,131)	—	(19,667,131)	—	—
Changes to redeemable common stock	—	—	—	—	(1,177,289)	—	—	—	(1,177,289)	—	(1,177,289)	—	1,177,289
Redemptions of common stock	(1,750)	(1)	—	—	—	—	—	—	(1)	—	(1)	—	(27,320)
Distributions	—	—	—	—	—	(3,581,553)	—	—	(3,581,553)	—	(3,581,553)	—	—
Distributions for noncontrolling interests	—	—	—	—	—	—	—	—	—	(12,001)	(12,001)	—	—
Issuance of shares for distribution reinvestment plan	123,865	124	64	1	1,177,164	—	—	—	1,177,289	—	1,177,289	—	—
Stock compensation expense	—	—	—	—	11,296	—	—	—	11,296	—	11,296	—	—
Net loss attributable to Strategic Storage II Trust, Inc.	—	—	—	—	—	—	(15,290,941)	—	(15,290,941)	—	(15,290,941)	—	—
Net loss attributable to the noncontrolling interests in our Operating Partnership	—	—	—	—	—	—	—	—	—	(93,124)	(93,124)	—	—
Gross proceeds from issuance of preferred equity in our Operating Partnership	—	—	—	—	—	—	—	—	—	—	—	52,952,380	—
Redemption of preferred equity in our Operating Partnership	—	—	—	—	—	—	—	—	—	—	—	(59,469,500)	—
Preferred equity issuance costs	—	—	—	—	—	—	—	—	—	—	—	(132,380)	—
Accretion of preferred equity issuance costs	—	—	—	—	—	—	—	—	—	—	—	1,621,385	—
Balance as of December 31, 2015	20,684,791	20,685	608,982	609	187,434,752	(3,893,528)	(17,687,326)	—	165,875,192	(23,244)	165,851,948	—	1,223,483
Gross proceeds from issuance of common stock	25,601,685	25,601	5,892,439	5,892	325,996,530	—	—	—	326,028,023	—	326,028,023	—	—
Offering costs	—	—	—	—	(32,776,126)	—	—	—	(32,776,126)	—	(32,776,126)	—	—
Changes to redeemable common stock	—	—	—	—	(10,790,662)	—	—	—	(10,790,662)	—	(10,790,662)	—	10,790,662
Redemptions of common stock	(112,340)	(112)	—	—	—	—	—	—	(112)	—	(112)	—	(1,302,463)
Distributions	—	—	—	—	—	(23,771,809)	—	—	(23,771,809)	—	(23,771,809)	—	—
Distributions for noncontrolling interests	—	—	—	—	—	—	—	—	—	(12,002)	(12,002)	—	—
Issuance of shares for distribution reinvestment plan	1,000,407	1,000	84,378	85	10,790,662	—	—	—	10,791,747	—	10,791,747	—	—
Stock compensation expense	—	—	—	—	37,575	—	—	—	37,575	—	37,575	—	—
Net loss attributable to Strategic Storage II Trust, Inc.	—	—	—	—	—	—	(26,090,385)	—	(26,090,385)	—	(26,090,385)	—	—
Net loss attributable to the noncontrolling interests in our Operating Partnership	—	—	—	—	—	—	—	—	—	(13,224)	(13,224)	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	—	591,721	591,721	—	591,721	—	—
Foreign currency forward contract gain	—	—	—	—	—	—	—	86,315	86,315	—	86,315	—	—

Interest rate swap contract gain	—	—	—	—	—	—	—	699,914	699,914	—	699,914	—	—
Balance as of December 31, 2016	47,174,543	47,174	6,585,799	6,586	480,692,731	(27,665,337)	(43,777,711)	1,377,950	410,681,393	(48,470)	410,632,923	—	10,711,682
Gross proceeds from issuance of common stock	1,027,612	1,028	564,591	565	17,309,777	—	—	—	17,311,370	—	17,311,370	—	—
Offering costs	—	—	—	—	(1,748,589)	—	—	—	(1,748,589)	—	(1,748,589)	—	—
Issuance of limited partnership units in our Operating Partnership	—	—	—	—	—	—	—	—	—	4,875,454	4,875,454	—	—
Changes to redeemable common stock	—	—	—	—	(16,004,705)	—	—	—	(16,004,705)	—	(16,004,705)	—	16,004,705
Redemptions of common stock	(181,413)	(181)	(7,360)	(7)	—	—	—	—	(188)	—	(188)	—	(2,219,328)
Distributions	—	—	—	—	—	(32,896,167)	—	—	(32,896,167)	—	(32,896,167)	—	—
Distributions for noncontrolling interests	—	—	—	—	—	—	—	—	—	(277,290)	(277,290)	—	—
Issuance of shares for distribution reinvestment plan	1,365,350	1,365	207,112	207	16,004,705	—	—	—	16,006,277	—	16,006,277	—	—
Stock compensation expense	—	—	—	—	33,971	—	—	—	33,971	—	33,971	—	—
Net loss attributable to Strategic Storage II Trust, Inc.	—	—	—	—	—	—	(14,864,065)	—	(14,864,065)	—	(14,864,065)	—	—
Net loss attributable to the noncontrolling interests in our Operating Partnership	—	—	—	—	—	—	—	—	—	(122,225)	(122,225)	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	—	3,947,683	3,947,683	—	3,947,683	—	—
Foreign currency forward contract loss	—	—	—	—	—	—	—	(4,101,495)	(4,101,495)	—	(4,101,495)	—	—
Interest rate swap contract gain and cap contract gain	—	—	—	—	—	—	—	145,070	145,070	—	145,070	—	—
Balance as of December 31, 2017	49,386,092	$ 49,386	7,350,142	$ 7,351	$496,287,890	$(60,561,504)	$(58,641,776)	$ 1,369,208	$378,510,555	$ 4,427,469	$382,938,024	$ —	$24,497,059

See notes to consolidated financial statements.

STRATEGIC STORAGE TRUST II, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2017, 2016, and 2015

	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Cash flows from operating activities:			
Net loss	$ (14,986,290)	$ (26,103,609)	$ (8,937,541)
Adjustments to reconcile net loss to cash provided by (used in) operating activities:			
Depreciation and amortization	33,452,073	22,078,280	9,110,398
Accretion of fair market value adjustment of secured debt	(340,382)	(386,848)	(91,061)
Amortization of debt issuance costs	1,424,790	3,041,890	546,932
Expense related to issuance of restricted stock	33,971	37,575	11,296
Unrealized derivative gains	(288,603)	—	—
Increase (decrease) in cash and cash equivalents from changes in assets and liabilities:			
Other assets, net	(1,421,813)	(2,171,412)	(1,516,214)
Restricted cash	(493,843)	(712,751)	59,215
Accounts payable and accrued liabilities	1,721,910	2,670,699	1,125,839
Due to affiliates	339,357	(41,045)	(1,561,104)
Net cash provided by (used in) operating activities	19,441,170	(1,587,221)	(1,252,240)
Cash flows from investing activities:			
Purchase of real estate	(49,432,644)	(499,863,176)	(136,121,758)
Additions to real estate facilities	(4,165,926)	(8,264,539)	(2,170,514)
Deposits on acquisition of real estate facilities	—	(250,000)	(2,486,163)
Settlement of foreign currency hedges	(3,947,758)	—	—
Restricted cash	(894,695)	(1,917,693)	(86,915)
Net cash used in investing activities	(58,441,023)	(510,295,408)	(140,865,350)
Cash flows from financing activities:			
Gross proceeds from issuance of debt	166,186,951	366,898,908	71,981,167
Pay down of debt	(130,671,050)	(147,246,450)	(61,981,167)
Scheduled principal payments on debt	(1,564,587)	(430,078)	(166,573)
Debt issuance costs	(548,206)	(4,876,499)	(2,582,779)
Gross proceeds from issuance of common stock	18,879,477	326,806,655	190,817,800
Offering costs	(2,339,113)	(29,771,573)	(21,291,432)
Redemption of common stock	(1,741,113)	(1,066,953)	(17,500)
Distributions paid to common stockholders	(16,671,024)	(11,358,337)	(1,497,802)
Proceeds from issuance of preferred equity in our Operating Partnership	—	—	52,820,000
Redemption of preferred equity in our Operating Partnership	—	—	(59,469,500)
Distributions paid to preferred unitholders in our Operating Partnership	—	—	(4,909,305)
Distributions paid to noncontrolling interests in our Operating Partnership	(252,671)	(12,003)	(12,001)
Net cash provided by financing activities	31,278,664	498,943,670	163,690,908
Impact of foreign exchange rate changes on cash	82,742	(171,642)	—
Change in cash and cash equivalents	(7,638,447)	(13,110,601)	21,573,318
Cash and cash equivalents, beginning of period	14,993,869	28,104,470	6,531,152
Cash and cash equivalents, end of period	$ 7,355,422	$ 14,993,869	$ 28,104,470
Supplemental disclosures and non-cash transactions:			
Cash paid for interest	$ 15,994,203	$ 6,597,500	$ 2,807,997
Supplemental disclosure of noncash activities:			
Deposit applied to the purchase of real estate facilities	$ 250,000	$ 2,066,260	$ 4,444,491
Proceeds from issuance of common stock in other assets	$ —	$ 1,567,461	$ 2,346,306
Debt and accrued liabilities assumed during purchase of real estate facilities	$ 39,967,787	$ 81,356,425	$ 369,903
Real estate and construction in process included in accounts payable and accrued liabilities	$ 165,806	$ —	$ —
Transfer from intangibles to real estate facilities to finalize purchase price allocations	$ —	$ 45,785	$ 958,000
Redemption of common stock included in accounts payable and accrued liabilities	$ 723,733	$ 245,330	$ 9,820
Offering costs included in due to affiliates	$ 299,299	$ 3,171,727	$ 160,512
Offering costs included in accounts payable and accrued liabilities	$ 1,410	$ 38,511	$ 45,275
Debt issuance costs included in accounts payable and accrued liabilities	$ —	$ 94,000	$ 104,171
Foreign currency contracts, interest rate swaps, and interest rate cap contract in accounts payable and accrued liabilities and other assets	$ 76,955	$ 786,229	$ —
Issuance of shares pursuant to distribution reinvestment plan	$ 16,006,277	$ 10,791,747	$ 1,177,289
Distributions payable	$ 2,852,100	$ 2,608,609	$ 986,886
Issuance of units in our Operating Partnership for purchase of real estate facilities	$ 4,875,454	$ —	$ —

See notes to consolidated financial statements.

Note 1. Organization

Strategic Storage Trust II, Inc., a Maryland corporation (the "Company"), was formed on January 8, 2013 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," "our," and "Company" refer to Strategic Storage Trust II, Inc. and each of our subsidiaries.

SmartStop Asset Management, LLC, a Delaware limited liability company (our "Sponsor") organized in 2013, was the sponsor of our Offering of shares of common stock, as described below. Our Sponsor is a company focused on providing real estate advisory, asset management, and property management services. Our Sponsor owns 97.5% of the economic interests (and 100% of the voting membership interests) of Strategic Storage Advisor II, LLC (our "Advisor") and owns 100% of Strategic Storage Property Management II, LLC (our "Property Manager").

On October 1, 2015, SmartStop Self Storage, Inc. ("SmartStop") and Extra Space Storage Inc. ("Extra Space"), along with subsidiaries of each of SmartStop and Extra Space, closed on a merger transaction (the "Extra Space Merger") in which SmartStop was acquired by Extra Space for $13.75 per share in cash, representing an enterprise value of approximately $1.4 billion. At the closing of the Extra Space Merger, our Sponsor, which was previously owned by SmartStop, was sold to an entity controlled by H. Michael Schwartz, our Chairman of the Board of Directors and Chief Executive Officer, and became our Sponsor. The former executive management team of SmartStop continued to serve on the executive management team for our Sponsor. In addition, our management team at the time of the Extra Space Merger continues to serve on our management team, as well as the management team of our Advisor and Property Manager.

We have no employees. Our Advisor, a Delaware limited liability company, was formed on January 8, 2013. 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 we have with our Advisor (our "Advisory Agreement"). The officers of our Advisor, as well as a majority of the officers of our Sponsor, are also officers of us.

Our Articles of Amendment and Restatement, as amended, authorized 350,000,000 shares of Class A common stock, $0.001 par value per share (the "Class A Shares") and 350,000,000 shares of Class T common stock, $0.001 par value per share (the "Class T Shares") and 200,000,000 shares of preferred stock with a par value of $0.001. We offered a maximum of $1.0 billion in common shares for sale to the public (the "Primary Offering") and $95.0 million in common shares for sale pursuant to our distribution reinvestment plan (collectively, the "Offering").

On January 10, 2014, the Securities and Exchange Commission ("SEC") declared our registration statement effective. On May 23, 2014, we satisfied the $1.5 million minimum offering requirements of our Offering and commenced formal operations. On January 9, 2017, our Offering terminated. We sold approximately 48 million Class A Shares and approximately 7 million Class T Shares for approximately $493 million and $73 million respectively, in our Offering. On November 30, 2016, prior to the termination of our Offering, we filed with the SEC a Registration Statement on Form S-3, which registered up to an additional $100.9 million in shares under our distribution reinvestment plan (our "DRP Offering"). The DRP Offering may be terminated at any time upon 10 days' prior written notice to stockholders. As of December 31, 2017, we had sold approximately 1.4 million Class A Shares and approximately 0.2 million Class T Shares for approximately $13.9 million and $2.1 million, respectively, in our DRP Offering.

On April 13, 2017, our board of directors, upon recommendation of our Nominating and Corporate Governance Committee, approved an estimated value per share of our common stock of $10.22 (unaudited) for our Class A Shares and Class T Shares based on the estimated value of our assets less the estimated value of our liabilities, or net asset value, divided by the number of shares outstanding on a fully diluted basis, calculated as of December 31, 2016.

As a result of the calculation of our estimated value per share, beginning in May 2017, shares sold pursuant to our distribution reinvestment plan are being sold at the estimated value per share of $10.22 (unaudited) for both Class A Shares and Class T Shares.

Our operating partnership, Strategic Storage Operating Partnership II, L.P., a Delaware limited partnership (our "Operating Partnership"), was formed on January 9, 2013. During 2013, our Advisor purchased limited partnership interests in our Operating Partnership for $200,000 and on August 2, 2013, we contributed the initial $1,000 capital contribution we received to our Operating Partnership in exchange for the general partner interest. In conjunction with the Toronto Merger (as defined in Note 8) we issued an aggregate of approximately 483,197 Class A Units of our Operating Partnership to the common stockholders of Strategic Storage

Toronto Properties REIT, Inc. ("SS Toronto"), consisting of Strategic 1031, LLC ("Strategic 1031"), a subsidiary of our Sponsor, and SS Toronto REIT Advisors, Inc., an affiliate of our Sponsor. Our Operating Partnership owns, directly or indirectly through one or more special purpose entities, all of the self storage properties that we have acquired and the self storage properties we will acquire in the future. As of December 31, 2017, we owned approximately 99.1% of the common units of limited partnership interests of our Operating Partnership. The remaining approximately 0.9% of the common units are owned by our Advisor, Strategic 1031, and SS Toronto REIT Advisors, Inc. As the sole general partner of our Operating Partnership, we have the exclusive power to manage and conduct the business of our Operating Partnership. We conduct certain activities through our taxable REIT subsidiary, Strategic Storage TRS II, Inc., a Delaware corporation (the "TRS"), which is a wholly-owned subsidiary of our Operating Partnership.

Our Property Manager was formed on January 8, 2013 to manage our properties. 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 manager. From October 1, 2015 through September 30, 2017, our Property Manager contracted with Extra Space for Extra Space to serve as the sub-property manager for each of our properties located in the United States pursuant to separate sub-property management agreements for each property.

Effective October 1, 2017, our Property Manager terminated its sub-property management agreements with Extra Space and our Property Manager began managing all of our properties in the United States directly. In connection therewith, an affiliate of our Property Manager reacquired the rights to the "SmartStop® Self Storage" brand in the United States. As a result, we began using the "SmartStop® Self Storage" brand at our United States properties effective October 1, 2017. Please see Note 8 – Related Party Transactions – Property Management Agreement.

All properties owned or acquired in Canada have been and will continue to be managed by a subsidiary of our Sponsor and branded using the SmartStop® Self Storage brand.

Our dealer manager is Select Capital Corporation, a California corporation (our "Dealer Manager"). Our Dealer Manager was responsible for marketing our shares offered pursuant to our Primary Offering. Our Sponsor owns a 15% non-voting equity interest in our Dealer Manager. Affiliates of our Dealer Manager own a 2.5% non-voting membership interest in our Advisor.

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

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.

Principles of Consolidation

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

Consolidation Considerations

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

As of December 31, 2017 and 2016, we had not entered into any other contracts/interests that would be deemed to be variable interests in VIEs.

Noncontrolling Interest in Consolidated Entities

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

Use of Estimates

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

Cash and Cash Equivalents

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

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

Restricted Cash

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

Real Estate Purchase Price Allocation

We account for acquisitions in accordance with GAAP which requires that we allocate the purchase price of 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. 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. We also consider whether in-place, market leases represent an intangible asset. We recorded approximately $4.4 million and approximately $19.9 million in intangible assets to recognize the value of in-place leases related to our acquisitions during the years ended December 31, 2017 and 2016, respectively. We do not expect, nor to date have we recorded, intangible assets for the value of customer relationships because we expect we will not have concentrations of significant customers and the average customer turnover will be fairly frequent. Our acquisition-related transaction costs are required to be expensed as incurred. During the years ended December 31, 2017, 2016, and 2015 we expensed approximately $0.5 million, $13.7 million, and $3.4 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 will report provisional amounts in our financial statements. During the measurement period, we will 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 will record those adjustments to our consolidated financial statements. We will recognize any measurement period adjustments during the period in which we determine the amount of the adjustment to our consolidated financial statements, potentially including adjustments to interest, depreciation and amortization expense.

Evaluation of Possible Impairment of Long-Lived Assets

Management monitors events and changes in circumstances that could indicate that the carrying amounts of our long-lived assets may not be recoverable. When indicators of potential impairment are present that indicate that the carrying amounts of the assets may not be recoverable, we will assess the recoverability of the assets by determining whether the carrying value of the 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. For the years ended December 31, 2017, 2016, and 2015, no impairment losses were recognized.

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

Tenant accounts receivable is reported net of an allowance for doubtful accounts. Management’s estimate of the allowance is based upon a review of the current status of tenant 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 based on fair value as of the date of acquisition. 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	30-35 years
Site Improvements	7-10 years

Depreciation of Personal Property Assets

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

Intangible Assets

We have allocated a portion of our real estate purchase price to in-place lease intangibles. We are amortizing in-place lease intangibles on a straight-line basis over the estimated future benefit period. As of December 31, 2017, the gross amounts allocated to in-place lease intangibles was approximately $34.0 million and accumulated amortization of in-place lease intangibles totaled approximately $29.8 million. As of December 31, 2016, the gross amounts allocated to in-place lease intangibles was approximately $29.2 million and accumulated amortization of in-place lease intangibles totaled approximately $16.1 million.

The total estimated future amortization expense of intangible assets for the years ending December 31, 2018, 2019, 2020, 2021, 2022, and thereafter is approximately $2.5 million, $0.1 million, $0.1 million, $0.1 million, $0.1 million, and $1.3 million respectively.

Debt Issuance Costs

The net carrying value of costs incurred in connection with our revolving credit facility are presented as debt issuance costs on our consolidated balance sheets. Debt issuance costs are 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, 2017 and 2016, accumulated amortization of debt issuance costs related to our revolving credit facility totaled approximately $1.5 million and $0.7 million, respectively.

The net carrying value of costs incurred in connection with obtaining non revolving debt are presented on the balance sheet as a deduction from secured debt (see Note 5). Debt issuance costs are 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, 2017 and 2016, accumulated amortization of debt issuance costs related to non revolving debt totaled approximately $0.6 million and $0.2 million, respectively.

Organizational and Offering Costs

Our Advisor funded organization and offering costs on our behalf. We were required to reimburse our Advisor for such organization and offering costs; provided, however, our Advisor was required to reimburse us within 60 days after the end of the month in which the Offering terminated to the extent we paid or reimbursed organization and offering costs (excluding sales commissions, dealer manager fees and stockholder servicing fees) in excess of 3.5% of the gross offering proceeds from the Primary Offering. Such costs would have been recognized as a liability when we had a present responsibility to reimburse our Advisor, which is defined in our Advisory Agreement as the date we satisfied the minimum offering requirements of our Offering (which occurred on May 23, 2014). If at any point in time we determined that the total organization and offering costs were expected to exceed 3.5% of the gross proceeds anticipated to be received from the Primary Offering, we would have recognized such excess as a capital contribution from our Advisor. However, subsequent to the termination of our Primary Offering on January 9, 2017, we determined that organization and offering costs did not exceed 3.5% of the gross proceeds from the Primary Offering, and thus there was no reimbursement. Offering costs are recorded as an offset to additional paid-in capital, and organization costs are recorded as an expense.

We pay our Dealer Manager an ongoing stockholder servicing fee that is payable monthly and accrues daily in an amount equal to 1/365th of 1% of the purchase price per share of the Class T Shares sold in the Primary Offering. We will cease paying the stockholder servicing fee with respect to the Class T Shares sold in the Primary Offering at the earlier of (i) the date we list our shares

on a national securities exchange, merge or consolidate with or into another entity, or sell or dispose of all or substantially all of our assets, (ii) the date at which the aggregate underwriting compensation from all sources equals 10% of the gross proceeds from the sale of both Class A Shares and Class T Shares in our Primary Offering (i.e., excluding proceeds from sales pursuant to our distribution reinvestment plan), which calculation shall be made by us with the assistance of our Dealer Manager commencing after the termination of the Primary Offering; (iii) the fifth anniversary of the last day of the fiscal quarter in which our Primary Offering (i.e., excluding our distribution reinvestment plan offering) terminated; and (iv) the date that such Class T Share is redeemed or is no longer outstanding. Our 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 and, subject to certain limitations, the stockholder servicing fees 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 their 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 the due diligence expenses could not be justified, any excess over actual due diligence expenses would have been considered underwriting compensation subject to a 10% FINRA limitation and, when aggregated with all other non-accountable expenses in connection with our Public Offering, could not exceed 3% of gross offering proceeds from sales in the Public Offering. We recorded a liability within Due to affiliates for the future estimated stockholder servicing fees at the time of sale of Class T Shares as an offering cost.

Foreign Currency Translation

For non-U.S. functional currency operations, assets and liabilities are translated to U.S. dollars at current exchange rates. Revenues and expenses are translated at the average rates for the period. All related adjustments are recorded in accumulated other comprehensive income (loss) as a separate component of equity. Transactions denominated in a currency other than the functional currency of the related operation are recorded at rates of exchange in effect at the date of the transaction. Gains or losses on foreign currency transactions are recorded in other income (expense).

Redeemable Common Stock

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

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

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

For the year ended December 31, 2017 we received redemption requests totaling approximately $2.2 million (approximately 0.2 million shares), approximately $1.5 million of which were fulfilled during the year ended December 31, 2017, with the remaining approximately $0.7 million included in accounts payable and accrued liabilities as of December 31, 2017 and fulfilled in January 2018. For the year ended December 31, 2016 we received redemption requests totaling approximately $1.3 million, (approximately 138,000 shares), approximately $1.1 million of which were fulfilled during the year ended December 31, 2016, with the remaining approximately $0.2 million included in accounts payable and accrued liabilities as of December 31, 2016 and fulfilled in January 2017.

Accounting for Equity Awards

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

Fair Value Measurements

Under GAAP, we are required to measure certain financial instruments at fair value on a recurring basis. In addition, we are required to measure other financial instruments and balances at fair value on a non-recurring basis. Fair value is defined by the accounting standard for fair value measurements and disclosures as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It also establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels. The following summarizes the three levels of inputs and hierarchy of fair value we will 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 will utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as consider counterparty credit risk in our assessment of fair value. Considerable judgment will be necessary to interpret Level 2 and 3 inputs in determining fair value of our financial and non-financial assets and liabilities. Accordingly, there can be no assurance that the fair values we will present will be indicative of amounts that may ultimately be realized upon sale or other disposition of these assets.

Financial and non-financial assets and liabilities measured at fair value on a non-recurring basis in our consolidated financial statements consist of real estate and related liabilities assumed related to our acquisitions. The fair values of these assets and liabilities were determined as of the acquisition dates using widely accepted valuation techniques, including (i) discounted cash flow analysis, which considers, among other things, leasing assumptions, growth rates, discount rates and terminal capitalization rates, (ii) income capitalization approach, which considers prevailing market capitalization rates, and (iii) comparable sales activity. In general, we consider multiple valuation techniques when measuring fair values. However, in certain circumstances, a single valuation technique may be appropriate. All of the fair values of the assets and liabilities as of the acquisition dates were derived using Level 3 inputs.

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

The table below summarizes our fixed rate notes payable at December 31, 2017 and 2016. 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, 2017		December 31, 2016	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Fixed Rate Secured Debt	$213,300,000	$218,332,483	$158,700,000	$166,410,537

As of December 31, 2017, we had interest rate swaps, an interest rate cap, and a net investment hedge (See Notes 5 and 6). The valuations of these instruments were determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of the derivative. The analysis reflected the contractual terms of the derivative, including the period to maturity, and used observable market-based inputs, including interest rate curves, foreign exchange rates, and implied volatilities. The fair value of the interest rate swaps were determined using the market standard methodology of netting the discounted future fixed

cash payments and the discounted expected variable cash payments. Our fair values of our net investment hedges are based on the change in the spot rate at the end of the period as compared with the strike price at inception.

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

Although we had determined that the majority of the inputs used to value our derivatives were within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilized Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by us and our counterparties. However, through December 31, 2017, we had assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and determined that the credit valuation adjustments were not significant to the overall valuation of our derivatives. As a result, we determined that our derivative valuations in their entirety were classified in Level 2 of the fair value hierarchy.

Derivative Instruments and Hedging Activities

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

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

Income Taxes

We made an election to be taxed as a Real Estate Investment Trust ("REIT"), under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"), commencing with our taxable year ended December 31, 2014. To qualify as a REIT, we must continue to meet certain organizational and operational requirements, including a requirement to distribute at least 90% of the REIT's ordinary taxable income to stockholders (which is computed without regard to the dividends paid deduction or net capital gains and which does not necessarily equal net income as calculated in accordance with GAAP). As a REIT, we generally will not be subject to federal income tax on taxable income that we distribute to our stockholders. If we fail to qualify as a REIT in any taxable year, we will then be subject to federal income taxes on our taxable income at regular corporate rates and will not be permitted to qualify for treatment as a REIT for federal income tax purposes for four years following the year during which qualification is lost unless the IRS grants us relief under certain statutory provisions. Such an event could materially adversely affect our net income and net cash available for distribution to stockholders. However, we believe that we are organized and operate in such a manner as to qualify for treatment as a REIT and intend to operate in the foreseeable future in such a manner that we will remain qualified as a REIT for federal income tax purposes.

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

We filed elections to treat our TRS as a taxable REIT subsidiary effective January 1, 2014. In general, the TRS performs additional services for our customers and generally engages in any real estate or non-real estate related business. The TRS is subject to corporate federal and state income tax. The TRS follows accounting guidance which requires the use of the asset and liability method. Deferred income taxes 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 to our common stockholders for all periods presented are computed by dividing net income (loss) attributable to our common stockholders by the weighted average number of shares outstanding during the period, excluding unvested restricted stock. Diluted earnings per share is computed by including the dilutive effect of unvested restricted stock, utilizing the treasury stock method. For all periods presented, the dilutive effect of unrestricted stock was not included in the diluted weighted average shares as such shares were antidilutive.

Recently Issued Accounting Guidance

In May 2014, the FASB issued ASU 2014-09 "Revenue from Contracts with Customers" as ASC Topic 606. The objective of ASU 2014-09 is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most of the existing revenue recognition guidance, including industry-specific guidance. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In applying the new standard, companies will perform a five-step analysis of transactions to determine when and how revenue is recognized. ASU 2014-09 applies to all contracts with customers except those that are within the scope of other topics in the FASB ASC. In July 2015, the FASB voted to defer the effective date by one year to annual reporting periods (including interim periods within those periods) beginning after December 15, 2017 with early adoption permitted. This ASU will be applied using the modified retrospective approach. We have determined that our self storage rental revenues will not be subject to the guidance in ASU 2014-09, as they qualify as lease contracts, which are excluded from its scope. We adopted this ASU on January 1, 2018 and its adoption did not have a material impact on our consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." ASU 2016-02 amends the guidance on accounting for leases. Under ASU 2016-02, lessees will be required to recognize the following for all leases (with the exception of short term leases) at the commencement date: (1) a lease liability, which is a lessee's obligation to make lease payments arising from a lease; and (2) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under ASU 2016-02, lessor accounting is largely unchanged. It also includes extensive amendments to the disclosure requirements. ASU 2016-02 is effective for fiscal years and interim periods beginning after December 15, 2018. Early adoption is permitted for financial statements that have not yet been made available for issuance. ASU 2016-02 requires a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. While we continue to evaluate the standard, based upon our assessment to date, we do not anticipate the adoption of this standard will have a material impact on our consolidated financial statements, because substantially all of our lease revenues are derived from month-to-month leases.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments." ASU 2016-15 addresses eight classification issues related to the statement of cash flows. The guidance will become effective for periods beginning after December 15, 2017, with early adoption permitted. We adopted this ASU on January 1, 2018 and its adoption did not have a material impact on our consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash." ASU 2016-18 will require companies to include restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 will require a disclosure of a reconciliation between the statement of financial position and the statement of cash flows when the statement of financial position includes more than one line item for cash, cash equivalents, restricted cash, and restricted cash equivalents. Entities with material restricted cash and restricted cash equivalent balances will be required to disclose the nature of the restrictions. ASU 2016-18 is effective for reporting periods beginning after December 15, 2017, with early adoption permitted, and will be applied retrospectively to all periods presented. We adopted this guidance on January 1, 2018 and will begin presenting restricted cash along with cash and cash equivalents in our consolidated statements of cash flows.

In January 2017, the FASB issued ASU 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business." ASU 2017-01 clarifies the framework for determining whether an integrated set of assets and activities meets the definition of a business. The revised framework provides guidance for determining whether an integrated set of assets and activities is a business and narrows the definition of a business, which is expected to result in fewer transactions being accounted for as business combinations. Acquisitions of integrated sets of assets and activities that do not meet the definition of a business are accounted for as asset acquisitions. This update is effective for fiscal years and for interim periods within those fiscal years, beginning after December 15, 2017 and shall be applied on a prospective basis. We adopted this ASU on January 1, 2018. We expect that acquisitions of real estate or in-substance real estate will not meet the revised definition of a business because substantially all of the fair value is concentrated in a single identifiable asset or group of similar identifiable assets (i.e. land, buildings, and related intangible assets) or because the acquisition does not include a substantive process in the form of an acquired workforce or an acquired contract that cannot be replaced without significant cost, effort or delay. As a result, certain transaction costs will be capitalized rather than expensed.

Note 3. Real Estate Facilities

The following summarizes the activity in real estate facilities during the years ended December 31, 2017 and 2016:

Real estate facilities	
Balance at December 31, 2015	$156,244,550
Facility acquisitions	563,278,685
Impact of foreign exchange rate changes	1,406,663
Finalized purchase price allocations related to 2015 acquisitions	(45,785)
Improvements and additions	6,571,620
Balance at December 31, 2016	727,455,733
Facility acquisitions	90,112,135
Impact of foreign exchange rate changes	7,731,429
Improvements and additions	4,521,592
Asset disposals	(141,412)
Balance at December 31, 2017	**$829,679,477**
Accumulated depreciation	
Balance at December 31, 2015	$ (3,755,709)
Depreciation expense	(11,132,336)
Impact of foreign exchange rate changes	32,857
Balance at December 31, 2016	(14,855,188)
Asset disposals	141,412
Depreciation expense	(19,777,620)
Impact of foreign exchange rate changes	(195,577)
Balance at December 31, 2017	**$ (34,686,973)**

The following table summarizes the purchase price allocation for our acquisitions during the year ended December 31, 2017:

Property	Acquisition Date	Real Estate Assets	Intangibles	Total	Debt Issued or Assumed	2017 Revenue[1]	2017 Property Operating Income (loss)[2]
Aurora II – CO	1/11/17	$ 9,780,754	$ 319,246	$10,100,000	$ —	$ 794,762	$ 444,113
Dufferin – ONT[3]	2/1/17	22,545,843	1,538,440	24,084,283	11,111,469	1,884,548	1,243,009
Mavis – ONT[3]	2/1/17	19,150,741	1,368,637	20,519,378	9,366,048	1,522,352	959,505
Brewster – ONT[3]	2/1/17	13,663,740	911,564	14,575,304	6,121,600	1,197,613	623,084
Granite – ONT[3]	2/1/17	11,827,875	275,863	12,103,738	6,821,686	719,275	229,117
Centennial – ONT[3][4]	2/1/17	13,143,182	—	13,143,182	4,939,433	279,366	(114,344)
2017 Total		**$ 90,112,135**	**$4,413,750**	**$94,525,885**	**$38,360,236**	**$6,397,916**	**$3,384,484**

(1) The operating results of the facilities acquired above have been included in our consolidated statements of operations since their respective acquisition date.

(2) Property operating income (loss) excludes corporate general and administrative expenses, asset management fees, interest expense, depreciation, amortization, acquisition expenses, and costs incurred in connection with the property management changes.

(3) Allocation based on CAD/USD exchange rates as of date of acquisition. See Note 8 for further discussion regarding the Toronto Merger.

(4) The Centennial property was acquired on February 1, 2017 with an occupancy of approximately 11% (unaudited) and the property's occupancy has increased to approximately 63% (unaudited) as of December 31, 2017.

We incurred acquisition fees to our Advisor related to the Aurora II property of approximately $200,000 for the year ended December 31, 2017.

The following table summarizes our purchase price allocation for our acquisitions during the year ended December 31, 2016:

Property	Acquisition Date	Real Estate Assets	Intangibles	Total	Debt Issued or Assumed	2016 Revenue[1]	2016 Property Operating Income (loss)[2]
Boynton Beach – FL	1/7/16	$ 17,216,308	$ 683,692	$ 17,900,000	$ —	$ 1,380,868	831,069
Lancaster II – CA	1/11/16	4,381,816	268,184	4,650,000	—	633,864	367,208
Milton – ON (CAN) [3]	2/11/16	9,382,679	435,162	9,817,841	4,820,717	801,638	462,423
Burlington I – ON (CAN) [3]	2/11/16	13,572,128	617,940	14,190,068	6,917,253	894,067	489,001
Oakville I – ON (CAN) [3]	2/11/16	15,727,673	—	15,727,673	7,243,413	192,250	(138,177)
Oakville II – ON (CAN) [3]	2/29/16	12,329,590	584,295	12,913,885	7,392,762	873,172	547,559
Burlington II – ON (CAN) [3]	2/29/16	8,069,874	383,109	8,452,983	4,962,733	639,781	385,012
Xenia – OH	4/20/16	2,940,185	207,622	3,147,807	—	320,574	186,670
Sidney – OH	4/20/16	2,061,595	140,896	2,202,491	—	239,177	107,612
Troy – OH	4/20/16	2,746,676	176,984	2,923,660	—	323,562	183,352
Greenville – OH	4/20/16	1,992,064	132,462	2,124,526	—	232,716	113,902
Washington Court House – OH	4/20/16	2,137,658	172,033	2,309,691	—	267,877	146,595
Richmond – IN	4/20/16	3,167,538	194,671	3,362,209	—	334,750	170,187
Connersville – IN	4/20/16	1,807,824	121,792	1,929,616	—	224,183	101,140
Port St. Lucie I – FL	4/29/16	8,929,360	370,640	9,300,000	—	520,274	248,884
Sacramento – CA	5/09/16	7,821,975	328,025	8,150,000	—	485,624	209,183
Oakland – CA	5/18/16	12,613,636	501,197	13,114,833	5,315,948	759,385	412,947
Concord – CA	5/18/16	36,292,871	1,202,494	37,495,365	14,684,052	1,680,111	1,102,628
Pompano Beach – FL	6/1/16	20,603,718	682,764	21,286,482	13,714,676	813,850	497,015
Lake Worth – FL	6/1/16	22,912,381	672,074	23,584,455	11,089,560	850,056	551,889
Jupiter – FL	6/1/16	26,586,715	847,852	27,434,567	12,469,383	1,027,609	699,721
Royal Palm Beach – FL	6/1/16	24,700,716	839,031	25,539,747	12,097,235	932,729	599,065
Port St. Lucie II – FL	6/1/16	13,541,095	518,868	14,059,963	7,280,380	609,242	311,291
Wellington – FL	6/1/16	21,896,312	781,048	22,677,360	10,644,805	840,932	540,030
Doral – FL	6/1/16	22,820,702	773,831	23,594,533	12,081,860	845,835	522,374
Plantation – FL	6/1/16	32,213,998	1,036,052	33,250,050	15,624,241	1,190,931	806,283
Naples – FL	6/1/16	24,560,390	737,465	25,297,855	13,504,110	858,655	621,830
Delray – FL	6/1/16	30,080,319	992,704	31,073,023	11,160,313	1,139,020	775,964
Baltimore – MD	6/1/16	26,325,715	776,250	27,101,965	15,333,437	987,789	665,997
Sonoma – CA	6/14/16	7,148,092	276,908	7,425,000	—	329,208	174,641
Las Vegas I – NV	7/28/16	13,509,112	425,888	13,935,000	—	434,740	292,195
Las Vegas II – NV	9/23/16	13,757,025	442,975	14,200,000	—	261,704	163,354
Las Vegas III – NV	9/27/16	8,904,522	345,478	9,250,000	—	218,952	136,518
Asheville I – NC	12/30/16	14,793,279	450,775	15,244,054	7,143,593	5,600	(1,852)
Asheville II – NC	12/30/16	4,872,280	206,656	5,078,936	3,250,087	2,649	(3,431)
Hendersonville I – NC	12/30/16	4,522,751	163,926	4,686,677	2,243,715	1,900	(3,370)
Asheville III – NC	12/30/16	9,716,847	351,277	10,068,124	4,677,156	3,677	(2,616)
Arden – NC	12/30/16	12,055,859	443,676	12,499,535	6,557,917	4,599	(1,696)
Asheville IV – NC	12/30/16	9,013,256	317,301	9,330,557	4,413,190	3,275	(6,621)
Asheville V – NC	12/30/16	10,241,097	350,841	10,591,938	5,073,106	3,976	(2,710)
Asheville VI – NC	12/30/16	6,427,572	275,104	6,702,676	3,489,307	2,995	(3,162)
Asheville VII – NC	12/30/16	2,922,248	142,357	3,064,605	1,592,048	1,460	(4,284)
Asheville VIII – NC	12/30/16	7,927,820	312,430	8,240,250	4,536,924	3,685	(2,375)
Hendersonville II – NC	12/30/16	7,634,934	249,233	7,884,167	4,272,956	3,043	(2,611)
Sweeten Creek Land – NC	12/30/16	348,480	—	348,480	—	—	—
Highland Center Land – NC	12/30/16	50,000	—	50,000	—	—	—
2016 Total		**$563,278,685**	**$19,933,962**	**$583,212,647**	**$233,586,877**	**$22,181,984**	**$13,250,634**

(1) The operating results of the facilities acquired above have been included in our consolidated statement of operations since their respective acquisition date.

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

(3) Allocation based on CAD/USD exchange rates as of date of acquisition.

We incurred acquisition fees to our Advisor related to the above properties of approximately $10.2 million for the year ended December 31, 2016.

During 2016 we completed the purchase price allocations for our Foley, AL and Tampa, FL properties acquired in 2015 and recognized the adjustments during the third and fourth quarter of 2016 respectively. These adjustments had the aggregate impact of decreasing our allocation to land by approximately $300,000, with increases to site improvements, buildings, and intangible assets of approximately $100,000, $100,000 and $50,000 respectively. The impact of such reclassifications was that we recognized measurement period adjustments during the third and fourth quarters of 2016 to our consolidated statement of operations. This had the net impact of an increase to amortization expense of approximately $30,000 and an increase to depreciation expense of approximately $5,000 during the third quarter of 2016, and a decrease of approximately $10,000 to amortization expense and an increase to depreciation expense of $10,000 during the fourth quarter of 2016. During 2016, we also completed the purchase price allocation for the properties acquired during the first, second, and third quarters of 2016 and recognized adjustments during the fourth quarter measurement period, which had the aggregate impact of increasing our allocation to building by approximately $2.1 million, and decreasing land, site improvements, and intangible assets by approximately $0.6 million, $1.1 million, and $0.4 million respectively. The impact of such reclassifications was that we recognized measurement period adjustments during the fourth quarter of 2016 to our consolidated statement of operations, which had the net impact of a decrease to depreciation expense of approximately $40,000 and a decrease to intangible amortization expense of approximately $300,000.

Note 4. 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, 2017, and 2016 as if the Company's acquisitions that occurred during 2017 and 2016 each had occurred as of January 1, 2016 and 2015, respectively. This pro forma information does not purport to represent what our actual results of operations would have been for the periods indicated, nor does it purport to predict the results of operations for future periods.

	Year Ended December 31, 2017	Year Ended December 31, 2016
Pro forma revenue	$ 76,573,381	$ 70,254,419
Pro forma operating expenses	$(59,932,625)	$(65,167,658)
Pro forma net loss attributable to common stockholders	$ (2,194,550)	$(13,618,342)

The pro forma financial information for the years ended December 31, 2017 and 2016 were adjusted to exclude approximately $0.5 million and $13.6 million, respectively, for acquisition related expenses.

Note 5. Debt

The Company's debt is summarized as follows:

Encumbered Property	December 31, 2017	December 31, 2016	Interest Rate	Maturity Date
Raleigh/Myrtle Beach promissory note[1]	$ 12,076,470	$ 12,263,391	5.73%	9/1/2023
Amended KeyBank Credit Facility[2]	86,382,500	12,300,000	3.81%[13]	12/22/2018
Milton fixed rate[3]	5,238,606	4,956,483	5.81%	10/15/2018
Burlington I fixed rate[3]	5,120,423	4,870,817	5.98%	10/15/2018
Burlington I variable rate[3]	2,402,418	2,242,880	5.43%	10/15/2018
Oakville I variable rate[3]	8,019,489	7,486,937	4.95%	12/31/2018
Burlington II and Oakville II variable rate[3]	12,834,819	12,232,378	3.83%	2/28/2021
Oakland and Concord loan[4]	19,960,190	20,000,000	3.95%	4/10/2023
Amended KeyBank Property Loan[5]	—	92,753,550	N/A	5/1/2017
KeyBank CMBS Loan[6]	95,000,000	95,000,000	3.89%	8/1/2026
KeyBank Florida CMBS Loan[7]	52,000,000	—	4.65%	5/1/2027
$11M KeyBank Subordinate Loan[8]	11,000,000	—	5.31%[13]	6/1/2020
Midland North Carolina CMBS Loan[9]	47,249,999	47,249,999	5.31%	8/1/2024
Dufferin loan[10]	11,172,315	—	3.21%	5/31/2019
Mavis loan[10]	9,416,609	—	3.21%	5/31/2019
Brewster loan[10]	6,154,532	—	3.21%	5/31/2019
Granite variable rate loan[11]	7,101,614	—	5.95%	6/1/2018
Centennial variable rate loan[11]	6,377,780	—	6.20%	6/1/2018
Premium on secured debt, net	1,646,988	2,069,847		
Debt issuance costs, net	(2,361,850)	(2,605,542)		
Total secured debt	396,792,902	310,820,740		
Amended KeyBank Subordinate Loan[12]	—	10,000,000	N/A	3/31/2017
Total debt	$396,792,902	$320,820,740		

(1) Fixed rate debt with principal and interest payments due monthly. This promissory note is encumbered by five properties, Morrisville, Cary, Raleigh, Myrtle Beach I, and Myrtle Beach II.

(2) As of December 31, 2017, this facility encumbers 21 properties (Xenia, Sidney, Troy, Greenville, Washington Court House, Richmond, Connersville, Vallejo, Port St. Lucie I, Sacramento, Sonoma, Las Vegas I, Las Vegas II, Las Vegas III, Baltimore, Aurora II, Plantation, Wellington, Naples, Port St. Lucie II, and Doral).

(3) Canadian Dollar denominated loans shown above in USD based on the foreign exchange rate in effect as of December 31, 2017. Variable rate loans are based on Canadian Prime, or the Canadian Dealer Offered Rate ("CDOR").

(4) This loan was assumed during the acquisition of the Oakland and Concord properties, along with an interest rate swap with USAmeriBank that fixes the interest rate at 3.95%.

(5) The Amended KeyBank Property Loan was repaid in full on April 11, 2017.

(6) This loan encumbers 29 properties (Whittier, La Verne, Santa Ana, Upland, La Habra, Monterey Park, Huntington Beach, Chico, Lancaster I, Riverside, Fairfield, Lompoc, Santa Rosa, Federal Heights, Aurora, Littleton, Bloomingdale, Crestwood, Forestville, Warren I, Sterling Heights, Troy, Warren II, Beverly, Everett, Foley, Tampa, Boynton Beach, and Lancaster II). The separate assets of these encumbered properties are not available to pay our other debts. The equity interests in the entities that own these encumbered properties are pledged as collateral in the $11M KeyBank Subordinate Loan. See footnote 8, below.

(7) This loan encumbers five properties (Pompano Beach, Lake Worth, Jupiter, Royal Palm Beach, and Delray). The separate assets of these encumbered properties are not available to pay our other debts. The equity interests in the entities that own these encumbered properties are pledged as collateral in the $11M KeyBank Subordinate Loan. See footnote 8, below.

(8) This loan encumbers the equity interest in the entities that own the 34 properties (the 29 properties encumbered by the KeyBank CMBS Loan and the five properties encumbered by the KeyBank Florida CMBS Loan), and is subordinate to the existing KeyBank CMBS Loan and KeyBank Florida CMBS Loan.

(9) This loan encumbers 11 self storage properties (Asheville I, Arden, Asheville II, Hendersonville I, Asheville III, Asheville IV, Asheville V, Asheville VI, Asheville VII, Asheville VIII, and Hendersonville II) with monthly interest only payments until September 2019, at which time both interest and principal payments will be due monthly.

(10) Canadian Dollar denominated loans shown above in USD based on the foreign exchange rate in effect as of December 31, 2017. These loans were assumed during the Toronto Merger, along with an interest rate swap with the Bank of Montreal that fixes the interest rate at 3.21%.

(11) Canadian Dollar denominated loans shown above in USD based on the foreign exchange rate in effect as of December 31, 2017. Variable rate loans are based on Canadian Prime.

(12) The Amended KeyBank Subordinate Loan (as defined below) was repaid in full on March 8, 2017.

(13) We have a $90 million interest rate cap on our variable rate LIBOR based debt that caps LIBOR at 1.25%. See Note 6 below.

The weighted average interest rate on our consolidated debt as of December 31, 2017 was approximately 4.3%. As of December 31, 2017 we provided recourse guarantees totaling approximately $43.7 million in connection with certain of our loans. We are subject to certain restrictive covenants relating to the outstanding debt.

Amended KeyBank Credit Facility

On December 22, 2015, we, through our Operating Partnership, and certain affiliated entities, entered into an amended and restated revolving credit facility (the "Amended KeyBank Credit Facility") with KeyBank National Association ("KeyBank"), as administrative agent and KeyBanc Capital Markets, LLC, as the sole book runner and sole lead arranger, and Texas Capital Bank, N.A., and Comerica Bank as co-lenders. The Amended KeyBank Credit Facility replaced our term credit facility with KeyBank in which we had a maximum borrowing capacity of approximately $71.3 million.

Under the terms of the Amended KeyBank Credit Facility, we initially had a maximum borrowing capacity of $105 million. The Amended KeyBank Credit Facility may be increased to a maximum credit facility size of $500 million, in minimum increments of $10 million, which KeyBank will arrange on a best efforts basis.

On February 18, 2016, we entered into a first amendment and joinder to the amended and restated credit agreement (the "First Amendment") with KeyBank. Under the terms of the First Amendment, we added an additional $40 million to our maximum borrowing capacity for a total of $145 million with the admission of US Bank National Association (the "Subsequent Lender"). The Subsequent Lender also became a party to the Amended KeyBank Credit Facility through a joinder agreement in the First Amendment.

On March 8, 2017, we removed five of the properties held as collateral (Plantation, Wellington, Naples, Port St. Lucie II, and Doral) under the Amended KeyBank Property Loan (as defined below) and added them to the Amended KeyBank Credit Facility. In conjunction with adding these five properties to the Amended KeyBank Credit Facility, we borrowed $56 million which was used to repay approximately $46 million of principal on the Amended KeyBank Property Loan and the remaining outstanding principal balance on the Amended KeyBank Subordinate Loan of $10 million. As of December 31, 2017 we had approximately $86.4 million in borrowings outstanding under the Amended KeyBank Credit Facility.

The Amended KeyBank Credit Facility is a revolving loan with an initial term of three years, maturing on December 22, 2018, with two one-year extension options subject to certain conditions outlined further in the credit agreement for the Amended KeyBank Credit Facility (the "Amended Credit Agreement"). Payments due pursuant to the Amended KeyBank Credit Facility are interest-only for the first 36 months and a 30-year amortization schedule thereafter. The Amended KeyBank Credit Facility bears interest based on the type of borrowing. The ABR Loans bear interest at the lesser of (x) the Alternate Base Rate (as defined in the Amended Credit Agreement) plus the Applicable Rate, or (y) the Maximum Rate (as defined in the Amended Credit Agreement). The Eurodollar Loans bear interest at the lesser of (a) the Adjusted LIBO Rate (as defined in the Amended Credit Agreement) for the Interest Period in effect plus the Applicable Rate, or (b) the Maximum Rate (as defined in the Amended Credit Agreement). The Applicable Rate corresponds to our total leverage, as specified in the Amended Credit Agreement. For any ABR Loans, the Applicable Rate is 125 basis points if our total leverage is less than 50%, and 150 basis points if our leverage is greater than 50%. For any Eurodollar Loan, the Applicable Rate is 225 basis points if our total leverage is less than 50% and 250 basis points if our total leverage is greater than 50%.

The Amended KeyBank Credit Facility is fully recourse and is secured by cross-collateralized first mortgage liens on the mortgaged properties. The Amended KeyBank Credit Facility may be prepaid or terminated at any time without penalty, provided, however, that the Lenders (as defined in the Amended Credit Agreement) shall be indemnified for any breakage costs. Pursuant to that certain guaranty (the "KeyBank Guaranty"), dated December 22, 2015, in favor of the Lenders, we serve as a guarantor of all obligations due under the Amended KeyBank Credit Facility.

Under certain conditions, the Borrower may cause the release of one or more of the properties serving as collateral for the Amended KeyBank Credit Facility, provided that no default or event of default is then outstanding or would reasonably occur as a result of such release, and after taking into account any prepayment of outstanding Loans (as defined in the Amended Credit Agreement) necessary to maintain compliance with the financial covenants.

The Amended KeyBank Credit Facility contains a number of other customary terms and covenants, including the following (capitalized terms are as defined in the Amended Credit Agreement): the aggregate borrowing base availability under the Amended KeyBank Facility 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 not at any time to be less than the Base Amount plus 80% of Net Equity Proceeds received after the Effective Date; (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 60%; and (7) a Debt Service Coverage Ratio of not less than 1.35 to 1.0. As of December 31, 2017 we were in compliance with all such covenants.

During 2017, our Operating Partnership purchased an interest rate cap with an effective date of July 1, 2017 and a notional amount of $90 million that caps LIBOR at 1.25% through December 22, 2018.

The Amended KeyBank Property Loan

On March 25, 2016, one of our subsidiaries executed purchase and sale agreements with unaffiliated third parties for the acquisition of 22 self storage facilities (10 in Florida, 11 in North Carolina, and one in Maryland), two parcels of land adjacent to the North Carolina properties and one redevelopment property in North Carolina, which was subsequently assigned to Strategic Storage Growth Trust, Inc., (the "27 Property Portfolio"). On June 1, 2016 we closed on 11 self storage facilities in Florida and Maryland for approximately $275 million representing the first phase ("First Phase") of the 27 Property Portfolio.

On June 1, 2016, we, through certain affiliated entities (collectively, the "Property Loan Borrower") entered into a credit agreement (the "Property Loan Agreement") for a secured loan in the amount of $105 million (the "KeyBank Property Loan") with KeyBank, as administrative agent, KeyBanc Capital Markets, LLC, as the sole book runner and sole lead arranger, and the lenders party thereto. The Property Loan Borrower borrowed $105 million in connection with the purchase of the properties in the First Phase of the 27 Property Portfolio. The KeyBank Property Loan was a term loan facility with an original maturity date of December 31, 2016. On December 29, 2016, we entered into a First Amendment to the Credit Agreement (the "First Amendment to the KeyBank Property Loan") in connection with the KeyBank Property Loan. Prior to the First Amendment to the KeyBank Property Loan, one of the properties held as collateral was removed and added to the Amended KeyBank Credit Facility and the KeyBank Property Loan was reduced to approximately $92.8 million. The First Amendment to the KeyBank Property Loan extended the maturity date of the loan (the "Amended KeyBank Property Loan") from December 31, 2016 to March 31, 2017.

On March 8, 2017, we removed five of the properties held as collateral (Plantation, Wellington, Naples, Port St. Lucie II, and Doral) under the Amended KeyBank Property Loan and added them to the Amended KeyBank Credit Facility. On March 30, 2017 we entered into a Second Amendment to the Amended KeyBank Property Loan to extend the maturity date from March 31, 2017 to May 1, 2017. On April 11, 2017, we removed the remaining five properties that served as collateral under the Amended KeyBank Property Loan and entered into the KeyBank Florida CMBS Loan (as defined below) in which we borrowed $52 million, the proceeds of which were primarily used to pay off the outstanding balance on the Amended KeyBank Property Loan.

The Amended KeyBank Subordinate Loan

On June 1, 2016, in conjunction with the acquisition of the First Phase of the 27 Property Portfolio, we entered into a credit agreement (the "Subordinate Loan Agreement") in which we borrowed $30 million (the "KeyBank Subordinate Loan") with KeyBank, as administrative agent, KeyBanc Capital Markets, LLC, as the sole book runner and sole lead arranger, and the lenders party thereto. The KeyBank Subordinate Loan was a term loan facility with an original maturity date of December 31, 2016. During the third and fourth quarters of 2016, we made payments totaling $20 million on the KeyBank Subordinate Loan, reducing the loan amount to $10 million as of December 29, 2016. On December 29, 2016, we entered into a First Amendment to the Subordinate Loan Agreement (the "First Amendment to the Subordinate Loan"), which extended the maturity date of the Subordinate Loan Agreement (subsequently, the "Amended KeyBank Subordinate Loan") from December 31, 2016 to March 31, 2017. On March 8, 2017, we paid

off the outstanding balance of $10 million on the Amended KeyBank Subordinate Loan through a draw on the Amended KeyBank Credit Facility.

KeyBank CMBS Loan

On July 28, 2016, we, through 29 special purpose entities wholly owned by our Operating Partnership, entered into a loan agreement with KeyBank in which we borrowed $95 million from KeyBank (the "KeyBank CMBS Loan"). Pursuant to the loan agreement, the collateral under the loan consists of our respective fee interests in 29 self storage properties (the "29 Mortgaged Properties"). The proceeds of the KeyBank CMBS Loan were primarily used to pay down our Amended KeyBank Credit Facility, after which the 29 Mortgaged Properties were released as collateral under the Amended KeyBank Credit Facility.

The KeyBank CMBS Loan has an initial term of ten years, maturing on August 1, 2026. In connection with the KeyBank CMBS Loan, we entered into two promissory notes, dated July 28, 2016, in the amounts of $70 million and $25 million (the "Promissory Notes"). Monthly payments due under the Promissory Notes are interest-only for the first five years and payments reflecting a 30-year amortization schedule begin thereafter. The Promissory Notes bear interest at 3.89%.

KeyBank Florida CMBS Loan

On April 11, 2017, we removed the remaining five properties that served as collateral under the Amended KeyBank Property Loan and, through five special purpose entities wholly owned by our Operating Partnership, entered into a new loan agreement with KeyBank in which we borrowed $52 million (the "KeyBank Florida CMBS Loan"). Pursuant to the loan agreement, the five properties released from the Amended KeyBank Property Loan now serve as collateral under the KeyBank Florida CMBS Loan. The proceeds of the KeyBank Florida CMBS Loan were primarily used to pay off the outstanding balance on the Amended KeyBank Property Loan.

The KeyBank Florida CMBS Loan has an initial term of ten years, maturing on May 1, 2027. Monthly payments due are interest-only for the first five years and payments reflecting a 30-year amortization schedule begin thereafter. The loan bears interest at 4.65%.

$11M KeyBank Subordinate Loan

On June 1, 2017, we entered into a credit agreement (the "$11M Subordinate Loan Agreement") in which we borrowed $11 million (the "$11M KeyBank Subordinate Loan") with KeyBank, as administrative agent, KeyBanc Capital Markets, LLC, as the sole book runner and sole lead arranger, and the lenders party thereto. This loan is subordinate to the existing KeyBank CMBS Loan and the KeyBank Florida CMBS Loan, and encumbers the same 34 properties already encumbered by these two loans.

The $11M KeyBank Subordinate Loan has an initial term of three years, maturing on June 1, 2020, with a one-year extension option subject to certain conditions in the credit agreement. The $11M KeyBank Subordinate Loan bears interest based on the type of borrowing elected by us. An ABR Borrowing bears interest at the lesser of (x) the Alternate Base Rate (as defined in the $11M Subordinate Loan Agreement) plus the Applicable Rate, or (y) the Maximum Rate (as defined in the $11M Subordinate Loan Agreement). A Eurodollar Borrowing bears interest at the lesser of (a) the Adjusted LIBO Rate (as defined in the $11M Subordinate Loan Agreement) for the Interest Period in effect plus the Applicable Rate, or (b) the Maximum Rate (as defined in the $11M Subordinate Loan Agreement). The Applicable Rate means 375 basis points for any Eurodollar Borrowing and 275 basis points for any ABR Borrowing. The proceeds from the $11M KeyBank Subordinate Loan were primarily used to pay down the Amended KeyBank Credit Facility.

The following table presents the future principal payment requirements on outstanding debt as of December 31, 2017:

2018	$122,652,273
2019	26,852,594
2020	12,630,192
2021	14,014,862
2022	3,635,428
2023 and thereafter	217,722,415
Total payments	397,507,764
Premium on secured debt, net	1,646,988
Debt issuance costs, net	(2,361,850)
Total	$396,792,902

Note 6. Derivative Instruments

Interest Derivatives

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

We do not use derivatives for trading or speculative purposes. Derivatives not designated as hedges are not speculative and are used to manage our exposure to interest rate movements and other identified risks but we have elected not to apply hedge accounting. Changes in the fair value of derivatives not designated in hedging relationships are recorded in other income (expense) as income within our consolidated statements of operations and were approximately $290,000 for the year ended December 31, 2017.

Foreign Currency Forward

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

The following table summarizes the terms of our derivative financial instruments as of December 31, 2017:

	Notional Amount	Strike	Effective Date or Date Assumed	Maturity Date
Interest Rate Swaps:				
Oakland and Concord loan	$ 19,960,190	3.95%	May 18, 2016	April 10, 2023
Dufferin loan	14,025,000 [1]	3.21%	February 1, 2017	May 31, 2019
Mavis loan	11,821,000 [1]	3.21%	February 1, 2017	May 31, 2019
Brewster loan	7,726,000 [1]	3.21%	February 1, 2017	May 31, 2019
Interest Rate Cap:				
LIBOR	$ 90,000,000	1.25%	July 1, 2017	December 22, 2018
Foreign Currency Forward:				
Denominated in CAD	$101,000,000 [1]	1.2526	August 31, 2017	March 29, 2018

[1] Notional amounts shown are denominated in CAD.

On February 1, 2017, to hedge our net investment related to the Toronto Merger, we entered into a foreign currency forward contract with a notional amount of $58.5 million CAD, and a forward rate of approximately 1.3058. During the quarter ended March 31, 2017, we settled our two foreign currency forward contracts which resulted in us receiving a net settlement of approximately $1.4 million, and simultaneously entered into a third foreign currency forward contract with a notional amount of $101 million CAD, and a forward rate of approximately 1.3439. During the quarter ended September 30, 2017, we settled our third foreign currency forward contract, which resulted in us paying a net settlement of approximately $5.5 million, and simultaneously entered into a fourth foreign currency forward contract as noted in the table above. A portion of our gain (loss) from our settled hedges is recorded net in foreign currency forward contract gain (loss) in our consolidated statements of comprehensive loss, and a loss of approximately $125,000 related to the ineffective portion is recorded in other income (expense) within our consolidated statements of operations for the year ended December 31, 2017.

The following table summarizes the terms of our derivative financial instruments as of December 31, 2016:

	Notional Amount	Strike	Effective Date or Date Assumed	Maturity Date
Interest Rate Swaps:				
Oakland and Concord loan	$20,000,000	3.95%	May 18, 2016	April 10, 2023
Foreign Currency Forward:				
Denominated in CAD	$42,500,000 (1)	1.339	March 8, 2016	March 9, 2017

(1) Notional amount shown is denominated in CAD.

The following table presents a gross presentation of the fair value of our derivative financial instruments as well as their classification on our consolidated balance sheets as of December 31, 2017 and 2016:

	Asset/Liability Derivatives Fair Value	
Balance Sheet Location	**December 31, 2017**	**December 31, 2016**
Interest Rate Swaps		
Other assets	$ 455,526	$ 41,884
Accounts payable and accrued liabilities	6,320	—
Interest Rate Cap		
Other assets	$ 472,501	$ —
Foreign Currency Forward		
Other assets	$ —	$ 86,315
Accounts payable and accrued liabilities	67,092	—

Note 7. Preferred Equity

Issuance of Preferred Units by our Operating Partnership

On November 3, 2014, we and our Operating Partnership entered into a Series A Cumulative Redeemable Preferred Unit Purchase Agreement (the "Unit Purchase Agreement") with the Preferred Investor, a wholly-owned subsidiary of SmartStop Self Storage Operating Partnership, L.P. Pursuant to the Unit Purchase Agreement, the Preferred Investor agreed to provide up to $65 million through a preferred equity investment in our Operating Partnership (the "Preferred Equity Investment"), to be used solely for investments in self storage properties, as described in the underlying documents, in exchange for up to 2.6 million preferred units of limited partnership interest of our Operating Partnership (the "Preferred Units"), each having a liquidation preference of $25.00 per Preferred Unit (the "Liquidation Amount"), plus all accumulated and unpaid distributions.

In addition to the Unit Purchase Agreement, we and our Operating Partnership entered into a Second Amended and Restated Limited Partnership Agreement of the Operating Partnership (the "Second Amended and Restated Limited Partnership Agreement") and Amendment No. 1 to the Second Amended and Restated Limited Partnership Agreement (the "Amendment"). The Second Amended and Restated Limited Partnership Agreement authorizes the issuance of additional classes of units of limited partnership interest in the Operating Partnership, establishes a new series of preferred units of limited partnership interest in the Operating

Partnership and sets forth other necessary corresponding changes. All other terms of the Second Amended and Restated Limited Partnership Agreement remained substantially the same. The Amendment sets forth key terms of the Preferred Units, some of which are discussed below.

In a number of transactions, the Preferred Investor invested a total of $59.5 million in our Operating Partnership and was issued approximately 2.4 million preferred units. As of December 31, 2015, we had redeemed all of the Preferred Units.

The holders of the Preferred Units received current distributions (the "Current Distributions") at a rate of a one-month LIBOR plus 6.5% per annum on the Liquidation Amount, payable monthly and calculated on an actual/360 basis. In addition to the Current Distributions, our Operating Partnership had the obligation to elect either (A) to pay the holder of the Preferred Units additional distributions monthly in an amount equal to: (i) 4.35% per annum of the Liquidation Amount through March 31, 2017; and (ii) beginning April 1, 2017, 6.35% per annum of the Liquidation Amount or (B) defer the additional distributions (the "Deferred Distributions") in an amount that accumulated monthly in an amount equal to (i) LIBOR plus 10.85% of the Deferred Distributions through March 31, 2017; and (ii) beginning April 1, 2017, LIBOR plus 12.85% of the Deferred Distributions.

Note 8. Related Party Transactions

Fees to Affiliates

Our Advisory Agreement with our Advisor and dealer manager agreement, as amended ("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 organization 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 could be paid by our Advisor on our behalf and were reimbursed to our Advisor from the proceeds of our Offering. Organization and offering costs consist of all expenses (other than sales commissions, the dealer manager fees and stockholder servicing fees) 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 organization and 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 was obligated to reimburse us within 60 days after the end of the month which the Offering terminated to the extent we paid or reimbursed organization and offering costs (excluding sales commissions, dealer manager fees, and stockholder servicing fees) in excess of 3.5% of the gross offering proceeds from the Primary Offering. However, subsequent to the termination of our Primary Offering on January 9, 2017, we determined that organization and offering costs did not exceed 3.5% of the gross proceeds from the Primary Offering, and thus there was no reimbursement.

Advisory Agreement

We 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 noted above, we were required under our Advisory Agreement to reimburse our Advisor for organization and offering costs.

Our Advisory Agreement also required our Advisor to reimburse us to the extent that offering expenses, including sales commissions, dealer manager fees, stockholder servicing fees and organization and offering expenses, were in excess of 15% of gross proceeds from the Offering. However, subsequent to the termination of our Primary Offering on January 9, 2017, we determined offering expenses were not in excess of 15% of gross proceeds from the Offering, and thus there was no reimbursement.

Our Advisor receives acquisition fees equal to 1.75% of the contract purchase price of each property we acquire plus reimbursement of any acquisition expenses incurred by our Advisor. Our Advisor also receives a monthly asset management fee equal to 0.05208%, which is one-twelfth of 0.625%, of our aggregate asset value, as defined in the Advisory Agreement.

Under our Advisory Agreement, our Advisor receives disposition fees in an amount equal to the lesser of (i) one-half of the competitive real estate commission or (ii) 1% 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 the disposition fee paid to our Advisor) may not exceed the lesser of a competitive real estate commission or an amount equal to 6% of the contract sale price of the property.

Our Advisor is also entitled to various subordinated distributions pursuant to our Operating Partnership Agreement if we (1) list our shares of common stock on a national exchange, (2) terminate our Advisory Agreement (other than a voluntary termination), (3) liquidate our portfolio, or (4) enter into an Extraordinary Transaction, as defined in the Operating Partnership Agreement.

Our Advisory Agreement provides for reimbursement of our Advisor's direct and indirect costs of providing administrative and management services to us. Pursuant to the Advisory Agreement, our Advisor is obligated to 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 years ended December 31, 2015, 2016, and 2017, our aggregate annual operating expenses, as defined, did not exceed the thresholds described above.

Dealer Manager Agreement

Our Dealer Manager received a sales commission of up to 7.0% of gross proceeds from sales of Class A Shares and up to 2.0% of gross proceeds from the sales of Class T Shares in the Primary Offering and a dealer manager fee up to 3.0% of gross proceeds from sales of both Class A Shares and Class T Shares in the Primary Offering under the terms of the Dealer Manager Agreement. In addition, our Dealer Manager receives an ongoing stockholder servicing fee that is payable monthly and accrues daily in an amount equal to 1/365th of 1% of the purchase price per share of the Class T Shares sold in the Primary Offering. We will cease paying the stockholder servicing fee with respect to the Class T Shares sold in the Primary Offering at the earlier of (i) the date we list our shares on a national securities exchange, merge or consolidate with or into another entity, or sell or dispose of all or substantially all of our assets, (ii) the date at which the aggregate underwriting compensation from all sources equals 10% of the gross proceeds from the sale of both Class A Shares and Class T Shares in our Primary Offering (i.e., excluding proceeds from sales pursuant to our distribution reinvestment plan), which calculation shall be made by us with the assistance of our Dealer Manager commencing after the termination of the Primary Offering; (iii) the fifth anniversary of the last day of the fiscal quarter in which our Primary Offering (i.e., excluding our distribution reinvestment plan offering) terminated; and (iv) the date that such Class T Share is redeemed or is no longer outstanding. Our 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 and, subject to certain limitations, the stockholder servicing fees paid in connection with sales made by these broker-dealers. Our Dealer Manager could also re-allow to these broker-dealers a portion of their dealer manager fee as marketing fees, reimbursement of certain costs and expenses of attending training and education meetings sponsored by our 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 could not be justified, any excess over actual due diligence expenses would have been considered underwriting compensation subject to a 10% FINRA limitation and, when aggregated with all other non-accountable expenses in connection with our Offering, could not exceed 3% of gross offering proceeds from sales in the Offering.

Affiliated Dealer Manager

Our Sponsor owns a 15% non-voting equity interest in our Dealer Manager. Affiliates of our Dealer Manager own a 2.5% non-voting membership interest in our Advisor.

Property Management Agreement

Since inception, our Property Manager has served as the property manager for each of our properties pursuant to separate property management agreements. From October 1, 2015 through September 30, 2017, our Property Manager contracted with Extra Space for Extra Space to serve as the sub-property manager for each of our properties located in the United States pursuant to separate

sub-property management agreements for each property. Effective October 1, 2017, our Property Manager terminated its sub-property management agreements with Extra Space. Our Property Manager now manages all our properties directly. In addition, an affiliate of our Property Manager reacquired the rights to the "SmartStop® Self Storage" brand in the United States. As a result, we began using the "SmartStop® Self Storage" brand at our properties in the United States effective October 1, 2017. In connection with these terminations, each property management agreement that was subject to a sub-property management agreement with Extra Space was amended and, where applicable, we paid Extra Space a termination fee, as described below.

Prior Arrangement

Under the property management agreements in effect from October 1, 2015 through September 30, 2017 for our properties located in the United States, our Property Manager received a monthly management fee for each property equal to the greater of $2,500 or 6% of the gross revenues, plus reimbursement of our Property Manager's costs of managing the properties. In addition, Extra Space agreed to pay up to $25,000 per property toward the signage and set-up costs associated with converting such property to the Extra Space brand (the "Set-Up Amount"). The property management agreements had a three year term and automatically renewed for successive one year periods thereafter, unless we or our Property Manager provided prior written notice at least 90 days prior to the expiration of the term. In general, if we terminated a property management agreement without cause during the initial three year term, we would have been required to pay our Property Manager a termination fee equal to the Set-Up Amount, reduced by 1/36th of the Set-Up Amount for every full month of the term that had elapsed. After the end of the initial three year term, we could have terminated a property management agreement on 30 days prior written notice without payment of a termination fee. Our Property Manager could have terminated a property management agreement on 60 days prior written notice to us.

The sub-property management agreements between our Property Manager and Extra Space were substantially the same as the foregoing property management agreements. Under the sub-property management agreements, our Property Manager paid Extra Space a monthly management fee for each property equal to the greater of $2,500 or 6% of the gross revenues, plus reimbursement of Extra Space's costs of managing the properties; provided, however that no management fee was due and payable to Extra Space for the months of January and July each year during the term. Extra Space had the exclusive right to offer tenant insurance to the tenants and was entitled to all of the benefits of such tenant insurance. The sub-property management agreements also had a three year term and automatically renewed for successive one year periods thereafter, unless our Property Manager or Extra Space provided prior written notice at least 90 days prior to the expiration of the term. In general, if our Property Manager terminated a sub-property management agreement without cause during the initial three year term, it would have been required to pay Extra Space a termination fee equal to the Set-Up Amount, reduced by 1/36th of the Set-Up Amount for every full month of the term that had elapsed. After the end of the initial three year term, our Property Manager could have terminated a sub-property management agreement on 30 days prior written notice without payment of a termination fee. Extra Space could have terminated a sub-property management agreement on 60 days prior written notice to our Property Manager.

Termination of Sub-property Manager

As of October 1, 2017, our Property Manager terminated each sub-property management agreement with Extra Space, and we amended each of our corresponding property management agreements as described below. To the extent a termination fee would have been owed by any of our property-owning subsidiaries had its corresponding property management agreement with our Property Manager been terminated, each such property-owning subsidiary agreed to pay the termination fee owed by our Property Manager in accordance with its termination of the sub-property management agreements. The aggregate costs incurred in connection with the property management changes were approximately $0.8 million. This amount was included in property operating expenses – affiliates in the accompanying consolidated statements of operations for the year ended December 31, 2017.

Property Management Subsequent to September 30, 2017

In connection with the termination of each sub-property management agreement, each corresponding property management agreement was amended effective as of October 1, 2017. Pursuant to the amended property management agreements, our Property Manager receives: (i) a monthly management fee for each property equal to the greater of $3,000 or 6% of the gross revenues from the properties plus reimbursement of the Property Manager's costs of managing the properties and (ii) a construction management fee equal to 5% of the cost of construction or capital improvement work in excess of $10,000. In addition, we have agreed with our Property Manager or an affiliate to share equally in the net revenue attributable to the sale of tenant insurance at our properties. The property management agreements have a three year term and automatically renew for successive three year periods thereafter, unless we or our Property Manager provide prior written notice at least 90 days prior to the expiration of the term. After the end of the initial three year term, either party may terminate a property management agreement generally upon 60 days prior written notice. With

respect to each new property we acquire for which we enter into a property management agreement with our Property Manager we will also pay our Property Manager a one-time start-up fee in the amount of $3,750.

In connection with the change in our property management operations, each of our stores in the United States were rebranded under the "SmartStop® Self Storage" brand.

Our self storage properties located in Canada are subject to separate property management agreements with our Property Manager on terms substantially the same as the amended property management agreements described above. All properties owned or acquired in Canada are managed by a subsidiary of our Sponsor and branded using the SmartStop® Self Storage brand.

Pursuant to the terms of the agreements described above, the following table summarizes related party costs incurred and paid by us for the years ended December 31, 2016 and 2017, and any related amounts payable as of December 31, 2016 and 2017:

	Year Ended December 31, 2016			Year Ended December 31, 2017		
	Incurred	Paid	Payable	Incurred	Paid	Payable
Expensed						
Operating expenses (including organizational costs)	$ 735,891	$ 777,354	$ 6,508	$ 1,090,366	$ 751,010	$ 345,864
Asset management fees	2,970,846	2,970,846	—	5,346,280	5,346,280	—
Property management fees[1]	2,752,862	2,752,862	—	5,285,082	5,285,082	—
Acquisition expenses	10,729,535	10,729,535	—	212,577	212,577	—
Additional Paid-in Capital				—	—	—
Selling commissions	21,141,748	21,141,748	—	966,516	966,516	—
Dealer Manager fee	6,573,962	6,573,760	160,714	353,167	513,881	—
Stockholder servicing fee[2]	3,297,305	286,292	3,011,013	299,299	690,272	2,620,040
Offering costs	444,719	444,719	—	33,466	33,466	—
Total	$48,646,868	$45,677,116	$ 3,178,235	$13,586,753	$13,799,084	$ 2,965,904

(1) During the years ended December 31, 2017 and 2016, property management fees included approximately $3.2 million and $2.2 million, respectively, of fees paid to the sub-property manager of our properties. This includes the costs incurred related to the change in property management of approximately $0.8 million during 2017.

(2) We pay our Dealer Manager an ongoing stockholder servicing fee that is payable monthly and accrues daily in an amount equal to 1/365th of 1% of the purchase price per share of the Class T Shares sold in the Primary Offering.

Extra Space Self Storage

In connection with the Extra Space Merger of SmartStop Self Storage, Inc. into Extra Space, certain of our executive officers, including H. Michael Schwartz, Paula Mathews, Michael McClure and James Berg, received units of limited partnership interest in Extra Space Storage LP, the operating partnership for Extra Space, in exchange for units of limited partnership of SmartStop Self Storage Operating Partnership, L.P., the operating partnership for SmartStop, owned by such executives.

Tenant Insurance

We offer a tenant insurance plan to customers at our properties pursuant to which we receive 50% of the net revenues generated from such tenant insurance and our Property Manager or an affiliate receives the other 50% of such net revenues.

Storage Auction Program

In March 2017, our Sponsor acquired a minority interest in a company (the "Auction Company") that serves as a web portal for self storage companies to post their auctions for the contents of abandoned storage units online instead of using live auctions conducted at the self storage facilities. The Auction Company is expected to receive a service fee for such services. Through December 31, 2017, neither our Property Manager nor our sub-property manager utilized the Auction Company at our properties. Our Property Manager may in the future utilize the Auction Company, and we would be responsible for paying any fees related to our properties. Our properties would receive the proceeds from such online auctions.

Toronto Merger

On February 1, 2017, we entered into a definitive Agreement and Plan of Merger (the "Toronto Merger Agreement") pursuant to which SST II Toronto Acquisition, LLC, a wholly owned and newly formed subsidiary of our Operating Partnership, merged (the "Toronto Merger") with and into SS Toronto, a subsidiary of our Sponsor, with SS Toronto surviving the Toronto Merger and becoming a wholly owned subsidiary of our Operating Partnership. In connection with the Toronto Merger, we acquired five self storage properties located in the Greater Toronto Areas of North York, Mississauga, Brampton, Pickering and Scarborough (the "SS Toronto Properties"). Each property is operated under the "SmartStop" brand.

At the effective time of the Toronto Merger, each share of common stock, $0.001 par value per share, of SS Toronto issued and outstanding was automatically converted into the right to receive $11.0651 USD in cash and 0.7311 Class A Units of our Operating Partnership. We paid an aggregate of approximately $7.3 million USD in cash consideration and issued an aggregate of approximately 483,197 Class A Units of our Operating Partnership to the common stockholders of SS Toronto, consisting of Strategic 1031 and SS Toronto REIT Advisors, Inc., affiliates of our Sponsor. We acquired the SS Toronto Properties subject to approximately $50.1 million CAD (approximately $38.4 million USD) in outstanding debt (as described further below), approximately $0.8 million in other net liabilities, and paid approximately $33.1 million USD to an affiliate of Extra Space as repayment of outstanding debt and accrued interest owed by SS Toronto. No acquisition fee was paid to our Advisor for the Toronto Merger.

The terms of the Toronto Merger and the execution of the Toronto Merger Agreement were recommended by a special committee (the "Special Committee") of our board of directors consisting of the Nominating and Corporate Governance Committee, the members of which were all of our independent directors. The Special Committee, with the assistance of its independent financial advisor and independent legal counsel, approved the transaction and determined that the Toronto Merger and the other transactions contemplated by the Toronto Merger Agreement were advisable and in the best interests of us, were fair and reasonable to us and were on terms and conditions not less favorable to us than those available from unaffiliated third parties.

In connection with the Toronto Merger, we entered into guarantees, dated as of February 1, 2017 (the "Guarantees"), under which we agreed to guarantee certain obligations of SS Toronto. The SS Toronto loans consist of (i) term loans totaling approximately $34.8 million CAD pursuant to promissory notes executed by SS Toronto in favor of Bank of Montreal on June 3, 2016, and (ii) mortgage financings in the aggregate amount of up to $17.7 million CAD pursuant to two promissory notes executed by subsidiaries of SS Toronto in favor of DUCA Financial Services Credit Union Ltd. on June 3, 2016.

Note 9. Commitments and Contingencies

Distribution Reinvestment Plan

We have adopted an amended and restated distribution reinvestment plan that allows both our Class A and Class T stockholders to have distributions otherwise distributable to them invested in additional shares of our Class A and Class T Shares, respectively. The purchase price per share pursuant to our distribution reinvestment plan is equivalent to the estimated value per share approved by our board of directors and in effect on the date of purchase of shares under the plan. In conjunction with the board of directors' declaration of a new estimated value per share of our common stock on April 13, 2017, beginning in May 2017, shares sold pursuant to our distribution reinvestment plan are sold at the new estimated value per share of $10.22 per Class A Share and Class T Share. We may amend or terminate the amended and restated distribution reinvestment plan for any reason at any time upon 10 days' prior written notice to stockholders. No sales commissions, dealer manager fee, or stockholder servicing fee will be paid on shares sold through the amended and restated distribution reinvestment plan. Through the termination of our Offering on January 9, 2017, we had sold approximately 1.1 million Class A shares and 0.1 million Class T Shares through our original distribution reinvestment plan. As of December 31, 2017, we had sold approximately 1.4 million Class A Shares and approximately 0.2 million Class T Shares through our DRP Offering.

Share Redemption Program

We adopted a share redemption program that enables stockholders to sell their shares to us in limited circumstances. As long as our common stock is not listed on a national securities exchange or over-the-counter market, our stockholders who have held their stock for at least one year may be able to have all or any portion of their shares of stock redeemed by us. We may redeem the shares of stock presented for redemption for cash to the extent that we have sufficient funds available to fund such redemption.

Our board of directors may amend, suspend or terminate the share redemption program with 30 days' notice to our stockholders. We may provide this notice by including such information in a Current Report on Form 8-K or in our annual or quarterly reports, all

publicly filed with the SEC, or by a separate mailing to our stockholders. The complete terms of our share redemption program are described in our prospectus.

The amount that we may pay to redeem stock for redemptions is the redemption price set forth in the following table which is based upon the number of years the stock is held:

Number Years Held	Redemption Price
Less than 1	No Redemption Allowed
1 or more but less than 3	90.0% of Redemption Amount
3 or more but less than 4	95.0% of Redemption Amount
4 or more	100.0% of Redemption Amount

At any time we are engaged in an offering of shares, the Redemption Amount for shares purchased under our share redemption program will always be equal to or lower than the applicable per share offering price. As long as we are engaged in an offering, the Redemption Amount shall be the lesser of the amount the stockholder paid for their shares or the price per share in the current offering. If we are no longer engaged in an offering, our board of directors will announce any redemption price adjustment and the time period of its effectiveness as a part of its regular communications with our stockholders. At any time the redemption price during an offering is determined by any method other than the offering price, if we have sold property and have made one or more special distributions to our stockholders of all or a portion of the net proceeds from such sales, the per share redemption price will be reduced by the net sale proceeds per share distributed to investors prior to the redemption date as a result of the sale of such property in the special distribution. Our board of directors will, in its sole discretion, determine which distributions, if any, constitute a special distribution. While our board of directors does not have specific criteria for determining a special distribution, we expect that a special distribution will only occur upon the sale of a property and the subsequent distribution of the net sale proceeds.

There are several limitations on our ability to redeem shares under the share redemption program including, but not limited to:

- Unless the shares are being redeemed in connection with a stockholder's death, "qualifying disability" (as defined under the share redemption program) or bankruptcy, we may not redeem shares until the stockholder has held his or her shares for one year.
- During any calendar year, we will not redeem in excess of 5% of the weighted-average number of shares outstanding during the prior calendar year.
- The cash available for redemption is limited to the proceeds from the sale of shares pursuant to our distribution reinvestment plan, less any prior redemptions.
- We have no obligation to redeem shares if the redemption would violate the restrictions on distributions under Maryland law, which prohibits distributions that would cause a corporation to fail to meet statutory tests of solvency.

For the year ended December 31, 2017, we received redemption requests totaling approximately $2.2 million (approximately 0.2 million shares), approximately $1.5 million of which were fulfilled during year ended December 31, 2017, with the remaining approximately $0.7 million included in accounts payable and accrued liabilities as of December 31, 2017 and fulfilled in January 2018. For the year ended December 31, 2016 we received redemption requests totaling approximately $1.3 million (approximately 138,000 shares), approximately $1.1 million of which were fulfilled during year ended December 31, 2016, with the remaining approximately $0.2 million included in accounts payable and accrued liabilities as of December 31, 2016 and fulfilled in January 2017.

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. 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 Advisor is acting as our advisor under the Advisory Agreement.

Other Contingencies

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.

Note 10. Declaration of Distributions

On December 19, 2017, our board of directors declared a distribution rate for the first quarter of 2018 of $0.001644 per day per share on the outstanding shares of common stock payable to both Class A and Class T stockholders of record of such shares as shown on our books at the close of business on each day during the period, commencing on January 1, 2018 and continuing on each day thereafter through and including March 31, 2018. Such distributions payable to each stockholder of record during a month will be paid the following month.

Note 11. Selected Quarterly Data (Unaudited)

The following is a summary of quarterly financial information for the years ended December 31, 2017 and 2016:

	Three months ended			
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
Total revenues	$17,707,546	$19,076,777	$19,939,512	$19,385,071
Total operating expenses	$18,259,683	$18,085,017	$19,197,777	$16,991,318
Operating income (loss)	$ (552,137)	$ 991,760	$ 741,735	$ 2,393,753
Net loss	$ (5,221,480)	$ (3,538,491)	$ (3,875,164)	$ (2,351,155)
Net loss attributable to common stockholders	$ (5,191,114)	$ (3,502,661)	$ (3,840,775)	$ (2,329,515)
Net loss per Class A Share-basic and diluted	$ (0.09)	$ (0.06)	$ (0.07)	$ (0.04)
Net loss per Class T Share-basic and diluted	$ (0.09)	$ (0.06)	$ (0.07)	$ (0.04)

	Three months ended			
	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016[1]
Total revenues	$ 6,234,589	$ 9,799,189	$14,457,550	$14,939,818
Total operating expenses	$10,048,926	$ 18,708,719	$15,753,103	$15,830,901
Operating loss	$ (3,814,337)	$ (8,909,530)	$ (1,295,553)	$ (891,083)
Net loss	$ (4,508,654)	$(10,729,510)	$ (6,341,069)	$ (4,524,376)
Net loss attributable to common stockholders	$ (4,505,204)	$(10,724,129)	$ (6,338,356)	$ (4,522,696)
Net loss per Class A Share-basic and diluted	$ (0.17)	$ (0.27)	$ (0.14)	$ (0.09)
Net loss per Class T Share-basic and diluted	$ (0.17)	$ (0.27)	$ (0.14)	$ (0.09)

(1) Includes a net decrease of approximately $0.3 million of depreciation and amortization expense related to the finalization of purchase price allocations.

During 2016 we completed the purchase price allocations for our Foley, AL and Tampa, FL properties acquired in 2015 and 33 properties acquired in 2016 and recognized the measurement period adjustments in our consolidated statement of operations during the fourth quarter of 2016. If such measurement period adjustments were retroactively recorded they would have had the net impact of increasing depreciation expense by approximately $400, and $3,000 for the third and fourth quarters of 2015, respectively, and decreasing depreciation expense by approximately $9,000, $9,000, and $10,000 for the first, second, and third quarters of 2016, respectively. Intangible amortization expense would have had the net impact of increasing by approximately $2,000 and $8,000 for the third and fourth quarters of 2015, respectively, and decreasing amortization expense by approximately $40,000, $120,000, and $130,000 for the first, second, and third quarters of 2016, respectively. However, with the adoption of amended accounting guidance, the cumulative measurement period adjustments were recorded in the fourth quarter of 2016.

Note 12. Subsequent Events

Distribution Declaration

On March 20, 2018, our board of directors declared a distribution rate for the second quarter of 2018 of $0.001644 per day per share on the outstanding shares of common stock payable to both Class A and Class T stockholders of record of such shares as shown on our books at the close of business on each day during the period, commencing on April 1, 2018 and continuing on each day thereafter through and including June 30, 2018. Such distributions payable to each stockholder of record during a month will be paid the following month.

Joint Venture with SmartCentres

In January 2018, a subsidiary of our Sponsor entered into a contribution agreement ("Contribution Agreement") with a subsidiary of SmartCentres Real Estate Investment Trust, an unaffiliated third party ("SmartCentres"), for a tract of land owned by SmartCentres and located in East York, Ontario (the "East York Lot") in Canada. In March, 2018, the interest in the Contribution Agreement was assigned to one of our subsidiaries.

Upon closing, the East York Lot will be owned by a limited partnership (the "Limited Partnership"), in which we (through our subsidiaries) and SmartCentres (through its subsidiaries) will each be a 50% limited partner and each have an equal ranking general partner in the Limited Partnership. It is intended that the Limited Partnership develops a self storage facility on the East York Lot. The value of the land to be contributed by SmartCentres to the Limited Partnership has an agreed upon fair market value of approximately $7.6 million CAD. At closing, we will subscribe for 50% of the units in the Limited Partnership at an agreed upon subscription price of approximately $3.8 million CAD, representing a contribution equivalent to 50% of the agreed upon fair market value of the land. We expect the acquisition of the East York Lot to close in the third quarter of 2018 after the land has been zoned so as to permit the self storage facility. In some circumstances, if we fail to complete the acquisition, we may forfeit up to approximately $0.3 million CAD in earnest money.

Tenant Insurance Joint Venture

In connection with the amended property management agreements effective as of October 1, 2017, we agreed with our Property Manager to share equally in the net revenue attributable to the sale of tenant insurance at our properties. On March 19, 2018, to facilitate such revenue sharing, we and our Property Manager agreed to transfer our respective rights in such tenant insurance revenue to a newly created joint venture (the "TI Joint Venture"), Strategic Storage TI Services II JV, LLC (the "TI Joint Venture Entity"), a Delaware limited liability company, which is owned 50% by our TRS subsidiary and 50% by our Property Manager's affiliate, SmartStop TI II, LLC ("SS TI II"). Under the terms of the TI Joint Venture agreement, our TRS receives 50% of the net economics generated from such tenant insurance and SS TI II receives the other 50%. The TI Joint Venture agreement further provides, among other things, that if a member or its affiliate terminates all or substantially all of the property management agreements or defaults in its material obligations under the TI Joint Venture agreement or undergoes a change of control (the "Triggering Member"), the other member generally shall have the right (but not the obligation) to either (i) sell its 50% interest in the TI Joint Venture Entity to the Triggering Member at fair market value (as agreed upon or as determined under an appraisal process) or (ii) purchase the Triggering Member's 50% interest in the TI Joint Venture Entity at 95% of fair market value.

Foreign Currency Hedging Activity

On March 28, 2018 we settled our foreign currency forward which resulted in us receiving a settlement of approximately $2.2 million. In conjunction with the settlement, we entered into a new forward contract to continue hedging our net Canadian investment. The new forward contract has a notional amount of $90 million CAD, a maturity date of January 28, 2019, and a forward rate of approximately 1.2846.

Distribution Reinvestment Plan Offering Status

As of March 23, 2018, in connection with our DRP Offering, we had issued approximately 1.7 million Class A shares of our common stock and approximately 0.3 million Class T Shares of our common stock for gross proceeds of approximately $17.3 million and approximately $2.6 million, respectively.

STRATEGIC STORAGE TRUST II, INC. AND SUBSIDIARIES
SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2017

			Initial Cost to Company				Gross Carrying Amount at December 31, 2017					
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
Morrisville	NC	$ 1,181,939	$ 531,000	$ 1,891,000	$ 2,422,000	$ 111,669	$ 531,000	$ 2,002,669	2,533,669	$ 241,586	2004	11/3/2014
Cary	NC	2,535,910	1,064,000	3,301,000	4,365,000	$ 98,853	1,064,000	3,399,853	4,463,853	392,194	1998/2005/2006	11/3/2014
Raleigh	NC	2,175,218	1,186,000	2,540,000	3,726,000	$ 144,354	1,186,000	2,684,354	3,870,354	365,593	1999	11/3/2014
Myrtle Beach I	SC	3,296,127	1,482,000	4,476,000	5,958,000	$ 201,678	1,482,000	4,677,678	6,159,678	564,591	1998/2005-2007	11/3/2014
Myrtle Beach II	SC	3,074,197	1,690,000	3,654,000	5,344,000	$ 158,540	1,690,000	3,812,540	5,502,540	473,457	1999/2006	11/3/2014
Whittier	CA	4,602,761	2,730,000	2,916,875	5,646,875	$ 206,840	2,730,000	3,123,715	5,853,715	384,790	1989	2/19/2015
La Verne	CA	3,167,492	1,950,000	2,036,875	3,986,875	$ 198,340	1,950,000	2,235,215	4,185,215	288,182	1986	1/23/2015
Santa Ana	CA	5,196,666	4,890,000	4,006,875	8,896,875	$ 189,229	4,890,000	4,196,104	9,086,104	531,037	1978	2/5/2015
Upland	CA	3,612,920	2,950,000	3,016,875	5,966,875	$ 234,789	2,950,000	3,251,664	6,201,664	421,142	1979	1/29/2015
La Habra	CA	3,662,412	2,060,000	2,356,875	4,416,875	$ 131,050	2,060,000	2,487,925	4,547,925	288,072	1981	2/5/2015
Monterey Park	CA	2,573,587	2,020,000	2,216,875	4,236,875	$ 197,205	2,020,000	2,414,080	4,434,080	269,119	1987	2/5/2015
Huntington Beach	CA	6,978,379	5,460,000	4,856,875	10,316,875	$ 131,308	5,460,000	4,988,183	10,448,183	595,665	1986	2/5/2015
Chico	CA	1,163,063	400,000	1,336,875	1,736,875	$ 215,862	400,000	1,552,737	1,952,737	183,350	1984	1/23/2015
Lancaster	CA	1,682,730	200,000	1,516,875	1,716,875	$ 230,481	200,000	1,747,356	1,947,356	233,961	1980	1/29/2015
Riverside	CA	2,326,127	370,000	2,326,875	2,696,875	$ 297,674	370,000	2,624,549	2,994,549	303,050	1985	1/23/2015
Fairfield	CA	2,746,809	730,000	2,946,875	3,676,875	$ 86,983	730,000	3,033,858	3,763,858	360,527	1984	1/23/2015
Lompoc	CA	2,821,047	1,000,000	2,746,875	3,746,875	$ 107,884	1,000,000	2,854,759	3,854,759	333,754	1982	2/5/2015
Santa Rosa	CA	7,324,823	3,150,000	6,716,875	9,866,875	$ 153,740	3,150,000	6,870,615	10,020,615	814,068	1979-1981	1/29/2015
Vallejo	CA	627,392	990,000	3,946,875	4,936,875	$ 148,563	990,000	4,095,438	5,085,438	481,937	1981	1/29/2015
Federal Heights	CO	2,375,619	1,100,000	3,346,875	4,446,875	$ 165,818	1,100,000	3,512,693	4,612,693	469,160	1983	1/29/2015
Aurora	CO	4,800,729	810,000	5,906,875	6,716,875	$ 177,848	810,000	6,084,723	6,894,723	707,715	1984	2/5/2015
Littleton	CO	2,177,650	1,680,000	2,456,875	4,136,875	$ 161,371	1,680,000	2,618,246	4,298,246	320,625	1985	1/23/2015
Bloomingdale	IL	2,375,619	810,000	3,856,874	4,666,874	$ 266,171	810,000	4,123,045	4,933,045	461,514	1987	2/19/2015
Crestwood	IL	1,633,238	250,000	2,096,875	2,346,875	$ 250,938	250,000	2,347,813	2,597,813	279,054	1987	1/23/2015
Forestville	MD	3,464,444	1,940,000	4,346,875	6,286,875	$ 664,261	1,940,000	5,011,136	6,951,136	660,483	1988	1/23/2015
Warren I	MI	1,954,936	230,000	2,966,875	3,196,875	$ 360,536	230,000	3,327,411	3,557,411	352,516	1996	5/8/2015
Sterling Heights	MI	2,301,381	250,000	3,286,875	3,536,875	$ 664,188	250,000	3,951,063	4,201,063	380,709	1977	5/21/2015
Troy	MI	3,414,952	240,000	4,176,875	4,416,875	$ 159,198	240,000	4,336,073	4,576,073	497,541	1988	5/8/2015
Warren II	MI	2,251,889	240,000	3,066,875	3,306,875	$ 611,573	240,000	3,678,448	3,918,448	400,241	1987	5/8/2015
Beverly	NJ	1,385,778	400,000	1,696,875	2,096,875	$ 174,938	400,000	1,871,813	2,271,813	182,543	1988	5/28/2015
Everett	WA	2,722,063	2,010,000	2,956,875	4,966,875	$ 515,791	2,010,000	3,472,666	5,482,666	370,747	1986	2/5/2015
Foley	AL	4,132,587	1,839,000	5,717,000	7,556,000	$ 567,120	1,839,000	6,284,120	8,123,120	577,737	1985/1996/2006	9/11/2015
Tampa	FL	1,633,238	718,244	2,257,471	2,975,715	$ 427,594	718,244	2,685,065	3,403,309	221,966	1985	11/3/2015
Boynton Beach	FL	8,166,188	1,983,491	15,232,817	17,216,308	$ 327,788	1,983,491	15,560,605	17,544,096	931,140	2004	1/7/2016
Lancaster II	CA	2,350,873	670,392	3,711,424	4,381,816	$ 195,500	670,392	3,906,924	4,577,316	295,441	1991	1/11/2016
Milton[2]	ONT	4,956,483	1,501,716	8,196,411	9,698,127	$ 725,250 [3]	1,608,534	8,814,843	10,423,377	498,620	2006	2/11/2016
Burlington I[2]	ONT	7,113,697	3,403,987	10,624,437	14,028,424	$ 1,068,044 [3]	3,646,116	11,450,352	15,096,468	670,977	2011	2/11/2016
Oakville I[2]	ONT	7,486,937	2,744,484	13,511,955	16,256,439	$ 3,058,986 [3]	2,939,701	16,375,724	19,315,425	942,365	2016	2/11/2016
Oakville II[2]	ONT	7,310,803	2,998,831	9,394,919	12,393,750	$ 903,316 [3]	3,212,141	10,084,925	13,297,066	595,898	2004	2/29/2016
Burlington II[2]	ONT	4,921,575	2,959,356	5,152,513	8,111,869	$ 580,664 [3]	3,169,857	5,522,676	8,692,533	325,218	2008	2/29/2016
Xenia	OH	384,338	275,493	2,664,693	2,940,186	$ 5,249	275,493	2,669,942	2,945,435	182,759	2003	4/20/2016
Sidney	OH	226,292	255,246	1,806,349	2,061,595	$ 21,053	255,246	1,827,402	2,082,648	178,314	2003	4/20/2016

			Initial Cost to Company				Gross Carrying Amount at December 31, 2017					
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
Troy	OH	384,338	150,666	2,596,010	2,746,676	$ 21,306	150,666	2,617,316	2,767,982	202,387	2003	4/20/2016
Greenville	OH	231,081	82,598	1,909,466	1,992,064	$ 12,412	82,598	1,921,878	2,004,476	127,060	2003	4/20/2016
Washington Court House	OH	274,185	255,456	1,882,203	2,137,659	$ 14,819	255,456	1,897,022	2,152,478	131,031	2003	4/20/2016
Richmond	IN	419,060	223,159	2,944,379	3,167,538	$ 18,400	223,159	2,962,779	3,185,938	209,671	2003	4/20/2016
Connersville	IN	227,490	155,533	1,652,290	1,807,823	$ 16,464	155,533	1,668,754	1,824,287	119,102	2003	4/20/2016
Port St. Lucie I	FL	1,017,716	2,589,781	6,339,578	8,929,359	$ 65,162	2,589,781	6,404,740	8,994,521	373,838	1999	4/29/2016
Sacramento	CA	975,810	1,205,209	6,616,767	7,821,976	$ 94,320	1,205,209	6,711,087	7,916,296	351,942	2006	5/9/2016
Oakland	CA	5,315,948	5,711,189	6,902,446	12,613,635	$ 52,591	5,711,189	6,955,037	12,666,226	367,463	1979	5/18/2016
Concord	CA	14,684,052	19,090,003	17,202,868	36,292,871	$ 109,915	19,090,003	17,312,783	36,402,786	948,269	1988/1998	5/18/2016
Pompano Beach	FL	7,800,455	3,947,715	16,656,002	20,603,717	$ 57,772	3,947,715	16,713,774	20,661,489	784,580	1979	6/1/2016
Lake Worth	FL	8,572,515	12,108,208	10,804,173	22,912,381	$ 66,615	12,108,208	10,870,788	22,978,996	708,974	1998/2003	6/1/2016
Jupiter	FL	9,530,933	16,029,881	10,556,833	26,586,714	$ 55,109	16,029,881	10,611,942	26,641,823	577,164	1992/2012	6/1/2016
Royal Palm Beach	FL	9,477,688	11,425,394	13,275,322	24,700,716	$ 27,340	11,425,394	13,302,662	24,728,056	822,599	2001/2003	6/1/2016
Port St. Lucie II	FL	5,697,262	5,130,621	8,410,474	13,541,095	$ 103,826	5,130,621	8,514,300	13,644,921	486,359	2002	6/1/2016
Wellington	FL	8,253,043	10,233,511	11,662,801	21,896,312	$ 35,196	10,233,511	11,697,997	21,931,508	596,330	2005	6/1/2016
Doral	FL	9,371,197	11,335,658	11,485,045	22,820,703	$ 59,787	11,335,658	11,544,832	22,880,490	593,071	1998	6/1/2016
Plantation	FL	11,660,751	12,989,079	19,224,919	32,213,998	$ 28,015	12,989,079	19,252,934	32,242,013	980,750	2002/2012	6/1/2016
Naples	FL	10,702,333	11,789,085	12,771,305	24,560,390	$ 69,133	11,789,085	12,840,438	24,629,523	638,777	2002	6/1/2016
Delray	FL	11,687,373	17,096,692	12,983,627	30,080,319	$ 60,059	17,096,692	13,043,686	30,140,378	672,267	2003	6/1/2016
Baltimore	MD	2,753,821	3,897,872	22,427,843	26,325,715	$ 192,223	3,897,872	22,620,066	26,517,938	1,190,263	1990/2014	6/1/2016
Sonoma	CA	826,146	3,468,153	3,679,939	7,148,092	$ 46,633	3,468,153	3,726,572	7,194,725	201,221	1984	6/14/2016
Las Vegas I	NV	1,372,121	2,391,220	11,117,892	13,509,112	$ 67,361	2,391,220	11,185,253	13,576,473	482,797	2002	7/28/2016
Las Vegas II	NV	1,472,695	3,840,088	9,916,937	13,757,025	$ 49,890	3,840,088	9,966,827	13,806,915	398,073	2000	9/23/2016
Las Vegas III	NV	1,107,515	2,565,579	6,338,944	8,904,523	$ 96,729	2,565,579	6,435,673	9,001,252	294,063	1989	9/27/2016
Asheville I	NC	7,143,593	3,619,676	11,173,603	14,793,279	$ 60,027	3,619,676	11,233,630	14,853,306	395,168	1988/2005/2015	12/30/2016
Asheville II	NC	3,250,087	1,764,969	3,107,311	4,872,280	$ 35,791	1,764,969	3,143,102	4,908,071	117,392	1984	12/30/2016
Hendersonville I	NC	2,243,715	1,081,547	3,441,204	4,522,751	$ 35,997	1,081,547	3,477,201	4,558,748	122,491	1982	12/30/2016
Asheville III	NC	4,677,156	5,096,833	4,620,013	9,716,846	$ 23,027	5,096,833	4,643,040	9,739,873	178,207	1991/2002	12/30/2016
Arden	NC	6,557,917	1,790,118	10,265,741	12,055,859	$ 50,324	1,790,118	10,316,065	12,106,183	327,021	1973	12/30/2016
Asheville IV	NC	4,413,190	4,558,139	4,455,118	9,013,257	$ 29,925	4,558,139	4,485,043	9,043,182	175,805	1985/1986/2005	12/30/2016
Asheville V	NC	5,073,106	2,414,680	7,826,417	10,241,097	$ 60,643	2,414,680	7,887,060	10,301,740	280,300	1978/2009/2014	12/30/2016

			Initial Cost to Company					Gross Carrying Amount at December 31, 2017					
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
Asheville VI	NC	3,489,307	1,306,240	5,121,332	6,427,572	35,322		1,306,240	5,156,654	6,462,894	167,988	2004	12/30/2016
Asheville VIII	NC	4,536,924	1,764,965	6,162,855	7,927,820	40,964		1,764,965	6,203,819	7,968,784	222,956	1968/2002	12/30/2016
Hendersonville II	NC	4,272,956	2,597,584	5,037,350	7,634,934	53,013		2,597,584	5,090,363	7,687,947	213,493	1989/2003	12/30/2016
Asheville VII	NC	1,592,048	782,457	2,139,791	2,922,248	20,001		782,457	2,159,792	2,942,249	82,266	1999	12/30/2016
Sweeten Creek Land	NC	—	348,480	—	348,480	—		348,480	—	348,480	—	N/A	12/30/2016
Highland Center Land	NC	—	50,000	—	50,000	—		50,000	—	50,000	—	N/A	12/30/2016
Aurora II	CO	—	1,584,664	8,196,091	9,780,755	74,953		1,584,664	8,271,044	9,855,708	309,267	2012	1/11/2017
Dufferin[2]	ONT	11,111,469	6,258,511	16,287,332	22,545,843	947,068	[3]	6,515,329	16,977,582	23,492,911	495,689	2015	2/1/2017
Mavis[2]	ONT	9,366,048	4,657,233	14,493,508	19,150,741	790,463	[3]	4,848,342	15,092,862	19,941,204	438,649	2013	2/1/2017
Brewster[2]	ONT	6,121,600	4,136,329	9,527,410	13,663,739	562,483	[3]	4,306,062	9,920,160	14,226,222	292,332	2013	2/1/2017
Granite[2]	ONT	6,821,686	3,126,446	8,701,429	11,827,875	487,883	[3]	3,254,740	9,061,018	12,315,758	253,702	1998/2016	2/1/2017
Centennial[2]	ONT	4,939,433	1,714,644	11,428,538	13,143,182	539,330	[3]	1,785,005	11,897,507	13,682,512	326,838	2016/2017	2/1/2017
		$349,716,671	$270,529,105	$538,583,844	$809,112,949	$ 20,566,528		$272,313,395	$557,366,082	$829,679,477	$34,686,973		

(1) The aggregate cost of real estate for United States federal income tax purposes is $869,065,902.

(2) This property is located in Ontario, Canada.

(3) The change in cost at these self storage facilities are the net of the impact of foreign exchange rate changes and any actual additions.

Activity in real estate facilities during 2017 was as follows:

	2017
Real estate facilities	
Balance at beginning of year	$727,455,733
Facility acquisitions	90,112,135
Impact of foreign exchange rate changes	7,731,429
Improvements and additions	4,521,592
Asset disposals	(141,412)
Balance at end of year	$829,679,477
Accumulated depreciation	
Balance at beginning of year	$ (14,855,188)
Asset disposals	141,412
Depreciation expense	(19,777,620)
Impact of foreign exchange rate changes	(195,577)
Balance at end of year	$ (34,686,973)
Construction in process	
Balance at beginning of year	$ 1,740,139
Net additions and assets placed into service	(1,647,620)
Balance at end of year	$ 92,519
Real estate facilities, net	**$795,085,023**

EXHIBIT INDEX

Exhibit No.	Description
1.1	Dealer Manager Agreement and Participating Dealer Agreement, incorporated by reference to Exhibit 1.1 to Pre-Effective Amendment No. 2 to the Company's Registration Statement on Form S-11, filed on December 11, 2013, Commission File No. 333-190983
1.2	Amendment No. 1 to Dealer Manager Agreement and Participating Dealer Agreement, incorporated by reference to Exhibit 1.1 to Post-Effective Amendment No. 7 to the Company's Registration Statement on Form S-11, filed on September 28, 2015, Commission File No. 333-190983
3.1	First Articles of Amendment and Restatement of Strategic Storage Trust II, Inc., incorporated by reference to Exhibit 3.1 to the Company's Form 10-K, filed on March 31, 2014, Commission File No. 333-190983
3.2	Articles of Amendment of Strategic Storage Trust II, Inc., incorporated by reference to Exhibit 3.1 to Post-Effective Amendment No. 7 to the Company's Registration Statement on Form S-11, filed on September 28, 2015, Commission File No. 333-190983
3.3	Articles Supplementary of Strategic Storage Trust II, Inc., incorporated by reference to Exhibit 3.2 to Post-Effective Amendment No. 7 to the Company's Registration Statement on Form S-11, filed on September 28, 2015, Commission File No. 333-190983
3.4	Bylaws of Strategic Storage Trust II, Inc., incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-11, filed on September 4, 2013, Commission File No. 333-190983
4.1	Distribution Reinvestment Plan Enrollment Form (included as Appendix A to prospectus), incorporated by reference to the Company's Registration Statement on Form S-3, filed on November 30, 2016, Commission File No. 333-214848
4.2	Second Amended and Restated Distribution Reinvestment Plan (included as Appendix B to prospectus), incorporated by reference to the Company's Registration Statement on Form S-3, filed on November 30, 2016, Commission File No. 333-214848
10.1	Second Amended and Restated Limited Partnership Agreement of Strategic Storage Operating Partnership II, L.P., incorporated by reference to Exhibit 10.2 to the Company's Form 8-K, filed on November 6, 2014, Commission File No. 333-190983
10.2	Advisory Agreement by and among Strategic Storage Trust II, Inc., Strategic Storage Operating Partnership II, L.P. and Strategic Storage Advisor, LLC, incorporated by reference to Exhibit 10.2 to the Company's Form 10-K, filed on March 31, 2014, Commission File No. 333-190983
10.3	Employee and Director Long-Term Incentive Plan of Strategic Storage Trust II, Inc., incorporated by reference to Exhibit 10.5 to the Company's Form 10-K, filed on March 31, 2014, Commission File No. 333-190983
10.4	Amendment No. 1 to the Second Amended and Restated Limited Partnership Agreement of Strategic Storage Operating Partnership II, L.P. , incorporated by reference to Exhibit 10.3 to the Company's Form 8-K, filed on November 6, 2014, Commission File No. 333-190983
10.5	Amendment No. 2 to the Second Amended and Restated Limited Partnership Agreement of Strategic Storage Operating Partnership II, L.P., incorporated by reference to Exhibit 10.1 to Post-Effective Amendment No. 7 to the Company's Registration Statement on Form S-11, filed on September 28, 2015, Commission File No. 333-190983
10.6	Amended and Restated Credit Agreement with KeyBank National Association, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, filed on December 28, 2015, Commission File No. 333-190983
10.7	Amended and Restated KeyBank Guaranty, incorporated by reference to Exhibit 10.2 to the Company's Form 8-K, filed on December 28, 2015, Commission File No. 333-190983
10.8	Purchase and Sale Agreement, dated as of March 25, 2016, by and between Nob Hill Storage Limited Partnership and SST II Acquisitions, LLC for the purchase of 10325 W. Broward Boulevard, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, filed on March 31, 2016, Commission File No. 333-190983
10.9	Purchase and Sale Agreement, dated as of March 25, 2016, by and Between George's Stor-Mor Realty, LLC, GSM Two, LLC, 15 Chaparral, LLC, 2561 Sweeten Creek, LLC, 2635 WL, LLC, Swannanoa Storage, LLC, and 3175 Storage, LLC, and SST II Acquisitions, LLC, incorporated by reference to Exhibit 10.2 to the Company's Form 8-K, filed on March 31, 2016, Commission File No. 333-190983

Exhibit No.	Description
10.10	Schedule of Omitted Documents, incorporated by reference to Exhibit 10.3 to the Company's Form 8-K, filed on March 31, 2016, Commission File No. 333-190983
10.111	Property Loan Agreement, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, filed on June 7, 2016, Commission File No. 000-55617
10.12	Property Loan Guaranty, incorporated by reference to Exhibit 10.2 to the Company's Form 8-K, filed on June 7, 2016, Commission File No. 000-55617
10.13	Subordinate Loan Agreement, incorporated by reference to Exhibit 10.3 to the Company's Form 8-K, filed on June 7, 2016, Commission File No. 000-55617
10.14	Loan Agreement, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, filed on August 3, 2016, Commission File No. 000-55617
10.15	KeyBank Guaranty, incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on August 3, 2016, Commission File No. 000-55617
10.16	Promissory Note A-1, incorporated by reference to Exhibit 10.3 to the Company's Form 8-K filed on August 3, 2016, Commission File No. 000-55617
10.17	Promissory Note A-2, incorporated by reference to Exhibit 10.4 to the Company's Form 8-K filed on August 3, 2016, Commission File No. 000-55617
10.18	First Amendment to the Property Loan, incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on January 5, 2017, Commission File No. 000-55617
10.19	Assumption Agreement, incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on January 5, 2017, Commission File No. 000-55617
10.20	Joinder By and Agreement of New Indemnitor, incorporated by reference to Exhibit 10.3 to the Company's Form 8-K filed on January 5, 2017, Commission File No. 000-55617
10.21	First Amendment to the Subordinate Loan, incorporated by reference to Exhibit 10.4 to the Company's Form 8-K filed on January 5, 2017, Commission File No. 000-55617
10.22	Agreement and Plan of Merger, dated February 1, 2017, by and among Strategic Storage Trust II, Inc., Strategic Storage Operating Partnership II, L.P., Strategic Storage Toronto Properties REIT, Inc. and SST II Toronto Acquisition, LLC, incorporated by reference to Exhibit 2.1 to the Company's Form 8-K filed on February 7, 2017, Commission File No. 000-55617
21.1	Subsidiaries of Strategic Storage Trust II, Inc., incorporated by reference to Exhibit 21.1 to the Company's Registration Statement on Form S-11, filed on September 4, 2013, Commission File No. 333-190983
23.1*	Consent of Independent Registered Public Accounting Firm – BDO USA, LLP
23.2*	Consent of Independent Registered Public Accounting Firm – CohnReznick, LLP
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 II, Inc. financial information for the Year Ended December 31, 2017, formatted in XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Loss, (iv) Consolidated Statements of Equity, (v) Consolidated Statements of Cash Flows and (vi) the Notes to Consolidated Financial Statements

* Filed herewith.

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FOR MORE **INFORMATION**

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