

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

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 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: 001-12681

GLOBAL SELF STORAGE, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

13-3926714
(I.R.S. Employer
Identification Number)

Global Self Storage, Inc.
11 Hanover Square, 12th Floor
New York, NY 10005
(212) 785-0900

(Address, including zip code, and telephone number, including area code, of Company's principal executive offices)

John F. Ramirez, Esq.
Global Self Storage, Inc.
11 Hanover Square, 12th Floor
New York, NY 10005

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	(Do not check if a smaller reporting company)	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

The number of shares outstanding of the registrant's common stock, par value \$0.01 per share, as of April 30, 2017, was 7,619,469.

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STATEMENT ON FORWARD LOOKING INFORMATION

Certain information presented in this report contains “forward-looking statements” within the meaning of the federal securities laws including, but not limited to, the Private Securities Litigation Reform Act of 1995 (the “PSLRA”). Forward looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions and other information that is not historical information. In some cases, forward looking statements can be identified by terminology such as “believes,” “expects,” “estimates,” “may,” “will,” “should,” “anticipates” or “intends,” or the negative of such terms or other comparable terminology, or by discussions of strategy. We may also make additional forward looking statements from time to time. All such subsequent forward-looking statements, whether written or oral, by us or on our behalf, are also expressly qualified by these cautionary statements. All forward-looking statements, including without limitation, management’s examination of historical operating trends and estimates of future earnings, are based upon our current expectations and various assumptions. Our expectations, beliefs and projections are expressed in good faith and we believe there is a reasonable basis for them, but there can be no assurance that management’s expectations, beliefs and projections will result or be achieved.

All forward looking statements apply only as of the date made. We undertake no obligation to publicly update or revise forward looking statements which may be made to reflect events or circumstances after the date made or to reflect the occurrence of unanticipated events.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in or contemplated by this report. Any forward-looking statements should be considered in light of the risks referenced in “Item 1A. Risk Factors” included in our most recent registration statement on Form 10. Such factors include, but are not limited to:

- **general risks associated with the ownership and operation of real estate, including changes in demand, risks related to development of self storage facilities, potential liability for environmental contamination, natural disasters and adverse changes in tax, real estate and zoning laws and regulations;**
- **risks associated with downturns in the national and local economies in the markets in which we operate, including risks related to current economic conditions and the economic health of our customers;**
- **the impact of competition from new and existing self storage and commercial facilities and other storage alternatives;**
- **difficulties in our ability to successfully evaluate, finance, integrate into our existing operations, and manage acquired and developed facilities;**
- **risks related to our development of new facilities and/or participation in joint ventures;**
- **risks of ongoing litigation and other legal and regulatory actions, which may divert management’s time and attention, require us to pay damages and expenses or restrict the operation of our business;**
- **the impact of the regulatory environment as well as national, state, and local laws and regulations including, without limitation, those governing the environment, taxes and our tenant reinsurance business and real estate investment trusts (“REITs”), and risks related to the impact of new laws and regulations;**
- **risk of increased tax expense associated either with a possible failure by us to qualify as a REIT, or with challenges to intercompany transactions with our taxable REIT subsidiaries;**
- **changes in federal or state tax laws related to the taxation of REITs, which could impact our status as a REIT;**
- **security breaches or a failure of our networks, systems or technology could adversely impact our business, customer and employee relationships;**
- **our ability to obtain and maintain financing arrangements on favorable terms;**
- **market trends in our industry, interest rates, the debt and lending markets or the general economy;**
- **the timing of acquisitions and our ability to execute on our acquisition pipeline;**
- **general volatility of the securities markets in which we participate;**
- **changes in the value of our assets;**
- **changes in interest rates and the degree to which our hedging strategies may or may not protect us from interest rate volatility;**

- **our ability to continue to qualify and maintain our qualification as a REIT for U.S. federal income tax purposes;**
- **availability of qualified personnel;**
- **estimates relating to our ability to make distributions to our stockholders in the future; and**
- **economic uncertainty due to the impact of terrorism or war.**

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

**GLOBAL SELF STORAGE, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)**

	March 31, 2017	December 31, 2016
Assets		
Real estate assets, net	\$ 55,546,274	\$ 55,775,068
Cash and cash equivalents	2,902,048	2,911,640
Restricted cash	51,250	54,054
Investments in securities	1,428,287	1,473,950
Accounts receivable	93,136	157,607
Prepaid expenses and other assets	235,340	265,045
Intangible assets, net	218,590	317,140
Goodwill	694,121	694,121
Total assets	<u>\$ 61,169,046</u>	<u>\$ 61,648,625</u>
Liabilities and equity		
Note payable	\$ 19,385,580	\$ 19,374,971
Accounts payable and accrued expenses	1,788,465	1,723,458
Total liabilities	<u>21,174,045</u>	<u>21,098,429</u>
Commitments and contingencies		
Equity		
Common stock, \$0.01 par value, 19,900,000 shares authorized; 7,619,469 and 7,619,469 issued and outstanding at March 31, 2017 and December 31, 2016, respectively	76,195	76,195
Series A participating preferred stock, \$0.01 par value, 100,000 shares authorized: zero shares issued and outstanding	—	—
Additional paid in capital	33,881,863	33,881,863
Accumulated comprehensive income	672,800	718,463
Retained earnings	5,364,143	5,873,675
Total equity	<u>39,995,001</u>	<u>40,550,196</u>
Total liabilities and equity	<u>\$ 61,169,046</u>	<u>\$ 61,648,625</u>

See notes to consolidated financial statements.

GLOBAL SELF STORAGE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (Successor Basis)
(Unaudited)

	Three Months Ended March 31, 2017	For the Period January 19, 2016 through March 31, 2016
Revenues		
Rental income	\$ 1,696,998	\$ 893,936
Other property related income	52,628	31,292
Total revenues	1,749,626	925,228
Expenses		
Property operations	689,484	434,797
General and administrative	410,555	311,481
Depreciation and amortization	449,234	169,967
Business development and property acquisition costs	5,832	—
Total expenses	1,555,105	916,245
Operating income	194,521	8,983
Other income (expense)		
Dividend and interest income	11,422	40,138
Interest expense	(220,209)	—
Total other income (expense), net	(208,787)	40,138
Net income (loss)	\$ (14,266)	\$ 49,121
Earnings per share - basic and diluted	\$ (0.00)	\$ 0.01
Weighted average shares outstanding - basic and diluted	7,619,469	7,416,766

See notes to consolidated financial statements.

GLOBAL SELF STORAGE, INC.
STATEMENT OF OPERATIONS (Predecessor Basis)
For the Period January 1, 2016 through January 18, 2016
(Unaudited)

Investment Income	
Dividends	
Unaffiliated issuers	\$ 5,165
Total investment income	5,165
Expenses	
Compensation and benefits	39,109
Auditing	6,570
Occupancy and other office expenses	4,091
Directors	2,070
Bookkeeping and pricing	1,440
Custodian	720
Insurance	720
Transfer agent	630
Stockholder communications	360
Registration	77
Total expenses	55,787
Net investment loss	(50,622)
Realized and Unrealized Gain (Loss)	
Net unrealized depreciation unaffiliated issuers	(22,605)
Net unrealized loss	(22,605)
Net decrease in net assets resulting from operations	\$ (73,227)

See notes to consolidated financial statements.

GLOBAL SELF STORAGE, INC.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS) (Successor Basis)
(Unaudited)

	Three Months Ended March 31, 2017	For the Period January 19, 2016 through March 31, 2016
Net income (loss)	\$ (14,266)	\$ 49,121
Other comprehensive income (loss)		
Unrealized gain (loss) on investment securities available-for-sale	(45,663)	290,616
Comprehensive income (loss)	<u>\$ (59,929)</u>	<u>\$ 339,737</u>

See notes to consolidated financial statements.

GLOBAL SELF STORAGE, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock Shares	Common Stock Par Value	Paid in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total Stockholders' Equity
Balances at December 31, 2016	7,619,469	\$ 76,195	\$33,881,863	\$ 718,463	\$5,873,675	\$40,550,196
Unrealized loss on available-for-sale securities	—	—	—	(45,663)	—	(45,663)
Net loss	—	—	—	—	(14,266)	(14,266)
Dividends	—	—	—	—	(495,266)	(495,266)
Balances at March 31, 2017	<u>7,619,469</u>	<u>\$ 76,195</u>	<u>\$33,881,863</u>	<u>\$ 672,800</u>	<u>\$5,364,143</u>	<u>\$39,995,001</u>

See notes to consolidated financial statements.

GLOBAL SELF STORAGE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Successor Basis)
(Unaudited)

	Three Months Ended March 31, 2017	For the Period January 19, 2016 through March 31, 2016
Cash flows from operating activities		
Net income (loss)	\$ (14,266)	\$ 49,121
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	449,234	201,369
Amortization of loan procurement costs	10,609	—
Combined results of operations of wholly owned subsidiaries prior to the change in status	—	15,816
Cash from wholly owned subsidiaries consolidated upon change of status	—	298,003
Changes in operating assets and liabilities:		
Restricted cash	2,804	—
Accounts receivable	64,471	12,389
Prepaid expenses and other assets	29,705	(32,194)
Accounts payable and accrued expenses	65,007	(41,282)
Net cash provided by operating activities	<u>607,564</u>	<u>503,222</u>
Cash flows from investing activities		
Proceeds from sale of investments	—	3,526,337
Construction	—	(229,793)
Improvements and equipment additions	(121,890)	(8,623)
Net cash (used in) provided by investing activities	<u>(121,890)</u>	<u>3,287,921</u>
Cash flows from financing activities		
Dividends paid	(495,266)	(482,090)
Net cash provided by financing activities	<u>(495,266)</u>	<u>(482,090)</u>
Net (decrease) increase in cash and cash equivalents	(9,592)	3,309,053
Cash and cash equivalents, beginning of period	2,911,640	29,763
Cash and cash equivalents, end of period	<u>\$ 2,902,048</u>	<u>\$ 3,338,816</u>
Supplemental schedule of cash flow information		
Interest paid	\$ 209,600	\$ —

See notes to consolidated financial statements.

GLOBAL SELF STORAGE, INC.
STATEMENT OF CASH FLOWS (Predecessor Basis)
For the Period January 1, 2016 through January 18, 2016
(Unaudited)

Cash Flows From Operating Activities	
Net decrease in net assets resulting from operations	\$ (73,227)
Adjustments to reconcile decrease in net assets resulting from operations to net cash provided by (used in) operating activities:	
Unrealized depreciation of investments	22,605
Net sales of short term investments	96,448
Decrease in dividends receivable	9,232
Decrease in other assets	715
Decrease in accrued expenses	(69,986)
Increase in due to affiliates	14,213
Net cash provided by operating activities	—
Cash	
Beginning of period, December 31, 2015	29,763
End of period, January 18, 2016	\$ 29,763

See notes to consolidated financial statements.

GLOBAL SELF STORAGE, INC.
NOTES TO FINANCIAL STATEMENTS (Unaudited)

1. ORGANIZATION

Global Self Storage, Inc. (the “Company”) is a self-administered and self-managed REIT, formed as a Maryland corporation and is focused on the ownership, operation, acquisition, development and redevelopment of self storage facilities (“stores”). The Company stores are located in the Northeast, Mid-Atlantic and Mid-West regions of the United States. The Company was formerly registered under the Investment Company Act of 1940, as amended (the “1940 Act”) as a non-diversified, closed end management investment company. The Securities and Exchange Commission’s (“SEC”) order approving the Company’s application to deregister from the 1940 Act was granted on January 19, 2016. Accordingly, effective January 19, 2016, the Company changed its name to Global Self Storage, Inc. from Self Storage Group, Inc., changed its SEC registration to a reporting company under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) (from an investment company under the 1940 Act), and listed its common stock on the Nasdaq Capital Market (“NASDAQ”) under the symbol “SELF”.

The Company has elected to be treated as a REIT under the Internal Revenue Code of 1986, as amended (the “IRC”). To the extent the Company continues to qualify as a REIT, it will not be subject to tax, with certain limited exceptions, on the taxable income that is distributed to its stockholders.

The Company invests in self storage facilities by acquiring stores through its wholly owned subsidiaries. At March 31, 2017, the Company owned and operated 11 stores. The Company operates primarily in one segment: rental operations.

2. BASIS OF PRESENTATION

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

The Company financial statements for the period subsequent to the deregistration are prepared on a consolidated basis to include the financial position, results of operations, and cash flows of the Company and its wholly-owned subsidiaries, rather than by the investment company fair valuation approach. This change in status and the concomitant accounting policies affect the comparability of the financial statements for directly presenting corresponding items for 2017 and 2016. As such, the consolidated statements of operations and cash flows have been presented on the Predecessor Basis of accounting as an investment company from January 1, 2016 through January 18, 2016, and on the current basis of accounting as an operating company from January 19, 2016 through March 31, 2016.

The accompanying unaudited condensed consolidated financial statements of the Company are presented on the accrual basis of accounting in accordance with GAAP for interim financial information, and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Operating results for the three months ended March 31, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company’s annual report on Form 10-K for the year ended December 31, 2016. All material intercompany balances and transactions have been eliminated in consolidation. Accordingly, they may not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included.

Accounts Payable and Accrued Expenses

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

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments, and may include money market fund shares, purchased with an original maturity of three months or less. The carrying amount reported on the balance sheet for cash and cash equivalents approximates fair value.

Restricted Cash

Restricted cash is comprised of escrowed funds deposited with a bank relating to capital expenditures.

Income Taxes

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

The Company recognizes the tax benefits of uncertain tax positions only where the position is “more likely than not” to be sustained assuming examination by tax authorities. The Company has reviewed its tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on federal, state, and local income tax returns for open tax years (2014 – 2016), or is expected to be taken in the Company’s 2017 tax returns.

Investments in Securities

Investments in equity securities that have readily determinable fair values are accounted for as available-for-sale. Available-for-sale securities are measured at fair value. Gains or losses from changes in the fair value of available-for-sale securities are recorded in accumulated other comprehensive income, until the investment is sold or otherwise disposed of, or until the investment is determined to be other-than-temporarily impaired, at which time the cumulative gain or loss previously reported in equity is included in income. The specific identification method is used to determine the realized gain or loss on investments sold or otherwise disposed.

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

Prior to January 19, 2016, gains and losses from the changes in fair value of investment securities were recorded in the Statement of Operations.

Real Estate Assets

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

We allocate the net acquisition cost of acquired operating self-storage facilities to the underlying land, buildings, identified intangible assets, and any noncontrolling interests that remain outstanding based upon their respective individual estimated fair values. Any difference between the net acquisition cost and the estimated fair value of the net tangible and intangible assets acquired is recorded as goodwill.

Internal and external transaction costs associated with acquisitions or dispositions of real estate, as well as repairs and maintenance costs, are charged to expense as incurred. Major replacements and betterments that improve or extend the life of the asset are capitalized and depreciated over their estimated useful lives. Depreciation is computed using the straight-line method over the estimated useful lives of the buildings and improvements, which are generally between 5 and 39 years.

Revenue and Expense Recognition

Revenues from stores, which are primarily composed of rental income earned pursuant to month-to-month leases for storage space, as well as associated late charges and administrative fees, are recognized as earned. Promotional discounts reduce rental income

over the promotional period, which is generally one month. Ancillary revenues from sales of merchandise and tenant insurance and other income are recognized when earned.

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

Credit Risk

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

Evaluation of Asset Impairment

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

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from management's estimates.

Recently Issued Accounting Standards

In February 2017, as part of the new revenue standard, the FASB issued ASU No. 2017-05 – Other Income – Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance, which focuses on recognizing gains and losses from the transfer of nonfinancial assets in contracts with non-customers. Specifically, the new guidance defines “in substance nonfinancial asset”, unifies guidance related to partial sales of nonfinancial assets, eliminates rules specifically addressing sales of real estate, removes exceptions to the financial asset derecognition model, and clarifies the accounting for contributions of nonfinancial assets to joint ventures. The new guidance is effective at the same time an entity adopts the new revenue standard. Upon adoption, the Company expects that the majority of its sale transactions will be treated as dispositions of nonfinancial assets rather than dispositions of a business given the FASB's recently revised definition of a business (see ASU No. 2017-01 below). Additionally, in partial sale transactions where the Company sells a controlling interest in real estate but retains a noncontrolling interest, the Company will now fully recognize a gain or loss on the fair value measurement of the retained interest as the new guidance eliminates the partial profit recognition model.

In January 2017, the FASB issued ASU 2017-01 - Business Combinations (Topic 805): Clarifying the Definition of a Business, which changes the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create outputs. A framework is provided to evaluate when an input and a substantive process are present. The new guidance also narrows the definition of outputs, which are defined as the results of inputs and substantive processes that provide goods or services to customers, other revenue, or investment income. The standard is effective on January 1, 2018, however early adoption is permitted. Upon adoption of the new guidance, the Company expects that the majority of future property acquisitions will now be considered asset acquisitions, resulting in the capitalization of acquisition related costs incurred in connection with these transactions and the allocation of purchase price and acquisition related costs to the assets acquired based on their relative fair values.

In November 2016, the FASB issued ASU No. 2016-18 - Statement of Cash Flows (Topic 230): Restricted Cash, which requires the statement of cash flows to explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The new guidance also requires entities to reconcile such total to amounts on the balance sheet and disclose the nature of the restrictions. The standard is effective on January 1, 2018, however early adoption is permitted. The standard requires the use of the retrospective transition method. The Company is in the process of evaluating the impact of this new guidance.

In August 2016, the FASB issued ASU No. 2016-15 - Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments, which is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. The eight items that the ASU provides classification guidance on include (1) debt prepayment and extinguishment costs, (2) settlement of zero-coupon debt instruments, (3) contingent consideration payments made after a business combination, (4) proceeds from the settlement of insurance claims, (5) proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies, (6) distributions received from equity method investments, (7) beneficial interests in securitization transactions, and (8) separately identifiable cash flows and application of the predominance principle. The standard is effective on January 1, 2018, however early adoption is permitted. The standard requires the use of the retrospective transition method. The Company is in the process of evaluating the impact of this new guidance.

In March 2016, the FASB issued ASU No. 2016-09, Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting, which is intended to simplify various aspects related to how share-based payments are accounted for and presented in the financial statements. The new guidance allows for entities to make an entity-wide accounting policy election to either estimate the number of awards that are expected to vest or account for forfeitures when they occur. In addition, the guidance allows employers to withhold shares to satisfy minimum statutory tax withholding requirements up to the employees' maximum individual tax rate without causing the award to be classified as a liability. The guidance also stipulates that cash paid by an employer to a taxing authority when directly withholding shares for tax-withholding purposes should be classified as a financing activity on the statement of cash flows. The standard is effective on January 1, 2017, however early adoption is permitted. The adoption of this guidance did not have an impact on the Company's consolidated financial position or results of operations as the Company does not have a stock compensation plan.

In February 2016, the FASB issued ASU No. 2016-02 - Leases (Topic 842), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either financing or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective on January 1, 2019, however early adoption is permitted. The Company is in the process of evaluating the impact of this new guidance.

In September 2015, the FASB issued ASU No. 2015-16, Simplifying the Accounting for Measurement-Period Adjustments, which amends the current business combination guidance to require that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined, as opposed to having to revise prior period information. The standard also requires additional disclosure about the impact on current-period income statement line items of adjustments that would have been recognized in prior periods if prior period information had been revised. The new standard became effective for the Company on January 1, 2016. The adoption of this guidance did not have a material impact on the Company's consolidated financial position or results of operations as there have been no measurement-period adjustments recorded.

In April 2015, the FASB issued ASU No. 2015-03, Simplifying the Presentation of Debt Issuance Costs, an update to the accounting standard relating to the presentation of debt issuance costs. Under the new guidance, debt issuance costs related to a recognized debt liability will be presented on the balance sheet as a direct deduction from the debt liability. In the event that there is not an associated debt liability recorded in the consolidated financial statements, the debt issuance costs will continue to be recorded on the consolidated balance sheet as an asset until the debt liability is recorded. The new standard became effective for the Company on January 1, 2016. The adoption of this guidance did not have a material impact on the Company's consolidated financial position or results of operations as the update only related to changes in financial statement presentation.

In August, 2014, the FASB issued new accounting guidance, which is intended to define management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern for a period of one year after the date that the financial statements are issued. This guidance is effective for annual periods ending after December 15, 2016 and interim periods within annual periods beginning after December 15, 2016. Early adoption is permitted. The Company anticipates no impact upon adoption of the new accounting guidance on its consolidated financial statements.

In February 2015, the FASB issued A SU No. 2015-02, Consolidation – Amendments to the Consolidation Analysis, which amends the current consolidation guidance affecting both the variable interest entity (“VIE”) and voting interest entity (“VOE”) consolidation models. The standard does not add or remove any of the characteristics in determining if an entity is a VIE or VOE, but rather enhances the way the Company assesses some of these characteristics. The new standard became effective for the Company on January 1, 2016. As discussed under *Basis of Presentation* above, the adoption of this guidance did not have a material impact on the Company’s consolidated financial position or results of operations as none of its existing consolidation conclusions were changed.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance under GAAP when it becomes effective. The new standard will be effective for the Company beginning on January 1, 2018, however early application beginning on January 1, 2017 is permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company has not yet selected a transition method nor has it determined the effect of the standard on its financial statements and related disclosures.

3. CHANGE IN STATUS

Prior to the January 19, 2016 change in status from a registered investment company to an operating company, the Company recorded its investment in the self storage facilities at fair value and recorded the changes in the fair value as an unrealized gain or loss. Upon the effective date of the deregistration of the Company as a registered investment company, the fair value accounting as a registered investment company was no longer applicable to the Company, rather the Company began presenting on a consolidated basis, the underlying assets and liabilities of the self storage facilities. The Company’s initial carrying value of the net assets of the self storage properties is the fair value on the effective date of the change in status determined as follows:

Fair value of self storage properties on the effective date of the change in status		\$ 34,624,573	
Total net assets of the combined self storage properties			
Property plant and equipment - self storage	\$ 26,388,167		
Cash and cash equivalents	464,585		
Accounts receivable	87,103		
Prepaid expenses and other assets	206,146		
Accounts payable and accrued expenses	(488,514)	26,657,487	
Increase to the initial carrying value of the net assets of the self storage properties on the effective date of the change in status			<u>\$ 7,967,086</u>

4. INVESTMENTS IN SECURITIES

Investments in securities as of March 31, 2017 consisted of the following:

	Cost Basis	Gross Unrealized		Value
		Gains	Losses	
Investment securities, available-for-sale				
Common and preferred stocks	\$ 755,487	\$ 672,800	\$ —	\$ 1,428,287
Total investment in securities	<u>\$ 755,487</u>	<u>\$ 672,800</u>	<u>\$ —</u>	<u>\$ 1,428,287</u>

5. REAL ESTATE ASSETS

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

Self storage facilities, at cost:	
Beginning balance	\$ 51,156,701
Improvements and equipment additions	121,890
Ending balance	<u>51,278,591</u>
Land	
Beginning balance	<u>5,493,814</u>
Ending balance	<u>5,493,814</u>
Accumulated depreciation:	
Beginning balance	(875,447)
Depreciation expense	(350,684)
Ending balance	<u>(1,226,131)</u>
Total real estate assets at March 31, 2017	<u>\$ 55,546,274</u>

6. FAIR VALUE MEASUREMENTS

GAAP establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration. Level 3 inputs are unobservable inputs based on our own assumptions used to measure assets and liabilities at fair value. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The following table provides the assets and liabilities carried at fair value measured on a recurring basis as of March 31, 2017:

	Level 1	Level 2	Level 3	Total
Assets				
Investment in securities	\$ 1,428,287	\$ —	\$ —	\$ 1,428,287
Total assets at fair value	<u>\$ 1,428,287</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,428,287</u>

There were no assets transferred from level 1 to level 2 as of March 31, 2017. The Company did not have any assets or liabilities that are re-measured on a recurring basis using significant unobservable inputs as of March 31, 2017.

The fair values of financial instruments including cash and cash equivalents, restricted cash, accounts receivable, and accounts payable approximated their respective carrying values as of March 31, 2017. The aggregate carrying value of the Company's debt was \$20,000,000 as of March 31, 2017. The estimated fair value of the Company's debt was \$20,000,000 as of March 31, 2017. This estimate was based on market interest rates for comparable obligations. Rates take into consideration general market conditions and maturity. The Company's debt is classified as level 2 of the fair value hierarchy.

7. NOTE PAYABLE

On June 24, 2016, certain wholly-owned subsidiaries ("Secured Subsidiaries") of the Company entered into a loan agreement and certain other related agreements (collectively, the "Loan Agreement") between the Secured Subsidiaries and Insurance Strategy Funding IV, LLC (the "Lender"). Under the Loan Agreement, the Secured Subsidiaries are borrowing from the Lender in the principal amount of \$20 million pursuant to a promissory note (the "Promissory Note"). The Promissory Note bears an interest rate equal to 4.192% per annum (effective interest rate 4.40%) and is due to mature on July 1, 2036. Pursuant to a security agreement (the "Security Agreement"), the obligations under the Loan Agreement are secured by certain real estate assets owned by the Secured Subsidiaries.

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

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

The Company incurred loan procurement costs of \$646,246 and such costs have been recorded net of the note payable on the consolidated balance sheet and are amortized as an adjustment to interest expense over the term of the loan.

As of March 31, 2017, the Company's note payable is summarized as follows:

<u>Note Payable</u>	<u>Carrying Value</u>
Principal balance outstanding	\$ 20,000,000
Less: Loan procurement costs, net	(614,420)
Total note payable, net	<u>\$ 19,385,580</u>

As of March 31, 2017, the note payable was secured by certain of its self storage facilities with an aggregate net book value of approximately \$ 34.3 million. The note payable pays interest only from August 1, 2016 through June 30, 2018. The following table represents the future principal payment requirements on the note payable as of March 31, 2017:

2017	\$ —
2018	228,987
2019	472,600
2020	492,797
2021	513,857
2022 and thereafter	18,291,759
Total principal payments	20,000,000
Less: Loan procurement costs, net	(614,420)
Total note payable	<u>\$ 19,385,580</u>

8. EARNINGS PER SHARE

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

	Three Months Ended March 31, 2017	For the Period January 19, 2016 through March 31, 2016
Net income (loss)	\$ (14,266)	\$ 49,121
Basic and diluted weighted average common shares outstanding	7,619,469	7,416,766
Basic and diluted per share net loss	\$ (0.00)	\$ 0.01

Common stock dividends, including amounts paid to the Company's restricted common stockholder, totaled \$495,266 (\$0.065 per share) and \$482,090 (\$0.065 per share) for the three months ended March 31, 2017 and 2016, respectively.

9. RELATED PARTY TRANSACTIONS

Certain officers and directors of the Company also serve as officers and directors of Winmill & Co. Incorporated ("Winco"), Bexil Corporation, Tuxis Corporation ("Tuxis"), and their affiliates (collectively with the Company, the "Affiliates"). As of March 31, 2017, certain of the Affiliates owned approximately 5% of the Company's outstanding common stock. Pursuant to an arrangement between a professional employer organization ("PEO") and the Affiliates, the PEO provides payroll, benefits, compliance, and related services for employees of the Affiliates in accordance with applicable rules and regulations under the IRC and, in connection therewith, Midas Management Corporation ("MMC"), a subsidiary of Winco, acts as a conduit payer of compensation and benefits to the Affiliates' employees including those who are concurrently employed by the Company and its Affiliates. Rent expense of concurrently used office space and overhead expenses for various concurrently used administrative and support functions incurred by

the Affiliates are allocated at cost among them. The Affiliates participate in a 401(k) retirement savings plan for substantially all qualified employees. A matching expense based upon a percentage of contributions to the plan by eligible employees is incurred and allocated among the Affiliates. The matching expense is accrued and funded on a current basis and may not exceed the amount permitted as a deductible expense under the IRC. The aggregate rent and overhead accrued and paid by the Company to Winco for the three months ended March 31, 2017 was \$16,529. As of March 31, 2017, the Company had reimbursements payable to MMC and Winco for compensation and benefits and rent and overhead of \$5,885.

The Company provides a maximum monthly automobile allowance of \$1,000 per month to its President, Mark C. Winmill. To the extent that the monthly maximum payment under the Company's automobile lease exceeds the monthly allowance, Mr. Winmill must reimburse the Company for the excess amount. In this regard, Mr. Winmill has reimbursed the Company \$3,228 for the automobile payments paid and due in 2017.

The Company leases office space to Tuxis under a rental agreement. The terms of occupancy are month to month and automatically renew unless terminated by either party on ten days' written notice. The monthly rental charges are \$1,000 per month due and payable on the first day of each month. For the three months ended March 31, 2017, the total rent paid by Tuxis to the Company was \$3,000.

10. CAPITAL STOCK

The Company is authorized to issue 19,900,000 shares of \$0.01 par value common stock. The Company also has 100,000 shares of Series A participating preferred stock, \$0.01 par value, authorized, of which none has been issued.

11. STOCKHOLDER RIGHTS PLAN

On January 28, 2016, the Company announced that its Board of Directors has adopted a stockholders rights plan (the "Rights Plan"). To implement the Rights Plan, the Board of Directors declared a dividend distribution of one right for each outstanding share of Company common stock, par value \$.01 per share, to holders of record of the shares of common stock at the close of business on January 29, 2016. Each right entitles the registered holder to purchase from the Company one one-thousandth of a share of preferred stock, par value \$.01 per share. The rights were distributed as a non-taxable dividend and will expire on January 29, 2026. The rights were evidenced by the underlying Company common stock, and no separate preferred stock purchase rights certificates have been distributed. The rights to acquire preferred stock are not immediately exercisable and will become exercisable only if a person or group, other than Exempt Persons (as defined in the Rights Plan agreement), acquires or commences a tender offer for 9.8% or more of the Company's common stock. If a person or group, other than an Exempt Person, acquires or commences a tender offer for 9.8% or more of the Company's common stock, each holder of a right, except the acquirer, will be entitled, subject to the Company's right to redeem or exchange the right, to exercise, at an exercise price of \$12, the right to purchase one one-thousandth of a share of the Company's newly created Series A Participating Preferred Stock, or the number of shares of Company common stock equal to the holder's number of rights multiplied by the exercise price and divided by 50% of the market price of the Company's common stock on the date of the occurrence of such an event. The Company's Board of Directors may terminate the Rights Plan at any time or redeem the rights, for \$0.01 per right, at any time before a person acquires 9.8% or more of the Company's common stock. This Rights Plan replaced the Company's stockholders rights plan dated November 25, 2015, which expired on its own terms on March 24, 2016.

12. COMMITMENTS AND CONTINGENCIES

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

The Company leases an automobile under a lease expiring on January 3, 2020. The future minimum lease payments under the lease in aggregate are \$45,684 comprised of annual payments of \$15,288 for the years ending December 31, 2017, 2018 and 2019, respectively.

Upon the satisfaction of certain conditions described in the 2016 Purchase Agreement with Tuxis, in connection with expanding the Company's Millbrook, New York store, an additional \$900,000 cash payment is due to Tuxis from the Company. On May 2, 2017, the Company received approval from the local municipality for the expansion project and, upon commencement of construction, the additional cash payment is expected to be made by the Company to Tuxis.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

CAUTIONARY LANGUAGE

The following discussion and analysis should be read in conjunction with our unaudited “Condensed Consolidated Financial Statements” and the “Notes to Condensed Consolidated Financial Statements (unaudited)” appearing elsewhere in this report. We make statements in this section that may be forward looking statements within the meaning of the federal securities laws. For a complete discussion of forward looking statements, see the section in this report entitled “Statement on Forward Looking Information.” References to the “Company,” “we,” “us,” or “our company” refer to Global Self Storage, Inc., a Maryland corporation, including, as the context requires, its direct and indirect subsidiaries.

CRITICAL ACCOUNTING POLICIES

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

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

Management’s Discussion and Analysis Overview

The Company is a self-administered and self-managed REIT focused on the ownership, operation, acquisition, development and redevelopment of self storage facilities in the United States. Our stores are designed to offer affordable, easily accessible and secure storage space for residential and commercial customers. The Company currently owns and operates, through its wholly owned subsidiaries, eleven stores located in Connecticut, Illinois, Indiana, New York, Ohio, Pennsylvania, and South Carolina. As previously reported in our press release on January 19, 2016, on that day, the Company changed its name to Global Self Storage, Inc. from Self Storage Group, Inc., changed its SEC registration from an investment company to an operating company reporting under the Exchange Act, and uplisted to NASDAQ.

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

Financial Condition and Results of Operations

On June 24, 2016, certain wholly owned subsidiaries (“Secured Subsidiaries”) of the Company entered into a loan agreement and certain other related agreements (collectively, the “Loan Agreement”) between the Secured Subsidiaries and Insurance Strategy Funding IV, LLC (the “Lender”). Under the Loan Agreement, the Secured Subsidiaries are borrowing from the Lender in the principal amount of \$20 million pursuant to a promissory note (the “Promissory Note”). The Promissory Note bears an interest rate equal to 4.192% per annum and is due to mature on July 1, 2036. Pursuant to a security agreement (the “Security Agreement”), the obligations under the Loan Agreement are secured by certain real estate assets owned by the Secured Subsidiaries. J.P. Morgan Investment Management, Inc. acted as Special Purpose Vehicle Agent of the Lender. The Company entered into a non-recourse guaranty on June 24, 2016 (the “Guaranty,” and together with the Loan Agreement, the Promissory Note and the Security Agreement, the “Loan Documents”) to guarantee the payment to Lender of certain obligations of the Secured Subsidiaries under the Loan Agreement. The Loan Documents require the Secured Subsidiaries and the Company to comply with certain covenants, including, among others, a minimum net worth test and other customary covenants. The Lender may accelerate amounts outstanding under the Loan Documents upon the occurrence of an Event of Default (as defined in the Loan Agreement) including, but not limited to, the failure to pay

amounts due or commencement of bankruptcy proceedings. The Company and the Secured Subsidiaries paid customary fees and expenses in connection with their entry into the Loan Documents. There is no material relationship between the Company, its Secured Subsidiaries, or its affiliates and the Lender, other than in respect of the Loan Documents. The foregoing description is qualified in its entirety by the full terms and conditions of the Loan Documents, filed as Exhibits 10.1, 10.2, 10.3 and 10.4 to the Current Report on Form 8-K filed on June 30, 2016. We used the proceeds of such debt financing primarily in connection with store acquisitions in 2016 as described below.

As of March 31, 2017, we had capital resources totaling approximately \$4.3 million comprised of \$2.9 million of cash and cash equivalents and \$1.4 million of marketable securities. Capital resources derived from retained cash flow have been and are currently expected to continue to be negligible. Retained operating cash flow represents our expected cash flow provided by operating activities, less stockholder distributions and capital expenditures to maintain stores.

We have been actively reviewing a number of store and store portfolio acquisition opportunities and have been working to further develop and expand our current stores. On May 9, 2016, one of our wholly owned subsidiaries entered into an agreement with Gray Eagle Development, LLP (the "Indiana Seller") to acquire a store located in Fishers, Indiana (the "Indiana Property") for the sum of \$7,700,000. On September 26, 2016, the Company completed the acquisition of the Indiana Property for approximately \$7,700,000 in cash.

On June 27, 2016, another one of our wholly owned subsidiaries entered into an agreement with West Robb Ave., LLC, Wall & Ceiling Systems, Inc. and Victoria L. Strickland (collectively, the "Ohio Seller") to acquire a store located in Lima, Ohio (the "Ohio Property") for the sum of \$5,300,000. On August 29, 2016, the Company completed the acquisition of the Ohio Property for \$5,300,000 in cash.

Additionally, on November 23, 2016, the Company entered into an agreement (the "Purchase Agreement") with Tuxis Corporation ("Tuxis"), a Company affiliate, to acquire all of the membership interests of each of SSG Clinton LLC ("SSG Clinton"), formerly known as Tuxis Self Storage I LLC, SSG Millbrook LLC ("SSG Millbrook"), formerly known as Tuxis Self Storage II LLC, and Tuxis Real Estate II LLC ("TRE II"), (collectively, the "Tuxis Subsidiaries"), for the aggregate purchase price of \$7,800,000 (the "Purchase Price"), comprised of \$5,925,000 payable in cash, \$975,000 in shares of the Company's common stock, and, contingent upon the satisfaction of certain conditions described in the Purchase Agreement, an additional \$900,000 cash payment. SSG Clinton is the owner and operator of a 185 unit, 31,059 square foot store located in Clinton, Connecticut. SSG Millbrook is the owner and operator of a 142 unit, 13,391 square foot store located in Millbrook, New York. TRE II owns a 1,875 square foot commercial property located in Millbrook, New York which adjoins the property held by SSG Millbrook. SSG Millbrook and TRE II together applied to the local municipality and recently received permission to redevelop the parcels and properties to expand SSG Millbrook's existing store.

On December 30, 2016, the Company completed the acquisition of the Tuxis Subsidiaries for \$5,925,000 in cash and 202,703 unregistered and restricted shares of the Company's common stock. Upon the satisfaction of certain conditions described in the Purchase Agreement in connection with expanding SSG Millbrook's existing store, an additional \$900,000 cash payment is expected to be made by the Company to Tuxis. On May 2, 2017, the Company received approval from the local municipality for the expansion project and, upon commencement of construction, the additional cash payment is expected to be made by the Company to Tuxis.

Results of Operations for the Three Months Ended March 31, 2017 Compared with the Period January 19, 2016 to March 31, 2016

The Company's results of operations for the period subsequent to its change in status from an investment company to an operating company on January 19, 2016 are presented on a consolidated basis to include the Company and its wholly owned subsidiaries, rather than using the investment company fair valuation approach. For the period January 1, 2016 to January 18, 2016, the Company was a registered investment company and applied the accounting guidance in ASC 946 and such period is not reflected in the following discussion. The change in status and related accounting policies affect the direct comparability of the results of operations for the first quarter of 2017 with the first quarter of 2016. As such, for the first quarter of 2016, the presentation of the results of operations is limited to the period during which the Company has applied operating company accounting policies (January 19, 2016 through March 31, 2016) and relates to the unaudited consolidated financial statements presented for such period in this report.

Revenues

Rental income increased from \$893,936 during the period January 19, 2016 to March 31, 2016 to \$1,696,998 during the first quarter of 2017, an increase of \$803,062, or 89.8%. The increase was primarily attributable to the additional income from the stores acquired in 2016, included in our non-same store portfolio. The increase in same-store revenue was due primarily to an increase in

rental and occupancy rates and net leased square footage. Our stores in Pennsylvania, New York, and South Carolina were our strongest market performers as far as occupancy, revenue, and net operating income growth.

Other store related income consists of late fees, administrative charges, customer insurance fees, sales of storage supplies, and other ancillary revenues. Other store related income increased from \$31,292 during the period January 19, 2016 to March 31, 2016 to \$52,628 during the first quarter of 2017, an increase of \$21,336, or 68.2%. This increase was primarily attributable to increased fee revenue and insurance fees on the stores acquired in 2016 and an increase in same-store property related income mainly attributable to increased insurance participation and higher average occupancy.

Operating Expenses

Store operating expenses increased from \$434,797 during the period January 19, 2016 to March 31, 2016 to \$689,484 during the first quarter of 2017, an increase of \$254,687, or 58.6%, which was primarily attributable to the increased expenses associated with our newly acquired stores.

Depreciation and amortization increased from \$169,967 during the period January 19, 2016 to March 31, 2016 to \$449,234 during the first quarter of 2017, an increase of \$279,267, or 164.3%. The difference is primarily attributable to (i) the shorter 2016 comparable period commencing on January 19, 2016, the effective date of the Company's deregistration as an investment company, versus the full three month period in 2017, (ii) depreciation of the building and fixtures related to the 2016 acquisitions, (iii) the expansion of the Bolingbrook store, (iv) and amortization of the in-place leases related to the 2016 acquisitions. General and administrative expenses increased from \$311,481 during the period January 19, 2016 to March 31, 2016 to \$410,555 during the first quarter of 2017, an increase of \$99,074, or 31.8%. The change was primarily attributable to increased legal, consultant, and payroll expenses resulting from additional and new expenses incurred to support our growth.

Business development and store acquisition related costs increased from \$0 during the period January 19, 2016 to March 31, 2016 to \$5,832 during the first quarter of 2017. Business development and store acquisition-related costs are typically non-recurring and fluctuate based on periodic investment activity.

Other income (expense)

Interest expense on loans increased from \$0 during the period from January 19, 2016 to March 31, 2016 to \$220,209 during the first quarter of 2017. The increase is primarily attributable to a higher amount of outstanding debt during the first quarter of 2017 as compared to the period from January 19, 2016 to March 31, 2016. The debt balance during the first quarter of 2017 increased to \$19,600,000 from \$0 during the period January 19, 2016 to March 31, 2016 as a result of the Loan Agreement. Dividend and interest income was \$40,138 for the period from January 19, 2016 to March 31, 2016 and \$11,422 for the first quarter of 2017. The decrease is primarily attributable to the sale of certain investment securities held by the Company.

Net income (loss)

For the period January 19, 2016 to December 31, 2016, the net income was \$49,121 or \$0.01 per share. For the first quarter of 2017, the net loss was \$14,266 or \$0.00 per share.

Non-GAAP Financial Measures

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

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

not compute AFFO in the same manner as we do, and may use different terminology, our computation of AFFO may not be comparable to AFFO reported by other REITs or real estate companies.

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

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

Self Storage Portfolio

The following discussion and analysis of our same-store self storage operations and our combined same-store and non same-store self storage operations are presented on a comparative basis for the first quarters of 2017 and 2016, respectively.

GLOBAL SELF STORAGE STORES

Property	Address	Year Store Opened / Opened	Number of Units	Net Leasable Square Feet	March 31, 2017 Square Foot Occupancy %	March 31, 2016 Square Foot Occupancy %
SSG BOLINGBROOK LLC	296 North Weber Road, Bolingbrook, IL 60440	1997 / 2013	801	110,600	73.3 %	96.7 %
SSG DOLTON LLC	14900 Woodlawn Avenue, Dolton, IL 60419	2007 / 2013	649	86,725	95.1 %	95.5 %
SSG MERRILLVILLE LLC	6590 Broadway, Merrillville, IN 46410	2005 / 2013	508	71,720	97.6 %	94.2 %
SSG ROCHESTER LLC	2255 Buffalo Road, Rochester, NY 14624	2010 / 2012	650	68,017	94.0 %	84.2 %
SSG SADSBUURY LLC	21 Aim Boulevard, Sadsburyville, PA 19369	2006 / 2012	699	79,004	90.0 %	85.5 %
SSG SUMMERVILLE I LLC	1713 Old Trolley Road, Summerville, SC 29485	1990 / 2013	557	72,700	93.6 %	74.1 %
SSG SUMMERVILLE II LLC	900 North Gum Street, Summerville, SC 29483	1997 / 2013	254	41,808	89.0 %	83.5 %
TOTAL/AVERAGE SAME STORES			4,118	530,574	89.3 %	88.1 %
SSG FISHERS LLC	13942 East 96th Street, McCordsville, IN 46055	2007 / 2016	413	81,471	90.3 %	80.1 %
SSG LIMA LLC	1910 West Robb Avenue, Lima, OH 60419	1996 / 2016	761	97,801	95.0 %	97.5 %
SSG CLINTON LLC	6 Heritage Park Road, Clinton, CT 06413	1996 / 2016	185	31,059	83.5 %	89.9 %
SSG MILLBROOK LLC	3814 Route 44, Millbrook, NY 12545	2008 / 2016	142	13,391	89.6 %	86.6 %
TOTAL/AVERAGE NON- SAME STORES			1,501	223,722	91.4 %	89.2 %
TOTAL/AVERAGE ALL STORES			5,619	754,296	89.9 %	88.4 %

Each store is directly owned by the Company’s wholly owned subsidiary listed in the table.

During the second quarter of 2015, SSG Bolingbrook LLC eliminated 98 parking spaces (32,700 square feet) to accommodate its five building expansion construction project. This expansion project was completed during mid-November 2016 and added 304 climate-controlled and traditional storage units totaling 44,260 leasable square feet to the facility bringing the total to 801 storage units and 110,600 leasable square feet. Same-store occupancy includes the impact from expansion and redevelopment projects at stores. As SSG Bolingbrook LLC’s newly-constructed leasable square feet were added last November, its area occupancy dropped from mid-

90% to approximately 60%. Also during 2015, upon completion of its expansion project, SSG Sadsbury LLC added 219 climate-controlled storage units comprising 16,756 leasable square feet. Certain stores' leasable square feet in the chart above includes outside auto/RV/boat storage space: approximately 13,000 square feet at SSG Sadsbury LLC; 11,300 square feet at SSG Bolingbrook LLC; 9,900 square feet at SSG Dolton LLC; 11,170 square feet at SSG Merrillville LLC; 5,300 square feet at SSG Summerville II LLC; and 9,270 square feet at SSG Clinton LLC. For SSG Lima LLC, included is approximately 12,683 square feet of non-storage commercial and student housing space. Approximately 34% of our total available units are climate-controlled, 58% are traditional, and 8% are parking.

Same-Store Self Storage Operations

We consider our same-store portfolio to consist of only those stores owned and operated on a stabilized basis at the beginning and at the end of the applicable periods presented. We consider a store to be stabilized once it has achieved an occupancy rate that we believe, based on our assessment of market-specific data, is representative of similar self-storage assets in the applicable market for a full year measured as of the most recent January 1 and has not been significantly damaged by natural disaster or undergone significant renovation. Same-store occupancy includes the impact from expansion projects at those stores. We believe that same-store results are useful to investors in evaluating our performance because they provide information relating to changes in store-level operating performance without taking into account the effects of acquisitions, dispositions or new ground-up developments. At March 31, 2017, we owned seven same-store facilities and four non-same-store facilities. The Company believes that, by providing same-store results from a stabilized pool of stores, with accompanying operating metrics including, but not limited to, variances in occupancy, rental revenue, operating expenses, NOI, etc., stockholders and potential investors are able to evaluate operating performance without the effects of non-stabilized occupancy levels, rent levels, expense levels, acquisitions, or completed developments. Same-store results should not be used as a basis for future same-store performance or for the performance of the Company's stores as a whole.

For comparability purposes, the same-store information presented for the period from January 1, 2016 to January 18, 2016 under investment company accounting and for the period from January 19, 2016 through March 31, 2016 under operating company accounting are presented combined for the first quarter of 2016 in the discussion that follows. Management believes this presentation is more meaningful to readers as there was no significant change in same-store revenue streams and other financial metrics or the same-store non-financial statistical information as a result of our change in status from an investment company to an operating company.

Same-store occupancy for the three months ended March 31, 2017 increased by 1.2% to 89.3% from 88.1% for the same period in of 2016. This includes the impact from the Bolingbrook expansion project completed in November 2016. Excluding the additional vacancy created in this store, ending occupancy would have been 93.1% at March 31, 2017, an increase of 5.0% compared to March 31, 2016.

We grew our top-line results by increasing same-store revenues by 9.9% for the first quarter of 2017 versus the first quarter of 2016. Same-store cost of operations decreased by 0.4% for the first quarter of 2017 versus the first quarter of 2016. Same-store NOI increased by 17.8% for the first quarter of 2017 versus the first quarter of 2016. The increase in same-store NOI was due primarily to an increase in rental and occupancy rates and net leased square footage. Our stores in Pennsylvania, New York, and South Carolina were our strongest market performers as far as occupancy, revenue, and NOI growth.

We believe that our results were driven by, among other things, our internet and digital marketing initiatives which helped our same-store overall average occupancy maintain at or around 90% as of March 31, 2017. Also, contributing to our results were our customer service efforts which we believe were essential in building local brand loyalty, resulting in strong referral and word-of-mouth market demand for our storage units and services. Another contributing factor to our results was our competitor move-in rate metrics analysis which employs internet data scraping and other methods to help keep our storage unit move-in rates "in the market," and our revenue rate management program which helped increase existing tenant rates while maintaining or building store occupancy.

These results are summarized as follows:

SAME - STORE PROPERTIES

First Quarter	2017	2016	Variance	% Change
Revenues	\$ 1,256,473	\$ 1,143,354	\$ 113,119	9.9 %
Cost of operations	\$ 494,816	\$ 496,884	\$ (2,068)	-0.4 %
Net operating income	\$ 761,657	\$ 646,470	\$ 115,187	17.8 %
Depreciation and amortization	\$ 179,578	\$ 160,883	\$ 18,695	11.6 %
Net leasable square footage at period end	531,574	485,574	46,000	9.5 %
Net leased square footage at period end	474,777	427,554	47,223	11.0 %
Overall square foot occupancy at period end	89.3 %	88.1 %	1.2 %	1.4 %
Total annualized revenue per leased square foot	\$ 10.59	\$ 10.70	\$ (0.11)	-1.0 %
Total available leasable storage units	4,118	3,813	305	8.0 %
Number of leased storage units	3,574	3,251	323	9.9 %

Analysis of Same-Store Revenue

For the first quarter of 2017, the 9.9% revenue increase was attributable to, among other things, an 11.1% increase in net leased square footage. The increase in net leased square footage was due primarily to a successful lease-up of our Bolingbrook IL expansion, and to the continuing successful lease-up of our available storage units in our Pennsylvania, New York, and South Carolina stores. Same store average overall square foot occupancy for all of the Company's stores combined increased to 89.3% in the first quarter of 2017 from 88.1% in the first quarter of 2016, primarily due to the aforementioned successful lease-up activity at those stores.

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

We currently expect rental income growth, if any, to come from a combination of the following: (i) continued existing tenant rent increases, (ii) higher rental rates charged to new tenants, (iii) lower promotional discounts, and (iv) higher occupancies. Our future rental income growth will likely also be dependent upon many factors for each market that we operate in including, among other things, demand for self storage space, the level of competitor supply of self storage space, and the average length of stay of our tenants. Increasing existing tenant rental rates, generally on an annual basis, is a key component of our revenue growth. We typically determine the level of rental increases based upon our expectations regarding the impact of existing tenant rate increases on incremental move-outs. We currently expect existing tenant rent increases in 2017 to be slightly less than the prior year.

We believe that the current trends in move-in, move-out, in place contractual rents, and occupancy levels are consistent with our current expectation of continued revenue growth. However, such trends, when viewed in the short-term, are volatile and not necessarily predictive of our revenues going forward because they may be subject to many short-term factors. Such factors include, among others, initial move-in rates, seasonal factors, the unit size and geographical mix of the specific tenants moving in or moving out, the length of stay of the tenants moving in or moving out, changes in our pricing strategies, and the degree and timing of rate increases previously passed to existing tenants.

Importantly, we continue to refine our ongoing revenue rate management program which includes regular internet data scraping of local competitors' prices. We do this in seeking to maintain our competitive market price advantage for our various sized storage units at our stores. This program helps us in seeking to maximize each store's occupancies and our self storage revenue and NOI. We believe that, through our various marketing initiatives, we can continue to attract high quality, long term tenants who we expect will be storing with us for years. As of March 31, 2017, our average tenant duration of stay is approximately three years, up from approximately two years as of March 31, 2015.

Analysis of Same-Store Cost of Operations

Same-store cost of operations decreased 0.4% or \$2,068 for the first quarter of 2017 versus the first quarter of 2016. This decrease in same-store cost of operations was due primarily to reduced marketing and administrative expense which was partially offset by increased store level employment costs, utilities, and repair and maintenance expense.

On-site store manager, regional manager, and district payroll expense increased 17.3%, or \$22,449, for the first quarter 2017 versus the first quarter of 2016. This increase was due primarily to an increase in the number of store, regional, and district manager level employees, wage increases, and higher employee health plan expenses. We currently expect inflationary increases in compensation rates for existing employees and other increases in compensation costs as we potentially add new stores as well as supervisory customer operations personnel.

Store property tax expense decreased 1.2% or \$1,838 for the first quarter of 2017 versus the first quarter of 2016. We currently expect store property tax expense decline of approximately the same amount for the remainder of 2017.

Repairs and maintenance expense decreased 47.2%, or \$15,342, for the first quarter of 2017 versus the first quarter of 2016. Due primarily to performing certain mandatory repairs during 2016 in connection with certain requirements of the Loan Documents, there were fewer items of repair and maintenance to perform during the first quarter of 2017. Going forward, we anticipate continued focus on our LED light replacement program throughout 2017. At our stores fully converted to LED lighting, we have realized utilities expense savings for the first quarter of 2017 versus the first quarter of 2016 of approximately 10% to 40%, depending on the store, due to lower kilowatt per hour usage.

Our utility expenses are currently comprised of electricity, oil, and gas costs, which vary by store and are dependent upon energy prices and usage levels. Changes in usage levels are driven primarily by weather and temperature. Also, affecting our utilities expenses over time is our aforementioned ongoing LED light replacement program at all of our stores which has already resulted in lower electricity usage. Utility expense increased 10.3% or \$4,062 for the first quarter of 2017 versus the first quarter of 2016, primarily due to 2016's milder winter in most of our stores' areas and the benefit of lower electricity usage due to our LED light replacement program. It is difficult to estimate future utility costs because weather, temperature, and energy prices are volatile and unpredictable. However, based upon current trends and expectations regarding commercial electricity rates, we currently expect inflationary increases in rates combined with lower usage resulting in net lower utility costs in 2017.

Landscaping expenses, which include snow removal costs, decreased 50.0%, or \$14,120, for the first quarter of 2017 versus the first quarter of 2016, primarily due to lower snow removal costs. Landscaping expense levels are dependent upon many factors such as weather conditions, which can impact landscaping needs including, among other things, snow removal, inflation in material and labor costs, and random events. We currently expect inflationary increases in landscaping expense in 2017, excluding snow removal expense, which is primarily weather dependent and unpredictable.

Marketing expense is comprised principally of internet advertising and the operating costs of our 24/7 kiosk and telephone call and reservation center. Marketing expense varies based upon demand, occupancy levels, and other factors. Internet advertising, in particular, can increase or decrease significantly in the short term in response to these factors. Marketing expense decreased 15.1%, or \$7,621, for the first quarter of 2017 versus the first quarter of 2016, primarily due to the decreased internet advertising expenses and the one-time costs during 2016 associated with the production and addition of size estimator and locations videos to our stores' website, www.GlobalSelfStorage.us. Based upon current trends in move-ins, move-outs, and occupancies, we currently expect marketing expense to increase at a nominal rate in 2017.

Other direct store costs include general and administrative expenses incurred at the stores, such as store insurance, business license costs, bank charges related to processing the stores' cash receipts, credit card fees, and the cost of operating each store's rental office including supplies and telephone data communication lines. These costs (primarily store property insurance) increased 23.4%, or \$9,207, in the first quarter of 2017 as compared to the first quarter of 2016. Increased store level cost efficiencies and fewer tenants' stored items auctions contributed to the decreased expenses, which were partially offset by increases in our credit card or merchant fees. Credit card fees increased due to a higher proportion of rental payments being received through credit cards, which is one of the results of our initiatives in seeking to build a higher quality overall tenant base. We currently expect moderate increases in other direct store costs in 2017.

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

At March 31, 2017, we owned seven same-store facilities and four non same-store facilities. The non same-store facilities are SSG Fishers LLC, SSG Lima LLC, SSG Clinton LLC, and SSG Millbrook LLC.

For comparability purposes, the combined same-store and non same-store information presented for the period from January 1, 2016 to January 18, 2016 under investment company accounting and for the period from January 19, 2016 through March 31, 2016 under operating company accounting are presented combined for the first quarter of 2016 in the discussion that follows. Management believes this presentation is more meaningful to readers as there was no significant change in combined same-store and non same-store revenue streams and other financial metrics or the combined same-store and non same-store non-financial statistical information as a result of our change in status from an investment company to an operating company

Combined same-store and non same-store average overall square foot occupancy for the first quarter of 2017 increased by 1.5% to 89.9% from 88.4% for the first quarter of 2016. This includes the impact from the Bolingbrook expansion project completed during the fourth quarter of 2016. Excluding the additional vacancy created in this store, ending occupancy would have been 92.6% at March 31, 2017, an increase of 4.2% compared to March 31, 2016.

We grew our top-line results by increasing combined same-store and non same-store (“Combined store”) revenues by 53.0% for the first quarter of 2017 versus the first quarter of 2016. Combined store cost of operations increased by 38.1% for the first quarter of 2017 versus the first quarter of 2016. Combined store NOI increased by 64.4% for the first quarter of 2017 versus the first quarter of 2016.

We believe that our results were driven by, among other things, our internet and digital marketing initiatives, drive-by curb appeal, and superior roadside signage which helped deliver new tenant inquiries and enabled our Combined store overall average occupancy to maintain at or around 90% as of March 31, 2017. Also, contributing to our strong results were our customer service efforts which we believe were essential in building local brand loyalty resulting in referral and word-of-mouth market demand for our storage units and services.

These results are summarized as follows:

COMBINED SAME - STORE AND NON SAME - STORE PROPERTIES

First Quarter	2017	2016	Variance	% Change
Revenues	\$ 1,749,247	\$ 1,143,354	\$ 605,893	53.0 %
Cost of operations	\$ 686,232	\$ 496,884	\$ 189,348	38.1 %
Net operating income	\$ 1,063,015	\$ 646,470	\$ 416,545	64.4 %
Depreciation and amortization	\$ 391,473	\$ 160,883	\$ 230,590	143.3 %
Net leasable square footage at period end	755,295	485,574	269,721	55.5 %
Net leased square footage at period end	679,228	427,554	251,674	58.9 %
Overall square foot occupancy at period end	89.9 %	88.1 %	1.8 %	2.0 %
Total annualized revenue per leased square foot	\$ 10.30	\$ 10.70	\$ (0.40)	-3.7 %
Total available leasable storage units	5,619	3,813	1,806	47.4 %

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

For the first quarter of 2017, the 53.0% revenue increase was due primarily to a 58.9% increase in net leased square footage and the results of our revenue rate management program of raising existing tenant rates. This increase in net leased square feet, as a result of our Fishers, IN, Lima, OH, Clinton, CT, and Millbrook, NY acquisitions, is currently expected to positively affect combined revenues for the remainder of 2017. Our lower year-over-year total annualized revenue per leased square foot number was primarily due to some of the larger new acquisitions offering much lower cost non-climate-controlled square feet (for example, our Lima acquisition) versus the rest of our store portfolio.

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

We currently expect rental income growth, if any, to come from a combination of the following: (i) continued existing tenant rent increases, (ii) higher rental rates charged to new tenants, (iii) lower promotional discounts, and (iv) higher occupancies. Our future rental income growth will likely also be dependent upon many factors for each market that we operate in, including demand for self storage space, the level of competitor supply of self storage space, and the average length of stay of our tenants. Increasing existing tenant rental rates, generally on an annual basis, is a key component of our revenue growth. We typically determine the level of rental increases based upon our expectations regarding the impact of existing tenant rate increases on incremental move-outs. We currently expect existing tenant rent increases in 2017 to be slightly less than the prior year.

We believe that the current trends in move-in, move-out, in place contractual rents, and occupancy levels are consistent with our current expectation of continued revenue growth. However, such trends, when viewed in the short-term, are volatile and not necessarily be predictive of our revenues going forward because they are subject to many short-term factors. Such factors include,

among others, initial move-in rates, seasonal factors, the unit size, the geographical mix of the specific tenants moving in or moving out, the length of stay of the tenants moving in or moving out, changes in our pricing strategies, and the degree and timing of rate increases previously passed to existing tenants.

Importantly, we continue to refine our ongoing revenue rate management program which includes regular internet data scraping of local competitors' prices. We do this in seeking to maintain our competitive market price advantage for our various sized storage units at our stores. This program helps us seek to maximize each store's occupancies and our self storage revenue and NOI. We believe that through our various marketing initiatives, we can seek to continue to attract high quality, long term tenants who we expect will be storing with us for years. As of March 31, 2017, our average tenant duration of stay is approximately three years, up from approximately two years as of March 31, 2015.

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

Combined same-store and non same-store cost of operations increased 38.1%, or \$189,348, for the first quarter of 2017 versus the first quarter of 2016.

This increase in combined same-store and non same-store cost of operations was due primarily to increased store level employment costs including rising employee health plan expenses, store property tax expense, repair and maintenance, and marketing expense due to our new store acquisitions, which were partially offset by decreases in professional, administrative, and lien administration costs.

On-site store manager and supervisory payroll expense increased 65.8%, or \$85,143, for the first quarter of 2017 versus the first quarter of 2016. This increase was due primarily to an increase in the number of store level and supervisory employees due to our new store acquisitions, wage increases, and higher employee health plan expenses. We currently expect inflationary increases in compensation rates for existing employees and other increases in compensation costs as we potentially add new stores as well as district and regional managers.

Store property tax expense increased 29.0%, or \$43,152, for the first quarter of 2017 versus the first quarter of 2016, primarily due to increased such costs associated with our new store acquisitions. We currently expect store property tax expense growth of approximately the same amount in 2017.

Repairs and maintenance expense decreased 37.7%, or \$12,256, for the first quarter of 2017 versus the first quarter of 2016, primarily due to decreased such costs associated with our new store acquisitions and to performing certain mandatory repairs during 2016 in connection with certain requirements of the Loan Documents. As of March 31, 2017, the majority of these repairs have been completed. Also, contributing to the increase in repair and maintenance expense is our ongoing LED light replacement program expenses. We anticipate continued focus on our LED light replacement program throughout 2017. At our stores fully converted to LED lighting, we have realized utilities expense savings for the first quarter of 2017 versus the first quarter of 2016 of approximately 10% to 40%, depending on the store, due to lower kilowatt per hour usage.

Our utility expenses are currently comprised of electricity, oil, and gas costs, which vary by store and are dependent upon energy prices and usage levels. Changes in usage levels are driven primarily by weather and temperature. Also, affecting our utilities expenses over time is our aforementioned ongoing LED light replacement program at all of our stores which has already resulted in lower electricity usage. Utility expense increased 97.5%, or \$22,779, for the first quarter of 2017 versus the first quarter of 2016, primarily due to increased such costs associated with our new store acquisitions. It is difficult to estimate future utility costs because weather, temperature, and energy prices are volatile and unpredictable. However, based upon current trends and expectations regarding commercial electricity rates, we currently expect inflationary increases in rates combined with lower usage resulting in net lower utility costs in 2017.

Landscaping expenses, which include snow removal costs, increased 45.3%, or \$6,854, for the first quarter of 2017 versus the first quarter of 2016, primarily due to increased such costs associated with our new store acquisitions. Landscaping expense levels are dependent upon many factors such as weather conditions, which can impact landscaping needs including, among other things, snow removal, inflation in material and labor costs, and random events. We currently expect inflationary increases in landscaping expense in 2017, excluding snow removal expense, which is primarily weather dependent and unpredictable.

Marketing expense is comprised principally of internet advertising and the operating costs of our 24/7 kiosk and telephone call and reservation center. Marketing expense varies based upon demand, occupancy levels, and other factors. Internet advertising, in particular, can increase or decrease significantly in the short term in response to these factors. Marketing expense increased 54.8%, or \$21,392, for the first quarter of 2017 versus the first quarter of 2016, primarily due to increased such costs associated with our new store acquisitions and to the increased internet advertising expenses and the one-time costs associated with the production and addition

of size estimator and locations videos to our stores' website, www.GlobalSelfStorage.us. Based upon current trends in move-ins, move-outs, and occupancies, we currently expect marketing expense to increase at a somewhat lesser rate in 2017.

Other direct store costs include general and administrative expenses incurred at the stores, such as store insurance, business license costs, bank charges related to processing the stores' cash receipts, credit card fees, and the cost of operating each store's rental office including supplies and telephone data communication lines. These costs increased 27.1%, or \$11,052, in the first quarter of 2017 as compared to the first quarter of 2016, primarily due to increased such costs associated with our new store acquisitions. Increased store level costs efficiencies and fewer tenants' stored items auctions contributed to the decreased expenses, which were partially offset by increases in our credit card or merchant fees. Credit card fees increased due to a higher proportion of rental payments being received through credit cards, which is one of the results of our initiatives in seeking to build a higher quality overall tenant base. We currently expect moderate increases in other direct store costs in 2017.

Depreciation and amortization increased from \$160,883 in the first quarter of 2016 to \$391,473 in the first quarter of 2017, an increase of \$230,590, or 143.3%. The difference is primarily attributable to the shorter 2016 comparable period commencing on January 19, 2016, the effective date of the Company's deregistration as an investment company, versus a full three month period in 2017, depreciation of the building and fixtures related to the 2016 acquisitions, the expansion of the Bolingbrook store, and amortization of the in-place leases related to the 2016 acquisitions.

Analysis of General and Administrative Expenses

General and administrative expenses represent direct and allocated expenses for shared general corporate functions, which are allocated to store operations to the extent they are related to store operations. Such functions include, among other things, data processing, human resources, legal, corporate and operational accounting and finance, marketing, and compensation of senior executives.

	Three Months Ended March 31, 2017	For the Period January 19, 2016 through March 31, 2016	Variance	% Change
General and administrative	\$ 410,555	\$ 311,481	\$ 99,074	+31.8%

General and administrative expenses increased 31.8%, or \$99,074, for the first quarter of 2017 versus the period January 19, 2016 to March 31, 2016. The increase in the general and administrative expense during the most recent quarter is primarily attributable to an increase in legal, accounting, compliance, NASDAQ listing fees, and investor relations and capital market consulting expenses. We experienced certain cost reductions due to our transition from an investment company to an operating company, such as costs associated with fund accounting, custodian, registration, and quarterly appraisals. Concomitantly, we experienced increased legal, accounting, regulatory compliance, and investor relations expenses. Going forward, although we currently expect some general and administrative expense reductions associated with our discontinued registration as an investment company, we are incurring, and expect to incur, a number of new expenses related to, among other things, the Company's new reporting and regulatory requirements. In 2016, the Company incurred fees and expenses of approximately \$646,000 associated with the Loan Documents, the majority of which were capitalized and are amortized over the term of the loan.

Analysis of Business Development and Store Acquisition Expenses

Business development and store acquisition expenses increased from \$0 during the period January 19, 2016 to March 31, 2016 to \$5,832 during the first quarter of 2017, respectively. These costs primarily consisted of legal and consulting costs in connection with business development activities and future potential store acquisitions. The majority of these expenses are non-recurring and may fluctuate based on business development activity during the time period.

Analysis of Loan Interest and Amortization Expense

Loan interest expense payments relating to the aforementioned \$20 million loan increased from \$0 for the period January 19, 2016 to March 31, 2016 to \$220,209 for the first quarter of 2017. Going forward, the cash payments for this expense are expected to be \$69,867 per month until June 2018 at which point the monthly interest and amortization payment due is expected to increase to \$107,699 where it will remain payable every month until June 2036.

Analysis of Global Self Storage FFO and AFFO

The following tables present reconciliation and computation of net income to FFO and AFFO and earnings per share to FFO and AFFO per share:

	Three Months Ended March 31, 2017	For the Period January 19, 2016 through March 31, 2016
Net income (loss)	\$ (14,266)	\$ 49,121
Eliminate items excluded from FFO:		
Depreciation and amortization	449,234	169,967
FFO attributable to common stockholders	434,968	219,088
Adjustments:		
Business development and property acquisition costs	5,832	—
AFFO	\$ 440,800	\$ 219,088
FFO and FFO as adjusted per weighted average shares outstanding		
Net income	\$ (0.00)	\$ 0.01
Eliminate items excluded from FFO:		
Depreciation and amortization	0.06	0.02
FFO per share attributable to common stockholders	0.06	0.03
Adjustments:		
Business development and property acquisition costs	0.00	—
AFFO per share attributable to common stockholders	\$ 0.06	\$ 0.03

Analysis of Global Self Storage Store Expansions and Redevelopment Operations

In addition to actively reviewing a number of store and portfolio acquisition opportunities, we have been working to further develop and expand our current stores.

At our Sadsburyville, PA store in May 2015, we completed construction of a state-of-the-art, all climate-controlled two story storage building, adding 16,756 leasable square feet featuring a number of unique drive-up, climate controlled units. This expansion appears to have been well received by the local market. As of March 31, 2017, approximately 21 months after construction was completed and lease-up commenced, 96% of the first floor and 81% of the entire building have been leased. Total entire store occupancy as of March 31, 2017 was 90.0%, up from 86.9% as of December 31, 2016.

At our Bolingbrook, IL store in November 2016, all site work, construction, and final inspections and approvals of the expansion project in Bolingbrook, IL were completed. This expansion has added approximately 44,050 leasable square feet and 304 of climate-controlled and traditional storage units bringing the total to 110,600 leasable square feet and 801 storage units. The project cost approximately \$2,600,000, which equates to an all-in cost of approximately \$59 per square foot. As of March 31, 2017, 47.1%, or 20,750 square feet, of the five building expansion leasable square feet had been leased. This lease-up has been faster than expected. Total entire store occupancy as of March 31, 2017 was 73.3%, up from 62.2% as of December 31, 2016.

We are currently reviewing our Merrillville, IN store for the possible expansion construction of three new traditional drive-up storage unit buildings totaling 13,300 gross square feet.

On May 2, 2017, at the Millbrook, NY store, we received all final entitlement approvals from the local planning and zoning boards for construction of a 16,500 gross square feet, two story, all-climate-controlled expansion of the existing store. We currently anticipate that the construction project will proceed accordingly, with construction completion approximately six to nine months from project commencement. However, there is no guarantee that we will complete this project in this timeframe or at all.

Analysis of Realized and Unrealized Gains (Losses)

Realized gains for the periods ended March 31, 2017 and 2016 were \$0 and \$0, respectively. As we continue to acquire and/or develop additional stores, as part of the funding for such activities, we plan to liquidate our investment securities holdings and potentially realize gains or losses. As of March 31, 2017, our unrealized gain on investment securities available-for-sale was \$672,800.

Distributions and Closing Market Prices

Distributions for the three months ended March 31, 2017 totaled \$0.065 per share. The Company's closing market price as of March 31, 2017 was \$4.77, as of December 31, 2016 was \$4.77, and as of March 31, 2016 was \$4.87. Past performance does not guarantee future results.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures.

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

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

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

Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f)) that occurred during our most recent quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibits – See Exhibit Index below.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GLOBAL SELF STORAGE, INC.

Date: May 15, 2017

/s/ Mark C. Winmill

By: Mark C. Winmill, President
(Signing on behalf of the registrant as Principal Executive Officer)

Date: May 15, 2017

/s/ Thomas O'Malley

By: Thomas O'Malley, Chief Financial Officer
(Signing on behalf of the registrant as Principal Financial Officer and Principal Accounting Officer)

Exhibit Index

<u>Exhibit Item Number and Description</u>	<u>Incorporated by Reference to</u>	<u>Filed Herewith</u>
<u>31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>		X
<u>31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>		X
<u>32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>		X
<u>32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>		X
101. Interactive Data Files ¹		X

¹ Pursuant to Rule 406T of Regulation S-T, the interactive data files on Exhibit 101 hereto are deemed to be furnished and not filed for purposes of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under this section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as expressly set forth by specific reference to those documents.

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark C. Winmill, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Global Self Storage, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Intentionally omitted;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2017

/s/ Mark C. Winmill

Mark C. Winmill

President and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas O'Malley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Global Self Storage, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Intentionally omitted;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2017

/s/ Thomas O'Malley
Thomas O'Malley
Chief Financial Officer, Treasurer and Vice President
(Principal Financial Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark C. Winmill, Chief Executive Officer of Global Self Storage, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the knowledge of the undersigned:

1. The Quarterly Report on Form 10-Q for the period ended March 31, 2017 (the "Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Global Self Storage, Inc.

Date: May 15, 2017

/s/ Mark C. Winmill

Mark C. Winmill
President and Chief Executive Officer

This certification accompanies this Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed as filed by Global Self Storage, Inc. for purposes of Securities Exchange Act of 1934.

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas O'Malley, Chief Financial Officer, Treasurer and Vice President of Global Self Storage, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the knowledge of the undersigned:

1. The Quarterly Report on Form 10-Q for the period ended March 31, 2017 (the "Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Global Self Storage, Inc.

Date: May 15, 2017

/s/ Thomas O'Malley

Thomas O'Malley
Chief Financial Officer, Treasurer and Vice President
(Principal Financial Officer)

This certification accompanies this Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed as filed by Global Self Storage, Inc. for purposes of Securities Exchange Act of 1934.