

# GLOBAL INCOME

ANNUAL REPORT

# FUND

# 2012

DECEMBER 31



**TOP TEN  
HOLDINGS**

December 31, 2012

- 1 Self Storage Group I LLC
- 2 Sovran Self Storage, Inc.
- 3 Extra Space Storage Inc.
- 4 Public Storage
- 5 CBL & Associates Properties, Inc.
- 6 Health Care REIT, Inc.
- 7 Simon Property Group, Inc.
- 8 Taubman Centers, Inc.
- 9 CubeSmart
- 10 Federal Realty Investment Trust

Holdings are subject to change. The above portfolio information should not be considered as a recommendation to purchase or sell a particular security and there is no assurance that any securities will remain in or out of the Company.

### Dear Fellow Stockholders:

It is a pleasure to welcome the new stockholders who have made their investment in Global Income Fund since our last Report.

### Global Income Fund Reports Real Estate Acquisitions

Following through on stockholders' approval to change the Company's business from an investment company to an operating company that will own, operate, manage, acquire, develop, and redevelop professionally managed self storage facilities, Company management is pleased to report two self storage facility acquisitions.

As was previously announced in its December 5, 2012 press release, the Company, through its wholly-owned subsidiary Self Storage Group II LLC, has acquired a self storage facility located at 2255 Buffalo Road, Rochester, NY 14624. The facility is a 50,010 square foot, 454 unit, state-of-the-art, self storage facility with expansion potential on 8.413 acres located adjacent to the West Gates Shopping center. The self storage facility, which offers exclusively climate controlled units, has been operating since 2011.

Also as previously announced in its December 28, 2012 press release, the Company, through its wholly-owned subsidiary Self Storage Group I LLC, has acquired a self storage facility located at 21 Aim Boulevard, Sadsburyville, PA 19369. The facility is a 49,198 square foot, 480 unit, state-of-the-art self storage facility with expansion potential on 7.632 acres located at the intersection of Lincoln Highway (Business Route 30) and Aim Boulevard directly adjacent to the Chester County Airport. The self storage facility offers traditional storage units, climate controlled units and outside parking spaces. It has been operating since 2006.

The Company intends to continue seeking investment opportunities in real property self storage facilities.

### Corporate Conversion Progress

Again as previously reported, on February 29, 2012, the Company's stockholders voted to approve the proposal to change the Company's business from an investment company to an operating company that will own, operate, manage, acquire, develop, and redevelop professionally managed self storage facilities and, in connection therewith, to amend the Company's fundamental investment restrictions to permit the Company to pursue its new business ("Business Proposal"). Insufficient shareholder votes were cast to approve the proposal to amend the Company's Articles of Incorporation to impose certain limits and restrictions on ownership and transferability relating to the company's capital stock in order to comply with certain federal tax requirements applicable to real estate investment trusts ("Charter Proposal"). Stockholders may be asked to consider and vote on the Charter

Proposal at a meeting of stockholders to be held in the future.

Accordingly, to effect the Business Proposal, the Company has invested predominantly in publicly traded real estate investment trust ("REITs") and has sold substantially all assets in its portfolio that are not "Real Estate Assets" (which consist of real property, interests in REITs, interests in mortgages on real property, and other investments in the real estate investment, service and related industries). Over time, the Company expects to divest its holdings in such REITs and acquire and operate self storage facilities. Because the Company's assets will be concentrated in Real Estate Assets, the value of the Company's common stock may be subject to greater volatility than a company with a portfolio that is less concentrated by industry. If investments in the real estate industry or self-storage facility companies as a group fall out of favor with investors, the Company could underperform other companies that have greater industry diversification. Until the Business Proposal is fully implemented, the Company's Board of Directors has the power to change or modify the Business Proposal if it concludes that doing so would be in the best interests of the Company and its stockholders. Accordingly, subject to the discretion of the Board of Directors, the Company may not seek to deregister as an investment company until or after the Business Proposal is fully implemented.

Also as previously announced, effective July 1, 2012, the Company is being internally managed by its executive officers and other employees, and portfolio management of the Company has been transferred from the Investment Policy Committee of the former investment manager to me, as President of the Company. The Company's Board of Directors approved the termination of the Company's Investment Management Agreement with CEF Advisers, Inc. effective June 30, 2012 as well as the termination of the Company's dividend reinvestment plan. My business experience includes acting as trustee with responsibility for investment portfolio review for more than 17 years of two separate private charitable foundations with combined net assets of over \$50 million.

### Risk Factors

Shareholders should note that there are a number of risks related to the Company's business during the implementation and following the consummation of the Business Proposal. These include risks related to the operating performance of the Company's self storage facilities and risks associated with the Company's investments in the real estate industry. There are also risks related to the Company's organization and structure and risks related to the Company's tax status as a REIT.

The foregoing is qualified by reference to a more complete statement of applicable risks contained on page 21 of this report under “Risk Factors” and in the Company’s Proxy Statement dated November 9, 2011 and Supplemental Questions & Answers Regarding the Business Proposal dated November 23, 2011 which are at available <http://www.GlobalIncomeFund.net/proxy-statement.html> and upon request by contacting the Company.

#### Economic and Market Report

The Federal Open Market Committee has interpreted 2012 U.S. economic data to suggest that economic activity and employment generally continued to expand at a moderate pace. Positive from the consumer perspective, generally over the course of the year the unemployment rate declined and the housing sector has shown further signs of improvement. Likewise, in 2012, the Dow Jones industrial Average posted its fourth straight year of gains, up 7.3% for 2012 and up over 100% from its low in 2009. Generally, consumer sentiment appears buoyant, and some surveys are suggesting that confidence is at its highest levels since the recession began. Reflecting this trend, consumer spending growth has exceeded disposable income growth over recent periods, and the savings rate has fallen. Showing more uncertainty, growth in business fixed investment has recently slowed. At the same time over the period, U.S. inflation has been muted.

The global economy disappointed in 2012. The Euro-zone recession has persisted and the pace of Chinese growth has remained subdued longer than expected. The World Bank estimates global GDP grew 2.3% in 2012, and currently expects growth to remain broadly unchanged at 2.4% in 2013, before gradually strengthening to 3.1% in 2014 and 3.3% in 2015. In a previous forecast, the World Bank forecasted global growth to remain strong from 2011 through 2013, strengthening from 3.2% in 2011 to a 3.6% pace in each of 2012 and 2013.

Our current outlook is for a gradual improvement in broad global economic data, and rising investor sentiment. Concerns over Euro

area financial stress, China’s growth slowdown, and the U.S. fiscal cliff seem to have diminished. In this environment, equity valuations and yields appear attractive, although with larger investor interest in bonds this would be a contrarian view. Nevertheless, we remain somewhat cautious due to a potentially negative market shock from disappointing news arising from the unresolved U.S. fiscal situation, including the debt ceiling controversy, potentially peaking corporate profits, a European sovereign default, or a sharply decelerating Chinese economy.

During 2012’s diverging economic conditions, REIT securities generally continued to perform well. The FTSE NAREIT All Equity REIT index posted its fourth consecutive year of besting the S&P 500 with a 19.70% total return. According to the National Association of Real Estate Investment Trusts (“NAREIT”) as of December 31, 2011, Equity REITs outperformed the S&P 500 for the past 1, 3, 10, 15, 20, 25, 30, and 35 year periods. The Self Storage REIT sector finished with a 19.94% total return in 2012 following a total return of 35.22% in 2011, which was the best performance of any REIT sector. This strong investment performance of the public self storage REIT sector has brought much attention to the self storage industry.

In addition, the self storage industry enjoyed an operationally strong year in 2012. Demand for self storage space was sustained by the aforementioned improving job and recovering housing markets. The industry experienced generally higher occupancies which led to higher asking rental rates in many markets. Rental rate discounting [“\$1 Move-In”, “First Month Free”] was widely reported to be reduced due to higher occupancies. Finally, there continued to be a low number of newly developed self storage properties available, further bolstering demand for existing self storage space by storage customers. This rise in demand, coupled with limited new construction, should continue to support positive absorption across all markets.

2012 Self Storage Occupancy and Asking Rents by Region

	Occupancy		Asking Rental Rates	
	Basis Points Change	Percentage	Percent Change	Price Per Square Foot
East	+350	85.0%	+5.0%	\$1.02
Midwest	+140	86.0%	+3.1%	\$0.77
South	+250	83.4%	+2.1%	\$0.81
West	+210	83.2%	-3.4%	\$1.04

Source: “Self-Storage Real Estate and Performance Trends 2012-2013: Occupancy, Rates and Sales” by Michael Hoffman, first vice president and national director of the Marcus & Millichap Real Estate Investment Services National Self-Storage Group. Posted on January 30, 2013 by Inside Self Storage magazine.

The strong multi-year investment returns delivered by the public self storage REITs have brought investor attention to this corner of the REIT universe. The positive operational trends described above combined with continued low interest rates have led new investors into the self storage real property market as well. Capitalization rates have compressed for high-quality class A institutional size properties traditionally in demand by the REITs and private equity groups. This phenomenon of many players seeking and bidding up relatively few available class A assets have sent yield-seeking investors down the quality scale to capture higher returns in stabilized assets in one-off markets and class B and C assets located in secondary and tertiary cities. We expect that these trends may continue into 2013.

#### Portfolio Investment Strategy

The Company's current strategy of investing in a global portfolio of REITs and related companies has resulted in a total return for 2012 based on net asset value of 16.22% with a market price total return of 10.10%. During 2012, distributions paid totaled \$0.47 per share. As of December 31, 2012, the Company's net asset value per share was \$4.74 and its share closing market price was \$3.69. While investment return and net asset value will vary and shares of the Company may subsequently be worth more or less than original cost, this represents an opportunity for investors to purchase the Company's shares at a discount to their underlying net asset value.

#### Distribution Policy and Tax Treatment

Under the current managed distribution policy, distributions of approximately 5% of the Company's net asset value per share on an annual basis are paid primarily from net investment income and

any net realized capital gains, with the balance representing return of capital. During the twelve months of 2012, distributions paid totaled \$0.47 per share. The majority of these distributions is comprised of net investment income and a lesser amount represents return of capital. Stockholders should soon receive information concerning the taxable status of the dividend distributions that were paid to stockholders of record in the 12 months ended December 31. The estimated components of each quarterly distribution that include a potential return of capital are provided to stockholders of record in a notice accompanying the distributions. The Company currently has the intention of qualifying for treatment as a REIT for federal tax purposes beginning in fiscal year 2013, while maintaining its favorable tax treatment as a regulated investment company through fiscal year 2012.

The Company's website, [www.GlobalIncomeFund.net](http://www.GlobalIncomeFund.net), provides investors with investment information, news, and other material regarding the Company.

As always, we are grateful to the Company's long standing stockholders for their continuing support.

Sincerely,



Mark C. Winmill  
President

Common Stocks (75.16%)			
Shares		Cost	Value
<b>REAL ESTATE INVESTMENT TRUSTS (75.16%)</b>			
Diversified (9.66%)			
United Kingdom (0.53%)			
19,900	British Land Company plc ADR <sup>(a)</sup>	\$ 151,441	\$ 184,871
United States (9.13%)			
19,000	Douglas Emmett, Inc.	416,662	442,700
15,000	PS Business Parks, Inc.	964,567	974,700
8,500	Public Storage <sup>(b)</sup>	1,141,295	1,232,160
7,000	Vornado Realty Trust	581,904	560,560
		<u>3,104,428</u>	<u>3,210,120</u>
	Total Diversified	3,255,869	3,394,991
Healthcare Facilities (7.01%)			
United States (7.01%)			
13,000	HCP, Inc.	528,173	587,340
19,000	Health Care REIT, Inc. <sup>(b)</sup>	1,016,948	1,164,510
11,000	Ventas, Inc.	648,239	711,920
		<u>2,193,360</u>	<u>2,463,770</u>
Industrial (14.01%)			
United States (14.01%)			
75,000	CubeSmart	895,256	1,092,750
37,000	Extra Space Storage Inc. <sup>(b)</sup>	1,038,111	1,346,430
29,000	ProLogis, Inc.	997,864	1,058,210
23,000	Sovran Self Storage, Inc. <sup>(b)</sup>	1,175,323	1,428,300
		<u>4,106,554</u>	<u>4,925,690</u>
Mortgage Investment (2.22%)			
United States (2.22%)			
90,000	Newcastle Investment Corp.	665,514	781,200
Office (6.39%)			
United States (6.39%)			
7,000	Boston Properties Inc.	734,002	740,670
22,000	Kilroy Realty Corp.	982,779	1,042,140
13,000	Liberty Property Trust	448,865	465,010
		<u>2,165,646</u>	<u>2,247,820</u>
Residential (13.08%)			
United States (13.08%)			
15,000	Apartment Investment and Management Company	389,893	405,900
4,000	AvalonBay Communities, Inc.	554,230	542,360
22,000	Education Realty Trust, Inc.	227,219	234,080
9,000	Equity Residential	536,562	510,030
6,500	Essex Property Trust, Inc.	964,946	953,225
12,000	Post Properties, Inc.	559,784	599,400
19,000	Senior Housing Properties Trust	411,529	449,160
38,000	UDR, Inc.	991,711	903,640
		<u>4,635,874</u>	<u>4,597,795</u>
Retail (22.79%)			
Australia (0.52%)			
8,200	Westfield Group ADR <sup>(a)</sup>	151,352	182,040
United States (22.27%)			
55,000	CBL & Associates Properties, Inc. <sup>(b)</sup>	993,870	1,166,550
25,000	DDR Corp.	365,842	391,500
10,500	Federal Realty Investment Trust	1,016,314	1,092,210

See notes to financial statements.

Common Stocks (continued)		Cost	Value
Shares			
	<b>United States (continued)</b>		
15,000	General Growth Properties, Inc.	\$ 247,913	\$ 297,750
55,000	Kimco Realty Corp.	1,010,103	1,062,600
11,000	Regency Centers Corp.	483,064	518,320
9,000	SL Green Realty Corp.	702,435	689,850
7,000	Simon Property Group, Inc.	999,187	1,106,630
14,000	Taubman Centers, Inc.	1,004,717	1,102,080
15,000	Weingarten Realty Investors	394,980	401,550
		<u>7,218,425</u>	<u>7,829,040</u>
	Total retail	<u>7,369,777</u>	<u>8,011,080</u>
	Total common stocks	24,392,594	26,422,346
	<b>PREFERRED STOCKS (5.53%)</b>		
	<b>REAL ESTATE INVESTMENT TRUSTS (5.53%)</b>		
	Industrial (2.22%)		
	United States (2.22%)		
15,000	CubeSmart 7.75%, Series A	389,806	390,750
15,000	Monmouth Real Estate Investment Corp., 7.875%, Series B	402,042	389,700
		<u>791,848</u>	<u>780,450</u>
	Office (1.06%)		
	United States (1.06%)		
15,000	Duke Realty Corp. 6.50%, Series K	373,313	372,900
	Retail (2.25%)		
	United States (2.25%)		
15,000	Pennsylvania Real Estate Investment Trust, 8.25%, Series A	380,663	394,200
15,000	Realty Income Corp., 6.625%, Series F	396,285	397,800
		<u>776,948</u>	<u>792,000</u>
	Total preferred stocks	1,942,109	1,945,350
<b>Principal Amount</b>	<b>SHORT-TERM INVESTMENT (0.13%)</b>		
	United States (0.13%)		
\$45,116	State Street Bank and Trust Company Euro Time Deposit 0.01%, 1/02/13	45,116	45,116
<b>Member Equity Interest</b>	<b>WHOLLY-OWNED SUBSIDIARY (21.12%)</b>		
	<b>REAL ESTATE INVESTMENT TRUST (21.12%)</b>		
	United States (21.12%)		
100%	Self Storage Group I LLC <sup>(c)</sup> <sup>(d)</sup> <sup>(e)</sup>	<u>7,500,000</u>	<u>7,425,000</u>
	Total investments (101.94%)	<u>\$ 33,879,819</u>	35,837,812
	Liabilities in excess of other assets (-1.94%)		<u>(683,145)</u>
	Net assets (100.00%)		<u>\$ 35,154,667</u>

(a) The company is organized as a real estate investment trust as defined by the laws of its country of domicile.  
 (b) All or a portion of these securities have been segregated as collateral pursuant to the bank credit facility. As of December 31, 2012, the value of securities pledged as collateral was \$6,337,950.  
 (c) Controlled affiliate.  
 (d) Non-income producing.  
 (e) Illiquid and/or restricted security that has been fair valued.

ADR American Depositary Receipt  
 LLC Limited Liability Company  
 REIT Real Estate Investment Trust  
 plc Public limited company

See notes to financial statements.



## STATEMENT OF ASSETS AND LIABILITIES

Financial Statements

December 31, 2012

<b>Assets</b>	
Investments, at value	
Unaffiliated issuers (cost: \$26,379,819)	\$ 28,412,812
Wholly-owned subsidiary (cost: \$7,500,000)	<u>7,425,000</u>
	35,837,812
Dividends receivable	119,103
Other assets	<u>9,157</u>
	35,966,072
<b>Total assets</b>	<u><u>35,966,072</u></u>
<b>Liabilities</b>	
Bank credit facility borrowing	600,019
Accounts payable and accrued expenses	166,680
Due to affiliates	<u>44,706</u>
	811,405
<b>Total liabilities</b>	<u><u>811,405</u></u>
<b>Net Assets</b>	<u><u>\$ 35,154,667</u></u>
<b>Net Asset Value Per Share</b>	
(applicable to 7,416,766 shares outstanding)	<u><u>\$ 4.74</u></u>
<b>Net Assets Consist of</b>	
Paid in capital	\$ 33,196,674
Net unrealized appreciation on investments and foreign currencies	<u>1,957,993</u>
	<u><u>\$ 35,154,667</u></u>

See notes to financial statements.

# STATEMENT OF OPERATIONS

Year Ended  
December 31, 2012

<b>Investment Income</b>	
Dividends	\$ 995,780
Interest	47,660
Foreign tax withholding	(412)
	<u>1,043,028</u>
<b>Total investment income</b>	
<b>Expenses</b>	
Legal	371,204
Compensation and benefits	207,121
Investment management	126,387
Stockholder communications	43,515
Occupancy and other office expenses	39,954
Bookkeeping and pricing	39,540
Directors	30,904
Auditing	23,490
Administrative services	19,383
Transfer agent	16,679
Insurance	14,560
Custodian	9,890
Other	9,375
	<u>952,002</u>
<b>Total expenses</b>	
<b>Net investment income</b>	<u>91,026</u>
<b>Realized and Unrealized Gain (Loss)</b>	
<b>Net realized gain (loss)</b>	
Investments in unaffiliated issuers	1,767,656
Foreign currencies	(24,308)
<b>Net unrealized appreciation (depreciation)</b>	
Investments in unaffiliated issuers	2,770,450
Wholly-owned subsidiary	(75,000)
Translation of assets and liabilities in foreign currencies	5,928
	<u>4,444,726</u>
<b>Net realized and unrealized gain</b>	
<b>Net increase in net assets resulting from operations</b>	<u>\$ 4,535,752</u>

See notes to financial statements.

## STATEMENTS OF CHANGES IN NET ASSETS

For the Years ended December 31, 2012 and 2011

Financial Statements

	2012	2011
<b>Operations</b>		
Net investment income	\$ 91,026	\$ 1,392,273
Net realized gain	1,743,348	3,652,293
Unrealized appreciation (depreciation)	<u>2,701,378</u>	<u>(6,102,150)</u>
Net increase (decrease) in net assets resulting from operations	4,535,752	(1,057,584)
<b>Distributions to Stockholders</b>		
Net investment income	(160,952)	(1,927,516)
Net realized gains	<u>(3,324,877)</u>	<u>-</u>
Total distributions	(3,485,829)	(1,927,516)
<b>Capital Stock Transactions</b>		
Reinvestment of distributions to stockholders	<u>3,163</u>	<u>15,562</u>
Total change in net assets	1,053,086	(2,969,538)
<b>Net Assets</b>		
Beginning of period	<u>34,101,581</u>	<u>37,071,119</u>
End of period	<u>\$ 35,154,667</u>	<u>\$ 34,101,581</u>
End of period net assets include undistributed net investment loss	<u>\$ -</u>	<u>\$ (864)</u>

See notes to financial statements.

## 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Global Income Fund, Inc., (the “Company”), is a Maryland corporation registered under the Investment Company Act of 1940, as amended (the “Act”), as a non-diversified, closed end management investment company. The Company is internally managed by its officers under the direction of its Board of Directors. Its shares are quoted over the counter under the ticker symbol GIFD.

On February 29, 2012, stockholders voted to approve a proposal to change the Company’s business from an investment company investing primarily in closed end funds that invest significantly in income producing securities and a global portfolio of investment grade fixed income securities to an operating company that will own, operate, manage, acquire, develop and redevelop professionally managed self storage facilities (the “Business Proposal”). In connection therewith, the Company has amended its fundamental investment restrictions to permit it to pursue its new business. The Company may invest in publicly traded real estate investment trust (“REIT”) securities and “Real Estate Assets” (which consist of real property, interests in REITs, interests in mortgages on real property, and other investments in the real estate investment, service and related industries) as well as acquiring and operating self storage facilities. The Company currently intends to pursue its new business with the intention of qualifying for treatment as a REIT for federal tax purposes in the fiscal 2013 tax year.

The following is a summary of the Company’s significant accounting policies:

**Valuation of Investments** – Portfolio securities are valued by various methods depending on the primary market or exchange on which they trade. Most equity securities for which the primary market is in the United States are valued at the official closing price, last sale price or, if no sale has occurred, at the closing bid price. Most equity securities for which the primary market is outside the United States are valued using the official closing price or the last sale price in the principal market in which they are traded. If the last sale price on the local exchange is unavailable, the last evaluated quote or closing bid price normally is used. Debt obligations with remaining maturities of 60 days or less are valued at cost adjusted for amortization of premiums and accretion of discounts. Certain of the securities in which the Company may invest are priced through pricing services that may utilize a matrix pricing system which takes into consideration factors such as yields, prices, maturities, call features, and ratings on comparable securities. Bonds may be valued according to prices quoted by a bond dealer that offers pricing services. Open end investment companies are

valued at their net asset value. Foreign securities markets may be open on days when the U.S. markets are closed. For this reason, the value of any foreign securities owned by the Company could change on a day when stockholders cannot buy or sell shares of the Company. Securities for which market quotations are not readily available or reliable and other assets may be valued as determined in good faith by the Valuation Committee (“VC”) of the Company under the direction of or pursuant to procedures established or approved by the Company’s Board of Directors, called fair value pricing. Due to the inherent uncertainty of valuation, fair value pricing values may differ from the values that would have been used had a readily available market for the securities existed. These differences in valuation could be material. A security’s valuation may differ depending on the method used for determining value. The use of fair value pricing by the Company may cause the net asset value of its shares to differ from the net asset value that would be calculated using market prices. A fair value price is an estimate and there is no assurance that such price will be at or close to the price at which a security is next quoted or next trades.

**Foreign Currency Translation** – Securities denominated in foreign currencies are translated into U.S. dollars at prevailing exchange rates. Realized gain or loss on sales of such investments in local currency terms is reported separately from gain or loss attributable to a change in foreign exchange rates for those investments.

**Foreign Currency Contracts** – Forward foreign currency contracts are marked to market and the change in market value is recorded by the Company as an unrealized gain or loss. When a contract is closed, the Company records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The Company could be exposed to risk if the counterparties are unable to meet the terms of the contracts or if the value of the currency changes unfavorably.

**Investments in Other Investment Companies** – The Company may invest in shares of other investment companies (the “Acquired Funds”) in accordance with the Act and related rules. Stockholders in the Company bear the pro rata portion of the fees and expenses of the Acquired Funds in addition to the Company’s expenses. Expenses incurred by the Company that are disclosed in the Statement of Operations do not include fees and expenses incurred by the Acquired Funds. The fees and expenses of the Acquired Funds are reflected in the Company’s total returns.

**Investments in Real Estate Investment Trusts** – Dividend income is recorded based on the income included in distributions received

from the REIT investments using published REIT reclassifications including some management estimates when actual amounts are not available. Distributions received in excess of this estimated amount are recorded as a reduction of the cost of investments or reclassified to capital gains. The actual amounts of income, return of capital, and capital gains are only determined by each REIT after its fiscal year end, and may differ from the estimated amounts.

**Investment in Self Storage Group I LLC** – The Company has formed Self Storage Group I LLC (“SSGI”), a wholly owned and controlled subsidiary, which seeks to own, operate, manage, acquire, develop and redevelop professionally managed self storage facilities. SSGI is a Delaware limited liability company and the Company is its sole member. SSGI will seek to qualify as a REIT for federal income tax purposes in 2012.

The Company does not consolidate the assets, liabilities, capital, or operations of SSGI into its financial statements. SSGI is separately presented as an investment in the Company’s Schedule of Portfolio Investments. Unrealized appreciation or depreciation on the Company’s investment in SSGI is recorded in the Company’s Statement of Assets and Liabilities and the Company’s Statement of Operations.

**Short Sales** – The Company may sell a security short it does not own in anticipation of a decline in the market value of the security. When the Company sells a security short, it must borrow the security sold short and deliver it to the broker/dealer through which it made the short sale. The Company is liable for any dividends or interest paid on securities sold short. A gain, limited to the price at which the Company sold the security short, or a loss, unlimited in size, will be recognized upon the termination of the short sale. Securities sold short result in off balance sheet risk as the Company’s ultimate obligation to satisfy the terms of the sale of securities sold short may exceed the amount recognized in the Statement of Assets and Liabilities.

**Investment Transactions** – Investment transactions are accounted for on the trade date (the date the order to buy or sell is executed). Realized gains or losses are determined by specifically identifying the cost basis of the investment sold.

**Investment Income** – Interest income is recorded on the accrual basis. Amortization of premium and accretion of discount on debt securities are included in interest income. Dividend income is recorded on the ex-dividend date or, in the case of foreign securities, as soon as practicable after the Company is notified. Taxes withheld on income from foreign securities have been provided for

in accordance with the Company’s understanding of the applicable country’s tax rules and rates.

**Expenses** – Expenses deemed by the Company to have been incurred solely by the Company are charged to the Company. Expenses deemed to have been incurred jointly by the Company and one or more of its affiliates which include other investment companies (collectively, the “Fund Complex”) for which the affiliates may serve as investment manager or other entities are allocated on the basis of relative net assets, except where a more appropriate allocation can be made fairly in the judgment of the Company.

**Expense Reduction Arrangement** – Through arrangements with the Company’s custodian and cash management bank, credits realized as a result of uninvested cash balances are used to reduce custodian expenses. No credits were realized by the Company during the periods covered by this report.

**Distributions to Stockholders** – Distributions to stockholders, are determined in accordance with income tax regulations and are recorded on the ex-dividend date.

**Income Taxes** – No provision has been made for U.S. income taxes because the Company’s current intention is to seek to qualify as a regulated investment company under the Internal Revenue Code (the “IRC”) for 2012 and to distribute to its stockholders substantially all of its taxable income and net realized gains. Foreign securities held by the Company may be subject to foreign taxation. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Company invests. 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 (2009 – 2011), or expected to be taken in the Company’s 2012 tax returns.

**Use of Estimates** – In preparing financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”), management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Recent Accounting Standards Update** – In December 2011, FASB issued ASU 2011-11 “Disclosures about Offsetting Assets and Li-

abilities.” The amendments in ASU 2011-11 will require the Company to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. ASU 2011-11 is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. ASU 2011-11 requires retrospective application for all comparative periods presented. The Company is evaluating ASU 2011-11 and the impact it may have to its financial statement disclosures.

**2. FEES AND TRANSACTIONS WITH RELATED PARTIES** In connection with implementation of the Business Proposal, on June 15, 2012, the Company’s Board of Directors approved the termination of the Company’s investment management agreement with CEF Advisers, Inc. (“CEF Advisers”) effective June 30, 2012. The internal management of the Company by its executive officers and employees or agents, who are substantially identical to those of CEF Advisers. Mark C. Winmill, President, CEO and a Director of the Company, is responsible for managing the Company’s investment portfolio. The Board of Directors also approved the immediate termination of the Company’s dividend reinvestment plan, and investment by the Company in real property self storage facilities, subject to certain requirement applicable to the Company as a registered investment company. Until the Business Proposal is fully implemented, the Company’s Board of Directors has the power to change or modify the proposal if it concludes that doing so would be in the best interests of the Company and its stockholders.

Certain officers and directors of the Company also serve as officers and directors of Winmill & Co. Incorporated (“Winco”), Bexil Corporation, Tuxis Corporation, and their affiliates (collectively with the Company, the “Affiliates”). Certain officers and directors of the Company are officers and directors of the Affiliates. 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. 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 compensation accrued and paid by the Company to its officers during the period commencing July 1, 2012 through December 31, 2012 was \$179,592. The aggregate rent and overhead accrued and paid by the Company to Winco during the period commencing July 1, 2012 through December 31, 2012 was \$26,041. As of December 31, 2012, the Company had reimbursements payable to MMC and Winco for compensation and benefits and rent and overhead of \$40,551 and \$4,155, respectively.

Prior to June 30, 2012, the Company retained CEF Advisers pursuant to an investment management agreement under which CEF Advisers received a management fee and was reimbursed by the Company for providing at cost certain administrative services comprised of compliance and accounting services. The management fee was payable monthly, based on the average daily net assets of the Company at an annual rate of 7/10 of 1% of the first \$50 million, 5/8 of 1% over \$50 million to \$150 million, and 1/2 of 1% over \$150 million. For the six month period ended June 30, 2012, the Company incurred total administrative costs of \$19,383, comprised of \$15,850 and \$3,533 for compliance and accounting services, respectively.

**3. DISTRIBUTIONS TO STOCKHOLDERS AND DISTRIBUTABLE EARNINGS** The tax character of distributions paid to stockholders for the years ended December 31, 2012 and 2011, respectively, were as follows:

	2012	2011
Ordinary income	\$ 160,952	\$ 1,927,516
Net realized gain	3,324,877	-
	<u>\$ 3,485,829</u>	<u>\$ 1,927,516</u>

As of December 31, 2012, the component of distributable earnings on a tax basis was as follows:

Unrealized appreciation on investments and foreign currencies	<u>\$ 1,957,993</u>
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Federal income tax regulations permit post-October net capital losses, if any, to be deferred and recognized on the tax return of the next succeeding taxable year.

GAAP requires certain components of net assets to be classified differently for financial reporting than for tax reporting purposes. While these differences have no effect on net assets or net asset

value per share, these differences may result in distribution reclassifications. Primarily due to differences in treatment of foreign currency transactions and return of capital dividends, on December 31, 2012, the Company recorded the following financial reporting adjustments to the identified accounts to reflect those differences:

Increase in Undistributed Net Investment Income	Decrease in Net Realized Gain on Investments and Foreign Currencies	Decrease in Paid in Capital
\$ 70,368	\$ (24,424)	\$ (45,944)

4. **VALUE MEASUREMENTS** GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities including securities actively traded on a securities exchange.
- Level 2 – observable inputs other than quoted prices included in level 1 that are observable for the asset or liability which may include quoted prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates, and similar data.
- Level 3 – unobservable inputs for the asset or liability including the Company's own assumptions about the assumptions a market participant would use in valuing the asset or liability.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets for the security, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for investments categorized in level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those securities.

The following is a description of the valuation techniques applied to the Company's major categories of assets and liabilities meas-

ured at fair value on a recurring basis

**Equity securities (common and preferred stock)** – Equity securities traded on a national securities exchange or market are stated normally at the official closing price, last sale price or, if no sale has occurred, the most recent last sale or the closing bid price on the day of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they may be categorized in level 1 of the fair value hierarchy. Preferred stock and other equities on inactive markets or valued by reference to similar instruments may be categorized in level 2.

**Restricted and/or illiquid securities** – Restricted and/or illiquid securities for which quotations are not readily available or reliable may be valued with fair value pricing as determined in good faith by the VC under the direction of or pursuant to procedures established by the Company's Board of Directors. Restricted securities issued by publicly traded companies are generally valued at a discount to similar publicly traded securities. Restricted or illiquid securities issued by nonpublic entities may be valued by reference to comparable public entities or fundamental data relating to the issuer or both or similar inputs. Depending on the relative significance of valuation inputs, these instruments may be classified in either level 2 or level 3 of the fair value hierarchy.

**Real estate assets** - Real estate assets, including self storage facilities held indirectly through one or more wholly owned and controlled subsidiaries, are valued using fair value pricing as determined in good faith by the VC under the direction of or pursuant to procedures established by the Company's Board of Directors. Real estate assets may be valued by reference to, among other things, quarterly appraisals by an independent third party, subject to additional factors which may include assessment of comparable recent acquisitions, changes in cash flows from the operation of the subject property, and material events affecting the operation of the property.

The following is a summary of the inputs used as of December 31, 2012 in valuing the Company's assets. Refer to the Schedule of Portfolio Investments for detailed information on specific investments.

ASSETS	Level 1	Level 2	Level 3	Total
Investments, at value				
Common stocks				
Real Estate Investment Trusts				
Diversified				
United Kingdom	\$ 184,871	\$ -	\$ -	\$ 184,871
United States	3,210,120	-	-	3,210,120
Healthcare Facilities				
United States	2,463,770	-	-	2,463,770
Industrial				
United States	4,925,690	-	-	4,925,690
Mortgage Investment				
United States	781,200	-	-	781,200
Office				
United States	2,247,820	-	-	2,247,820
Residential				
United States	4,597,795	-	-	4,597,795
Retail				
Australia	182,040	-	-	182,040
United States	7,829,040	-	-	7,829,040
Preferred Stocks				
Real Estate Investment Trusts				
Industrial				
United States	780,450	-	-	780,450
Office				
United States	372,900	-	-	372,900
Retail				
United States	792,000	-	-	792,000
Short term investments				
United States	-	45,116	-	45,116
Wholly-owned subsidiary				
United States	-	-	7,425,000	7,425,000
Total investments, at value	\$ 28,367,696	\$ 45,116	\$ 7,425,000	\$ 35,837,812

There were no securities transferred from level 1 at December 31, 2011 to level 2 at December 31, 2012. Transfers from level 1 to level 2, or from level 2 to level 1 are valued utilizing values at the beginning of the period.



The following is a reconciliation of assets for which significant unobservable inputs were used to determine fair value:

	Wholly-Owned Subsidiary
Balance at December 31, 2011	\$ -
Purchases	7,500,000
Sales	-
Transfers in to (out of) level 3	-
Change in unrealized depreciation	\$ (75,000)
Balance at December 31, 2012	\$ 7,425,000
Net change in unrealized depreciation attributable to assets still held as level 3 at December 31, 2012	\$ (75,000)

Unrealized gains (losses) are included in the related amounts on investments in the Statement of Operations.

The VC, under the direction of the Company's Board of Directors, considers various valuation approaches for valuing securities categorized within level 3 of the fair value hierarchy. The factors used in determining the value of the Company's private investments may include, but are not limited to: the discounts applied to the selection of comparable investments due to the private nature of the investment; the type of the security; the size of the holding; the initial cost of the security; the existence of any contractual restrictions on the security's disposition; the price and extent of public trading in similar securities of the issuer or of comparable companies; quotations or evaluated prices from broker-dealers and/or pricing services; information obtained from the issuer or analysts; an analysis of the company's or issuer's financial statements; or an evaluation of the forces that influence the issuer and the market in which the security is purchased and sold. Significant changes in any of those inputs in isolation may result in a significantly lower or higher fair value measurement. The pricing of all fair value holdings is subsequently reported to the Company's Board of Directors.

The following table presents additional information about valuation methodologies and inputs used for investments that are measured at fair value and categorized as level 3 as of December 31, 2012:

WHOLLY-OWNED SUBSIDIARY - MEMBER EQUITY INTEREST	Fair Value Dec. 31, 2012	Valuation Technique	Unobservable Input	Amount
Real Estate Investment Trust	\$ 7,425,000	Assessment of comparable recent acquisitions, analysis of operating results	Discount rate for lack of marketability	1%

5. INVESTMENT IN SELF STORAGE GROUP I LLC The Company wholly owns and controls SSGI and certain officers and directors of the Company are officers and managers of SSGI. A summary of the Company's holdings in SSGI is set forth below:

	Beginning Equity Interest Percentage	Membership Equity Gross Additions	Gross Reductions	Ending Equity Interest Percentage	Dividend Income	Value December 31, 2012
Self Storage Group I LLC	0%	\$ 7,500,000	\$ -	100%	\$ -	\$ 7,425,000

The Company's investment in SSGI has a limited trading market and/or certain restrictions on trading and, therefore, may be illiquid and/or restricted. This investment has been valued at fair value. Due to the inherent uncertainty of valuation, fair value pricing values may differ from the values that would have been used had a readily available market for the securities existed. These differences in valuation could

be material. Illiquid and/or restricted securities owned at December 31, 2012, were as follows:

	Acquisition Date	Cost	Value
Self Storage Group I LLC	7/9/12 - 12/24/12	\$ 7,500,000	\$ 7,425,000
Percent of net assets		22.33%	21.12%

Summarized financial information for SSGI is set forth below as of and for the period ended December 31, 2012 (dollars in thousands):

BALANCE SHEET DATA	
<i>As of December 31, 2012</i>	
Investment in self storage facilities, at cost	\$ 7,163
Total assets	7,441
Total liabilities	128
OPERATING DATA	
<i>For the period May 3, 2012 (commencement of operations) through December 31, 2012</i>	
Rental income	\$ 46
Net loss	(186)

**6. INVESTMENT TRANSACTIONS** Purchases and proceeds or maturities of investment securities, excluding short term investments, were \$38,246,285 and \$33,369,349, respectively, for the year ended December 31, 2012. As of December 31, 2012, for federal income tax purposes the aggregate cost of investment securities was \$33,879,817 and net unrealized appreciation was \$1,957,993, comprised of gross unrealized appreciation of \$2,217,871 and gross unrealized depreciation of \$259,878.

**7. BORROWING AND SECURITIES LENDING** Effective March 29, 2012, the Company entered into a Committed Facility Agreement (the "CFA") with BNP Paribas Prime Brokerage, Inc. ("BNP") that allows the Company to adjust its credit facility amount up to \$20,000,000, and a Lending Agreement, as defined below. Borrowings under the CFA are secured by assets of the Company that are held with the Company's custodian in a separate account (the "pledged collateral"). Interest is charged at the 1 month LIBOR (London Inter-bank Offered Rate) plus 0.95% on the amount borrowed and 0.50% on the undrawn balance.

The Lending Agreement provides that BNP may borrow a portion of the pledged collateral (the "Lent Securities") in an amount not to exceed the outstanding borrowings owed by the Company to BNP under the CFA. BNP may re-register the Lent Securities in its own name or in another name other than the Company and may pledge, re-pledge, sell, lend, or otherwise transfer or use the Lent Securities with all attendant rights of ownership. The Company may des-

ignate any security within the pledged collateral as ineligible to be a Lent Security, provided there are eligible securities within the pledged collateral in an amount equal to the outstanding borrowing owed by the Company. BNP must remit payment to the Company equal to the amount of all dividends, interest, or other distributions earned or made by the Lent Securities.

Under the Lending Agreement, Lent Securities are marked to market daily and, if the value of the Lent Securities exceeds the value of the then-outstanding borrowings owed by the Company to BNP under the CFA (the "Current Borrowings"), BNP must, on that day, either (1) return Lent Securities to the Company's custodian in an amount sufficient to cause the value of the outstanding Lent Securities to equal the Current Borrowings; or (2) post cash collateral with the Company's custodian equal to the difference between the value of the Lent Securities and the value of the Current Borrowings. If BNP fails to perform either of these actions as required, the Company will recall securities, as discussed below, in an amount sufficient to cause the value of the outstanding Lent Securities to equal the Current Borrowings. The Company can recall any of the Lent Securities and BNP shall, to the extent commercially possible, return such security or equivalent security to the Company's custodian no later than three business days after such request. If the Company recalls a Lent Security pursuant to the Lending Agreement, and BNP fails to return the Lent Securities or equivalent securities in a timely fashion, BNP shall remain liable to

the Company's custodian for the ultimate delivery of such Lent Securities, or equivalent securities, and for any buy-in costs that the executing broker for the sales transaction may impose with respect to the failure to deliver. The Company shall also have the right to apply and set-off an amount equal to one hundred percent (100%) of the then-current fair value of such Lent Securities against the Current Borrowings. As of December 31, 2012, there were no Lent Securities.

Prior to March 29, 2012, the Company and the other investment companies in the Fund Complex (the "Borrowers") had a committed secured line of credit facility with a bank in aggregate of \$30,000,000. The borrowing of each Borrower was collateralized by the underlying investments of such Borrower, the bank made revolving loans to a Borrower not to exceed in the aggregate outstanding at any time with respect to any one Borrower, the least of 30% of the total net assets (as defined in the line of credit facility) of a Borrower, the maximum amount permitted pursuant to each Borrower's investment policies, or as permitted under the Act. The commitment fee on this facility was 0.15% per annum and all loans under this facility were available at the Borrower's option of (i) overnight Federal funds or (ii) LIBOR (30, 60, 90 days), each as in effect from time to time, plus 1.10% per annum.

The outstanding loan balance and the value of eligible collateral investments as of December 31, 2012 were \$600,019 and \$6,337,950, respectively, and the weighted average interest rate and average daily amount outstanding under the CFA and the credit facility combined for the year ended December 31, 2012 were 1.18% and \$8,197, respectively. The maximum outstanding balance during the year ended December 31, 2012 was \$600,019.

#### 8. INVESTMENT AND SECURITIES RISK

**Foreign securities risk.** Investments in the securities of foreign issuers involve special risks, including changes in foreign exchange rates and the possibility of future adverse political and economic developments, which could adversely affect the value of such securities. Moreover, securities in foreign issuers and markets may be less liquid and their prices more volatile than those of U.S. issuers and markets.

**Non-diversified fund risk.** The Company is considered non-diversified and can invest a greater portion of assets in securities of individual issuers than a diversified fund. As a result, changes in the market value of a single investment could cause greater fluctuations in share price than would occur in a diversified fund.

**Equity securities risk.** The prices of equity securities change in response to many factors including the historical and prospective

earnings of the issuer, the value of its assets, general economic conditions, interest rates, investor perceptions and market liquidity.

**Concentration risk.** The Company's assets are concentrated in investments in the real estate industry and, as a result, the value of the Company's common stock may be subject to greater volatility than an investment company with a portfolio that is less concentrated by industry. If the securities of the real estate industry or self storage facility companies as a group fall out of favor with investors, the Company could underperform other companies that have greater industry diversification. A more concentrated portfolio may cause the Company's net asset value to be more volatile and thus may subject stockholders to more risk. As of December 31, 2012, the Company held approximately 21% of its assets in SSGI, its wholly owned subsidiary. Thus, the volatility of the Company's net asset value, and its performance in general, depends disproportionately more on the respective performance of a single issuer than that of a more diversified fund.

**REIT risk.** The Company's investments in securities of real estate companies involve risks. The REITs in which the Company invests are subject to risks inherent in the direct ownership of real estate. These risks include, but are not limited to, the risk of a possible lack of mortgage funds and associated interest rate risks, overbuilding, property vacancies, increases in property taxes and operating expenses, changes in zoning laws, losses due to environmental damages and changes in neighborhood values and appeal to purchasers.

**9. CAPITAL STOCK** The Company is authorized to issue 20,000,000 shares of \$0.01 par value common stock. Transactions in common stock consisting of shares issued in reinvestment of distributions for the years ended December 31, 2012 and 2011, respectively, were as follows:

	2012	2011
Shares issued	783	3,888
Increase in paid in capital	\$ 3,163	\$ 15,562

As of December 31, 2012, an affiliate of the Company owned approximately 2% of its outstanding common stock.

**10. STOCKHOLDER RIGHTS PLAN** On December 12, 2012, the Company's Board of Directors adopted a stockholder rights plan (the "Plan") dated December 12, 2012. To implement the Plan, the Board of Directors declared a special dividend distribution of one non-transferable right for each outstanding share of the Company's common stock, par value \$.01 per share, to stockholders of

record at the close of business on December 13, 2012. Each right entitles the registered holder to purchase from the Company one share of its common stock, par value \$.01 per share, subject to adjustment. The rights will be distributed as a non-taxable dividend and will expire on April 12, 2013 unless earlier redeemed or exchanged by the Company. The rights will be evidenced by the underlying Company common stock and no separate rights certificates will presently be distributed. Subject to certain exceptions in the rights agreement, the rights will become exercisable 10 days following a public announcement that a "person" (as defined in the Rights Agreement) or a group of affiliated or associated persons have acquired "beneficial ownership" (as defined in the Rights Agreement) of 22% or more of the outstanding shares of the Company's common stock. In this event, however, any person who "beneficially owns" (as defined in the Rights Agreement) more than 20% of the outstanding common shares of the Company's common stock will not be permitted to exercise any rights associated with common shares beneficially owned in excess of 20% of the outstanding common shares of the Company, and those additional rights will be deemed null and void. The Board of Directors may terminate the Plan at any time or redeem the rights, for \$.01 per right, at any time before a person or a group of affiliated or associated persons beneficially owns 22% or more of the Company's common stock. Under certain circumstances, as set forth in the Rights Agreement, certain rights owned by any person who is or becomes an acquiring person (as defined in the Rights Agreement) shall become null and void.

**11. SHARE REPURCHASE PROGRAM** In accordance with Section 23(c) of the Act, the Company may from time to time repurchase its shares in the open market at the discretion of and upon such

terms as the Board of Directors shall determine. During the years ended December 31, 2012 and 2011, respectively, the Company did not repurchase any of its shares.

**12. COMMITMENTS AND CONTINGENCIES** The Company indemnifies its officers and directors from certain liabilities that might arise from their performance of their duties for the Company. Additionally, in the normal course of business, 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 February 24, 2014. The future minimum lease payments under the lease are \$8,460 and \$1,410 for the years ending December 31, 2013 and 2014, respectively.

**13. OTHER INFORMATION** The Company may at times raise cash for investment by issuing shares through one or more offerings, including rights offerings. Proceeds from any such offerings will be invested in accordance with the investment objectives and policies of the Company.

**14. SUBSEQUENT EVENTS** The Company has evaluated subsequent events through the date the financial statements were issued and determined that no subsequent events have occurred that require additional disclosure in the financial statements.

	Year Ended December 31,				
	2012	2011	2010	2009	2008
<b>Per Share Operating Performance</b> (for a share outstanding throughout each period)					
Net asset value, beginning of period	\$4.60	\$5.00	\$4.43	\$3.64	\$4.60
Income from investment operations:					
Net investment income <sup>(1)</sup>	.01	.19	.20	.21	.19
Net realized and unrealized gain (loss) on investments	.60	(.33)	.59	.82	(.91)
Total income from investment operations	.61	(.14)	.79	1.03	(.72)
Less distributions:					
Net investment income	(.02)	(.26)	(.22)	(.24)	(.24)
Net realized gains	(.45)	-	-	-	-
Total distributions	(.47)	(.26)	(.22)	(.24)	(.24)
Net asset value, end of period	<u>\$4.74</u>	<u>\$4.60</u>	<u>\$5.00</u>	<u>\$4.43</u>	<u>\$3.64</u>
Market value, end of period	<u>\$3.69</u>	<u>\$3.78</u>	<u>\$4.17</u>	<u>\$3.65</u>	<u>\$2.70</u>
<b>Total Return <sup>(2)</sup></b>					
Based on net asset value	16.22%	(1.86)%	19.60%	31.03%	(14.94)%
Based on market price	10.10%	(3.30)%	21.07%	45.55%	(25.58)%
<b>Ratios/Supplemental Data <sup>(3)</sup></b>					
Net assets at end of period (000s omitted)	\$35,155	\$34,102	\$37,071	\$32,813	\$26,979
Ratio of total expenses to average net assets	2.60%	2.31%	2.00%	1.62%	1.68%
Ratio of net expenses excluding loan interest and fees to average net assets	2.60%	2.30%	1.96%	1.56%	1.66%
Ratio of net investment income to average net assets	0.25%	4.31%	4.33%	5.23%	4.31%
Portfolio turnover rate	115%	22%	55%	48%	21%

(1) The per share amounts were calculated using the average number of common shares outstanding during the period.

(2) Total return on a market value basis is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Company's dividend reinvestment plan if in effect or, if there is no plan in effect, at the lower of the per share net asset value or the closing market price of the Company's shares on the dividend/distribution date. Generally, total return on a net asset value basis will be higher than total return on a market value basis in periods where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such periods. Conversely, total return on a net asset value basis will be lower than total return on a market value basis in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such periods. The calculation does not reflect brokerage commissions, if any.

(3) Expenses and income ratios do not include expenses incurred by the Acquired Funds in which the Company invests.

To the Board of Directors and Stockholders of  
Global Income Fund, Inc.

We have audited the accompanying statement of assets and liabilities of Global Income Fund, Inc., including the schedule of portfolio investments as of December 31, 2012 and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years indicated thereon. These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly,

we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2012, by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Global Income Fund, Inc. as of December 31, 2012, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years indicated thereon, in conformity with accounting principles generally accepted in the United States of America.

TAIT, WELLER & BAKER LLP  
Philadelphia, Pennsylvania  
February 26, 2013

HISTORICAL DISTRIBUTION SUMMARY				
PERIOD	Investment Income	Return of Capital	Capital Gains	Total
2012	\$ 0.020	\$ 0.000	\$ 0.450	\$ 0.470
2011	\$ 0.260	\$ 0.000	\$ 0.000	\$ 0.260
2010	\$ 0.220	\$ 0.000	\$ 0.000	\$ 0.220
2009	\$ 0.235	\$ 0.000	\$ 0.000	\$ 0.235
2008	\$ 0.240	\$ 0.000	\$ 0.000	\$ 0.240
2007	\$ 0.170	\$ 0.050	\$ 0.000	\$ 0.220
2006	\$ 0.130	\$ 0.150	\$ 0.000	\$ 0.280
2005	\$ 0.200	\$ 0.080	\$ 0.000	\$ 0.280
2004	\$ 0.245	\$ 0.090	\$ 0.000	\$ 0.335
2003	\$ 0.220	\$ 0.140	\$ 0.000	\$ 0.360
2002	\$ 0.280	\$ 0.220	\$ 0.000	\$ 0.500
2001	\$ 0.360	\$ 0.200	\$ 0.000	\$ 0.560
2000	\$ 0.420	\$ 0.160	\$ 0.000	\$ 0.580
6 Months Ended 12/31/99	\$ 0.230	\$ 0.070	\$ 0.000	\$ 0.300
12 Months Ended 6/30/99	\$ 0.550	\$ 0.130	\$ 0.000	\$ 0.680
From June 29, 1998 to November 30, 1998	\$ 0.520	\$ 0.320	\$ 0.000	\$ 0.840

#### Investment Objectives And Policies

The Company's primary investment objective of providing a high level of income is fundamental and may not be changed with stockholder approval. The Company is also subject to certain investment restrictions, set forth in its most recently effective Statement of Additional Information, that are fundamental and cannot be changed without stockholder approval. The Company's secondary investment objective of capital appreciation and the other investment policies described herein, unless otherwise stated, are not fundamental and may be changed by the Board of Directors without stockholder approval. Notice to stockholders of any change in the Company's secondary investment objective will be provided as required by law.

#### Risk Factors

Stockholders should note that there are a number of risks related to the Company's business following the consummation of the Business Proposal. Additionally there are risks related to the operating performance of the Company's self storage facilities and the Company's performance will be subject to risks associated with the real estate industry. There are also risks related to the Company's organization and structure and risks related to the Company's tax status as a REIT. The summary of risk factors below is qualified by reference to a more complete statement of applicable risks contained in the Company's Proxy Statement dated November 9, 2011 and Supplemental Questions & Answers Regarding the Business Proposal dated November 23, 2011 which are available <http://www.GlobalIncomeFund.net/proxy-statement.html> and upon request by contacting the Company.

There are a number of risks related to the Company's business in connection with the implementation of the Business Proposal and they should be noted:

- The Company is pursuing a business in which it has no operating history.
- The Company's investments are subject to concentration risk.
- The Company's performance is subject to risks associated with operation of self storage facilities.

The following factors, among others, may adversely affect the operating performance of the Company's self storage facilities:

- Perceptions by prospective tenants of the Company's self storage properties of the safety, convenience, and attractiveness of such properties and the areas in which they are located.
- A general decline in rental rates or an increase in tenant defaults.
- Vacancies or inability to rent storage space on favorable terms.
- Increases in operating costs.
- Actual or perceived oversupply or declining demand of self storage in a particular area.
- Difficulties in hiring, training and maintaining skilled field personnel.
- Competition from other self storage facilities which may adversely impact the markets in which the Company invests and in which the Company's self storage companies operate.

The Company's performance may be subject to risks associated with the real estate industry. Some of these risks include:

- The Company expects to invest in a limited number of self storage facilities.
- Prevailing economic conditions may adversely affect the Company's business, financial condition and results of operations.
- The Company may be unable to complete acquisitions that would grow its business.
- The inability to achieve satisfactory completion of due diligence investigations and other customary closing conditions.
- The consideration paid for properties may exceed their value.
- The Company may acquire properties subject to liabilities.
- The Company's investments in development and redevelopment projects may not yield anticipated returns.
- The Company may not complete development projects on schedule or within projected budgeted amounts.
- The Company may encounter delays or refusals in obtaining all necessary zoning, land use, building, occupancy and other required governmental permits and authorizations.
- The Company may be unable to increase occupancy at a newly acquired property as quickly as expected or at all.
- The Company may be unable to obtain financing for these projects on favorable terms or at all.
- The Company may fail to successfully integrate and operate acquired properties.
- Regulatory compliance costs will reduce the Company's income.
- The Company may incur liability from tenant and employment-related claims and litigation.
- Uninsured losses or losses in excess of the Company's insurance coverage could adversely affect its financial condition and cash flow.
- Perceptions of the self storage industry.
- The Company's investments will be relatively illiquid.
- For a time, the Company's performance will be subject to the risks of investment in publicly traded REITs.
- Delays in acquisitions of self storage facilities may adversely affect your investment.

- The Company may be unable to maintain its current level of distributions or increase distributions over time.

There are risks related to the Company's organization and structure:

- Management has no prior experience operating a REIT.
- The Board may revoke the Company's REIT election at any time.
- The Company's business could be harmed if key personnel with business experience in the self storage industry terminate their employment with the Company.
- There may be conflicts of interest resulting from the relationships among the Company and its affiliates and other related parties.
- The Company may sell its common stock at a price below book value without stockholder approval.
- If the Company deregisters under the Act and does not reclassify its Board and list its common stock on NASDAQ, it may adversely affect the Company's reporting obligations to stockholders.
- Certain provisions of Maryland law and the Company's Charter and By-laws may prevent changes in control or otherwise discourage takeover attempts that may be beneficial to stockholders.

There are risks related to the Company's tax status as a REIT:

- Even if the Company qualifies for federal tax treatment as a REIT, it may face tax liabilities that will reduce its cash flow.
- Complying with the REIT Requirements may cause the Company to forego, or to liquidate, otherwise attractive opportunities.
- Failure to qualify for treatment as a REIT may have adverse tax consequences.
- The Company's REIT taxable income may exceed its cash flow for a year, which could necessitate its borrowing funds and/or subject it to tax, thus reducing the cash available for distribution to its stockholders.
- Distributions or gain on sale of shares may be treated as unrelated business taxable income to tax-exempt investors.
- Dividends payable by the Company will not qualify for the reduced tax rates available for "qualified dividend income."
- REIT restrictions on ownership of shares may delay or prevent its acquisition by a third party.
- The Company may be subject to adverse legislative or regulatory tax changes.



### Proxy Voting

The Company's Proxy Voting Guidelines, as well as its voting record for the most recent 12 months ended June 30, are available without charge by calling the Company collect at 1-212-344-6310, on the SEC's website at [www.sec.gov](http://www.sec.gov), and on the Company's website at [www.GlobalIncomeFund.net](http://www.GlobalIncomeFund.net).

### Quarterly Schedule Of Portfolio Holdings

The Company files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Company's Forms N-Q are available on the SEC's website at [www.sec.gov](http://www.sec.gov). The Company's Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC, and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The Company makes the Forms N-Q available on its website at [www.GlobalIncomeFund.net](http://www.GlobalIncomeFund.net).

### Managed Distributions

The Board's current policy is to provide investors with a stable quarterly distribution out of current income, supplemented by realized capital gains, and to the extent necessary, paid in capital. The Company is subject to U.S. corporate, tax, and securities laws. Under U.S. tax accounting rules, the amount of distributable net income is determined on an annual basis and is dependent during the fiscal year on the

aggregate gains and losses realized by the Company and, to a lesser extent, other factors. Therefore, the exact amount of distributable income can only be determined as of the end of the Company's fiscal year. Under the Act, however, the Company is required to indicate the source of each distribution to stockholders. The Company estimates that distributions for the period commencing January 1, 2013, including the distributions paid quarterly, will be comprised primarily from net investment income and the balance from paid in capital. This estimated distribution composition may vary from quarter to quarter because it may be materially impacted by future realized gains and losses on securities and other factors. In January, the Company normally sends stockholders a Form 1099-DIV for the prior calendar year stating the amount and composition of distributions and providing information about their appropriate tax treatment.

The following table sets forth certain information concerning the Directors currently serving on the Board of Directors of the Company. Unless otherwise noted, the address of record for the Directors and officers is 11 Hanover Square, New York, New York 10005.

INTERESTED DIRECTOR					
Name and Date of Birth	Position(s) Held with the Company	Director Since	Principal Occupation(s) for the Past Five Years	Number of Portfolios in Fund Complex Overseen by Director <sup>(1)</sup>	Other Directorships Held by Director <sup>(2)</sup>
MARK C. WINMILL <sup>(3)</sup> November 26, 1957	Class V Director	2012	President, Chief Executive Officer, and a Director or Manager of the Company, and its subsidiaries and Tuxis Corporation and its subsidiaries ("Tuxis"). He is Chief Investment Strategist of the Fund Complex and Bexil Advisers LLC and Midas Management Corporation (registered investment advisers and, collectively, the "Advisers"). He is Executive Vice President and a Director of Winmill & Co. Incorporated ("Winco"). He is a principal of Bexil Securities LLC and Midas Securities Group, Inc. (registered broker-dealers and, collectively, the "Broker-Dealers"). He is Vice President of Bexil Corporation. He is a Director of New York Self Storage Association.	1	None
THOMAS B. WINMILL, ESQ. <sup>(3)</sup> June 25, 1959	Class IV Director	1997	Vice President and a Director of the Company. He is Vice President of Tuxis. He is President, Chief Executive Officer, and a Director or Trustee of the Fund Complex. He is President, Chief Executive Officer, General Counsel, and a Director or Manager of the Advisers, the Broker-Dealers, Bexil Corporation, and Winco. He is a Director of Bexil American Mortgage Inc. and its subsidiaries. Member of the New York State Bar and the SEC Rules Committee of the Investment Company Institute. His business address is P.O. Box 4, Walpole, NH 03608.	6	Eagle Bulk Shipping Inc.
INDEPENDENT DIRECTORS					
BRUCE B. HUBER, CLU, ChFC, MSFS February 7, 1930	Class III Director	2004	Retired. He is a former Financial Representative with New England Financial, specializing in financial, estate, and insurance matters. He is a member of the Board, emeritus, of the Millbrook School, and Chairman of the Endowment Board of the Community YMCA of Red Bank, NJ.	6	None
JAMES E. HUNT December 14, 1930	Class II Director	2004	He is a Limited Partner of Hunt Howe Partners LLC, executive recruiting consultants.	6	None
PETER K. WERNER August 16, 1959	Class I Director	1997	Since 1996, he has been teaching, coaching, and directing a number of programs at The Governor's Academy of Byfield, MA. Currently, he serves as chair of the History Department. Previously, he held the position of Vice President in the Fixed Income Departments of Lehman Brothers and First Boston. His responsibilities included trading sovereign debt instruments, currency arbitrage, syndication, medium term note trading, and money market trading.	6	None
<p>(1) The Fund Complex is comprised of the Company, Dividend and Income Fund, Foxby Corp., and Midas Series Trust. Dividend and Income Fund, Foxby Corp., and Midas Series Trust are managed by affiliates of the Company. (2) Refers to directorships held by a director in any company with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 or any company registered as an investment company under the Act, excluding those within the Fund Complex. (3) He is an "interested person" of the Company as defined in the Act due to his affiliation with the Investment Manager.</p> <p>Messrs. Huber, Hunt, and Werner also serve on the Audit, Nominating, and Compensation Committees of the Board. Mr. Mark Winmill also serves on the Executive Committee of the Board. Each of the directors serves on the Continuing Directors Committee of the Board.</p>					

The executive officers, other than those who serve as Directors, and their relevant biographical information are set forth below.

EXECUTIVE OFFICERS			
Name and Date of Birth	Position(s) Held with the Company	Officer Since*	Principal Occupation(s) for the Past Five Years
Jacob Bukhsbaum July 3, 1983	Chief Compliance Officer, Vice President	2012	Chief Compliance Officer and Vice President of the Fund Complex, the Advisers, Bexil Corporation, and Winco.
Heidi Keating March 28, 1959	Vice President	1997	Vice President of Tuxis, the Fund Complex, the Advisers, the Broker-Dealers, Bexil Corporation, and Winco.
Robert J. Mathers May 5, 1967	Vice President, Operations	2012	Vice President, Operations of Tuxis.
Thomas O'Malley July 22, 1958	CFO, Treasurer, Vice President	2005	Chief Financial Officer, Treasurer, and Vice President of Tuxis, the Fund Complex, the Advisers, the Broker-Dealers, Bexil Corporation, and Winco. He is also Vice President of Bexil American Mortgage Inc. He is a certified public accountant.
John F. Ramirez, Esq. April 29, 1977	General Counsel, Chief Legal Officer Secretary, Vice President	2005	General Counsel, Chief Legal Officer, Vice President, and Secretary of the Fund Complex and Tuxis Corporation. He is Vice President, Associate General Counsel, and Secretary of the Advisers, the Broker-Dealers, Bexil Corporation, and Winco. He is Vice President and Secretary of Bexil American Mortgage Inc. He also is a member of the New York State Bar and the Chief Compliance Officer Committee and the Compliance Advisory Committee of the Investment Company Institute.
*Officers hold their positions with the Company until a successor has been duly elected and qualifies. Officers are generally elected annually. The officers were last elected on December 12, 2012.			

## STOCK DATA

Price (12/31/12)	\$3.69
Net asset value (12/31/12)	\$4.74
Discount	22.2%
Ticker	GIFD

## 2013 QUARTERLY DISTRIBUTION DATES

Declaration	Record	Payment
March 1	March 15	March 28
June 3	June 17	June 28
September 3	September 17	September 30
December 2	December 16	December 30

## COMPANY INFORMATION

Stock Transfer Agent and Registrar  
 American Stock Transfer & Trust Company, LLC  
 6201 15th Avenue  
 Brooklyn, NY 11219  
 www.amstock.com  
 1-800-278-4353

## GLOBALINCOMEFUND.NET

Visit us on the web at [www.GlobalIncomeFund.net](http://www.GlobalIncomeFund.net). The site provides information about the Company, including market performance, net asset value, dividends, press releases, and stockholder reports. For further information, please email us at [info@GlobalIncomeFund.net](mailto:info@GlobalIncomeFund.net).

**Cautionary Note Regarding Forward Looking Statements** - This report contains "forward looking statements" as defined under the U.S. federal securities laws. Generally, the words "believe," "expect," "intend," "estimate," "anticipate," "project," "will," and similar expressions identify forward looking statements, which generally are not historical in nature. Forward looking statements are subject to certain risks and uncertainties that could cause actual results to materially differ from the Company's historical experience and its current expectations or projections indicated in any forward looking statements. These risks include, but are not limited to, equity securities risk, corporate bonds risk, credit risk, interest rate risk, leverage and borrowing risk, additional risks of certain securities in which the Company invests, market discount from net asset value, distribution policy risk, management risk, and other risks discussed in the Company's filings with the SEC. You should not place undue reliance on forward looking statements, which speak only as of the date they are made. The Company undertakes no obligation to update or revise any forward looking statements made herein. There is no assurance that the Company's investment objectives will be attained.

**Company Information** - This report, including the financial statements herein, is transmitted to the stockholders of the Company for their information. This is not a prospectus, circular, or representation intended for use in the purchase of shares of the Company or any securities mentioned in this report. This communication shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state, or an exemption therefrom.

**Section 23 Notice** - Pursuant to Section 23 of the Investment Company Act of 1940, as amended, notice is hereby given that the Company may in the future purchase its own shares in the open market. These purchases may be made from time to time, at such times, and in such amounts, as may be deemed advantageous to the Company, although nothing herein shall be considered a commitment to purchase such shares.

# SELF STORAGE GROUP I LLC

(A Wholly-Owned Subsidiary of Global Income Fund, Inc.)

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## 2012 ANNUAL REPORT

To the Member and Managers of  
Self Storage Group I LLC

We have audited the accompanying Consolidated Balance Sheet of Self Storage Group I LLC, as of December 31, 2012 and the related consolidated statements of income, changes in member's capital and cash flows for the period May 3, 2012 (commencement of operations) to December 31, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly,

we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Self Storage Group I LLC as of December 31, 2012, and the consolidated results of their operations and their consolidated cash flows for the period May 3, 2012 to December 31, 2012 in conformity with accounting principles generally accepted in the United States of America.

TAIT, WELLER & BAKER LLP  
Philadelphia, Pennsylvania  
February 26, 2013

# SELF STORAGE GROUP I LLC

(A Wholly-Owned Subsidiary of Global Income Fund, Inc.)

## CONSOLIDATED BALANCE SHEET

December 31, 2012

### Assets

Investments in self storage facilities, net	\$ 7,149,447
Cash and cash equivalents	130,452
Accounts receivable	5,189
Prepaid expenses	75,369
Other assets	80,859
	<hr/>
Total assets	\$ 7,441,316

### Liabilities and Member's Capital

#### Liabilities

Accounts payable and accrued expenses	\$ 82,897
Deferred revenue	44,620
	<hr/>
Total liabilities	127,517

Commitments and contingencies

#### Member's Capital

Member's capital	7,500,000
Deficit	(186,201)
	<hr/>
Total member's capital	7,313,799
Total liabilities and member's capital	\$ 7,441,316

See notes to financial statements.

# SELF STORAGE GROUP I LLC

(A Wholly-Owned Subsidiary of Global Income Fund, Inc.)

## CONSOLIDATED STATEMENT OF INCOME

For the Period May 3, 2012 (Commencement of Operations) to December 31, 2012

### Revenues

Rental income	\$ 46,476
Total revenues	<u>46,476</u>

### Expenses

Property acquisition costs	175,566
Property operations and maintenance	26,558
Depreciation and amortization	20,674
Real estate taxes	9,879
Total expenses	<u>232,677</u>

### Net loss

\$ (186,201)

See notes to financial statements.



# SELF STORAGE GROUP I LLC

(A Wholly-Owned Subsidiary of Global Income Fund, Inc.)

## CONSOLIDATED STATEMENT OF CHANGES IN MEMBER'S CAPITAL

For the Period May 3, 2012 (Commencement of Operations) to December 31, 2012

	Member's Capital	Retained Earnings	Total
Capital contribution	\$ 7,500,000	\$ -	\$ 7,500,000
Net loss	-	(186,201)	(186,201)
Balance, December 31, 2012	<u>\$ 7,500,000</u>	<u>\$ (186,201)</u>	<u>\$ 7,313,799</u>

See notes to financial statements.

# SELF STORAGE GROUP I LLC

(A Wholly-Owned Subsidiary of Global Income Fund, Inc.)

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the Period May 3, 2012 (Commencement of Operations) to December 31, 2012

### Cash Flows From Operating Activities

Net loss	\$ (186,201)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	20,674
Increase in accounts receivable	(5,189)
Increase in prepaid expenses	(75,369)
Increase in other assets	(980)
Increase in accounts payable and accrued expenses	82,897
Increase in deferred revenue	44,620
Net cash used in operating activities	<u>(119,548)</u>

### Cash Flows From Investing Activities

Acquisition of self storage facilities	(7,250,000)
Net cash used in investing activities	<u>(7,250,000)</u>

### Cash Flows From Financing Activities

Capital contribution	7,500,000
Net cash provided by financing activities	<u>7,500,000</u>

Net increase in cash and cash equivalents 130,452

### Cash and Cash Equivalents

Beginning of year	<u>-</u>
End of year	<u>\$ 130,452</u>

See notes to financial statements.

# SELF STORAGE GROUP I LLC

(A Wholly-Owned Subsidiary of Global Income Fund, Inc.)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

### 1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

Self Storage Group I LLC (“SSG I” or the “Company”) is a self-administered and self-managed real estate investment trust (“REIT”) formed as a Delaware limited liability company on May 3, 2012 to own, operate, manage, acquire, develop, and redevelop professionally managed self storage facilities which offer storage spaces for lease, generally on a month-to-month basis, for personal and business use. The Company is a single member limited liability company and Global Income Fund, Inc. (“GIFD”) is its sole member. The Company has elected to be taxed as a REIT under the Internal Revenue Code (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 GIFD.

At December 31, 2012, the Company and its wholly-owned subsidiary Self Storage Group II LLC (“SSG II”) owned two self storage facilities located in Sadsburyville, Pennsylvania and Rochester, New York.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation** – The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). All material intercompany balances and transactions have been eliminated in consolidation.

**Cash and Cash Equivalents** – Investments in money market funds and short term investments and other marketable securities maturing in 90 days or less are considered to be cash equivalents.

**Disclosures of Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis** – Long-lived assets held for use are evaluated by the Company for impairment when events or circumstances indicate that there may be impairment. The Company reviews each self storage facility at least annually to determine if any such events or circumstances have occurred or exist. The Company focuses on facilities where occupancy and/or rental income have decreased by a significant amount. For these facilities, the Company determines whether the decrease is temporary or permanent and whether the facility will likely recover the lost occupancy and/or revenue in the short term. In addition, the Company carefully reviews facilities in the lease-up stage and compares actual operating results to original projections.

When the Company determines that an event that may indicate impairment has occurred, the Company compares the carrying value of the related long-lived assets to the undiscounted future

net operating cash flows attributable to the assets. An impairment loss is recorded if the net carrying value of the assets exceeds the undiscounted future net operating cash flows attributable to the assets. The impairment loss recognized equals the excess of net carrying value over the related fair value of the assets.

When real estate assets are identified by management as held for sale, the Company discontinues depreciating the assets and estimates the fair value of the assets, net of selling costs. If the estimated fair value, net of selling costs, of the assets that have been identified for sale is less than the net carrying value of the assets, then a valuation allowance is established. The operations of assets held for sale or sold during the period are generally presented as discontinued operations for all periods presented.

**Income Taxes** – The Company has elected to be treated as a REIT, as defined in the IRC. As a REIT, the Company does not incur federal income tax if it distributes substantially all of its REIT taxable income, if any, each year, and if it meets certain organizational and operational rules. In the Company’s opinion, the requirement to maintain these elections has been met. Accordingly, no provision for federal income taxes has been recorded in the consolidated financial statements.

Earnings and profits, which determine the taxability of distributions to its member, differ from net income reported for financial reporting purposes due to differences in cost basis, the estimated useful lives used to compute depreciation, and the allocation of net income and loss for financial versus tax reporting purposes. Distributions to members are usually taxable as ordinary income, although a portion of the distribution may be designated as capital gain or may constitute a non-dividend distribution.

The Company is subject to a 4% federal excise tax if sufficient taxable income is not distributed within prescribed time limits. The excise tax equals 4% of the annual amount, if any, by which the sum of (a) 85% of the Company’s ordinary income and (b) 95% of the Company’s net capital gain exceeds cash distributions and certain taxes paid by the Company.

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 expected to be taken on the Company’s 2012 tax returns.

**Self Storage Facilities** – Self storage facilities are recorded at cost. Costs associated with the development, construction, renovation and improvement of properties, including interest and property taxes incurred during the construction period, are capitalized. Internal and external transaction costs associated with acquisitions

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

or dispositions of real estate and equity interests in real estate are expensed as incurred. Expenditures for repairs and maintenance are expensed as incurred. Buildings and improvements are depreciated on a straight-line basis over estimated useful lives generally between 5 to 40 years.

When facilities are acquired, the purchase price is allocated to the tangible and intangible assets acquired and liabilities assumed based on estimated fair values. When a portfolio of facilities is acquired, the purchase price is allocated to the individual facilities based upon the fair value determined using an income approach or a cash flow analysis using appropriate risk adjusted capitalization rates, which take into account the relative size, age and location of the individual facility along with current and projected occupancy and rental rate levels or appraised values, if available. Allocations to the individual assets and liabilities are based upon comparable market sales information for land, buildings and improvements and estimates of depreciated replacement cost of equipment.

In allocating the purchase price for an acquisition, the Company determines whether the acquisition includes intangible assets or liabilities. The Company allocated a portion of the purchase price to an intangible asset attributed to the value of in-place leases. This intangible is generally amortized to expense over the expected remaining term of the respective leases. Substantially all of the leases in place at acquired facilities are at market rates, as the majority of the leases are month-to-month contracts. Accordingly, to date no portion of the purchase price has been allocated to above or below market lease intangibles. To date, no intangible asset has been recorded for the value of tenant relationships, because the Company does not have any concentrations of significant tenants and the average tenant turnover is fairly frequent.

**Revenue and Expense Recognition** - Rental income, which is generally earned pursuant to month-to-month leases for storage space, as well as late charges and administrative fees, is recognized as earned. Promotional discounts reduce rental income over the promotional period. Ancillary revenues and interest 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, general and administrative expense, interest expense, as well as tele-

vision, yellow page, and other advertising expenditures are expensed as incurred.

**Segment Information** - The Company views its operations as comprising one operating segment.

**Use of Estimates** - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain items, including the reported amounts of assets and liabilities, 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. Estimates are primarily used in the determination of investment impairment and expenses allocation. Actual results may differ from those estimates.

**Newly Issued Accounting Guidance** - The Company evaluates all newly issued accounting and reporting guidance that is applicable to its operations and the preparation of its financial statements. The Company believes that any issued guidance that it has not yet adopted likely will not have a material effect on its financial position or results of operations.

3. PROPERTY ACQUISITIONS

On December 5, 2012, the Company acquired an operating self storage facility located in Rochester, New York for \$3.5 million in cash. The facility is a 50,010 square foot, 454 unit facility which offers exclusively climate controlled units. The facility has been operating since 2011.

On December 28, 2012, the Company acquired an operating self storage facility located in Sadsburyville, Pennsylvania for \$3.75 million in cash. The facility is a 49,198 square foot, 480 unit facility which offers traditional storage units, climate controlled units, and outside parking spaces. The facility has been operating since 2006.

4. INVESTMENT IN SELF STORAGE FACILITIES

The following summarizes activity in self storage facilities for the year ended December 31, 2012.

	2012
Land	\$ 725,000
Building	6,437,859
	<u>7,162,859</u>
Less: accumulated depreciation	(13,412)
Self storage facilities, net	<u>\$ 7,149,447</u>

## SELF STORAGE GROUP I LLC

(A Wholly-Owned Subsidiary of Global Income Fund, Inc.)

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

The assets and liabilities of the acquired storage facilities, which primarily consist of tangible and intangible assets, are measured at fair value on the date of acquisition. During 2012, the Company acquired 2 self storage facilities and the purchase price of the facilities was assigned as follows:

Location	Number of Properties	Date of Acquisition	Consideration Paid			Acquisition Date Fair Value			
			Purchase Price	Cash Paid	Net other (Assets) Liabilities Assumed	Land	Building	In-Place Customer Leases	Closing Costs Expensed
Rochester, NY	1	12/05/12	\$ 3,500,000	\$ 3,522,477	\$ (22,477)	\$ 350,000	\$ 3,102,193	\$ 47,807	\$ 53,974
Sadsburyville, PA	1	12/28/12	3,750,000	3,831,169	(81,169)	375,000	3,335,666	39,334	121,592
Total	2		\$ 7,250,000	\$ 7,353,646	\$ (103,646)	\$ 725,000	\$ 6,437,859	\$ 87,141	\$ 175,566

The Company amortizes in-place customer leases on a straight-line basis over 12 months (the estimated future benefit period). In-place customer leases are included in other assets on the Company's consolidated balance sheet as follows:

	2012
In-place customer leases	\$ 87,141
Accumulated amortization	(7,262)
Net carrying value	\$ 79,879

#### 5. RELATED PARTIES

Certain officers and managers of the Company also serve as officers and directors of GIFD, Winmill & Co. Incorporated ("Winco"), Bexil Corporation, Tuxis Corporation, and their affiliates (collectively with the Company, the "Affiliates"). 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 of the Internal Revenue Service, and in connection therewith Midas Management Corporation ("MMC"), a subsidiary of Winco, acts as a conduit payer of compensation and benefits to Affiliate employees including those who are concurrently employed.

#### 6. COMMITMENTS AND CONTINGENCIES

On December 5, 2012, the Company entered into a property management agreement with a third party to manage its Rochester, New York self storage facility. In consideration for the services to be rendered, the Company shall pay a monthly management fee equal to the greater of \$2,500 or 6% of total monthly store revenue as defined under the agreement. The agreement shall continue in effect for one year from the effective date unless the parties agree in writing to renew or extend the initial terms. The agreement may be terminated without costs or penalty on ninety days prior written notice to either party.

#### 7. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through the date the financial statements were issued and determined that no subsequent events have occurred that require additional disclosure in the financial statements.





# GLOBAL INCOME FUND

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