SELF STORAGE MARKET OVERVIEW

Third Quarter 2013

Analysis of the Public Self Storage Companies

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Let The Good Times Roll

- Revenues increased for all four public self storage companies, ranging between 5.5% and 9.0% in third quarter. Momentum continues with multiple consecutive quarters of revenue growth (see following charts).
- Net Operating Incomes of each company grew as well, ranging from 7.2% to 10.0% year-over-year.

Strong Customer Demand

- High portfolio occupancy levels ranging from 90.5% to 94.4%
- Public Storage opened its largest facility on Gerard Avenue in the Bronx, New York and rented 1,600 units in first four months of opening - unheard of within their system.
- "Self storage industry finds itself in a great operating environment - new supply remains low and customer demand remains stable, occupancies are at historically high levels, and discounting is at record lows."

  - *Spencer Kirk, CEO, Extra Space Storage*

Acquisition Activity Booming

- Public companies on aggressive acquisition spree. Fierce competition from new private equity and institutional capital, further compressing cap rates for properties.
- Public Storage over $1 billion of properties acquired or currently under contract this year.
- "The acquisition market has come to a rolling boil with just a plethora of deals hitting the market. The recent low cap rate environment has enticed the new group of owners to list their properties, or at least entertain discussions to sell them."

  - *David Rogers, CEO, Sovran Self Storage*

- **Implied Cap Rates** based on common share prices:

Public Storage (PSA)	4.7%
Extra Space Storage (EXR)	5.7%
CubeSmart (CUBE)	5.8%
Sovran Self Storage (SSS)	6.9%

Macroeconomic Housing Trends

- 54% of all residential self storage customers had household income less than $50,000, according to Self Storage Association.

- Vacancy rate for apartments in U.S. 4.3% in second quarter, according to Reis, Inc., historically low and unchanged from last year.

- New apartment construction estimated 170,000 units opening in country's 54 largest metro areas, with 190,000 new units next year and 300,000 more in 2015-2016, according to CoStar Group.

- The annualized rate of newly built single-family homes sold was 464,000 in November, down slightly from October's 474,000 pace which was the highest level since 2000.

- There were 1.99 people age 20 and over for each U.S. household in September (not including United States Armed Forces, nursing homes, prisons). If ratio returns to dacade-ago level of 1.95 people per household, would translate to 2.9 million additional households. - Commerce and Labor Department

- Freddie Mac held 364,000 mortgages 60 days delinquent as of March 31, 2013, and likely foreclosure candidates. Fannie Mae's portfolio of troubled assets much larger. At end of last year, owned 105,000 foreclosed homes valued at $9.5 billion, plus substantial shadow inventory of 576,000 seriously deliquent mortgages 90 days late and likely to end up in foreclosure.

U-Haul Self Storage Portfolio

- U-Haul is considered a viable competitor and brand compared to the other self storage REITs. U-Haul's portfolio consists of approximately 1,181 assets, comprised of 662 owned properties and 482 managed properties. U-Haul is the largest third-party manager of self storage, followed by Extra Space (the largest among the self storage REITs) with 253 third-party managed properties.

- Average U-Haul facility is only about 33,400 square feet versus the self storage REIT range of 64,000 square feet to 74,000 square feet.

- Occupancy level of U-Haul portfolio about 85%, up from 83.3% a quarter earlier, still significantly below self storage REITs, each over 90%.

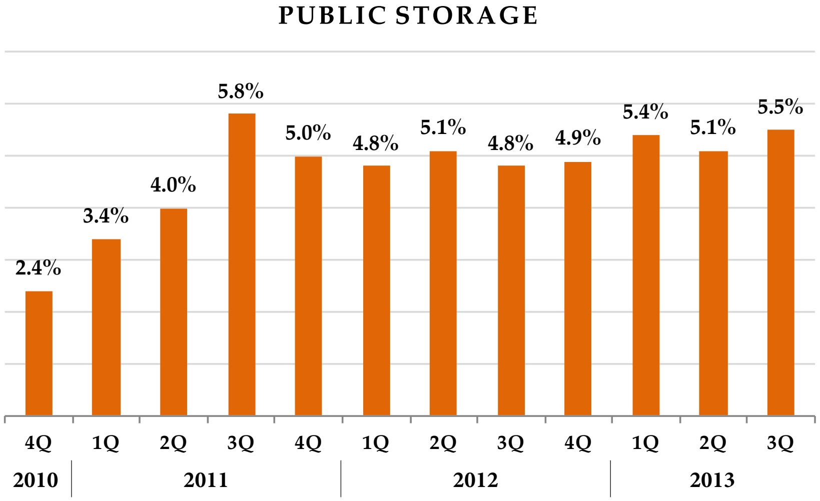
- U-Haul does not bid for Google adword "Self Storage," but consistently appears on Google search page for organic results.

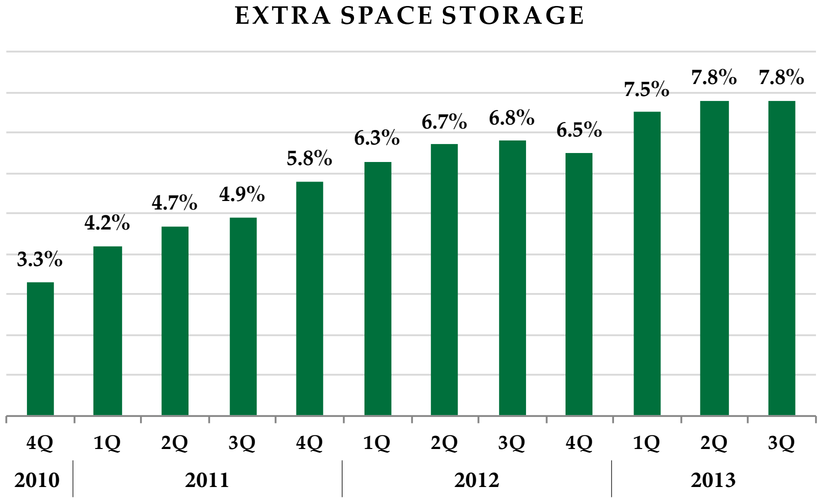
- Prefers "one-off" acquisitions versus portfolio deals.

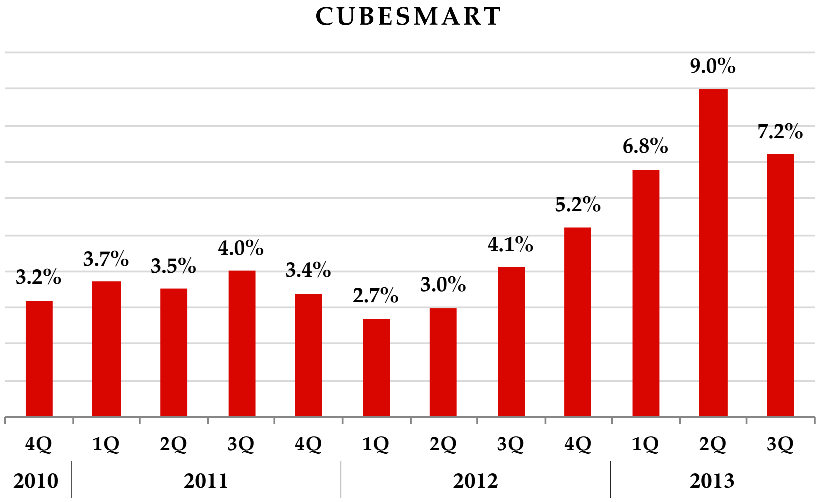
> "I don't know who all these people are, but these are people of significant werewithal - several hundreds of millions of dollars - and they're out there bidding on these properties too."
>
> *- Joe Schoen, Chairman and CEO of Americo, Parent Company of U-Haul International, Inc.*

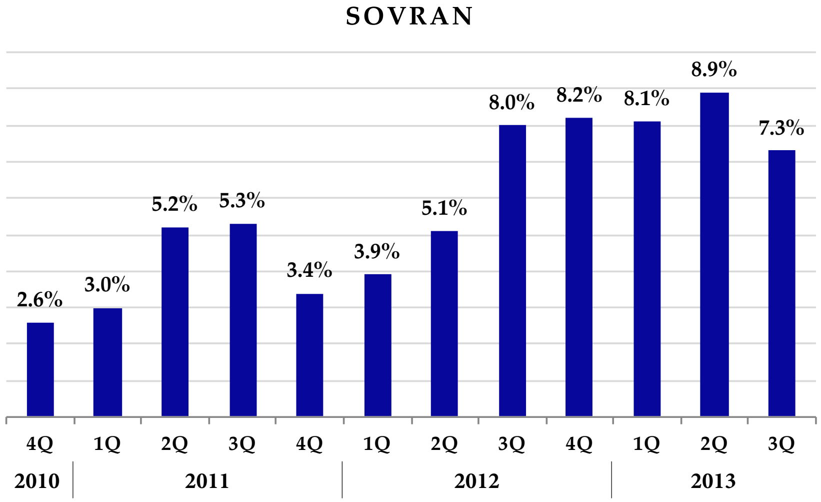
Revenues The Past Twelve Quarters

Changes from same quarter a year earlier





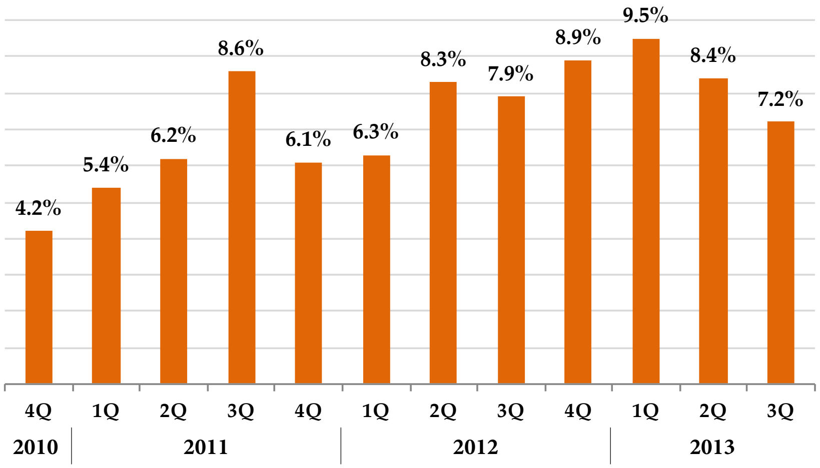




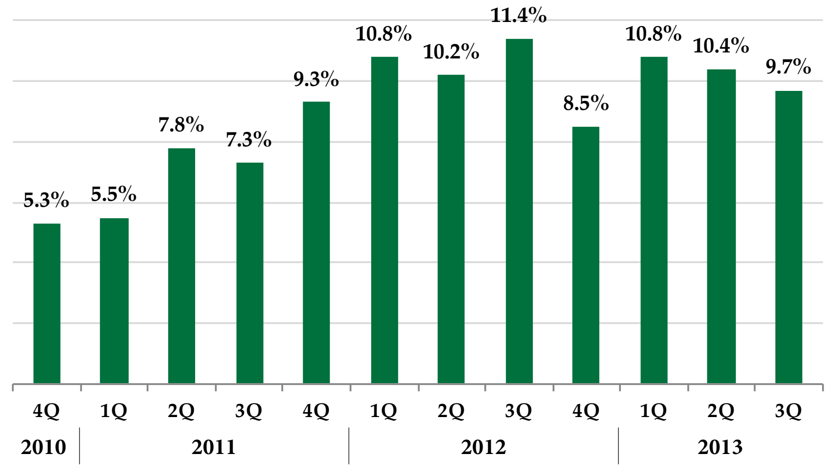
Net Operating Income Growth The Past Twelve Quarters

Changes from same quarter a year earlier

PUBLIC STORAGE

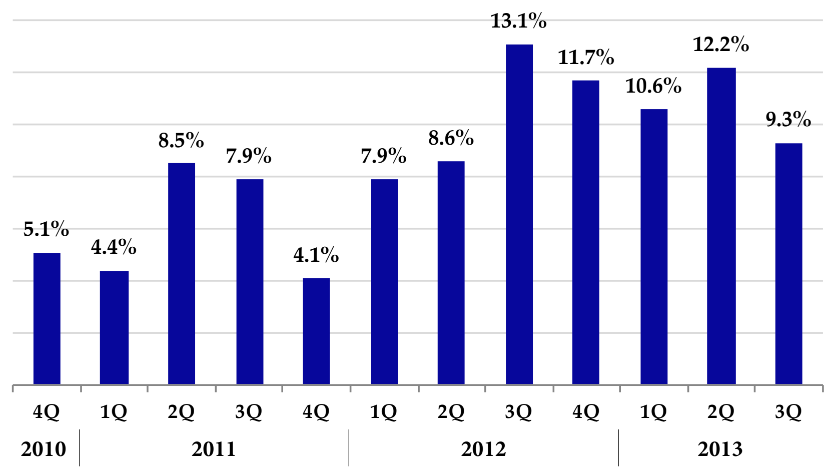


EXTRA SPACE STORAGE

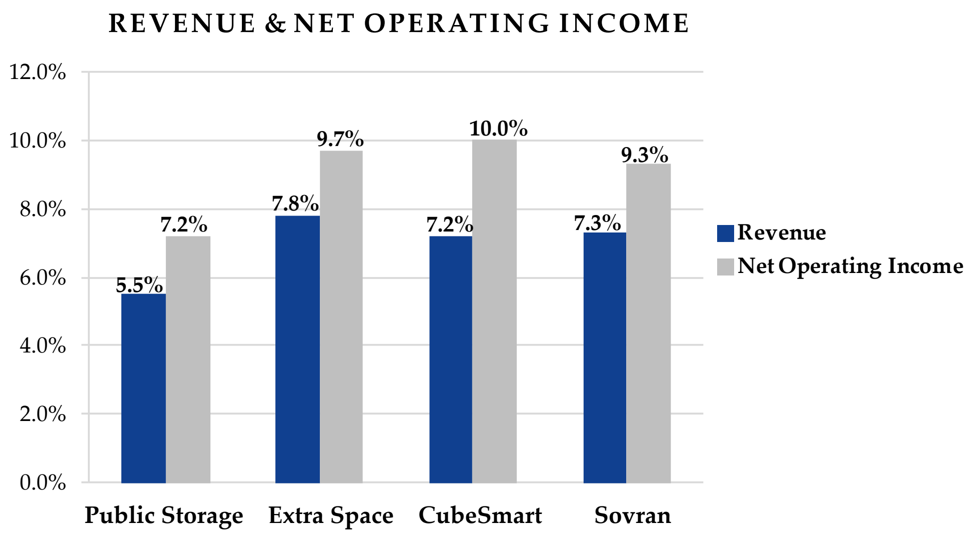


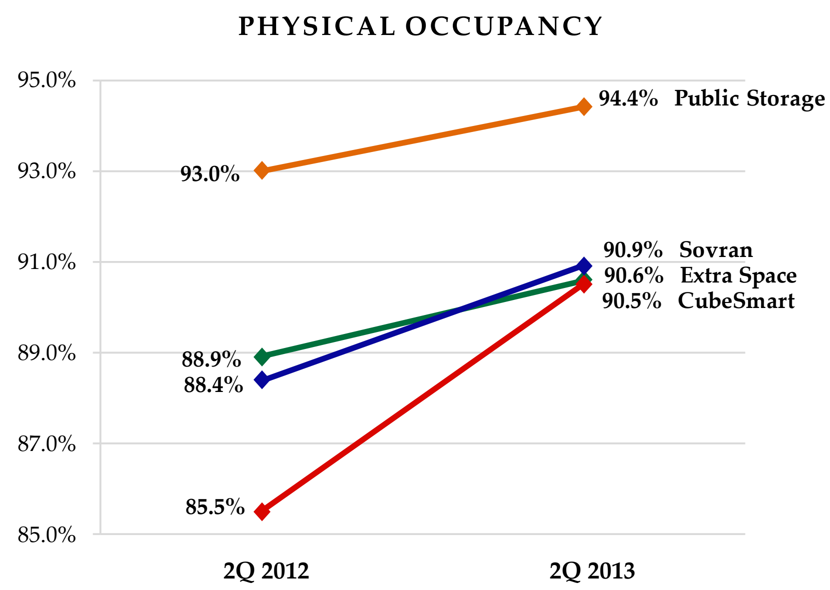
CUBESMART

SOVRAN



	Public Storage	Extra Space	CubeSmart	Sovran
Number of Properties:	**2,110** U.S. **188** Europe	**1,007**	**520**	**475**
Third-Party Management: **Joint Ventures:**	**35-40**	**253** **279**	**136**	**23** **55**
Revenue	**+5.5%**	**+7.8%**	**+9.0%**	**+8.9%**
Net Operating Income	**+7.2%**	**+9.7%**	**+10.0%**	**+9.3%**
Occupancy: **vs. last year:**	**94.4%** **93.0%** **(weighted avg)**	**90.6%** **88.9%** **(quarter end)**	**90.5%** **85.5%** **(weighted avg)**	**90.9%** **88.4%** **(weighted avg)**
Rent Per Occupied Square Foot:	**$14.46**	**$14.06**	**$12.61** **$17.10** **(non same-store)**	**$11.07**


REVENUE & NET OPERATING INCOME
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
5.5%
7.2%
7.8%
9.7%
7.2%
10.0%
7.3%
9.3%
Public Storage
Extra Space
CubeSmart
Sovran
Revenue
Net Operating Income


PHYSICAL OCCUPANCY
95.0%
93.0%
91.0%
89.0%
87.0%
85.0%
93.0%
88.9%
88.4%
85.5%
94.4% Public Storage
90.9% Sovran
90.6% Extra Space
90.5% CubeSmart
2Q 2012
2Q 2013

	Public Storage	Extra Space	CubeSmart	Sovran
Market Capitalization	**$26.5 billion**	**$4.82 billion**	**$2.20 billion**	**$2.07 billion**
Funds From Operations (quarterly)	**$2.00/share** (+15.6%)	**$0.52/share** (+20.9%)	**$0.25/share** (+32%)	**$0.98/share** (+15%)
Dividend Per Common Share (quarterly)	**$1.40/share** (+12%)	**$0.40/share**	**$0.11/share**	**$0.53/share**
Dividend Yield	**3.60%**	**3.70%**	**2.60%**	**4.10%**
Common Stock Price				
January 13, 2014:	**$154.00**	**$43.31**	**$15.84**	**$65.66**
52-Week Range:	**$145.04 to $176.68**	**$36.50 to $49.29**	**$14.14 to $19.69**	**$60.29 to $80.24**

PUBLIC STORAGE:

- $1.146 billion of properties closed or currently under contract year to date.
- During third quarter acquired 29 facilities with approximately 2.2 million net rentable square feet for approximately $371 million in cash. Properties located in California, Florida, Massachusetts, Rhode Island, and Texas.
- In October acquired additional 44 facilities for about $324 million consisting of 2.8 million net rentable square feet.
- Under contract to acquire another 44 facilities for approximately $430 million with about 2.7 million square feet, anticipated to close in December. One large portfolio and a couple of one-off properties.
- Only 6 to 8 properties under development nationwide.
- Approximately $75 million under new development and an additional $113 million in redevelopment. Targeted yields of 9% to 10% for development, and above 11% for redevelopment - higher yield partially due to many expansions on existing land already owned.
- Not currently offering OP units for acquisitions.
- Two Hawaii properties acquired last year at 120% to 130% of replacement costs. Faster lease up than projected of 18-24 months and currently 96% occupied. About 100 basis points above cap rate underwritten from only one year ago.

EXTRA SPACE STORAGE:

- During third-quarter acquired 22 properties for approximately $214.5 million. Two located in Arizona and 20 California (All Aboard).
- Total acquisition activity year-to-date of $535 million currently closed or under contract.
- Offered about $100 million OP units.
- Two additional properties located in Georgia and North Carolina acquired for $17.9 million, subsequent to end of the quarter.
- 40 additional properties under contract for $241 million expected to close by year's end. 19 of the 40 properties are from the purchase of an existing joint-venture partners' interest, in off-market transaction.
- Entered into an agreement on October 30th to acquire the MiniPrice Storage portfolio of 17 properties located throughout Virginia for approximately $200 million in cash. Portfolio consists of approximately 1.5 million rentable square feet and 14,000 units, with occupancy of about 90%. Estimated going-in cap rate below 6%.
- Not buying many of the broker-marketed deals - may be off by as much as 10% on pricing.
- Cap rates on core acquisitions beween 6% and 7%, a property or two in high 5's and some in mid 7's.
- Acquisition cost about 1% of purchases.
- Added 11 properties to third-party management platform. Currently managing 253 properties for third-party owners, with additional 279 properties in joint-venture ownership, total 532 properties under management.

EXTRA SPACE STORAGE:

- Not pursuing dispositions, even in this low-cap rate environment.
- Consider buying assets at certificate-of-occupancy stage, taking out construction risk and limiting to lease-up risk.

CUBESMART:

- In third-quarter, acquired four assets for $38.8 million. Two assets in Arizona, one in New York, and one in Texas.
- Year-to-date acquired 15 assets for $148.5 million. On transactions that closed, realizing a 50-basis point positive spread between yield on dispositions and yield on stabilized acquisitions. Disposition cap rate about 6.75%.
- On October 28, 2013, entered into agreements to acquire 36 assets in joint venture for combined price of $326 million. Assets located in Houston, Austin, and Charlotte, will have 50% ownership interest. Expected to close end of fourth quarter. Targeting 6% yield or slightly above in year one. Market for quality locations in mid 5's. Will use low leverage, 30% to 40% financing, post closing.
- Assets acquired this year which are relatively new in lease-up targeting stabilized yield in mid-to-high 7's with stabilization in a little more than 3 years.
- Subsequent to end of quarter, acquired on asset in Washington, D.C. market for $15.4 million
- Sold 8 assets in Knoxville, Tennessee for $25 million, recognizing gain of $9.3 million.
- Subsequent to end of the quarter, sold 22 assets for $90 million in all-cash transaction with locations in California, Ohio, Tennessee, Texas, and Washington.
- Year-to-date sold 35 assets in non-core investment markets for $126.4 million. Complete exits from Memphis and Knoxville markets, and 35% square foot reduction in the Inland Empire.
- Awarded 4 third-party management contracts, and now managing 136 properties totaling 8 million square feet.

CUBESMART:

- Through third-quarter, awarded 14 new management contracts.
- Acquired 9 assets from third-party management platform.
- Under Dean Jernigan's tenure:
  - Sold 143 assets for $440 million, representing nearly one-third of the portfolio since 2006.
  - Acquired $1.5 billion of properties, nearly half of gross asset value.
- Getting inquiries from developers looking to partner on new developments. Not interested in acting as passive capital provider. Would co-invest or take out at certificate of occupancy and assume lease-up risk.

SOVRAN:

- Acquired three Class A properties for total of $27.9 million. Facilities all located in existing markets, including two in Long Island, New York and one in Colorado Springs. Going-in cap rates for Long Island about 5% since just coming out of lease up. Colorado Springs in low 7's cap rate. Expect 50 basis points to 100 basis points gain in cap rate over next 12 to 16 months.

- **Westy Self Storage Transaction:**

  - Entered into 15-year triple net lease agreements to rebrand and operate four "Class AAA" Westy Self Storage facilities located in Connecticut and Long Island, New York. Option to purchase the four stores for $120 million during fixed periods between February, 2015 and September, 2016. Annual lease payments of $6 million with 4% annual increases. Expected to acquire the assets.

  - Expect year one NOI in 2014 of $7 million to $7.25 million. Based on $120 million option price, cap rate should be in the low 6% range. Expect to grow 50 basis points to 100 basis points in cap rate over the next two years.

  - Triple net lease structure driven by tax situation of owners.

  - Average occupancy about 95%, in place rents about $24 per square foot, asking rent close to $25 per square foot.

- Expectation to pick up 150-200 basis points on acquisitions, so at end of year three may be 7.5% to 8% yield. Company did not see potential upside of recent large portfolio transactions to justify going-in cap rates of 5.0% to 5.25%.

- Subsequent to end of quarter, sold one property in Dayton, Ohio for net proceeds of $3.2 million, recognizing $300,000 gain.

- May sell few more properties in 2013 and 2014, less than $10 million total.

SOVRAN:

- Discussing with some developers to purchase at certificate of occupancy, or take over management. Not interested in financing them.
- Targeting 6% to 7% cap rates for stabilized assets in core markets and larger MSAs. Seeing low 7 caps in some secondary markets. Some more opportunitistic transactions may be sub-6% cap rate in 2014.
- Currently have offers for over $400 million on about 31 properties, many in off-market transactions.

PUBLIC STORAGE:

- End of October occupancy 93.2% on a square foot basis, versus 92.2% October 31, 2012.
- During third-quarter, 8% reduction in discounts, giving away about $23 million, compared to $25 million in discounts last year in same-store pool.
- Year-to-date, discounts down about 10.5%, giving away about $60 million versus $67 million last year.
- Reducing television expenses due to high occupancies, anticipate fourth quarter advertising expenses to be down about $1.5 million to $2 million.
- Europe properties had good quarter. End of September occupancy was 82.7% versus 83.3% last year, narrowed from 2.5% reduction in previous quarter.
- Improved year-over-year quarterly occupancy gains from 0.7% to 3.5% in Holland.
- October of last year reduced rental rates to existing tenants in London by 20% due to introduction of VAT, this will likely end the negative trend versus previous year in 4Q.

EXTRA SPACE STORAGE:

- Achieved major milestone recently exceeding 1,000 properties - about 50% wholly-owned and 50% either partially owned in joint ventures or exclusively third-party managed.

- Major Markets with revenue growth above portfolio average:

  - Boston
  - Chicago
  - Denver
  - Houston
  - Silicon Valley

- Major Markets performing below portfolio average:

  - Orlando
  - Phoenix
  - Seattle
  - Washington, DC (difficult pushing rates)

- Peak occupancy up to 91% (previously 87%-88%) and averaging 90% instead of 87% to 89% previously.

- Guidance Assumptions of Year Ending December 31, 2013:

  - Same-store revenue growth 7.0%
  - Same-store revenue growth 7.5% (including tenant insurance)
  - New tenant insurance income range $37.5 million - $38 million

- Tenant insurance overall portfolio penetration rate of about 69%.

- Street rates increases of about 3% as blended number (ranges 2% to 5%).

EXTRA SPACE STORAGE:

- Average customer length-of-stay now 12.6 months, up slightly.
- Surveys indicate 50% of people coming in to rent have never used self storage previously.
- Discounts as a percentage of rental income previously 6% to 6.5%, now down to low 5's and nearly in 4's. Discounts to new customers down by 12%.
- Potentially looking at limited joint-venture development opportunities in a few select cases.
- Development yield premium over acquisition cap rates would need to be between 250 and 350 basis points.

CUBESMART:

- Chris Marr will replace Dean Jernigan as President and Chief Executive Officer on January 1, 2014. The CIO and COO titles will be temporarily retired.

- End of September occupancy of same-stores was 90.0% versus 85.2% for same quarter of last year.

- **Guidance For 2013:**

  - Revenue Growth: +7.0% to 7.5%
  - Net Operating Income: +8.75% to 9.25%

- Approximately 70% of NOI coming from 7-10 core investment markets.

- All regional markets generated positive same-store revenue gains. Best markets posted over 8% of same-store revenue increases, including:

  - New York City / Northern New Jersey
  - Houston
  - Dallas
  - Florida / Ft. Lauderdale
  - Chicago
  - Atlanta
  - Austin
  - Colorado / Utah

- Advertising spending decreased by 14% year-over-year

- Discounts down nearly 10% year-over-year, moving from a full month of free rent to a half month of free rent.

- Average discount per new rental was $72.50 versus a bit over $80 a year ago.

- Realized Annual Rent Per Occupied Square Foot:

Same Store (299)	Non Same-Store (62)
$12.61	$17.10 (includes Storage Deluxe)

SOVRAN:

- Target occupancy next year of 93% to 93.5%. Current end of October occupancy 89.7%, 90.1% end of September.
- Positive revenue growth in every state. Markets with strongest revenue impact:

  - Texas - New York
  - Florida - North Carolina

- **Full year guidance:**

  - Intends to spend up to $25 million on expansion and enhancement program.
  - Budgeted $15 million for recurring capitalized expenditures including roofing, paving, and office renovations.
  - Revenue Growth: (Same-Store) 7.5% to 8.5%
  - Net Operating Income: (Same-Store) 9.0% to 10.0%

- Typically look at demographics of five-mile radius not three-miles in terms of number of household density, but income not a big factor.
- 24% increase in tenant insurance income versus same period last year.
- Increase $200,000 in third party management fees in third quarter.
- $200,000 increase in internet advertising this quarter.

SOVRAN:

- Rate increases on 7.3% of customer base year-over-year. In third quarter, most aggressive quarter ever with a 9.6% of customer base receiving rate increases versus 4.6% last quarter.
- Tracking only 57 new properties that may compete over next 2 or 3 years - about 31 under construction and another 26 under consideration. Very small compared to historical pipeline in early 2000's.
- Move out rate up to 13% from 11.8%, but offset by average rent increase of 9.5% versus 8.2% last quarter, and 9.4% increase year-over year.
- Street rates up 8% year-over-year.
- Concessions down to 40% of customers versus 56% same period last year.
- Total concessions down this quarter $770,000 versus $2.2 million in beginning of 2012.
- **Quality of Customer Improving**

  - Customers whose average length of stay exceeds one year increased from 53.8% to 56%
- **Management Fees**

  - 6%, and pass through some expenses for call center and internet presence.
  - Minimum fee of $2,500 per month through lease-up.
- Realized rent growth of 3.6% third quarter.
- Expect insurance to grow in 2014 and 2015, and require customers to carry insurance. Sovran does not self insure and prefers to pass off the risk to a third party.

PUBLIC STORAGE:

- Variety of possibilities to finance acquisition and development activities which may include common equity, debt, or combination of both along with retained operating cash flow.
- Do not expect to issue preferred stock at present due to the general market conditions shutting down preferred shares currently.
- Anticipates joint venture partner in Shurgard Europe to purchase 51% of note receivable (9% of interest rate) from Shurgard Europe during fourth quarter, with approximate balance of $214 million.

EXTRA SPACE STORAGE:

- Goal to reduce interest expenses as much as possible and set up ability to grow. Would like to add diversity in capital stack and have a little more unsecured versus past preference of 100% secured.
- Fixed-rate debt to total debt at 85.7%.
- Weighted average interest rates for fixed rate debt is 4.0%, and for variable rate debt is 2.2%. Combined weighted average interest rate is 3.8%, with average weighted maturity of 5.8 years.
- Incurred a loss of approximately $9.2 million related to defeasance of CMBS loans associated with All Aboard portfolio acquisition.
- Realized a $2.5 million benefit related to modification of existing debt.

CUBESMART:

- Sold 1.9 million common shares through its "at-the-market" equity program at average price of $17.41 per share, resulting in net proceeds of $32.1 million to fund growth. Still has 9 million shares available for issuance under equity distribution agreements.
- Interest expense decreased $1.1 million versus same period last year to $10 million from $11.1 million.
- Debt maturities staggered and average 5 years to maturity.
- Secured debt-to-gross asset ratio of 8%.
- Reduced debt-to-gross assets by 240 basis points from 42.8% last year to 40.4% end of third quarter.
- Gains in profitability, as NOI margin increased 170 basis points to 67.4% for the third quarter.
- In September, Moody's upgraded outlook on credit rating of BAA3 from stable to positive.

SOVRAN:

- Issued 444,910 shares of common stock via ATM (At The Market) program at average price of $72.11 per share, resulting in net proceeds of $31.6 million. Used proceeds to fund recent acquisitions and reduce line of credit balance.
- In July issued 23,712 shares at average price of $69.38 through Dividend Reinvestment Plan.
- Refinanced bank term loan and line of credit totaling $500 million. Anticipated full year interest expense savings of approximately $4.1 million beginning in 2014.
- Extended maturity of line of credit to June, 2018, and bank term notes to June, 2020.
- $9.7 million cash on hand, and $126 million available on line of credit with $75 million expansion feature.
- All but $49 million debt is fixed or covered by rate swap contracts that essentially fix the rate. Subsequent borrowings pursuant to Line of Credit at floating rate of LIBOR plus 1.5%
- $9.7 million cash on hand, $201 million available line of credit.
- Key Financial Ratios:

- Debt to Enterprise value (@ $75.68/share):	20.5%
- Debt to Book Cost of Facilities:	34.5%
- Debt to EBITDA:	3.93x
- Debt Service Coverage (DSC):	5.07x