

MJ PARTNERS  
SELF STORAGE GROUP

MJ

# SELF STORAGE MARKET OVERVIEW

## First Quarter 2018 Results

*Analysis of the Public Self Storage Companies*

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## Summary

### First Quarter Results

- The self storage REITs reported positive gains in revenues and net operating income during the first quarter, albeit at a decelerating pace. New supply continues to present headwinds in select markets challenging REITs to balance occupancy, rental rates and discounts to drive revenue growth.
- The self storage REITs generated same-store revenue growth in the first quarter ranging from 2.1% to 5.2%.
- Net operating income of same-store pools in the first quarter range from 1.7% to 4.5%.






### Private Capital Impact

- Institutional-backed private equity, in addition to a growing number of family offices and other private capital sources are aggressively competing for existing operating properties. The impact of private capital is offsetting the REITs reduced volume for wholly-owned acquisitions.
- In nearly all markets, including lower-quality properties and secondary and tertiary markets, aggressive private capital bidding for self storage assets, helping maintain historically low going-in capitalization rates for recent acquisitions.
- The self storage REITs increased cost of capital, combined with the influx of private capital and heightened seller expectations, continues to dampen external growth opportunities through wholly-owned acquisitions.
- The self storage REITs are turning to more joint venture acquisition strategies, securing properties through off-market acquisition opportunities originating through expanding third-party management relationships.

### New Supply Impact

- There are mixed viewpoints amongst the self storage REITs on whether new supply deliveries will peak in 2018 or 2019. Regardless, the consensus is that the drop-off in deliveries may not be materially different in 2019 than in 2018.
- While access to capital and financing for new development continues to be available, there are signs that development yields are tightening. Costs of construction, rising interest rates and a tightening labor market are increasing development costs. In addition, rental growth rates are projecting to more historical norms. The rising costs and reduced growth rate projections may temper new construction into 2019 and beyond.

### Implied CAP Rates

	Public Storage (NYSE: PSA)	5.4%
	Extra Space Storage (NYSE: EXR)	5.2%
	CubeSmart (NYSE: CUBE)	5.9%
	Life Storage (NYSE: LSI)	6.2%
	National Storage Affiliates (NYSE: NSA)	6.0%

*-Implied capitalization rates based on common share prices  
BMO Capital Markets*

Earnings  
Results

**Same-Store Comparisons**

	Total Properties Operating	Revenue Growth	Net Operating Income Growth	Occupancy/ Previous Year*	Rent Per Occupied Square Foot
<b>Public Storage</b>	2,392 U.S. 223 Europe	2.1%	1.7%	91.2% 93.2%	\$17.30
<b>Extra Space Storage</b>	1,523	5.2%	4.5%	92.1% 92.0%	\$15.93
<b>CubeSmart</b>	995	3.8%	4.0%	92.5% 92.3%	\$16.19
<b>Life Storage</b>	711	2.5%	2.5%	91.2% 90.1%	\$13.53
<b>National Storage Affiliates</b>	541	4.2%	4.4%	88.8% 88.8%	\$11.75

\*Occupancy at end-of-quarter

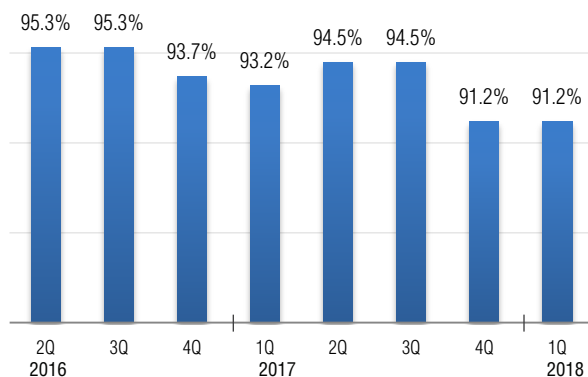
**Capital Markets**

	Market Capitalization	Core Funds From Operations	Annual Dividend Yield	Common Stock Price (5.8.2018)	52-Week High/Low
<b>Public Storage</b>	\$34.6 billion	\$2.48/share (+4.6%)	4.13%	\$210.03	\$219.93 \$180.48
<b>Extra Space Storage</b>	\$12.3 billion	\$1.09/share (+5.8%)	3.48%	\$93.53	\$93.95 \$71.34
<b>CubeSmart</b>	\$5.6 billion	\$0.39/share (+8.3%)	4.23%	\$30.36	\$30.58 \$22.83
<b>Life Storage</b>	\$4.3 billion	\$1.30/share (+3.2%)	4.65%	\$91.76	\$92.07 \$69.00
<b>National Storage Affiliates</b>	\$2.2 billion	\$0.32/share (+10.3%)	4.29%	\$27.10	\$28.55 \$21.17

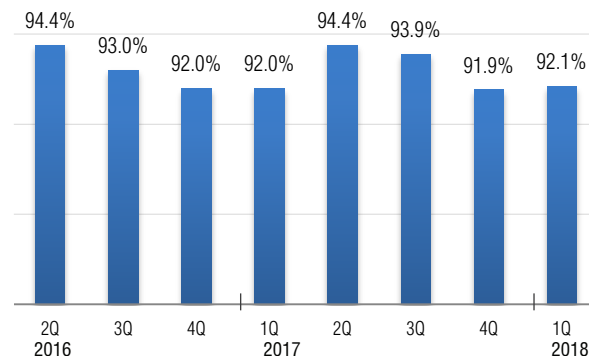
## Portfolio Occupancies

Same-Store  
Year-Over-Year Change

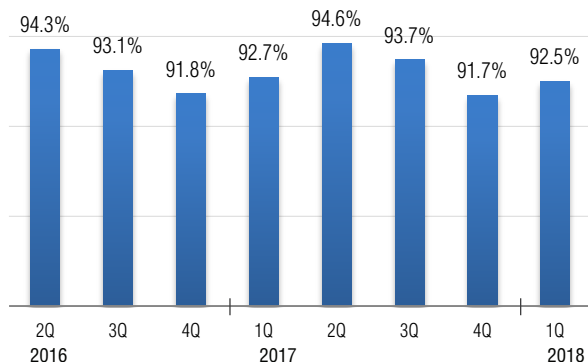
### Public Storage



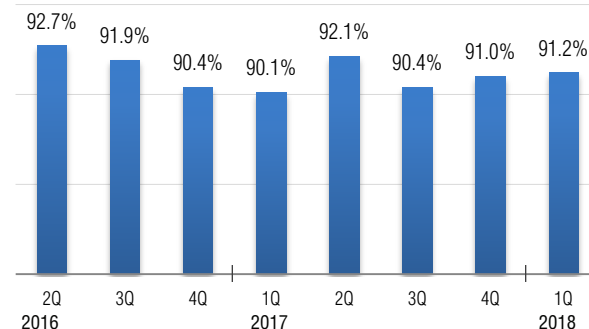
### Extra Space Storage



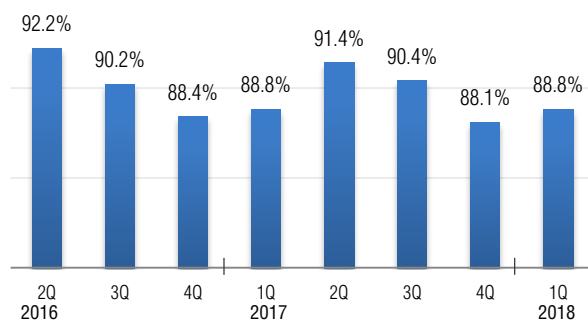
### CubeSmart



### Life Storage



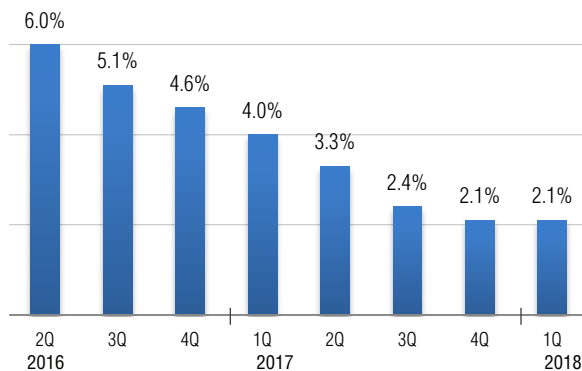
### National Storage Affiliates



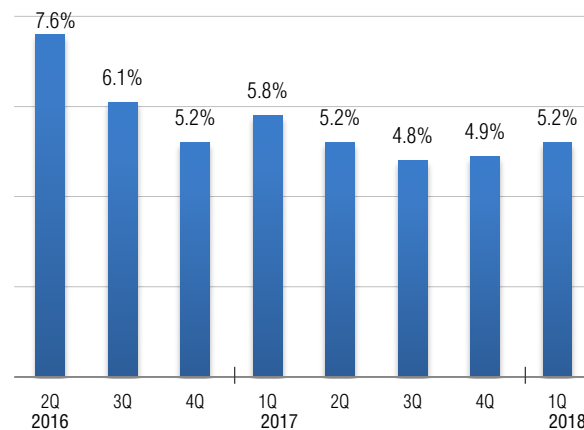
## Portfolio Revenues

Same-Store  
Year-Over-Year Change

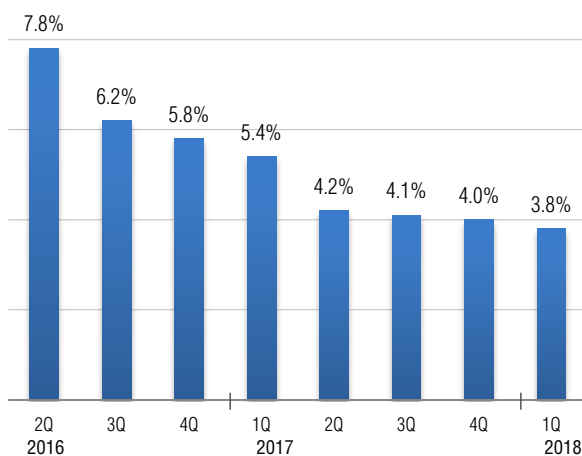
### Public Storage



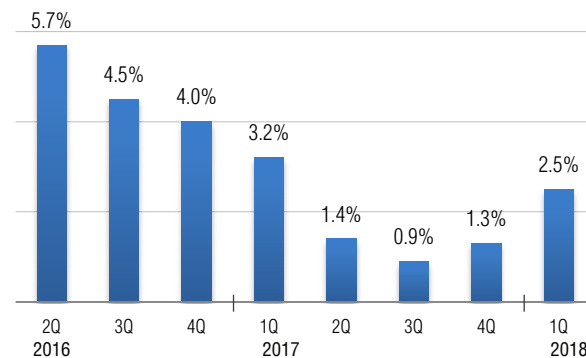
### Extra Space Storage



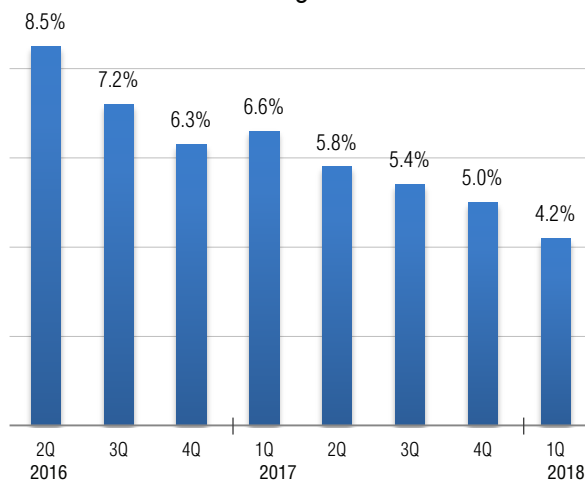
### CubeSmart



### Life Storage



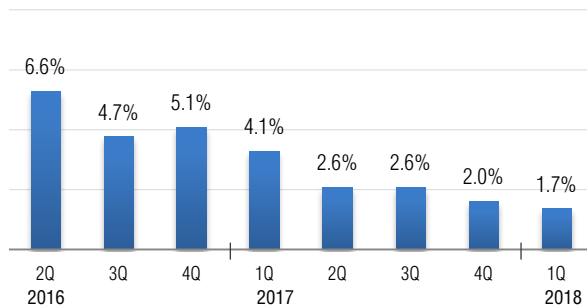
### National Storage Affiliates



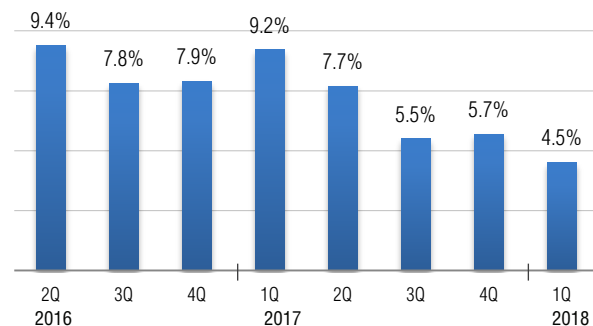
## Portfolio Net Operating Income

Same-Store  
Year-Over-Year Change

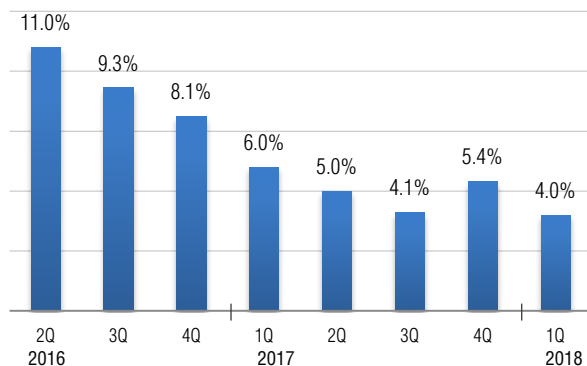
### Public Storage



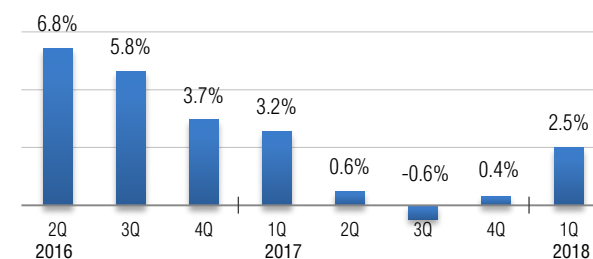
### Extra Space Storage



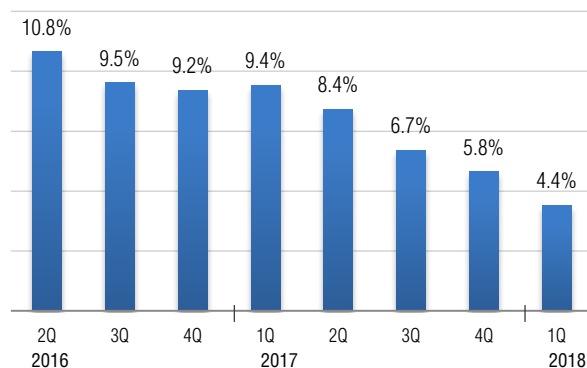
### CubeSmart



### Life Storage



### National Storage Affiliates



## Investment Activity

### Public Storage (NYSE: PSA)

*During the first quarter, acquired two facilities for \$18 million, one each in Nebraska and Tennessee.*

- As of March 31, 2018, Public Storage under contract to acquire three facilities for \$19 million. Locations include one each in Indiana, Kentucky and South Carolina.
- Public Storage has not witnessed cap rate changes for acquisitions as private capital has stepped up acquisition pace and enters secondary and tertiary markets.
- There is currently less portfolio product being offered in the market. The focus is more on one and two property offerings.
- The theme over the past few quarters has been lower-level quality of properties offered at high valuations.

### Development Activity

- Public Storage currently has a total development pipeline of approximately \$662 million. Various facilities in development totaling 2.7 million rentable square feet are estimated to cost \$381 million and various expansion projects totaling 2.3 million rentable square feet estimated to cost \$281 million. The remaining \$382 million of development costs for these projects is expected to be incurred within the next 18 months.
- During the first quarter, completed four newly developed facilities and various expansion projects costing \$60 million.
- Since 2013, Public Storage's development program delivered about 6.5 million square feet at a cost of approximately \$750 million. Current developments achieving just above 4% return on costs and eventually growing to 8% to 10%.
- 40% of new developments have achieved lease-up faster than projections.

### New Supply Peaking in 2018

- Overall U.S. market estimated 2017 new self storage deliveries of approximately \$3.5 billion, increasing in 2018 to an estimated \$4 billion.

### Acquisition and Development Summary

Acquisitions	Properties	Occupancy
2018	2	71.4%
2017	34	88.8%
2016	55	87.2%
New Developments	Properties	Occupancy
2016-2018	36	56.5%
2013-2015	20	90.4%

## Investment Activity

Extra Space  
Storage  
(NYSE: EXR)

*Year-to-date, invested \$316.5 million in acquisitions. Almost all acquisitions thus far resulting from off-market third-party relationships.*

- In the first quarter, acquired three operating stores for \$41.1 million, and one store in Totowa, New Jersey at certificate of occupancy for approximately \$19.54 million. Also, purchased a joint venture partners' interest in one store for approximately \$9.2 million.

### **Joint Venture Activity**

- Acquired one certificate of occupancy store in Raleigh for \$8.8 million and completed one development in Cherry Creek, Colorado for \$14 million with joint venture partners for a total cost of approximately \$22.8 million, of which Extra Space invested \$14.9 million.
- Subsequent to end of the quarter, acquired a joint venture partners interest (Prudential) for \$204 million in a portfolio of 14 properties across 12 states. The portfolio consists of older, stabilized former Storage USA facilities. The going-in cap rate was in the mid-5% range. The traditional promote structure of the venture earned Extra Space about \$14 million at liquidation of the venture, which in effect reduces its acquisition price. Including the promote fee, the going-in cap rate equates to 6%.

### **New Supply**

- The markets that are problematic due to new supply include New York City, Dallas and South Florida. In addition, new supply is threatening Tampa, Portland and Phoenix.
- There continues to be robust development, but it is getting spread more rationally across different markets.
- Older stores in markets with new supply continue to compete. While most new construction in current development cycle is multi-story climate controlled developments, older generation assets traditionally consist of single-story drive-up units. New supply may find it more difficult to compete against more desirable single-story properties in certain markets.
- There are a number of factors threatening to slow down the development cycle. Construction costs are up, steel is up about 15%, labor costs continue to rise, and interest rate costs are rising.
- Witnessing more experienced self storage developers canceling new projects as compared to developers new to the self storage industry.



## Investment Activity

Extra Space Storage  
(NYSE: EXR)

### Certificate of Occupancy and Development Stores - Under Contract

Location	Estimated Opening	Estimated Net Rentable Square Feet	Purchase Price/Cost	Price/Cost Per Square Foot	Ownership
<b>2018 Projected Openings</b>					
Elmhurst, IL	2Q 2018	81,750	\$9,960,000	\$121.83	25%
Houston, TX*	2Q 2018	75,025	\$9,000,000	\$119.96	100%
St. Petersburg, FL	2Q 2018	59,577	\$9,750,000	\$163.65	20%
Vancouver, WA	2Q 2018	67,455	\$8,250,000	\$122.30	25%
Riverview, FL	2Q 2018	78,000	\$10,400,000	\$133.33	10%
Largo, FL	2Q 2018	89,000	\$11,500,000	\$129.21	25%
Hollywood, FL	2Q 2018	60,525	\$12,000,000	\$198.27	10%
Minnetonka, MN	2Q 2018	84,500	\$12,025,000	\$142.31	100%
New York, NY	3Q 2018	140,659	\$79,901,000	\$568.05	25%
Portland, OR	3Q 2018	83,320	\$22,500,000	\$270.04	25%
Portland, OR	3Q 2018	67,975	\$11,700,000	\$172.12	25%
New York, NY	3Q 2018	128,095	\$52,321,000	\$408.45	25%
Norwood, MA	3Q 2018	85,650	\$19,000,000	\$221.83	10%
Jamaica Plain, MA	3Q 2018	97,500	\$21,333,000	\$218.80	100%
Lawrenceville, GA	3Q 2018	80,000	\$7,500,000	\$93.75	100%
Manayunk, PA	4Q 2018	57,675	\$17,100,000	\$296.49	100%
Crum Lynne, PA*	4Q 2018	84,250	\$13,180,000	\$156.44	95%
Newton, MA	4Q 2018	80,000	\$20,000,000	\$250.00	10%
Plantation, FL*	4Q 2018	75,750	\$11,800,000	\$155.78	100%
Total	19	1,576,706	\$359,220,000		

\*development

## Investment Activity

Extra Space Storage  
(NYSE: EXR)

### Certificate of Occupancy and Development Stores - Under Contract

Location	Estimated Opening	Estimated Net Rentable Square Feet	Purchase Price/Cost	Price/Cost Per Square Foot	Ownership
<b>2019 Projected Openings</b>					
New York, NY	1Q 2019	62,385	\$32,980,000	\$528.65	25%
San Jose, CA	1Q 2019	76,000	\$13,500,000	\$177.63	100%
Brooklyn Park, MN	1Q 2019	79,600	\$8,100,000	\$101.76	100%
Morristown, NJ	1Q 2019	77,300	\$21,700,000	\$280.72	50%
Vista, CA	2Q 2019	104,400	\$16,000,000	\$153.26	10%
Belleville, NJ*	2Q 2019	75,000	\$10,944,000	\$145.92	95%
Wakefield, MA	2Q 2019	84,075	\$16,800,000	\$269.30	100%
Total	7	558,760	\$120,024,000		

### 2020 Projected Openings

Aurora, CO	1Q 2020	79,900	\$10,528,000	\$131.76	100%
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\*development

Investment  
Activity

Extra Space  
Storage  
(NYSE: EXR)

**Certificate of Occupancy and Development Stores - Operating**

Location	Date Opened	Rentable Square Feet	Purchase Price/Cost	Price/Cost Per Square Foot	Occupancy 3/31/18	Ownership
Quincy, MA	1Q 2016	85,024	\$16,150,000	\$189.95	81.6%	100%
Chicago, IL	1Q 2016	81,683	\$16,500,000	\$202.00	87.5%	100%
Aurora, CO	1Q 2016	84,795	\$11,470,000	\$135.27	81.3%	10%
Mesa, AZ	2Q 2016	63,395	\$5,000,000	\$78.87	94.0%	100%
Roswell, GA	2Q 2016	77,090	\$7,900,000	\$102.48	84.6%	100%
New York, NY	2Q 2016	62,549	\$52,000,000	\$831.35	77.8%	25%
San Antonio, TX	2Q 2016	55,335	\$10,500,000	\$189.75	89.1%	100%
Elmont, NY	3Q 2016	80,173	\$29,000,000	\$361.72	73.1%	100%
Glendale, CA	3Q 2016	66,590	\$13,800,000	\$207.24	85.6%	100%
Vancouver, WA	3Q 2016	82,301	\$11,700,000	\$142.16	86.6%	100%
Murray, UT	4Q 2016	76,686	\$3,750,000	\$48.90	83.8%	100%
Smyrna, GA	2Q 2016	59,587	\$8,000,000	\$134.26	82.8%	100%
Portland, OR	3Q 2016	44,225	\$9,000,000	\$203.50	81.7%	100%
Sarasota, FL	4Q 2016	66,855	\$10,340,000	\$154.66	72.4%	20%
Lake Worth, FL	1Q 2017	78,615	\$8,455,000	\$107.55	71.8%	10%
Clearwater, FL	1Q 2017	58,576	\$7,750,000	\$132.31	71.7%	20%
Philadelphia, PA	2Q 2017	76,866	\$17,800,000	\$231.57	47.6%	100%
Orlando, FL	2Q 2017	62,988	\$7,343,000	\$116.58	81.9%	100%
Ft Myers, FL	3Q 2017	77,314	\$8,970,000	\$116.02	35.9%	100%
Cohasset, MA	3Q 2017	50,330	\$8,800,000	\$174.85	66.1%	10%
Venice, FL	4Q 2017	58,254	\$7,830,000	\$134.41	60.7%	20%
Portland, OR	4Q 2017	73,255	\$12,800,000	\$174.73	40.9%	25%

Investment  
Activity

Extra Space  
Storage  
(NYSE: EXR)

**Certificate of Occupancy and Development Stores - Operating (continued)**

Location	Date Opened	Rentable Square Feet	Purchase Price/Cost	Price/Cost Per Square Foot	Occupancy 3/31/17	Ownership
Suwanee, GA	4Q 2017	80,158	\$9,600,000	\$119.76	15.6%	100%
Buford, GA	4Q 2017	78,735	\$7,500,000	\$95.26	21.7%	100%
Philadelphia, PA	4Q 2017	73,330	\$17,700,000	\$241.37	48.3%	100%
Westwood, NJ	4Q 2017	70,923	\$21,000,000	\$296.10	20.7%	100%
Warrington, PA	4Q 2017	65,747	\$12,000,000	\$182.52	55.5%	100%
New York, NY	4Q 2017	52,672	\$25,924,000	\$492.18	29.7%	25%
Charlotte, NC	4Q 2017	70,092	\$10,900,000	\$155.51	24.0%	100%
Bradenton, FL	4Q 2017	86,605	\$10,400,000	\$120.09	41.9%	100%
Raleigh, NC	1Q 2018	68,457	\$8,800,000	\$128.55	6.6%	10%
Cherry Creek, CO	1Q 2018	88,358	\$14,000,000	\$158.45	2.4%	100%
Totowa, NJ	1Q 2018	82,540	\$19,541,000	\$236.75	7.4%	100%
Total	33	2,340,103	\$442,223,000			

## Investment Activity

### CubeSmart (NYSE: CUBE)

*Acquired one store in Texas for \$12.2 million in the first quarter. The acquisition generated from a third-party management relationship.*

- The new store is in early lease-up with a going-in cap rate in the low-4% range, and stabilized expectation of about 200 basis points above the going-in cap rate.
- Under contract to acquire two properties, one in Texas and one in Washington D.C., for a total of \$53.7 million. The deals are expected to close by the third quarter of 2018. The properties are in early lease-up stages with anticipated stabilized yields in the 6% to 7% range.

### Joint Venture Acquisitions

- CubeSmart joint venture, HVP IV, acquired four properties for \$51 million, of which CubeSmart contributed \$10.3 million. Property locations include two in Arizona, one each in Maryland and Texas. The going-in cap rates for the facilities are in the mid- to high-5% range, growing to low-7% over time as properties approach stabilization.
- Subsequent to quarter-end, joint venture HVP IV acquired another store for \$19 million in Florida, and has three properties under contract for \$23.9 million with locations in Florida, Georgia and Texas. The transactions are expected to close in the second quarter of 2018.

### Cost of Capital Impacting Acquisition Volume

- The cost of equity capital, the valuation of common stock, combined with elevated valuations for properties on the market, has muted external growth.

### Development and Certificate of Occupancy Pipeline

- Active new property pipeline includes approximately \$250 million under construction, opening in 2018 and 2019. CubeSmart anticipates an additional \$40 million in acquisitions of new stores upon completion in the second quarter of 2018.

### Development Activity

- CubeSmart did not acquire any properties in the first quarter at completion of construction or any new joint venture developments.
- As of March 31, 2018, had two properties under contract to purchase at certificate of occupancy for a total acquisition price of \$40 million. Locations include a new property in Miami for \$20.8 million, and one in San Diego for \$19.2 million. Openings expected in the second and third quarters of 2018.
- As of March 31, 2018, had seven joint venture properties under construction. CubeSmart anticipates investing a total of \$250 million related to these projects. The locations include four in New York, two in Massachusetts, and one in New Jersey. The facilities are expected to open at various times between the third quarter of 2018 and the fourth quarter of 2019.

## Investment Activity

CubeSmart  
(NYSE: CUBE)

### Store Acquisitions At Certificate of Occupancy

Location	Expected Opening	Contract Price
Miami, FL	2Q 2018	\$20,800,000
San Diego, CA	3Q 2018	\$19,200,000
Total		\$40,000,000

### New Development Properties

Location	Expected Opening	CUBE's Anticipated Investment
Bronx, NY	3Q 2018	\$90,000,000
Queens, NY	4Q 2018	\$45,700,000
Waltham, MA	1Q 2019	\$16,000,000
Bayonne, NJ	1Q 2019	\$24,700,000
New York, NY	3Q 2019	\$11,800,000
Brooklyn, NY	3Q 2019	\$43,000,000
Newtonville, MA	4Q 2019	\$18,800,000
Total		\$250,000,000

## Investment Activity

CubeSmart  
(NYSE: CUBE)

### Acquisitions at Certificate of Occupancy - Operating

Location	Date Completed	Rentable Square Feet	Purchase Price	Price Per Square Foot	Occupancy 3/31/2018
Brooklyn, NY	1Q 2016	110,100	\$48,500,000	\$440.51	51.2%
Fort Worth, TX	2Q 2016	77,929	\$10,100,000	\$129.61	52.2%
Grapevine, TX	2Q 2016	78,019	\$10,800,000	\$138.43	56.5%
Riverwoods, IL	2Q 2017	73,915	\$11,200,000	\$151.53	36.0%
Chicago, IL	4Q 2017	91,407	\$11,300,000	\$123.62	30.6%
Delray Beach, FL	4Q 2017	97,970	\$17,750,000	\$181.18	13.8%
Total		529,340	\$109,650,000		

### New Development Properties - Operating

Location	Date Completed	Rentable Square Feet	Total Cost	Cost Per Square Foot	Occupancy 3/31/2018
Queens, NY	1Q 2016	90,728	\$31,800,000	\$350.50	79.9%
Bronx, NY	2Q 2016	89,785	\$32,200,000	\$358.63	46.8%
North Palm Beach, FL	1Q 2017	46,275	\$9,700,000	\$209.62	55.4%
New York, NY*	3Q 2017	94,912	\$81,200,000	\$855.53	20.1%
Washington, D.C.	3Q 2017	71,971	\$27,800,000	\$386.27	23.9%
Brooklyn, NY	4Q 2017	132,038	\$49,300,000	\$373.38	4.0%
Total		525,709	\$232,000,000		

\*The company owns a 90% interest in this property.

## Investment Activity

Life Storage  
(NYSE: LSI)

*As of March 31, 2018, no properties under contract to purchase for its wholly-owned own portfolio or that of joint ventures. Life Storage is expecting to contribute up to \$50 million to new or existing joint ventures during 2018.*

### **Acquisition and Disposition Market**

- Valuations remain elevated and see little movement in asset pricing over the past few quarters. There are only a few mid-sized reduced-quality portfolios on the market for sale. There remains continued interest in the private sector for all classes.
- Despite an improved cost of capital from a rising stock price, the opportunities to buy properties on the open market for the wholly-owned portfolio remains challenging.
- Life Storage is focused on expanding its joint venture platform in 2018. There is consideration to either dispose of certain assets, contribute wholly-owned assets into joint ventures, or combine wholly-owned properties with new joint venture acquisitions.

### **Certificate of Occupancy Assets Performing Well**

- As of March 31, 2018, operating 22 self storage facilities acquired between 2015-2017 upon issuance of certificate of occupancy or in early stages of lease-up. These properties are expected to contribute above average revenue growth in 2018.

### **Development Market**

- The fear of programmatic lending from large capital players has not yet emerged in the development market. Family offices and small investment groups are driving development with \$50 million to \$200 million in capital to place over a two to three-year period.
- While Dallas, San Antonio and Austin are reaching peak deliveries, Miami and Phoenix continue to be highly impacted by new deliveries.
- Other markets of note where new supply is impacting Life Storage stores includes Portland, San Diego and Chicago.
- The Life Storage portfolio in Chicago is experiencing headwinds from new supply. 20 new facilities have opened within a five-mile radius of operating Life Storage stores within the past two years in Chicago. There are five competing stores under construction.



Investment  
Activity

Life Storage  
(NYSE: LSI)

**Certificate of Occupancy Operating Properties**

Market	Date Acquired	Net Rentable Sq. Ft.	Price	Price Per Sq. Ft.	Occupancy 3/31/2018
Chicago, IL	Mar-2015	64,775	\$8,690,000	\$134.16	94.4%
Phoenix, AZ	Jun-2015	64,063	\$7,904,000	\$123.38	92.8%
Boston, MA	Jun-2015	63,283	\$10,291,000	\$162.62	86.3%
Phoenix, AZ	Feb-2016	67,795	\$9,275,000	\$136.81	94.2%
Miami, FL	Feb-2016	69,801	\$11,274,000	\$161.52	88.9%
Los Angeles, CA	Mar-2015	79,345	\$18,600,000	\$234.42	89.1%
Charleston, SC	Jul-2016	70,165	\$8,620,000	\$122.85	40.4%
Austin, TX	Jul-2016	88,365	\$12,477,000	\$141.20	91.2%
Chicago, IL	Jul-2016	129,382	\$31,440,000	\$243.00	87.4%
Chicago, IL	Jul-2016	74,236	\$11,545,000	\$155.52	94.2%
Chicago, IL	Jul-2016	71,198	\$14,953,000	\$210.02	92.6%
Chicago, IL	Jul-2016	76,175	\$11,357,000	\$149.09	93.3%
Chicago, IL	Jul-2016	59,959	\$14,249,000	\$237.65	91.1%
Chicago, IL	Jul-2016	86,322	\$11,959,000	\$138.54	92.1%
Dallas, TX	Jul-2016	70,355	\$9,451,000	\$134.33	90.4%
Dallas, TX	Jul-2016	56,852	\$12,239,000	\$215.28	76.9%
Boulder, CO	Jul-2016	45,986	\$8,373,000	\$182.08	75.8%
San Marco, TX	Jul-2016	59,066	\$8,353,000	\$141.42	87.8%
Chicago, IL	Nov-2016	68,235	\$8,884,000	\$130.20	87.9%
Chicago, IL	Feb-2017	78,023	\$10,089,000	\$129.31	39.0%
Austin, TX	Apr-2017	58,604	Lease	-	87.2%
Charlotte, NC	Dec-2017	70,118	\$12,549,000	\$178.97	17.0%
Total	22	1,572,103	\$252,572,000		

## Investment Activity

### National Storage Affiliates (NYSE: NSA)

*National Storage Affiliates acquired 25 wholly-owned properties in six states for \$135.8 million, and one joint venture property in New Jersey for \$9.5 million. The most active first quarter acquisition pace on record.*

- The newly acquired 25 wholly-owned properties consist of approximately 1.4 million rentable square feet in about 12,000 storage units. NSA paid approximately \$105.1 million cash, and assumed \$8.3 million of mortgages and other working capital liabilities, plus issued approximately \$122.4 million in Operating Partnership. The Operating Partnership equity included the issuance of \$8.1 million of preferred units (6.0% series A-1 Cumulative Redeemable Preferred Units).
- The joint venture acquisition of one property in New Jersey for \$9.5 million shall be 25% owned by NSA, with the company contributing approximately \$2.4 million.
- Nearly every acquisition in the first quarter originated from an off-market third-party relationship.

### Acquisition Pipeline

- NSA has a captive pipeline of over 100 properties valued at over \$900 million from its PROs. Ten of these properties expected to become part of the NSA platform in 2018. The availability of captive pipeline assets may be triggered by debt maturity ending or when the captive stores stabilize.
- NSA not acquiring certificate of occupancy properties or newly opened properties, instead buying mostly stabilized assets.
- NSA witnessing more institutional-backed private companies acquiring which are helping maintain low cap rate environment.
- NSA experienced more rational seller expectations in recent transactions. While it is still a relatively tight market, cap rates increased about 10 basis points. The slight increase as compared to the larger increase in the 10-year Treasury Bill rate is reflective of the competitive market for self storage assets.

### New Supply Impact

- NSA markets most impacted by new supply include Oklahoma City, Tulsa, Raleigh, Portland, and Dallas.
- Less than 20% of NSA stores are impacted by new supply.
- NSA estimates deliveries may peak late this year with a slight slowdown next year, resulting in supply and demand approaching equilibrium in many NSA markets.

## Operations

Public Storage  
(NYSE: PSA)

*Public Storage experienced a more modest move-out trend at the end of every month during the first quarter than they've seen in previous years. The portfolio occupancy at end of the first quarter (92.1%) was lower than the weighted average for the quarter (92.3%). The move-outs are offset by positive move-in trends at the beginning of the month.*

### Same-Store Comparison

- Same-store facilities represent those facilities that have been owned and operated at a stabilized level occupancy, revenue and cost of operations since January 1, 2016. The same-store pool consists of 2,052 facilities (10 facilities were added to the same-store pool during the quarter) representing 83% of the aggregate net rentable square feet of Public Storage' U.S. consolidated self storage portfolio.

### 1Q 2018 RESULTS

- Same-store revenues increased 2.1% during Q1 2018. The increase was driven by a 3.0% increase in realized revenue per occupied square foot.
- Cost of operations for the same-store pool increased by 3.3% during Q1 2018. The increase was impacted by a 4.5% growth in real estate taxes and 4.2% growth in payroll tax.
- Same-store net operating income grew 1.7% year-over-year.
- Occupancy during the first quarter declined year-over-year. Same-store occupancy at the end of the first quarter was 92.1%, compared to 93.2% a year earlier, a 120 basis point decrease. Same-store weighted average occupancy during the first quarter was 92.3%, compared to 93.1% year-over-year, a nearly 90 basis point decrease.

### Operating Fundamentals

- Public Storage focuses on occupancy and rental rate growth as components to maximize revenues. Each market contains different dynamics both from a demand nature of the customer and nature to drive different customer behaviors. Public Storage generally considers stabilized occupancies above 90% threshold.

### Negative Rate Rollover

	Q1 2018	Q1 2017
Move-in rate average	\$119/unit	\$124/unit
Move-out rate average	\$137/unit	\$136/unit
Difference	-\$18/unit	-\$12/unit

- The impact of rent rollover year-over-year has deteriorated, but there is modest sequential improvement compared the fourth quarter of 2017. The average move-in take rate during the first quarter 2018 was \$119 per unit, compared to \$124 per unit in the first quarter 2017. The average move-out rate during the first quarter 2018 was \$137 per unit versus \$136 per unit in 2017. The negative \$18 per unit gap between the move-in rate and move-out rate during the first quarter 2018 is deterioration from the negative \$12 difference in the first quarter 2017. Sequentially, there was modest improvement over the fourth quarter 2017 gap of \$19 per unit.

## Operations

### Public Storage (NYSE: PSA)

- The Houston market experienced continued benefits from the hurricane last fall where move-in trends have held firm. The bottom performers on move-in trends tend to be the bottom performers on revenue growth. Weaker move-in markets include Chicago, Denver and Dallas.
- In the first quarter, asking street rates were down 3% versus last year, while achieved rates down 4%. Achieved rates were down 5% in February but improved to down 4% in March.
- Overall minimum wage increases nationwide, coupled with retaining talent in a low unemployment environment, impacting Public Storage's competitive need to increase on-site managers' wages.
- Public Storage believes its brand name holds an advantage utilizing online channels. Marketing expenditures on internet increased 40% in the first quarter versus last year, as television advertising cut to zero for the third consecutive quarter.

### Revenue Growth in Top Five Markets

- The strongest growth year-over-year in the top five Public Storage markets are Los Angeles at 4.5%, San Francisco at 3.4% and New York at 2.9%.
- Washington DC at -0.1% and Chicago at -2.3% lagged the other top five markets in revenue growth during the quarter.

### Same Store Revenue Growth of Top Five Markets

Market	Revenue Growth
Los Angeles, CA	+4.5%
San Francisco, CA	+3.4%
New York, NY	+2.9%
Chicago, IL	(2.3%)
Washington, D.C.	(0.1%)

### Resilient Demand Jersey City Example

- Public Storage recently opened its largest property in Jersey City, New Jersey with over 4,000 units, and in a little over one year have leased over 50%. Projected four years to stabilize and far ahead of this pace.
- West Coast markets, excluding Portland, witnessing little new development due to difficulty locating sites with appropriate entitlements or increasing land values.

### Strong European Same Store Performance

- Public Storage European properties, branded as "Shurgard", revenues increased 3% in the first quarter. Expenses were flat resulting in net operating income increase of 4.8%.

## Operations

Public Storage  
(NYSE: PSA)

### Top Market Same-Store Performance - Quarter End March 31, 2018

Market	Facilities	Rent Per Occupied Square Foot	Weighted Avg. Occupancy	Revenue Growth
Los Angeles, CA	199	\$25.09	95.0%	4.5%
San Francisco, CA	124	\$25.60	94.2%	3.4%
New York, NY	83	\$24.68	93.5%	2.9%
Chicago, IL	129	\$15.48	88.1%	(2.3%)
Washington, D.C.	82	\$21.25	90.3%	(0.1%)
Seattle-Tacoma, WA	81	\$19.69	92.1%	3.3%
Miami, FL	73	\$19.57	92.3%	1.2%
Atlanta, GA	98	\$12.96	91.9%	2.0%
Houston, TX	71	\$14.18	91.5%	1.7%
Dallas-Ft. Worth, TX	79	\$13.34	90.9%	(1.2%)
Philadelphia, PA	57	\$15.68	93.4%	2.7%
Orlando-Daytona, FL	64	\$13.56	94.2%	5.1%
West Palm Beach, FL	38	\$18.32	93.9%	2.4%
Tampa, FL	47	\$14.09	92.7%	2.4%
Charlotte, NC	48	\$11.50	90.4%	0.2%
All Other Markets	779	\$14.48	92.0%	1.7%
Total	2,052			

## Operations

Extra Space  
Storage  
(NYSE: EXR)

*Approximately 59% of all new customers in the first quarter receiving some type of promotional discount versus 82% of new customers last year. Current discounts just under 4% of total revenue. Expecting discounting to increase over summer leasing season as compared to last year partly due to increasing new supply.*

### Same-Store Comparison

- Same-store facilities represent those facilities that were stabilized by the first day of the earliest calendar year presented. Extra Space considers a facility to be stabilized once it has been open for three years or has sustained average square foot occupancy of 80% or more for one calendar year. The same-store pool includes 787 facilities.

#### Q1 2018 RESULTS

- Same-store revenues increased 5.2% during Q1 2018 - a 30 basis point acceleration year-over-year. The increase was driven by 4% to 5% rate growth to new customers.
- New additions to same-store pool added about 30 basis points to revenue growth in the first quarter. Extra Space added 86 stores to its same-store pool during the quarter.
- Cost of operations for the same-store pool increased by 6.9% during Q1 2018. The increase was impacted by an 11.6% growth in real estate taxes and outsized weather-driven snow removal and utility expenses. The gain was offset by a 6.6% reduction in marketing expenses.
- Same-store net operating income grew 4.5% year-over-year during Q1 2018.
- Occupancy during the first quarter was flat year-over-year. Same-store occupancy at the end of the first quarter was 92.1%, compared to 92.0% a year earlier, a 10 basis point increase. Same-store weighted average occupancy during the first quarter was 91.7%, compared to 91.6% year-over-year, a 10 basis point gain.

### Operating Fundamentals

- The strongest growth year-over-year comparisons in major markets include Los Angeles, San Francisco, Atlanta, Phoenix, and Philadelphia. Major markets that fell below the portfolio average include New York, Texas, Boston, South Florida, and Chicago.
- Discounts during the first quarter decreased as compared to last year. About 82% of new customers received discounts in Q1 2017, equating to 4.3% of total rental revenue, compared to 59% in Q1 2018, or 3.9% of revenue.
- Extra Space plans to increase discounts during the summer months to above 60% of new customers in order to maintain rates.

### New York

- Same-store pool in the boroughs of New York consists of eight stores. The facilities generated sub-2% revenue growth during the first quarter.
- A more significant portion of Extra Space stores are located outside of the New York boroughs. The facilities performed well with revenue growth about 4%.

## Operations

Extra Space  
Storage  
(NYSE: EXR)

### Third-Party Management

	stores
Third-party owners	456
Joint venture owned	216
Total managed	672

- Added 41 third-party managed stores in the first quarter with a mix of about 40% existing operating properties, and about 60% taking over newly constructed properties.

### Full Year 2018 Guidance\*

Same-store property revenue growth**	3.5% to 4.25%
Same-store property expense growth	3.5% to 4.25%
Same-store NOI growth	3.25% to 4.5%
Net tenant reinsurance income	\$89.5 million to \$90.5 million
Management fees, other income, interest income	\$46 million to \$47 million
Acquisitions of wholly-owned operating stores	\$390 million
Development and C of O of wholly-owned stores	\$90 million
Investment in joint ventures of development and C of O stores	\$120 million
Dilution per share from C of O and value add acquisitions	\$0.21 per share

\*Same-store pool of 787 stores

\*\*excluding tenant reinsurance

## Operations

Extra Space  
Storage  
(NYSE: EXR)

### Select Markets Same-Store Performance

MSA	Stores	Rent Per Occupied Sq. Ft.	Average Occupancy	Revenue Growth
Los Angeles-Riverside-Orange County, CA	76	\$19.45	93.4%	8.0%
New York-Northern New Jersey-Long Island, NY-NJ-PA	65	\$23.22	92.6%	3.7%
Dallas-Fort Worth, TX	46	\$12.98	90.4%	2.7%
Washington-Baltimore, DC-MD-VA-WV	46	\$20.05	90.7%	3.3%
Atlanta, GA	45	\$12.40	91.7%	7.6%
San Francisco-Oakland-San Jose, CA	39	\$26.12	93.0%	5.6%
Boston-Worcester-Lawrence, MA-NH-ME-CT	37	\$21.30	91.7%	3.6%
Miami-Fort Lauderdale, FL	27	\$18.69	92.1%	3.1%
Chicago-Gary-Kenosha, IL-IN-WI	27	\$14.66	90.6%	3.6%
Phoenix-Mesa, AZ	20	\$11.69	92.2%	7.8%
Houston-Galveston-Brazoria, TX	18	\$12.79	91.6%	3.9%
Norfolk-Virginia Beach-Newport News, VA-NC	16	\$11.88	91.0%	1.3%
Cincinnati-Northern Kentucky	14	\$10.02	91.5%	4.3%
Tampa-St. Petersburg-Clearwater, FL	14	\$16.64	91.8%	4.8%
Indianapolis, IN	14	\$10.35	93.1%	6.8%
Philadelphia-Wilmington-Atlantic City, PA-DE-NJ	13	\$14.21	93.9%	8.9%
Las Vegas, NV-AZ	13	\$10.17	94.3%	8.9%
Sacramento-Yolo, CA	11	\$15.80	91.7%	7.9%
Charleston-North Charleston, SC	11	\$13.08	88.1%	(0.8%)
Orlando, FL	11	\$13.31	90.9%	4.1%
Memphis, TN-AR-MS	11	\$9.69	92.3%	7.2%
Austin-San Marcos, TX	11	\$13.61	88.6%	4.9%
West Palm Beach-Boca Raton, FL	10	\$13.95	90.8%	1.7%
Hawaii, HI	9	\$31.97	92.5%	5.5%
Richmond-Petersburg, VA	8	\$13.85	90.9%	4.3%



## Operations

Extra Space  
Storage  
(NYSE: EXR)

### Select Markets Same-Store Performance (continued)

<b>MSA</b>	<b>Stores</b>	<b>Rent Per Occupied Sq. Ft.</b>	<b>Average Occupancy</b>	<b>Revenue Growth</b>
Albuquerque, NM	6	\$12.36	92.1%	6.2%
Denver-Boulder-Greeley, CO	5	\$14.23	88.7%	4.8%
Salt Lake City-Ogden, UT	5	\$13.20	92.2%	9.6%
San Diego, CA	5	\$18.26	90.1%	7.1%
Columbia, SC	5	\$11.48	88.5%	6.6%
Seattle-Tacoma-Bremerton, WA	5	\$17.20	91.9%	9.0%
Colorado Springs, CO	5	\$12.73	91.1%	5.4%
Midland-Odessa, TX	5	\$10.81	96.0%	18.9%
Portland-Salem, OR-WA	5	\$15.49	90.6%	2.5%
El Paso, TX	4	\$7.81	92.2%	13.0%
Pittsburgh, PA	4	\$12.04	87.0%	2.0%
Stockton-Lodi, CA	4	\$15.02	93.2%	10.3%
San Antonio, TX	4	\$13.18	89.0%	7.6%
Other MSAs	4	\$12.64	91.5%	5.3%
Total	787	\$16.24	91.7%	5.2%

## Operations

CubeSmart  
(NYSE: CUBE)

*New supply will compete with about 40% of company portfolio. New supply may negatively affect these stores from 200 to 300 basis points in rental rate growth versus non-impacted stores.*

### Same-Store Comparison

- CubeSmart considers a facility to be stabilized once it has achieved an occupancy rate that, based on an assessment of specific market data, is representative of similar self storage assets in the applicable market for a full year measured as of the most recent January 1st. As of March 31, 2018, the same-store pool includes 458 stores totaling approximately 31.59 million square feet.

#### 1Q 2018 RESULTS

- Same-store revenues increased 3.8% during Q1 2018. The increase was driven by a 3.6% increase in realized revenue per occupied square foot and a 20 basis point increase in average occupancy.
- New additions to same-store pool added about 40 basis points to revenue growth in the first quarter. The contributions of the new additions for the full year expected to reduce to about 10-20 basis points of growth.
- Cost of operations for the same-store pool increased by 3.4% during Q1 2018. The increase was impacted by a 4.5% growth in real estate taxes and higher utility and snow removal expenses due to weather-related issues.
- Same-store net operating income grew 4.0% year-over-year.
- Same-store occupancy at the end of the first quarter was 92.5%, compared to 92.3% year-over-year.

### New Supply Impact

- New supply competes with 40% of CubeSmart's portfolio, unchanged from the beginning of 2018. In New York about 80% of CubeSmart stores are impacted by new supply.
- Rental rates increased in the 4% to 5% range in the less supply impacted markets, and in the 2% to 3% range in the more supply impacted markets.
- CubeSmart evaluates supply on a three-year rolling basis. The current impact of 2016, 2017 and 2018 deliveries on operations may not be materially different from the impact of 2017, 2018 and 2019 deliveries.
- There is modest tightening in developers access to capital. Constructions loans continue to be available from local banks with pre-existing relationships to the developer. Most of the developments that have opened in the past six to twelve months are leasing up fine. However, rental rates may be lower than original projections given to banks. If the pattern continues, there may be pressure on loan covenants that may lead to a more conservative view of new construction by banks.
- Increase in labor and raw material costs may also impact the pace of new development.

## Operations

CubeSmart  
(NYSE: CUBE)

### Strongest Revenue Growth Markets

- The strongest growth year-over-year comparisons include Southern California, specifically Inland Empire, Los Angeles and San Diego areas; followed by Northern California, Sacramento, San Francisco area, followed by West Florida, Naples, Fort Meyers, Tampa, Sarasota.
- Same-store average occupancy in the New York boroughs increased 140 basis points year-over-year with flat rental rate growth. The Bronx is rebounding from the impact of new supply, while the Brooklyn stores are beginning to feel the impact of new supply.

### Resilient Demand

- Customer health remains solid. Various metrics including write-offs, accounts receivable, rate of auctions all remain consistent with the first quarter of 2017. Rate increases on existing customers of 8% to 10% continues, and similar timing of increases as last year.
- Increasingly, more customers are utilizing on-line channels to initiate renting, and particularly more customers coming through mobile applications. Customers are getting more comfortable going through the reservation process online and showing up at the facility with a reservation.

### 2018 Full Year Guidance Update

Same-store revenue growth	2.25% to 3.25%
Same-store expense growth	3.5% to 4.5%
Same-store net operating income growth	1.75% to 3.0%
Acquisition of wholly-owned properties	\$50 million to \$100 million
Acquisition of properties at C/O	\$40 million
New development openings	\$135.7 million
Dispositions	\$0 to \$50 million
Dilution from properties in lease-up	(\$0.06) to (\$0.07)
Property management fee income	\$19 million to \$21 million

### Operating Fundamentals

- Discounts as a percentage of in-place rents remain at the same low rate of 3.9% as last year.
- The average length of stay elongated slightly by about seven days, currently about 14 months.

### Third Party Management

- As of March 31, 2018, third-party management program increased to a total of 496 stores, including joint venture managed stores.
- During the first quarter, added 47 stores to third-party management program consisting of 32 newly developed properties and 15 existing operating properties.
- It is too early to gauge the impact of Public Storage's entry into third-party management program on CubeSmart's platform. Each owner and each provider have certain characteristics that are appealing to each other. It is CubeSmart's belief that it is a big enough pool of customers to accommodate additional third-party management competition.

## Operations

CubeSmart  
(NYSE: CUBE)

### Same-Store Operating Performance by MSA

MSA	Facilities	Rent Per Occupied Sq. Ft.	Average Occupancy	Revenue Growth
New York-Northern New Jersey-Long Island, NY-NJ-PA	53	\$27.38	92.6%	3.2%
Chicago-Naperville-Joliet, IL-IN-WI	40	\$14.11	90.7%	1.2%
Miami-Fort Lauderdale-Pompano Beach, FL	35	\$18.12	92.5%	4.0%
Dallas-Fort Worth-Arlington, TX	32	\$13.58	90.5%	2.2%
Washington-Arlington-Alexandria, DC-VA-MD-WV	23	\$20.44	91.4%	2.8%
Phoenix-Mesa-Scottsdale, AZ	18	\$11.77	90.5%	4.7%
Atlanta-Sandy Springs-Marietta, GA	18	\$12.65	91.4%	3.5%
Riverside-San Bernardino-Ontario, CA	16	\$12.85	93.1%	7.0%
Tucson, AZ	15	\$10.77	94.5%	7.9%
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	13	\$16.22	93.0%	6.3%
Houston-Sugar Land-Baytown, TX	13	\$12.93	92.0%	2.9%
Hartford-West Hartford-East Hartford, CT	12	\$12.52	92.4%	4.4%
Orlando-Kissimmee, FL	10	\$12.61	92.4%	2.8%
Columbus, OH	10	\$10.41	92.0%	4.8%
Cleveland-Elyria-Mentor, OH	10	\$12.94	92.6%	2.4%
Boston-Cambridge-Quincy, MA-NH	9	\$19.88	91.7%	6.2%
Denver-Aurora, CO	8	\$14.77	90.8%	1.2%
Sacramento-Arden-Arcade-Roseville, CA	8	\$13.86	92.7%	4.1%
Nashville-Davidson-Murfreesboro-Franklin, TN	7	\$12.18	90.3%	14.5%
Las Vegas-Paradise, NV	7	\$12.22	91.3%	8.1%
Jacksonville, FL	7	\$15.88	93.8%	6.3%
Austin-Round Rock, TX	7	\$14.44	89.2%	0.9%
San Diego-Carlsbad-San Marcos, CA	6	\$16.46	93.6%	5.2%
Los Angeles-Long Beach-Santa Ana, CA	6	\$16.81	93.2%	4.0%
Tampa-St. Petersburg-Clearwater, FL	6	\$16.12	90.6%	3.5%
Bridgeport-Stamford-Norwalk, CT	6	\$22.15	92.5%	4.3%
Cape Coral-Fort Myers, FL	5	\$15.47	92.3%	7.0%
Charlotte-Gastonia-Concord, NC-SC	5	\$13.28	90.7%	1.5%
San Antonio, TX	4	\$13.04	90.1%	0.0%
Salt Lake City, UT	4	\$12.03	90.5%	1.4%
Providence-New Bedford-Fall River, RI-MA	4	\$14.55	92.9%	7.2%
Naples-Marco Island, FL	4	\$16.40	91.4%	1.6%
Other	37	\$14.15	92.4%	4.5%
Total	458	\$16.19	91.9%	3.8%

## Operations

LifeStorage  
(NYSE: LSI)

*Life Storage achieved same-store revenue growth in 29 of the 33 major markets in the same-store pool. 27 markets maintained an average occupancy greater than 90%.*

### Same-Store Comparison

- Same-store facilities for Life Storage represent those properties that have been owned by Life Storage and included in the consolidated results since January 1, 2017, excluding facilities not yet stabilized, the properties sold in 2017, seven facilities impacted by flooding in 2016 and 2017, and two facilities that Life Storage began to fully replace in 2017. There are 535 facilities in Life Storage's same-store pool.

#### Q1 2018 RESULTS

- Same-store revenues increased 2.5% during Q1 2018- a 120 basis point acceleration year-over-year. The increase was driven by a modest increase in realized revenue per occupied square foot and gains in occupancy.
- New additions to same-store pool contributed to revenue growth in the first quarter. Life Storage added 105 stores to its same-store pool during the quarter.
- Cost of operations for the same-store pool increased by 2.6% during Q1 2018. The increase was impacted by a 6.2% growth in real estate taxes and 7.9% increase in utilities. The gain was offset by a 17.7% reduction in internet spending due to gains in Life Storage brand presence on the web.
- Same-store net operating income grew 2.5% year-over-year during the quarter.
- Same-store occupancy at the end of the first quarter was 91.2%, a 110 basis points improvement over last year and an all-time high occupancy for a first quarter. Same-store average occupancy during the first quarter was 91.1%, a 150 basis point gain compared to the same period in 2017.

### Operating Fundamentals

- Markets with the strongest positive revenue impact included Las Vegas, Houston/Beaumont, Northern and Southern California, Buffalo-Upstate New York, and Boston.
- Markets forecasted less than portfolio-wide growth includes San Antonio, Dallas and Austin all battling supply issues. Chicago and Miami new supply not expecting to impact as much as Texas markets.
- The impact of the hurricane on operations in Houston is expected to trail off in 2018. Houston achieved a sequential gain in occupancy of 200 basis points during the quarter versus a 400 basis point gain during Q4 2017. A continued positive in the Houston market is increased pricing power. There is more opportunity to boost rates on in-place customers and lower discounting.
- Same-store expenses, excluding property taxes, were well contained increasing less than 1%. Brand significant gains on the web allowed internet marketing spend to be reduced by 17.7% versus last year's first quarter.
- Same-store real estate taxes increased 6.2% year-over-year, with significant increases expected in Houston, Austin, Chicago, St. Louis, and certain Florida markets.
- More aggressive rate increases on in-place customers during the quarter, with 26,000 customers receiving an increase letter versus only 5,000 last year. Life Storage is closely monitoring the impact of the rent increase on the move-out rate, and ultimately its impact on revenues.
- Promotion discounts increased slightly to 2.6% of revenue versus about 2.1% last year.

## Operations

LifeStorage  
(NYSE: LSI)

### **Certificate of Occupancy Growth Trends**

- Occupancies for stores in lease-up increased 390 basis points from the previous quarter, even though the first quarter is traditionally the slow season. The certificate of occupancy stores in lease-up achieved quarter-end occupancy of 81.6%.

### **Third-Party Management Platform**

- Life Storage manages a total of 145 properties, 47 through third-party management agreements and 98 through joint ventures. There are an additional 26 properties under contract to manage commencing in 2018 and 2019, three of which opened subsequent to quarter-end.
- Twenty-one of the remaining 23 management contracts are for new developments.
- During the first quarter, Life Storage added 10 properties to third-party management platform.

### **Internal Growth Initiatives**

- Internal growth is focused on expansions and enhancements. Life Storage plans an additional \$50 to \$55 million in expansions to existing facilities in 2018.
- Budgeted \$20 to \$23 million to provide for recurring capitalized expenditures including roofing, paving and office renovations.

### **Warehouse Anywhere**

- Life Storage initiated the Warehouse Anywhere program to attract large corporate customers to its national platform. The objective is to provide one-stop shopping to satisfy corporate client's storage needs throughout the country by arranging common leases with its facilities and generate consolidated invoices to simplify accounting.

### **Board of Directors Changes**

- Co-founders Robert Attea, CEO from 1997 to 2012 and Chairman of the Board since 1995, and Kenneth Myszka, former CEO, plan to retire and step down from the Board of Directors in 2018.
- Life Storage worked with Jonathan Litt, founder of Land & Buildings Investment Management, LLC, currently the owner of 1.8% of the company's outstanding shares, appointing two new independent Board of Directors, Dana Hamilton and Edward Pettinella. Current CEO David Rogers, also was appointed to the Board of Directors, all effective immediately.
- Mr. Pettinella has a financial background focused on real estate and banking, and was President and CEO of Home Properties. He will serve Life Storage as a member of the Nominating and Governance.
- Ms. Hamilton has a financial background focused on real estate investing and operations, including as a partner at Pretium Partners, LLC. She also spent 20 years at Archstone. Ms. Hamilton will serve on the Audit Committee.

## Operations

Life Storage  
 (NYSE: LSI)

### Full Year Guidance for 2018

- Plans to complete \$40 million to \$50 million of expansions.
- Budgeted \$20 million to \$25 million for recurring capitalized expenditures including roofing, paving, and office renovations.
- Anticipates entering into additional joint ventures, or adding to existing agreements, up to \$50 million. Should any acquisitions or joint venture investments occur, expected to be funded by free cash flow and draws on a line of credit carrying an interest rate of LIBOR plus 1.1%.

### Full Year Guidance for 2018

Same-store revenue growth	1% to 2%
Operating costs (excluding property taxes)	1% to 2%
Property taxes	5.5% to 6.5%
Total operating income	2.5% to 3.5%
Net operating income	0.75% to 1.75%

## Operations

Life Storage  
(NYSE: LSI)

### Select Markets Same-Store Performance

Market	Stores	Rent Per Occupied Sq. Ft.	Occupancy 3/31/18	Revenue Growth
Houston-The Woodlands-Sugar Land, TX	43	\$13.25	91.9%	2.1%
Chicago-Naperville-Elgin, IL	31	\$14.65	90.6%	1.3%
New York-Newark-Jersey City, NY-NJ-PA	26	\$22.22	91.4%	1.9%
New England-Other	26	\$16.86	91.0%	1.8%
Dallas-Fort Worth-Arlington, TX	26	\$12.53	91.4%	(0.2%)
Buffalo-Upstate, NY	25	\$12.51	90.8%	5.0%
Austin-Round Rock, TX	22	\$11.75	90.2%	(0.9%)
Atlanta-Sandy Springs-Roswell, GA	21	\$12.82	91.6%	1.3%
Las Vegas-Henderson-Paradise, NV	17	\$12.18	93.6%	11.8%
Miami-Fort Lauderdale-West Palm Beach, FL	16	\$18.47	92.6%	2.1%
San Antonio-New Braunfels, TX	16	\$12.66	89.4%	(0.4%)
Boston-Cambridge-Newton, MA-NH	15	\$15.72	91.2%	4.4%
Tampa-St. Petersburg-Clearwater, FL	13	\$14.85	92.0%	2.1%
St. Louis, MO	13	\$12.84	89.1%	2.6%
Virginia Beach-Norfolk-Newport News, VA	12	\$10.36	90.1%	0.4%
New Orleans-Lafayette, LA	12	\$11.32	91.3%	(5.3%)
Orlando-Kissimmee-Sanford, FL	11	\$12.17	90.8%	6.1%
Sacramento--Roseville--Arden-Arcade, CA	10	\$14.35	90.2%	7.9%
Phoenix-Mesa-Scottsdale, AZ	10	\$10.98	92.8%	3.8%
Los Angeles-Long Beach-Anaheim, CA	9	\$21.76	89.7%	3.7%
Cleveland-Elyria, OH	9	\$11.12	92.4%	(0.3%)
Space Coast, FL	8	\$13.95	91.7%	5.4%
Jacksonville, FL	8	\$13.20	90.7%	1.6%
Raleigh-Durham, NC	8	\$11.81	89.3%	(1.9%)
Charlotte-Concord-Gastonia, NC	8	\$12.21	91.5%	(1.2%)
Cape Coral-Fort Myers, FL	8	\$12.96	92.7%	4.3%
Pensacola-Ferry Pass-Brent, FL	8	\$9.31	91.8%	6.1%
Beaumont-Port Arthur, TX	7	\$14.52	91.8%	23.4%
Jackson, MS	7	\$10.31	93.1%	0.5%
Montgomery, AL	7	\$9.74	89.4%	1.5%
Chattanooga, TN-GA	6	\$12.29	91.5%	3.7%
Columbia, SC	6	\$10.71	89.9%	(7.4%)
Youngstown-Warren-Boardman, OH-PA	5	\$8.99	91.0%	1.5%
Other markets	66	\$12.20	90.1%	2.8%



## Operations

National  
Storage Affiliates  
(NYSE: NSA)

*April 2018 marks National Storage Affiliates' third anniversary becoming a public company.*

### NSA HIGHLIGHTS SINCE IPO

- Same-store net operating income has averaged year-over-year growth of 9.3% and core FFO 15.7% over the past 12 quarters.
- Nearly tripled size of its portfolio to 34 million square feet, across 541 stores in 29 states.
- Grown to eight Participating Regional Operators (PROs).
- Added to its joint venture portfolio of nearly \$700 million.
- Raised dividend rate by nearly 50%.
- Biggest positive surprise in first three years as public company, according to Arlen Nordhagen, CEO is the volume of off-market acquisitions originated from their PRO relationships. Biggest lag over the past three years is the amount of time considerations for a new PRO to join the NSA platform. NSA hopes to add at least three more PROs.

### Same-Store Comparison

- Same-store facilities for NSA is defined as those properties owned and operated since the first day of the earliest year presented, excluding any properties sold, expected to be sold or subject to significant changes such as expansions or casualty events which cause the portfolio's year-over-year operating results to no longer be comparable. As of March 31, 2018, our same store portfolio consisted of 376 self storage properties. The same-store pool represents nearly 80% of the NSA's wholly-owned portfolio.

### Q1 2018 RESULTS

- Same-store revenues increased 4.2% during Q1 2018- a 120 basis point acceleration year-over-year. The increase was driven by a 4.4% increase in realized revenue per occupied square foot.
- Cost of operations for the same-store pool increased by 3.9% during Q1 2018. The increase was impacted by growth in real estate taxes, personnel expenses and advertising. The real estate taxes were impacted by greater than expected increases in Georgia, Washington and Colorado.
- Same-store net operating income grew 4.4% as compared to last year's first quarter.
- Occupancy during the first quarter was flat year-over-year. Same-store occupancy at the end of the first quarter was 88.8%. Average occupancy during the first quarter was 88.1%, a 40 basis point decline year-over-year.

## Operations

National  
Storage Affiliates  
(NYSE: NSA)

### Operating Fundamentals

- NSA focuses on maintaining street rates and passing along reasonable rate increases to existing customers while accepting modest declines in occupancy as a preferred approach to dealing with the short-term impact of new supply.
- NSA achieved outsized gains in operating performance in Northern and Southern California. Other markets with strong performance include Florida, Shreveport, North Carolina, State of Washington, and Bend, Oregon.
- Expecting to spend more marketing due to new supply competition.
- Street rates essentially flat during Q1 2018 and into Q2 2018.

### Recent Promotions

- Effective July 1, 2018, Tammy Fischer promoted to President, in addition to retaining position of Chief Financial Officer. Steve Treadwell promoted to Executive Vice President, in addition to retaining position of Chief Operating Officer. In addition, Brandon Togashi promoted to Senior Vice President, in addition to retaining position of Chief Accounting Officer and Controller.

### PROs Structure

- There are primarily two reasons for PROs to convert Subordinated Partnership (SP) equity into Operational Partnership (OP) equity; excess SP equity or retirement. PROs have a required two-year lock-out period to convert their SP equity into OP equity, along with a 10% equity conversion reduction. In the case of retirement, there is a graduated equity reduction schedule to convert SP equity into OP equity. It consists of a two-year lock-out, then a 20% equity conversion reduction in year 3, 15% in year 4, and 10% after year 5) The higher conversion reductions in earlier years makes it unlikely a PRO converts prior to five years.

### Full Year 2018 Guidance- Same store pool of 376 stores

Revenue growth	4.0% to 5.0%
Operating expense growth	3.0% to 4.0%
Net operating income growth	4.0% to 5.5%
Wholly-owned acquisitions	\$250 million to \$400 million
Joint-venture acquisitions	\$50 million to \$100 million
Core FFO per share	\$1.33 to \$1.37

## Operations

National  
Storage Affiliates  
(NYSE: NSA)

### Same Store Performance Summary

State	Stores	Rent Per Occupied Square Foot	Occupancy March 31, 2018	Revenue Growth
California	77	\$12.72	91.4%	7.5%
Oregon	55	\$14.45	86.5%	2.0%
Texas	51	\$9.53	89.3%	2.5%
Oklahoma	30	\$8.87	83.8%	0.6%
North Carolina	28	\$10.65	89.5%	3.7%
Florida	20	\$14.91	87.8%	5.8%
Georgia	20	\$9.34	89.4%	1.9%
Arizona	15	\$13.15	89.1%	3.2%
Indiana	14	\$9.52	86.5%	(1.0%)
Washington	13	\$14.05	89.0%	6.0%
Colorado	10	\$12.28	89.6%	5.0%
Louisiana	10	\$10.63	84.2%	0.6%
Other	33	\$10.43	90.6%	4.5%
Total	376	\$11.75	88.8%	4.2%

\*Other states in NSA's same store portfolio include Alabama, Kentucky, Mississippi, Nevada, New Hampshire, New Mexico, Ohio and South Carolina.

## Capital Activities

### Public Storage (NYSE: PSA)

- Public Storage is a member of the S&P 500 and FT Global 500.
- \$7.8 million in additional share based compensation included in general and administrative expense in the first quarter due to upcoming retirement of Public Storage's CEO and CFO.
- \$6.3 million increase in foreign exchange losses associated with euro denominated debt.
- \$7.1 million increase in interest expense due to higher debt balances.

### Extra Space Storage (NYSE: EXR)

- Did not sell any shares of common stock in the first quarter. As of March 31, 2018, had \$349.4 million available for issuance under its "at the market" ("ATM") equity program.

#### Debt Structure

	Percentage	Interest Rate*
Fixed Rate Debt	74.4%	3.3%
Floating Rate Debt	25.6%	3.4%
Weighted average		3.92%

\* Maturity date weighted average about 4.5 years

### CubeSmart (NYSE: CUBE)

- During the first quarter, did not sell any common shares through its "at-the-market" equity program. As of March 31, 2018, had 4.7 million shares available for issuance under existing equity agreements.

#### Debt Structure

	Amount	Rate*	Maturity*
Fixed Rate Debt	\$336 million	3.16%	1.3 years
Floating Rate Debt	\$1,353 billion	4.11%	6.0 years
Total Debt	\$1,689 billion	3.92%	5.1 years

\* weighted average

- No debt maturities in 2018.
- Approximately \$362 million available on current line of credit.

#### Investment Credit Ratings

Moody's	Baa2	stable
Standard & Poor's	BBB	stable

## Capital Activities

### Life Storage (NYSE: LSI)

- As of March 31, 2018, the company had approximately \$7.8 million of cash on hand and \$370 million on its line of credit which carries an interest rate of LIBOR plus 1.1%.

#### Key Financial Ratios

Debt to Enterprise Value @ \$83.52/share	31.2%
Debt to Book Cost of Facilities	40.8%
Debt to Recurring Annualized EBITDA	5.7x
Debt Service Coverage (DSC)	4.6x

#### Investment Credit Ratings

Moody's	Baa2
Standard & Poor's	BBB

### National Storage Affiliates (NYSE: NSA)

- NSA increased total borrowing capacity under the company's credit facility by \$125 million, into a five-year term loan, for a total credit facility of over \$1 billion. NSA has an expansion option, if exercised in full, providing a total credit facility of \$1.3 billion.
- Net debt to EBITA at 5.8x.



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