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SELF STORAGE GROUP

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SELF STORAGE MARKET OVERVIEW

Second Quarter 2018 Results

Analysis of the Public Self Storage Companies

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Summary

Second Quarter Results

- The self storage REITs posted positive same-store gains in revenues and net operating income in the second quarter compared to last year's second quarter. The pace continues a decelerating growth trend from recent quarters. New supply is impacting operating performance in markets with the most development activity.
- The self storage REITs generated same-store revenue growth in the second quarter ranging from 1.5% to 4.1%.
- Net operating income of same-store pools range from 1.2% to 5.2%.
- The self storage sector reported near REIT-leading performance during the first half of 2018. The self storage sector generated 6.1% returns, trailing only student housing, lodging/gaming and industrial out of 17 different REIT categories.






New Supply

- Most REITs report that 2018 and 2019 may be the peak years for deliveries during this development cycle. The ability to build at an 8% to 9% yield and sell in a mid-5% stabilized cap rate market remains attractive to merchant builders.
- Jernigan Capital, based on estimates from Yardi Matrix and the U.S. Census Bureau, estimates 400 to 460 new deliveries in the top 50 markets in 2018, compared to 352 deliveries in 2017. Entitlement and construction delays may push many projected 2018 deliveries into 2019.
- Headwinds impacting new deliveries include prolonged entitlement and inspection periods, rising raw material costs, shortage of labor, constricting construction financing, and more conservative stabilized rental rate projections.

National Storage Affiliates Announces \$1.325 Billion Portfolio Acquisition

- National Storage Affiliates (NSA) announces the acquisition of 112 properties for \$1.325 billion from Simply Self Storage, owned by an investment fund managed by Brookfield Asset Management. The transaction represents a new joint venture with Heitman taking a 75% interest, and NSA the remaining 25%. The transaction is expected to close in the third quarter. The year-one forward cap rate projected at 5.6%.

Implied CAP Rates

	Public Storage (NYSE: PSA)	5.2%
	Extra Space Storage (NYSE: EXR)	4.9%
	CubeSmart (NYSE: CUBE)	5.4%
	Life Storage (NYSE: LSI)	5.6%
	National Storage Affiliates (NYSE: NSA)	5.6%

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

Summary

New Supply Update

Under Construction & Planned
Percent of Existing Inventory

Metro Area	July 2018
NATIONAL	8.7%
Nashville	28.0%
Portland	23.6%
Boston	20.0%
Denver	17.5%
San Jose	17.4%
Raleigh–Durham	15.4%
Orlando	15.0%
Seattle	14.7%
New York	14.2%
Charleston (SC)	14.0%
Miami	13.9%
Phoenix	13.6%
Austin	12.7%
Washington DC	11.6%
Charlotte	11.5%
Pittsburgh	11.0%
Columbus (OH)	10.7%
Atlanta	10.6%
Tampa	10.0%
Minneapolis	9.2%
San Diego	8.3%
Dallas–Ft Worth	7.6%
Philadelphia	7.5%
Sacramento	7.4%
Las Vegas	5.8%
Chicago	4.9%
San Antonio	4.8%
San Francisco Penin. & East Bay	4.5%
Los Angeles	4.2%
Houston	4.0%
Inland Empire	3.2%

*Source Yardi Matrix

- Yardi Matrix's July 2018 National Self Storage Report highlights near-term new supply pipeline of units under construction and in the planning stage totals 8.7% of the existing national inventory.
- The estimated percentage of new units in the pipeline compared to existing inventory remained flat sequentially, possibly indicating a peak in new supply.
- Markets with the largest supply pipeline as a percentage of existing supply include Nashville (28.0%), Portland (23.6%), Boston (20%), and Denver (17.5%).
- Markets with the smallest supply pipeline include the high barrier-to-entry California markets of Inland Empire (3.2%), Los Angeles (4.2%) and San Francisco/East Bay (4.5%). Texas markets are experiencing a pause in development activity with Houston's new supply pipeline decreasing below the national average to (4.0%), San Antonio (4.8%), and Dallas (7.6%).
- According to Jefferies Equity Research, CubeSmart has the greatest exposure (49.8%) to the top 15 markets with the highest level of under construction or planned facilities. Others with elevated exposure include Extra Space (44.0%), Public Storage (24.2%), Life Storage (23.3%), and National Storage Affiliates.

Earnings
Results

Same-Store Comparisons

	Total Properties Operating	Revenue Growth	Net Operating Income Growth	Occupancy End of Quarter	Rent Per Occupied Square Foot
Public Storage	2,402 U.S. 228 Europe	1.5%	1.2%	93.7%	\$17.35
Extra Space Storage	1,568	4.1%	3.8%	94.2%	\$16.32
CubeSmart	1,021	3.2%	3.3%	94.4%	\$16.33
Life Storage	718	4.0%	5.2%	92.4%	\$13.86
National Storage Affiliates	552	3.6%	4.2%	91.1%	\$11.79

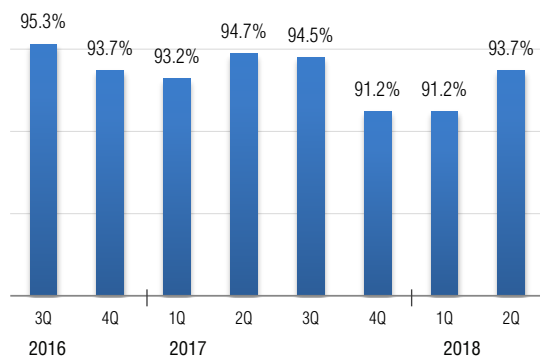
Capital Markets

	Market Capitalization	Core Funds From Operations	Annual Dividend Yield	Common Stock Price (8.7.2018)	52-Week High/Low
Public Storage	\$37.8 billion	\$2.57/share (+2.4%)	3.71%	\$216.86	\$234.90 \$180.48
Extra Space Storage	\$12.3 billion	\$1.15/share (+5.5%)	3.68%	\$93.65	\$93.79 \$74.44
CubeSmart	\$5.7 billion	\$0.41/share (+5.1%)	3.90%	\$30.65	\$33.18 \$23.46
Life Storage	\$4.5 billion	\$1.39/share (+4.5%)	4.08%	\$97.75	\$101.23 \$71.01
National Storage Affiliates	\$2.4 billion	\$0.34/share (+9.7%)	3.99%	\$28.23	\$32.28 \$21.17

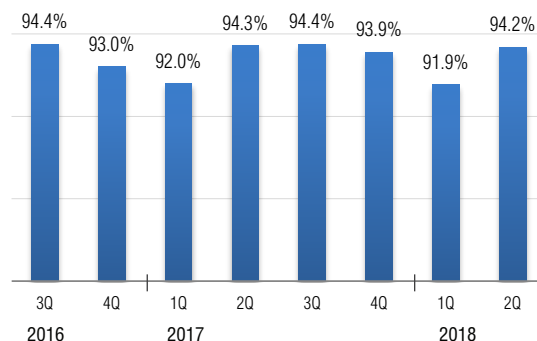
Portfolio Occupancies

Same-Store
Year-Over-Year Change

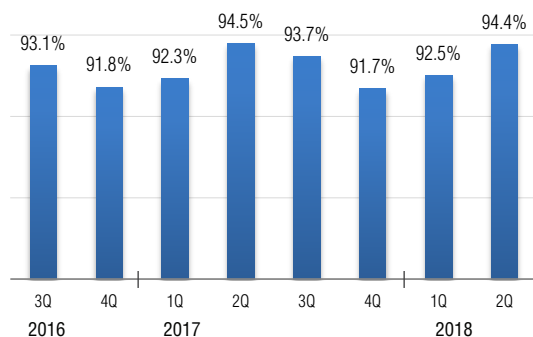
Public Storage



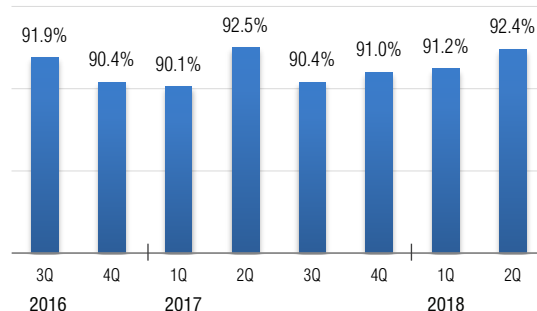
Extra Space Storage



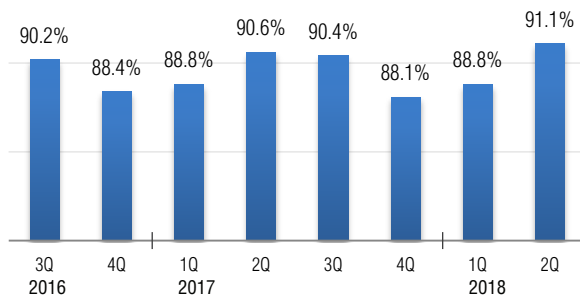
CubeSmart



Life Storage



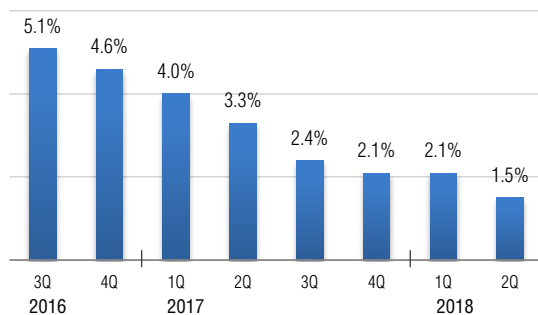
National Storage Affiliates



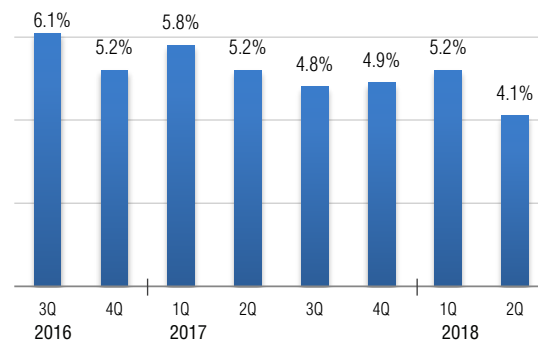
Portfolio Revenues

Same-Store
Year-Over-Year Change

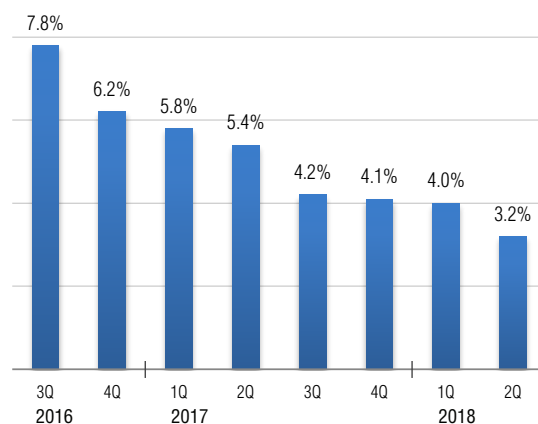
Public Storage



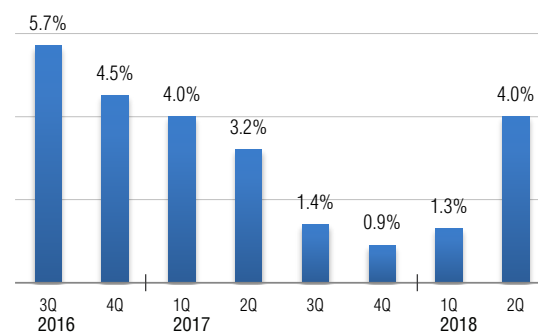
Extra Space Storage



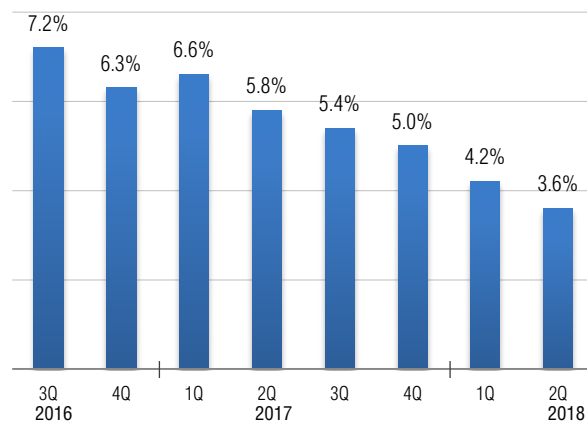
CubeSmart



Life Storage



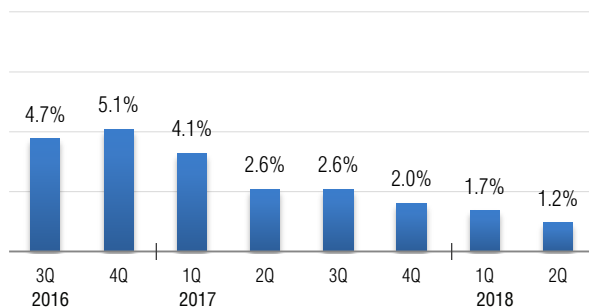
National Storage Affiliates



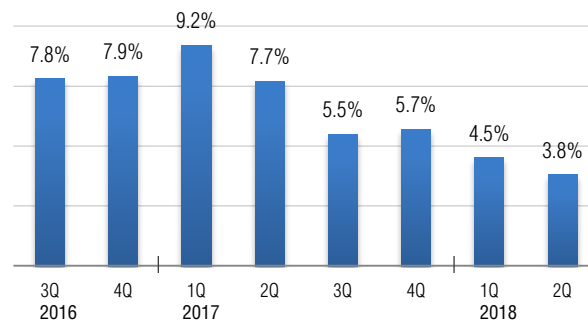
Portfolio Net Operating Income

Same-Store
Year-Over-Year Change

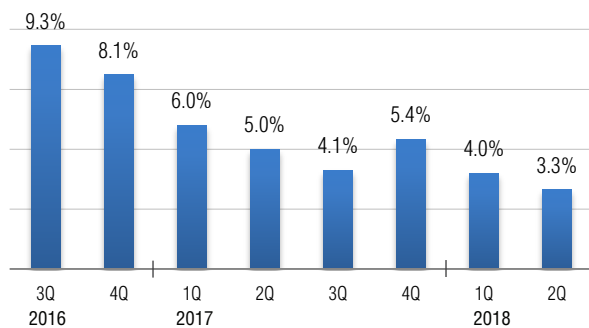
Public Storage



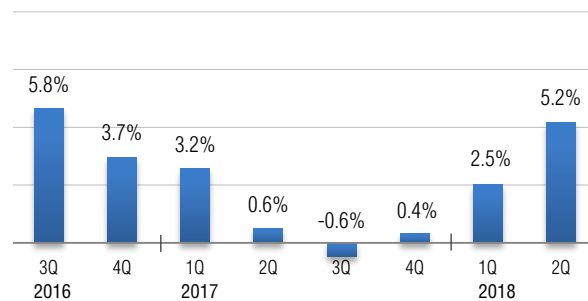
Extra Space Storage



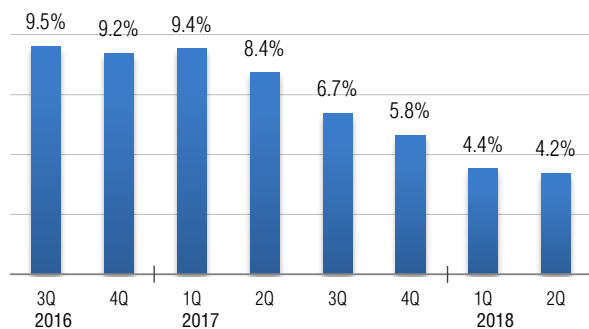
CubeSmart



Life Storage



National Storage Affiliates



Investment Activity

Public Storage (NYSE: PSA)

During the second quarter, Public Storage acquired three facilities for a total cost of \$16 million. The facilities are located in Indiana, Kentucky and South Carolina.

Investment Activity

- Year-to-date ended June 30, 2018, acquired five facilities for a total of \$33.9 million, including three in the second quarter and one each in Tennessee and Nebraska during the first quarter 2018.
- Subsequent to June 30, 2018, Public Storage acquired or is under contract to acquire 14 facilities, totaling \$95.2 million consisting of six in Minnesota, two in Texas, and one each in Colorado, Florida, Kentucky, Ohio, South Carolina and Tennessee.
- The disconnect between buyers and sellers continues to impact the pace of transactions. Of the limited data points, Public Storage is seeing acquisitions hovering around 5% cap rates.

Development Activity

- At June 30, 2018, the Public Storage had various facilities in development totaling 2.2 million rentable square feet estimated to cost \$315 million, and various expansion projects totaling 3.9 million rentable square feet estimated to cost \$364 million. The expansions generating 8% to 10% yields translates into substantial future net operating income growth.
- Year-to-date, completed eleven newly developed facilities and various expansion projects totaling about 1.7 million rentable square feet costing \$195 million.

New Supply

- Estimates of new supply deliveries remains murky. Public Storage estimates that similar, if not elevated, levels of deliveries in 2018 as compared to 2017. New supply for 2019 may be impacted by delays in entitlements or permit approvals.
- There continues to be a lot of private capital placing dollars into the development cycle. Developers are still seeing healthy returns when they can build a property and yield an 8% or 9% return.
- Public Storage is tracking potential supply issues in its markets of operation, notably in Portland and Nashville. While the vibrancy from an overall MSA standpoint is good, development may be outpacing MSA growth.

Shurgard Europe

- During the second quarter Shurgard Europe acquired five facilities in Sweden for \$46 million.
- Public Storage is considering an initial public offering for the Shurgard Europe properties.

Investment Activity

Extra Space
Storage
(NYSE: EXR)

In the second quarter, Extra Space acquired three operating facilities for \$34.6 million and purchased its joint venture partner's interest in 14 operating facilities for \$204 million.

Investment Activity

- Year-to-date acquired six operating stores, one certificate of occupancy store and purchased its joint venture partner's interest in 15 stores for a total investment of approximately \$308.4 million.
- Extra Space expects to continue its success in acquiring properties through existing joint venture and third-party management relationships, rather than properties offered through wider broker marketing process.
- Year-to-date, Extra Space has acquired or is under contract to close nearly \$600 million in 2018.
- Selling one property to an alternative user for about \$40 million, closing expected to be in the third quarter.

Joint Venture Acquisitions/New Development

- In conjunction with joint venture partners, acquired five operating stores, with locations in Elmhurst, Illinois; Hollywood and St. Petersburg, Florida; Vancouver, Washington; and Portland, Oregon. Acquired seven stores at completion of construction upon issuance of a certificate of occupancy; and completed one development in Houston for a grand total cost of \$201.2 million, of which Extra Space invested \$35.3 million.

Investment Market and Underwriting

- Continuing to see significant private capital interest in acquiring properties helping to keep cap rates low.
- Underwriting new certificate of occupancy deals at 7.5% to 8% cap rates upon stabilized net operating income. The unleveraged yield on a joint venture is much higher, in the double digits, because of the effect of the joint venture.
- Typically, underwrite 3% rate increases, attaching certain discounting to those rates to achieve lease up to economic stabilization.

New Supply

- Expects 2019 deliveries to be slightly lower from 2018 deliveries subject to more delays this year. The development market is shifting to more secondary markets that are less impacted by as much new supply than primary markets.
- Discipline from experienced developers and lenders may moderate development. Headwinds for new development include, increased material costs, labor costs, rising interest rates, and moderating fundamentals. The increased cost basis for new development may constrain the feasibility of new projects.
- Construction costs continue to increase, most notably steel prices. It is estimated that steel prices have risen 10% to 15% from a year ago. The enactment of tariffs on steel may further increase costs.

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
2018 Projected Openings					
Largo, FL	3Q 2018	89,000	\$11,500,000	\$129.21	25%
Minnetonka, MN	3Q 2018	84,500	\$12,025,000	\$142.31	100%
Portland, OR	3Q 2018	67,975	\$11,700,000	\$172.12	25%
Riverview, FL	3Q 2018	78,000	\$10,400,000	\$133.33	10%
Sterling, VA	3Q 2018	118,270	\$18,000,000	\$152.19	50%
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%
Chicago, IL	3Q 2018	98,625	\$14,840,000	\$150.47	10%
Brooklyn, NY	3Q 2018	45,725	\$20,750,000	\$453.80	10%
Chicago, IL	3Q 2018	98,965	\$14,500,000	\$146.52	10%
Crum Lynne, PA*	3Q 2018	84,250	\$13,180,000	\$156.44	95%
Brooklyn, NY	3Q 2018	140,659	\$79,901,000	\$568.05	25%
Lawrenceville, GA	4Q 2018	80,000	\$7,500,000	\$93.75	100%
Queens, NY	4Q 2018	128,095	\$52,321,000	\$408.45	25%
Newton, MA	4Q 2018	80,000	\$20,000,000	\$250.00	10%
Brooklyn Park, MN	4Q 2018	79,600	\$8,100,000	\$101.76	100%
Manayunk, PA	4Q 2018	57,675	\$17,100,000	\$296.49	100%
Plantation, FL*	4Q 2018	75,750	\$11,800,000	\$155.78	100%
Total	18	1,590,239	\$363,950,000		

*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
2019 Projected Openings					
Brooklyn, NY	1Q 2019	62,385	\$32,980,000	\$528.65	25%
Broomfield, CO*	1Q 2019	65,475	\$9,083,000	\$138.72	100%
Alexandria, VA	2Q 2019	79,500	\$17,500,000	\$220.13	10%
Brooklyn Center, MN	3Q 2019	83,000	\$8,400,000	\$101.20	100%
Belleville, NJ*	3Q 2019	75,000	\$10,944,000	\$145.92	95%
Wakefield, MA	3Q 2019	84,075	\$16,800,000	\$199.82	100%
San Jose, CA	3Q 2019	76,000	\$13,500,000	\$177.63	100%
Vista, CA	3Q 2019	104,400	\$16,000,000	\$153.26	10%
Total	8	629,835	\$ 125,207,000		
2020 Projected Openings					
Aurora, CO	1Q 2020	79,900	\$10,528,000	\$131.76	100%

*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 6/30/18	Ownership
Quincy, MA	1Q 2016	85,024	\$16,150,000	\$189.95	93.4%	100%
Chicago, IL	1Q 2016	81,658	\$16,500,000	\$202.06	91.3%	100%
Aurora, CO	1Q 2016	84,345	\$11,470,000	\$135.99	84.9%	10%
Mesa, AZ	2Q 2016	63,395	\$5,000,000	\$78.87	98.5%	100%
Roswell, GA	2Q 2016	76,990	\$7,900,000	\$102.61	90.5%	100%
New York, NY	2Q 2016	62,549	\$52,000,000	\$831.35	87.4%	25%
San Antonio, TX	2Q 2016	104,865	\$10,500,000	\$100.13	57.7%	100%
Elmont, NY	3Q 2016	80,173	\$29,000,000	\$361.72	82.9%	100%
Glendale, CA	3Q 2016	66,590	\$13,800,000	\$207.24	92.2%	100%
Vancouver, WA	3Q 2016	82,301	\$11,700,000	\$142.16	93.1%	100%
Murray, UT	4Q 2016	77,585	\$3,750,000	\$48.33	93.3%	100%
Smyrna, GA	2Q 2016	59,198	\$8,000,000	\$135.14	88.6%	100%
Portland, OR	3Q 2016	44,225	\$9,000,000	\$203.50	89.2%	100%
Sarasota, FL	4Q 2016	66,795	\$10,340,000	\$154.80	75.0%	20%
Lake Worth, FL	1Q 2017	78,615	\$8,455,000	\$107.55	85.2%	10%
Clearwater, FL	1Q 2017	59,176	\$7,750,000	\$130.97	86.0%	20%
Philadelphia, PA	2Q 2017	77,186	\$17,800,000	\$230.61	66.7%	100%
Warrington, PA	2Q 2017	65,747	\$12,000,000	\$182.52	69.3%	100%
Orlando, FL	2Q 2017	66,288	\$7,343,000	\$110.77	94.8%	100%
Ft Myers, FL	3Q 2017	77,424	\$8,970,000	\$115.86	57.9%	100%
Cohasset, MA	3Q 2017	50,430	\$8,800,000	\$174.50	80.9%	10%
Venice, FL	4Q 2017	58,394	\$7,830,000	\$134.09	73.6%	20%
Portland, OR	4Q 2017	73,255	\$12,800,000	\$174.73	60.6%	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 6/30/18	Ownership
Suwanee, GA	4Q 2017	79,817	\$9,600,000	\$120.28	37.9%	100%
Buford, GA	4Q 2017	78,855	\$7,500,000	\$95.11	49.6%	100%
Philadelphia, PA	4Q 2017	73,131	\$17,700,000	\$242.03	73.5%	100%
Westwood, NJ	4Q 2017	70,933	\$21,000,000	\$296.05	32.8%	100%
New York, NY	4Q 2017	52,672	\$25,924,000	\$492.18	48.8%	25%
Charlotte, NC	4Q 2017	70,945	\$10,900,000	\$153.64	38.4%	100%
Bradenton, FL	4Q 2017	86,605	\$10,400,000	\$120.09	55.3%	100%
Milwaukee, WI	4Q 2017	86,201	\$13,040,000	\$151.27	21.5%	10%
Franklin, WI	4Q 2017	92,711	\$12,520,000	\$135.04	28.0%	10%
Raleigh, NC	1Q 2018	68,265	\$8,800,000	\$128.91	27.1%	10%
Cherry Creek, CO	1Q 2018	88,458	\$14,000,000	\$158.27	20.9%	100%
Totowa, NJ	1Q 2018	83,405	\$19,541,000	\$234.29	30.5%	100%
Elmhurst, IL	2Q 2018	83,142	\$9,960,000	\$119.80	28.4%	25%
St. Petersburg, FL	2Q 2018	99,043	\$9,750,000	\$98.44	39.0%	20%
Vancouver, WA	2Q 2018	56,230	\$8,250,000	\$146.72	37.9%	25%
Houston, TX	2Q 2018	79,767	\$9,000,000	\$112.83	24.0%	100%
Hollywood, FL	2Q 2018	58,045	\$11,800,000	\$203.29	3.9%	10%
Portland, OR	2Q 2018	78,641	\$22,500,000	\$286.11	1.4%	25%
Total	41	3,029,074	\$ 539,043,000			

Investment Activity

CubeSmart (NYSE: CUBE)

Year-to-date, CubeSmart acquired three properties for \$65.4 million and currently has three additional properties under contract for \$62.4 million.

- During the second quarter, CubeSmart acquired one store in Houston for \$19 million and subsequent to the end of the quarter, acquired one store in Washington, D.C. for \$34.2 million. Both properties were acquired from third-party management pool. The two properties were in early to mid-phase lease up. Projected stabilized cap rate in mid-5% range for the Washington, D.C. property and high-5% range for the Houston property.
- CubeSmart anticipates an up-tick in acquisition opportunities to underwrite as more sellers typically bring assets to the market this time of year. In addition, CubeSmart continues to focus energy on identifying acquisition opportunities coming out of its third-party management platform.

Joint Venture Activity

- During the second quarter, through a joint venture, HVP IV, acquired four properties, two located in Florida, one in Georgia and one in Texas for \$42.9 million, of which CubeSmart contributed \$3.9 million.
- Year-to-date, HVP IV has acquired eight properties for \$93.9 million of which CubeSmart contributed \$14.1 million.
- The HVP IV joint venture has two additional properties under contract for \$20.5 million expected to close during the third quarter 2018.

Development and Certificate of Occupancy Pipeline

- In the first six months of the year, CubeSmart did not acquire any properties at certificate of occupancy or open any new development properties.
- As of June 30, 2018, had two properties under contract to purchase at certificate of occupancy for a total acquisition price of \$40 million. One in San Diego for \$19.2 million, and one in Miami for \$20.8 million. Closings expected in the fourth quarter of 2018.
- As of June 30, 2018, CubeSmart had seven joint venture development properties under construction with an anticipated total investment of \$252.7 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.

New Supply Impact

- Based on NOI of each market reported by the REITs, CubeSmart has the greatest exposure (43.9%) to the top 15 markets with the highest level of planned and under construction new facilities.
- CubeSmart's exposure, as a percentage of same-store NOI, is most significant in New York (20.2%), Miami (10.2%), Boston (1.9%), Nashville (1.7%) and Denver (1.4%).
- In CubeSmart's top 12 markets, current data suggests that 2019 deliveries may be less than 2018. Delays from municipalities in permitting, inspections, and pressure in the labor markets may delay developments slated to open in 2018 into 2019.

Investment Activity

CubeSmart
(NYSE: CUBE)

- CubeSmart anticipates a drop off in new construction in 2018 and 2019 in selected markets that built up supply in 2016 and 2017. Chicago, Dallas/Ft. Worth, Denver, and Houston are markets that were early in the development cycle and may experience an easing of new construction.
- CubeSmart has not experienced any notable changes in the finance market for new construction. Lenders remain disciplined as compared to the last development cycle in 2004 to 2006.
- Headwinds for new supply include newly imposed tariffs on raw materials, labor shortage, high land costs, rising interest rates, and deceleration of rental rate growth.

Store Acquisitions at Certificate of Occupancy

Location	Expected Opening	Contract Price
Miami, FL	3Q 2018	\$20,800,000
San Diego, CA	4Q 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	1Q 2019	\$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
Newton, 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 6/30/2018
Brooklyn, NY	1Q 2016	110,288	\$48,500,000	\$439.76	56.4%
Fort Worth, TX	2Q 2016	78,379	\$10,100,000	\$128.86	65.7%
Grapevine, TX	2Q 2016	78,819	\$10,800,000	\$137.02	68.3%
Riverwoods, IL	2Q 2017	73,915	\$11,200,000	\$151.53	51.5%
Chicago, IL	4Q 2017	90,947	\$11,300,000	\$124.25	45.9%
Delray Beach, FL	4Q 2017	97,970	\$17,750,000	\$181.18	29.4%
Total		530,318	\$109,650,000		

New Development Properties - Operating

Location	Date Completed	Rentable Square Feet	Total Cost	Cost Per Square Foot	Occupancy 6/30/2018
Queens, NY	1Q 2016	90,728	\$31,800,000	\$350.50	84.6%
Bronx, NY	2Q 2016	89,735	\$32,200,000	\$358.83	52.9%
North Palm Beach, FL	1Q 2017	45,825	\$9,700,000	\$211.67	63.7%
New York, NY*	3Q 2017	94,912	\$81,200,000	\$855.53	35.4%
Washington, D.C.	3Q 2017	72,416	\$27,800,000	\$383.27	49.1%
Brooklyn, NY	4Q 2017	132,038	\$49,300,000	\$373.38	11.9%
Total		525,654	\$232,000,000		

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

Investment Activity

Life Storage
(NYSE: LSI)

Life Storage has not closed any transactions in 2018. Subsequent to quarter-end placed three operating stores under contract for \$27.6 million with locations in Boston, New York and Atlanta.

Investment Activity

- Of the three properties currently under contract, the Boston and Atlanta properties are part of their third-party management platform.
- Life Storage sold one asset during the quarter in Austin, Texas for \$10 million, subsequent to the end of the quarter. The property remains under Life Storage management.
- The company is considering offering for sale 30 to 60 non-core stores in smaller markets or place into a joint venture partnership with a minority stake.

Expansion and Capital Improvements

- Company plans to complete \$45 million to \$50 million of expansions in 2018. Takes 12 to 18 months to lease up most expansions, and offer discounted rates to lease up. Expansions boost same store-pool by 30 to 35 basis points to the same-store revenue growth.
- Life Storage is budgeting \$21 million to \$24 million to provide for recurring capitalized expenditures including roofing, paving and office renovations.

New Supply

- Presently tracking 152 new developments that will compete within a five-mile radius of an operating Life Storage property. The company is expecting 2019 new deliveries to be similar to 2018 impact.

Improved Cost of Capital

- The increase in Life Storage stock price during the quarter lowered its cost of capital. However, Life Storage believes its net asset value (NAV) at its current share price is not attractive enough to tap this source as equity for transactions. It may raise equity for future deals through proceeds from asset dispositions into a potential joint venture structure.

Investment
Activity

Life Storage
(NYSE: LSI)

Certificate of Occupancy Operating Properties

Market	Date Acquired	Net Rentable Sq. Ft.	Price	Price Per Sq. Ft.	Occupancy 6/30/2018
Chicago, IL	Mar-2015	64,774	\$8,690,000	\$134.16	92.4%
Phoenix, AZ	Jun-2015	64,068	\$7,904,000	\$123.37	95.0%
Boston, MA	Jun-2015	63,283	\$10,291,000	\$162.62	86.6%
Phoenix, AZ	Feb-2016	67,795	\$9,275,000	\$136.81	93.8%
Miami, FL	Feb-2016	69,801	\$11,274,000	\$161.52	91.8%
Los Angeles, CA	Mar-2015	79,287	\$18,600,000	\$234.59	92.2%
Charleston, SC	Jul-2016	70,165	\$8,620,000	\$122.85	53.0%
Austin, TX	Jul-2016	87,965	\$12,477,000	\$141.84	94.1%
Chicago, IL	Jul-2016	129,382	\$31,440,000	\$243.00	92.0%
Chicago, IL	Jul-2016	74,235	\$11,545,000	\$155.52	93.3%
Chicago, IL	Jul-2016	71,199	\$14,953,000	\$210.02	97.2%
Chicago, IL	Jul-2016	76,175	\$11,357,000	\$149.09	93.6%
Chicago, IL	Jul-2016	59,759	\$14,249,000	\$238.44	97.3%
Chicago, IL	Jul-2016	86,282	\$11,959,000	\$138.60	94.4%
Dallas, TX	Jul-2016	70,355	\$9,451,000	\$134.33	93.4%
Dallas, TX	Jul-2016	56,342	\$12,239,000	\$217.23	84.2%
Boulder, CO	Jul-2016	44,616	\$8,373,000	\$187.67	82.6%
San Marco, TX	Jul-2016	59,066	\$8,353,000	\$141.42	94.3%
Chicago, IL	Nov-2016	68,235	\$8,884,000	\$130.20	92.5%
Chicago, IL	Feb-2017	78,023	\$10,089,000	\$129.31	50.6%
Austin, TX	Apr-2017	58,600	Lease	-	90.9%
Charlotte, NC	Dec-2017	70,118	\$12,549,000	\$178.97	31.6%
Total	22	1,569,495	\$252,572,000		

Investment Activity

National Storage Affiliates (NYSE: NSA)

National Storage Affiliates announces the \$1.325 billion acquisition of 112 properties from Simply Self Storage.

Simply Self Storage Transaction

- Simply Self Storage is a portfolio company of a private real estate fund managed by Brookfield Asset Management. The portfolio consists of 112 properties located across 17 states and Puerto Rico, consisting of approximately 8.7 million rentable square feet within 68,000 storage units. Locations increases NSA geographic diversity with locations in Michigan, Ohio, Minnesota, Tennessee and five Northeast states. The portfolio is 92% occupied with \$13.26 average rent per occupied square foot. The properties will be operated under the NSA's iStorage brand and expected to close in the third quarter 2018.
- The Joint Venture expects to immediately spin out to NSA six properties in Puerto Rico and one in Ohio for \$64 million. The remaining 105 properties acquired at an estimated year-one forward cap rate of 5.6%. NSA may also earn a future promoted interest if achieving above 9% IRR, and also above a 12% IRR.

Joint Venture Partner

- An affiliate of Heitman Real Estate REIT LLC, is the NSA joint venture partner in the transaction contributing approximately \$482.3 million for 75% ownership interest. NSA to contribute approximately \$160.8 million for the remaining 25% ownership interest. NSA also committed an addition \$64 million to acquire the six properties located in Puerto Rico and one property in Ohio. This represents the second major joint venture with Heitman.
- The Joint Venture executed term sheet with two institutional lenders to provide approximately \$643 million in 10-year interest only secured debt financing with an interest rate of 4.34% per annum.
- To match the NSA funding required for the acquisition, NSA completed a common share offering of 5,900,000 common shares resulting in net proceeds of approximately \$176 million.

Other Investment Activity

- NSA acquired 12 wholly-owned self storage properties for \$62.9 million during the second quarter of 2018. The properties traded for an average cap rate of 6.2%.
- Future external growth prospects include a captive pipeline of 120 properties owned by NSA participating regional operators (PROs) totaling over \$1 billion; third-party management relationships; and additional PROs added to the platform.

New Supply

- NSA follows Yardi Matrix's report of new construction loans placed as a barometer of new supply. Yardi Matrix reports a drop by almost half in new construction loans originated during the second quarter versus a year ago. NSA believes it signals a slowdown in new supply growth.
- Approximately 20% of NSA stores are directly impacted by new supply.
- Portland is the NSA market most impacted by new deliveries. The market accounts for 15% of NSA's same-store properties and generated a 20 basis point decrease in net operating income and 300 basis point decrease in average occupancy during the second quarter.

Operations

Public Storage (NYSE: PSA)

Same-store net operating income increased 1.7% during the second quarter, driven by a 1.5% increase revenues and 2.6% increase in operating expenses.

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 2,048 facilities (131.3 million net rentable square feet) representing 82% of the aggregate net rentable square feet of Public Storage' U.S. consolidated self storage portfolio.

2Q 2018 RESULTS

- Same-store revenues increased 1.5% during Q2 2018, a decline from 3.4% during the three months ended June 30, 2017. The increase was driven by a 2.4% increase in realized rental income per occupied square foot.
- Cost of operations for the same-store pool increased by 2.6% during Q2 2018. The increase was impacted by a 5.5% growth in real estate taxes and increase in payroll. The expense growth was partially offset by a 5.3% reduction in advertising expenditures.
- Same-store net operating income grew 1.7% year-over-year.
- Occupancy during the second quarter declined year-over-year. Same-store occupancy at the end of the first quarter was 93.7%, a 110 basis point decrease year-over-year. Same-store weighted average occupancy during the second quarter was 94.0%, compared to 94.6% year-over-year, a 60 basis point decrease. The average occupancy trend improved over the first quarter 2018 when occupancy decreased 90 basis points.

Operating Fundamentals

- Public Storage is experiencing softness in demand in substantially all of their major markets, which has led to lower move-in volumes combined with a lack of pricing power with new tenants.
- The impact of increased supply of newly constructed facilities has led to softness in Atlanta, Austin, Charlotte, Chicago, Dallas, Denver, Houston, and New York.
- The top performing Public Storage markets during the second quarter by same-store revenues include Los Angeles (3.7%), Orlando/Daytona (4.1%), greater New York (3.2%), and San Francisco (2.7%). These markets also reported 3% to 4% growth in realized annual rent per occupied square foot.
- Annual contract rent per occupied square foot increased 1.7% year-over-year. The increases were primarily driven by annual rate increases to existing customers, partially offset by the impact of replacing vacating tenants with new tenants with lower contract rates.
- The take rate during the second quarter 2018 was \$14.48 per square foot, compared to \$15.11 per square foot in the second quarter 2017, a 4.2% decrease year-over-year. The move-out rate during the second quarter 2018 was \$16.17 per square foot versus \$15.92 per square foot in 2017, a 1.6% increase year-over-year. The contract rate per square foot gap between the move-in rate and move-out rate increased during the second quarter.
- Street rates down about 4% while move-in rates down 2%.

Operations

Public Storage (NYSE: PSA)

- Occupancy trends continue to be more favorable during the second quarter and into the third quarter. Average occupancies were down 60 to 70 basis points in April and May and finished down 30 basis points in June.
- Advertising costs down 5% in the second quarter due to elimination of television advertising, while overall internet spending increased 33% primarily for Google advertising and pay per click.
- Public Storage continues its strategy of sending out rental rate increases to existing customers during the summer months when rates are high and ability to backfill vacates is good.

Third-Party Management

- Added 48 new third-party management contracts during the quarter and expecting the platform to continue its growth. Combined with the 26 legacy assets, Public Storage now manages 74 assets for various third-party owners.
- The value of the Public Storage brand, scale, market knowledge, and technology are considered advantages of the Public Storage third-party management platform.

Top Market Same-Store Performance - Quarter End June 30, 2018

Market	Facilities	Rent Per Occupied Square Foot	Weighted Avg. Occupancy	Revenue Growth
Los Angeles	198	\$25.45	95.6%	3.7%
San Francisco	124	\$25.85	95.2%	2.7%
New York	82	\$24.90	95.0%	3.2%
Seattle-Tacoma	81	\$19.74	94.3%	2.4%
Washington DC	82	\$21.00	93.8%	(0.6%)
Miami	73	\$19.71	93.1%	1.4%
Chicago	129	\$15.24	90.8%	(2.6%)
Atlanta	98	\$13.06	93.7%	2.1%
Houston	70	\$14.34	91.2%	2.2%
Dallas-Ft. Worth	78	\$13.24	92.3%	(2.6%)
Philadelphia	57	\$15.83	95.6%	2.5%
Orlando-Daytona	64	\$13.74	95.4%	4.1%
West Palm Beach	38	\$18.41	94.6%	2.4%
Tampa	47	\$14.14	93.8%	1.1%
Portland	41	\$18.54	95.2%	(1.3%)
All other markets	786	\$14.09	94.0%	1.7%
Total	2,048			

Operations

Extra Space
Storage
(NYSE: EXR)

Second quarter performance was enhanced by stronger than expected tenant insurance income and continued rental rate strength to new customers. Achieved rental rates increased approximately 5% to 6% year-over-year.

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.

Q2 2018 RESULTS

- Same-store revenues increased 4.1% during the second quarter - a 110 basis point deceleration from the first quarter. The increase was driven by higher rental rates for both new and existing customers, and was partially offset by increased discounts.
- Cost of operations for the same-store pool increased by 4.9% during the second quarter. The increase was impacted by a 5.9% growth in real estate taxes, 11% increase in marketing expenses, and 6.1% increase in payroll. The real estate tax increase was impacted by an unbudgeted tax increase on three properties in California, New Jersey and Pennsylvania.
- Same-store net operating income grew 3.8% year-over-year during the second quarter.
- Occupancy during the second quarter was flat year-over-year. Same-store occupancy at the end of the second quarter was 94.2%, compared to 94.3% a year earlier, a 10 basis point increase. Same-store weighted average occupancy during the second quarter was 93.3%, unchanged from a year earlier.

Operating Fundamentals

- Existing customer rate increases remain in the high single-digits.
- Discounts during the second quarter partially offset rental rate gains. The impact from discounting was about 40 basis points during the second quarter.
- Extra Space anticipates discounting to be larger during the second and third quarters and moderating during the fourth quarter.
- The increases in rental rates to existing customers are partially offset by the roll down of replacing move-outs with move-ins. The roll down impact of new rental rates versus existing customer rates remains consistent with past years at 5% to 10%, depending on the time of year.
- Unlike other industry peers, Extra Space prefers retail customers to business customers. Business customers drive high bargains and are more difficult to raise rates.

Operations

Extra Space
Storage
(NYSE: EXR)

Major Market Revenue Growth

- Major markets with revenue growth above the Extra Space portfolio average for the three and six months ended June 30, 2018 included Atlanta, Hawaii, Indianapolis, Las Vegas and Los Angeles.
- Major markets performing below the Extra Space portfolio average included Charleston, Chicago, Dallas, Norfolk/Virginia Beach and West Palm Beach/Boca Raton.
- San Francisco, considered a strong West Coast market, experienced a deceleration in sequential same-store revenue from 5.6% growth during the first quarter 2018 to 3.6% growth during the second quarter. The results are impacted by the performance of their San Jose properties, considered a weaker market than San Francisco and Oakland.

Third Party Management

- Extra Space added 42 properties to its third-party management platform during the second quarter, resulting in 486 third-party managed properties. When including an additional 214 facilities in joint venture, Extra Space managed properties total 700 as of the end of the quarter.
- Extra Space added net 75 managed stores through the second quarter. About two-thirds of new management contracts are new developments. As new development starts to moderate, would expect less newly managed properties.
- Relinquished six third-party managed stores this year after owners sold the properties.
- Inside Self Storage magazine named Extra Space as the best third-party management company for the seventh year in a row.

Full Year 2018 Guidance

Same-store revenue growth	3.75% to 4.25%
Same-store expense growth	4.00% to 4.75%
Same-store NOI growth	3.25% to 4.50%
Net tenant reinsurance income	\$91.5 million to \$92.5 million
Acquisitions of operating stores wholly-owned	\$370 million
Acquisitions of operating stores, joint ventures	\$20 million
Development and C of O stores, wholly-owned	\$100 million
Development and C of O stores, joint ventures	\$110 million
Core FFO	\$4.60 to \$4.67
Dilution per share from C of O and value-added acquisitions	\$0.21 per share

- Extra Space raised the bottom end of annual same store same-store revenue guidance by 25 basis points, to a range of 3.75% to 4.25%.

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	\$19.70	94.4%	6.5%
New York-Northern New Jersey-Long Island, NY-NJ-PA	65	\$23.29	93.9%	3.1%
Dallas-Fort Worth, TX	46	\$12.94	91.5%	1.3%
Washington-Baltimore, DC-MD-VA-WV	46	\$19.81	93.3%	1.7%
Atlanta, GA	45	\$12.49	93.4%	6.4%
San Francisco-Oakland-San Jose, CA	39	\$26.39	94.1%	4.3%
Boston-Worcester-Lawrence, MA-NH-ME-CT	37	\$21.37	94.0%	3.8%
Miami-Fort Lauderdale, FL	27	\$18.81	92.7%	3.0%
Chicago-Gary-Kenosha, IL-IN-WI	27	\$14.67	92.9%	2.8%
Phoenix-Mesa, AZ	20	\$11.90	93.8%	5.3%
Houston-Galveston-Brazoria, TX	18	\$13.10	91.0%	5.8%
Norfolk-Virginia Beach-Newport News, VA-NC	16	\$11.81	93.9%	1.3%
Cincinnati-Northern Kentucky	14	\$10.21	94.0%	4.0%
Tampa-St. Petersburg-Clearwater, FL	14	\$16.62	92.8%	3.3%
Indianapolis, IN	14	\$10.43	95.0%	5.7%
Philadelphia-Wilmington-Atlantic City, PA-DE-NJ	13	\$14.53	94.3%	7.5%
Las Vegas, NV-AZ	13	\$10.26	95.7%	8.0%
Sacramento-Yolo, CA	11	\$15.79	93.3%	4.8%
Charleston-North Charleston, SC	11	\$12.85	89.1%	(2.3%)
Orlando, FL	11	\$13.40	93.9%	4.0%
Memphis, TN-AR-MS	11	\$9.76	94.3%	5.9%
Austin-San Marcos, TX	11	\$13.42	90.1%	1.7%
West Palm Beach-Boca Raton, FL	10	\$13.94	90.9%	0.9%
Hawaii, HI	9	\$32.44	94.1%	7.1%
Richmond-Petersburg, VA	8	\$13.72	93.7%	3.1%



Operations

Extra Space
Storage
(NYSE: EXR)

Select Markets Same-Store Performance (continued)

MSA	Stores	Rent Per Occupied Sq. Ft.	Average Occupancy	Revenue Growth
Albuquerque, NM	8	\$12.50	93.0%	5.0%
Denver-Boulder-Greeley, CO	7	\$14.26	91.3%	3.7%
Salt Lake City-Ogden, UT	7	\$13.36	93.7%	4.9%
San Diego, CA	7	\$17.87	91.7%	2.5%
Columbia, SC	6	\$11.44	91.5%	5.5%
Seattle-Tacoma-Bremerton, WA	6	\$17.10	93.7%	5.7%
Colorado Springs, CO	6	\$13.24	93.4%	5.1%
Midland-Odessa, TX	6	\$11.01	97.8%	17.1%
Portland-Salem, OR-WA	5	\$15.46	91.5%	(1.1%)
El Paso, TX	5	\$7.74	92.2%	7.2%
Pittsburgh, PA	5	\$12.26	88.6%	0.2%
Stockton-Lodi, CA	5	\$15.51	94.2%	9.0%
San Antonio, TX	5	\$13.00	91.3%	3.8%
Other MSAs	97	\$12.80	93.4%	4.3%
Total	787	\$16.32	93.3%	4.1%

Operations

CubeSmart
(NYSE: CUBE)

CubeSmart's top 10 MSAs all generated positive same-store revenue growth during the second quarter. Los Angeles' Inland Empire led the way with 6.8% growth followed by Phoenix (5.2%), Philadelphia (5.0%) and Tucson (4.9%).

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 June 30, 2018, the same-store pool includes 458 stores totaling approximately 31.595 million square feet.

Q2 2018 RESULTS

- Same-store revenues increased 3.2% during Q2 2018, a 70 basis point deceleration from the first quarter 2018. The increase was primarily driven by a 3.3% increase in annual rent per occupied square foot as a result of higher rates for new and existing customers. The average rent per occupied square foot rose to \$16.33 during the quarter.
- Cost of operations for the same-store pool increased by 3.2% during Q2 2018. The increase was impacted by a 3.0% growth in real estate taxes, 9.4% increase in advertising and 9.5% increase in utility costs.
- Same-store net operating income grew 3.3%, in-line with expectations.
- Same-store occupancy at the end of the first quarter was 94.4%, compared to 94.5% year-over-year. The second quarter same-store average occupancy was 93.6%, unchanged year-over-year.

Select Market Same-Store Performance

- New York and New England MSAs have exceeded expectations on occupancy, asking rate and revenue growth from the beginning of the year. Northern Jersey remains a solid performer. The Bronx stores are bouncing back from the new supply impact felt in 2017. Brooklyn and Queens stores are feeling expected impact of new supply coming to market, but less than forecasted.
- Same-store comparisons in Boston and Providence generated asking rent growth in the high-single digits, 100 basis points growth in average occupancy, and over 6% revenue growth.
- California continues to perform well with a strong economy, good population growth and limited new supply. After multiple years of out-sized growth, revenues and asking rents still remain above average.
- Washington D.C. portfolio underperformed in the second quarter, driven by weak performance from a few Northern Virginia assets.

Operating Fundamentals

- Street rates trended up 1% to 2% versus previous year's second quarter. The street rate trend is consistent with the 3-year annual compounded growth of 1.2%.
- Discounts remained consistent at 3.3% of projected in-place rent. The discounts per new rental were up 5%. CubeSmart continues to experience incrementally more promotional discounting in markets with new supply versus non-supply markets.

Operations

CubeSmart
(NYSE: CUBE)

Third-Party Management

- As of June 30, 2018, third-party management program increased to a total of 535 stores, including joint venture managed stores.
- CubeSmart added 41 stores to third-party management program during the quarter. The additional stores consist of 11 existing operating stores and 30 newly opened developments. Year-to-date, CubeSmart added 88 stores to its third-party management platform.
- Ending management agreement at the end of October with 42 assets located primarily throughout greater Louisiana and Texas.

2018 Full Year Guidance Update

Same-store revenue growth	2.75% to 3.25%
Same-store expense growth	3.5% to 4.5%
Same-store net operating income growth	2.0% to 3.0%
Acquisition of wholly-owned properties	\$100 million to \$150 million
Acquisition of properties at C/O	\$40 million
New development openings	\$90 million
Dispositions	\$0 to \$50 million
Dilution from properties in lease-up	(\$0.06) to (\$0.07)
FFO per diluted share, as adjusted	\$1.61 to \$1.65

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	\$27.56	94.0%	2.7%
Chicago-Naperville-Joliet, IL-IN-WI	40	\$14.07	92.6%	1.1%
Miami-Fort Lauderdale-Pompano Beach, FL	35	\$18.29	92.9%	3.3%
Dallas-Fort Worth-Arlington, TX	32	\$13.60	92.9%	1.9%
Washington-Arlington-Alexandria, DC-VA-MD-WV	23	\$20.41	93.7%	1.0%
Phoenix-Mesa-Scottsdale, AZ	18	\$11.87	93.7%	5.2%
Atlanta-Sandy Springs-Marietta, GA	18	\$12.76	93.8%	3.6%
Riverside-San Bernardino-Ontario, CA	16	\$13.17	93.3%	6.8%
Tucson, AZ	15	\$11.09	95.5%	4.9%
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	13	\$16.46	95.3%	5.0%
Houston-Sugar Land-Baytown, TX	13	\$13.08	91.7%	2.3%
Hartford-West Hartford-East Hartford, CT	12	\$12.57	93.3%	3.3%
Orlando-Kissimmee, FL	10	\$12.79	94.0%	3.2%
Columbus, OH	10	\$10.58	95.3%	4.7%
Cleveland-Elyria-Mentor, OH	10	\$13.18	95.1%	3.7%
Boston-Cambridge-Quincy, MA-NH	9	\$20.63	93.5%	5.6%
Denver-Aurora, CO	8	\$14.44	92.7%	(1.8%)
Sacramento-Arden-Arcade-Roseville, CA	8	\$14.38	93.3%	4.7%
Nashville-Davidson-Murfreesboro-Franklin, TN	7	\$12.23	95.1%	5.1%
Las Vegas-Paradise, NV	7	\$12.32	94.6%	7.5%
Jacksonville, FL	7	\$16.41	95.1%	7.3%
Austin-Round Rock, TX	7	\$14.02	92.1%	(0.6%)
San Diego-Carlsbad-San Marcos, CA	6	\$16.77	94.4%	4.6%
Los Angeles-Long Beach-Santa Ana, CA	6	\$17.25	93.2%	3.6%
Tampa-St. Petersburg-Clearwater, FL	6	\$16.01	92.2%	1.1%
Bridgeport-Stamford-Norwalk, CT	6	\$22.13	95.0%	2.7%
Cape Coral-Fort Myers, FL	5	\$15.66	93.0%	5.3%
Charlotte-Gastonia-Concord, NC-SC	5	\$13.48	92.3%	3.5%
San Antonio, TX	4	\$12.53	92.8%	(3.8%)
Salt Lake City, UT	4	\$12.38	93.4%	5.5%
Providence-New Bedford-Fall River, RI-MA	4	\$14.96	95.5%	11.1%
Naples-Marco Island, FL	4	\$16.48	91.8%	0.2%
Other	37	\$14.46	94.5%	5.2%
Total	458	\$16.33	93.6%	3.2%

Operations

LifeStorage
(NYSE: LSI)

Life Storage achieved same-store revenue growth in 29 of the 33 major markets in the same-store pool. All 33 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 December 31, 2016. The stores purchased between 2016 and 2017 at certificate of occupancy or that were in early stages of lease-up are not included, regardless of their current performance. Life Storage includes such stores in its same-store pool in the second year after the stores achieve 80% sustained occupancy using market rates and incentives. There are 535 facilities in Life Storage's same-store pool.

Q2 2018 RESULTS

- Same-store revenues increased 4.0% during the second quarter- 4.3% higher than the second quarter in 2017. The increase was driven by a 3.4% increase in realized revenue per occupied square foot and 3.2% increase in tenant insurance income.
- Cost of operations for the same-store pool increased by 1.5% during the second quarter. The increase was impacted by a 6.2% growth in real estate taxes and increase in payroll. The gain was offset by a 12.1% reduction in internet spending due to gains to Life Storage brand presence on the web.
- Same-store net operating income grew 5.2% year-over-year during the quarter, representing a sequential increase of 270 basis points.
- Same-store occupancy at the end of the second quarter was 92.4%, a 50 basis point increase over the quarter's average occupancy but relatively unchanged from a year ago. Same-store average occupancy during the first quarter was 91.9%, a 20 basis point gain compared to the same period in 2017.

Major Markets Revenue Growth

- Markets with the strongest positive same-store revenue impact included Las Vegas, Houston/Beaumont, Northern and Southern California, Buffalo-Upstate New York, and New York/New Jersey. Areas that posted double-digit growth include Las Vegas, Sacramento and Orlando.
- Markets forecasted less than portfolio-wide same-store revenue growth includes San Antonio, Dallas, Austin, Atlanta, New Orleans, Raleigh/Durham, and Charlotte.
- Watch list markets include San Antonio, Dallas and Austin due to recent new supply. The company is also monitoring Miami and Chicago for future new supply risks.

Third-Party Management Platform

- During the second quarter, Life Storage added 7 properties to third-party management platform.
- Life Storage manages a total of 152 properties, 54 through third-party management agreements and 98 through joint ventures. There are an additional 24 properties under contract to manage commencing in 2018 and 2019, two of which opened subsequent to quarter-end. The remaining 22 contracts are new developments.

Operations

LifeStorage
(NYSE: LSI)

Legacy Life Storage Contribution to Earnings

- The mature stores purchased in the legacy Life Storage portfolio in 2016 experienced revenue growth of 6.2% during the second quarter, with net operating income up 8.4%. These stores added about 70 basis points to revenue growth in the total same-store pool, and 120 basis points to same-store NOI growth.
- Chicago and Houston stores in the legacy Life Storage portfolio outperformed other markets.

Operating Fundamentals

- As of June 30, 2018, Life Storage operated 22 facilities acquired between 2015-2017 upon issuance of certificate of occupancy or in the early stages of lease-up. These properties are expected to contribute to above average revenue growth in 2018.
- Second quarter street rates increased 4.2% versus same period last year with a net of 3% achieved after discounts.
- New supply coming on-line in Life Storage markets may increase discounts for the balance of the year. Second quarter discounts were about 3% of rent and expected 3% to 3.5% in the third and fourth quarters.
- Life Storage grew its management fee income by 31.1% over that of the second quarter 2017.
- Property taxes are expected significantly increase this year in Houston, Austin, St. Louis, and certain Florida markets.
- Life Storage continues to be aggressive with rent increases to existing customers. They sent 97,000 rent increase letters to existing customers during the second quarter versus 41,000 a year ago.
- Occupancies rose during the quarter with July being the highest, but was 30 basis points lower than July 2017.
- Same-store revenue growth during the third and fourth quarter this year may be impacted by difficult comps generated during the hurricanes last year in Houston and Florida.
- Launched the company's "Rent Now" initiative at 142 stores, allowing customers to 'skip the counter' and complete the rental process online. Life Storage expects Rent Now to be fully integrated at all Life Storage stores by 2019.
- Company program called 'Warehouse Anywhere' serves commercial customers including logistic companies to lease space on a regional and nation basis.

Full Year Guidance for 2018

Revenue Growth	2.5% to 3.25%
Operating costs (excluding property taxes)	0.75% to 1.5%
Property Taxes	5.5% to 6.5%
Total Operating Income	2.25% to 3.0%
Net Operating Income	2.75% to 3.25%

*535 same store pool

Operations

Life Storage
(NYSE: LSI)

Select Markets Same-Store Performance

Market	Stores	Rent Per Occupied Sq. Ft.	Occupancy 6/30/2018	Revenue Growth
Houston-The Woodlands-Sugar Land, TX	43	\$13.41	91.3%	3.4%
Chicago-Naperville-Elgin, IL	31	\$14.73	92.5%	3.2%
New York-Newark-Jersey City, NY-NJ-PA	26	\$22.77	92.2%	4.0%
New England-Other	26	\$17.40	91.6%	3.5%
Dallas-Fort Worth-Arlington, TX	26	\$12.71	92.6%	0.8%
Buffalo-Upstate, NY	25	\$13.06	90.9%	6.9%
Austin-Round Rock, TX	22	\$11.90	91.3%	0.0%
Atlanta-Sandy Springs-Roswell, GA	21	\$13.08	92.7%	(2.0%)
Las Vegas-Henderson-Paradise, NV	17	\$12.90	93.9%	14.1%
Miami-Fort Lauderdale-West Palm Beach, FL	16	\$18.98	92.3%	3.1%
San Antonio-New Braunfels, TX	16	\$12.94	90.2%	1.1%
Boston-Cambridge-Newton, MA-NH	15	\$16.42	90.1%	4.8%
Tampa-St. Petersburg-Clearwater, FL	13	\$15.31	92.7%	4.5%
St. Louis, MO	13	\$12.88	92.2%	3.9%
Virginia Beach-Norfolk-Newport News, VA	12	\$10.60	91.4%	3.0%
New Orleans-Lafayette, LA	12	\$11.32	92.5%	(1.2%)
Orlando-Kissimmee-Sanford, FL	11	\$12.35	92.6%	8.2%
Sacramento--Roseville--Arden-Arcade, CA	10	\$14.66	92.3%	7.9%
Phoenix-Mesa-Scottsdale, AZ	10	\$11.63	92.4%	6.6%
Los Angeles-Long Beach-Anaheim, CA	9	\$22.43	90.4%	5.7%
Cleveland-Elyria, OH	9	\$11.67	92.7%	5.1%
Space Coast, FL	8	\$14.27	91.9%	4.8%
Jacksonville, FL	8	\$13.72	91.7%	6.5%
Raleigh-Durham, NC	8	\$11.95	93.0%	0.8%
Charlotte-Concord-Gastonia, NC	8	\$12.36	93.3%	0.7%
Cape Coral-Fort Myers, FL	8	\$13.31	92.1%	6.4%
Pensacola-Ferry Pass-Brent, FL	8	\$9.70	91.8%	7.3%
Beaumont-Port Arthur, TX	7	\$14.81	90.0%	21.8%
Jackson, MS	7	\$10.69	93.4%	2.5%
Montgomery, AL	7	\$9.67	90.4%	0.9%
Chattanooga, TN-GA	6	\$12.44	92.1%	1.8%
Columbia, SC	6	\$10.75	90.7%	(5.1%)
Youngstown-Warren-Boardman, OH-PA	5	\$9.32	92.6%	6.9%
Other markets	66	\$12.55	91.7%	4.3%

Operations

National
Storage Affiliates
(NYSE: NSA)

National Storage Affiliates generated same-store revenue growth in all of its major markets except one. Strongest revenue gains were generated in Florida (6.6%), California (5.7%) and Georgia (4.0%).

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 June 30, 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.

Q2 2018 RESULTS

- Same-store revenues increased 3.6% during Q2 2018- a 60 basis point deceleration sequentially. The increase was driven by a 3.1% increase in average annual revenue per occupied square foot and a 20 basis point increase in average occupancy.
- Cost of operations for the same-store pool increased by 2.4% during Q2 2018 year-over-year. The increase was impacted by growth in real estate taxes, personnel expenses and advertising.
- Same-store net operating income grew 4.2% as compared to last year's second quarter.
- Occupancy during the first quarter achieved modest growth year-over-year. Same-store occupancy at the end of the second quarter increased to 91.1%, as compared to 90.6% at the end of last year's second quarter. Average occupancy during the first quarter was 89.8%, a 20 basis point increase year-over-year and positive trend compared to the 40 basis point decline in Q1 2018 year-over-year.

Operating Fundamentals

- NSA continues to focus 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 the supply constrained markets in Northern and Southern California, Florida. Georgia generated above-average portfolio growth in its Atlanta properties.
- Markets with below-average performance include Dallas, Austin, Raleigh, Oklahoma City, and Phoenix.
- The Portland market consists of 15% of NSA's same-store pool. The imbalance in supply and demand fundamentals in Portland due to a spike in new deliveries generated an outsized impact on results. The market decelerated 300 basis points in same-store average occupancy during the quarter and reported flat revenue growth of 1.1% year-over-year. The same-store pool, less Portland, generated a 5% gain in operating performance during the quarter.
- Discounts and concessions remained flat during the second quarter as NSA focused on maintaining rates at the degradation of occupancy.
- Street rates were flat with an upward bias during the second quarter.
- There was a slight down-tick of 1% to 2% in move-ins during the second quarter versus move-outs.

Operations

National
Storage Affiliates
(NYSE: NSA)

Same Store Performance Summary

State	Stores	Rent Per Occupied Square Foot	Occupancy June 30, 2018	Revenue Growth
California	77	\$12.89	92.8%	5.7%
Oregon	55	\$14.61	89.1%	1.1%
Texas	51	\$9.52	91.8%	2.7%
Oklahoma	30	\$8.70	86.7%	(0.5%)
North Carolina	28	\$10.68	93.1%	3.4%
Florida	20	\$14.81	89.0%	6.6%
Georgia	20	\$9.48	91.9%	4.0%
Arizona	15	\$13.09	91.3%	1.4%
Indiana	14	\$9.30	92.7%	2.2%
Washington	13	\$14.33	89.8%	2.9%
Colorado	10	\$12.21	94.4%	3.2%
Louisiana	10	\$10.46	86.2%	0.1%
Other	33	\$10.47	92.3%	6.1%
Total	376	\$11.79	91.1%	3.6%

*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)

- Shurgard Europe is considering an initial public offering.

Extra Space Storage (NYSE: EXR)

- Did not sell any shares of common stock in the second quarter. Subsequent to quarter end, sold 343,251 shares of common stock using its ATM equity program at an average sales price of \$99.75 per share resulting in net proceeds of \$33.9 million available for issuance. As of July 31, 2018, \$315.1 million available for issuance
- On July 17, 2018 closed a \$300 million private placement consisting of ten-year 4.39% senior notes. Proceeds used to pay down lines of credit and general corporate purposes.

Debt Structure

	Percentage	Interest Rate*
Fixed-rate debt	72.8%	3.4%
Variable-rate debt	27.2%	3.6%

* Weighted average, and weighted average maturity date of about 4.6 years

CubeSmart (NYSE: CUBE)

- HVP IV joint venture received a \$43.7 million initial advance on May 16, 2018, on its \$107 million loan facility, which encumbers the first six stores that were acquired by the venture. The loan bears interest at LIBOR plus 1.70% and matures on May 16, 2021 with options to extend the maturity date by five years.
- In the second quarter, CubeSmart sold 3.1 million common shares of beneficial interest through its “at-the-market” (“ATM”) equity program at an average sales price of \$30.78 per share, resulting in net proceeds of \$95.4 million. Additional 1.6 million shares available for issuance under existing equity distribution agreements.
- On July 23, 2018, exercised the right to require redemption of the 58,400 preferred OP units that were originally issued on April 12, 2017. The redemption was satisfied through the issuance of 46,322 common OP units of the company.

Debt Structure

	Amount	Rate*	Maturity*
Floating Rate	\$347,298,000	3.34%	1 year
Fixed Rate	\$1,252,843,000	4.15%	6.1 years
Total Debt	\$1,600,141,000	3.97%	5.0 years

* weighted average

Investment Credit Ratings

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

Capital Activities

Life Storage (NYSE: LSI)

- At June 30, 2018, \$7.3 million of cash on hand, and \$386 million available on its line of credit.
- During the second quarter, filed with SEC to sell shares of its common stock having an aggregate gross sales price of up to \$300 million through the “at-the-market” (“ATM”) offering program. No shares were issued during the second quarter.

Key Financial Ratios

Debt to Enterprise Value @ \$97.31/share	27.8%
Debt to Book Cost of Facilities	40.3%
Debt to Recurring Annualized EBITDA	5.4x
Debt Service Coverage (DSC)	4.8x

Debt Summary

	Balance	Weighted Avg. Interest Rate	Weighted Avg. Maturity
Unsecured Debt	\$1,738,000,000	3.8%	7.3 years
Secured Debt	\$12,489,000	4.9%	4.8 years
Total	\$1,750,489,000	3.8%	7.3 years

Investment Grade Ratings

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

National Storage Affiliates (NYSE: NSA)

- On May 31, 2018, entered into an agreement with a syndicated group of lenders to reduce margins on \$155 million tranche B term loan from a range of LIBOR plus 1.6% to 2.15% to LIBOR plus 1.3% to 1.7%.
- On June 5, 2018, increased total borrowing capacity under terms of loan facility by \$75 million for a total term loan of \$175 million. Increased total expansion option to \$225 million. Reduced term loan to a range of LIBOR plus 1.3% to 1.7%.
- Completed offering of 5,900,000 common shares subsequent to end of the second quarter. The shares were issued at a price of \$29.86 per share, resulting in the net proceeds of approximately \$176 million.



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