

# SELF STORAGE MARKET OVERVIEW

## First Quarter 2020 Results

*Analysis of the Public Self Storage Companies*

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## Summary

### **The Impact of COVID-19 on the Self Storage Industry**

- The economic impact due to the pandemic and limited mobility will have a near-term impact on performance and operations in the self storage industry.
- While self storage facilities remain open during the crisis, the REITs are placing emphasis on employee health and retention. Enhanced compensation packages, child care coverage and extended paid time off to employees have been implemented. Additionally, protocols are in place to ensure social distancing and cleaning strategies within the properties.
- The acceleration of a contactless customer experience places a premium on technological solutions that ensure uninterrupted leasing through online platforms and mobile apps. The REITs introduced and refined digital platforms to deliver a seamless contactless leasing experience.

### **A Watchful Eye on Rental Activity, Delinquencies and Occupancy**

- Move-in and move-out volumes, delinquencies and occupancy are data points to closely watch in the coming months. The REITs reported move-in volumes in April declined 15%-40% partially offset by declines in move-out volumes, although at a lower percentage.
- The REITs collected 93% to 98% of rents in April, compared to the same period in 2019. Collection totals are promising considering the pause in auctions and more limited collection contacts with customers.
- The initial surge of college students and consumers accelerating storage activity in mid-March faded as stay-at-home orders impacted mobility. As a result, occupancies declined in late March into April, falling 60 to 140 basis points by the end of April year-over-year.
- In response to the economic impact, rate increases on existing customers were suspended by the REITs, which have been the primary source of recent revenue growth. Rate increases may resume on a limited basis in select markets as early as late-May.
- Signs of improvements in move-in volumes, rent collections and occupancies in early-May are offering promise as more states begin to open up their economies.

### **Same-Store Results Holding Steady, Thus Far**






- The self storage REITs generated same-store revenue growth in the first quarter ranging from 1.2 to 3.0%.
- Net operating income for REITs same-store pools range from 0.1% to 4.8%.
- While the REITs continue to focus on achieving operational efficiencies to reduce expenses, increased marketing costs, continued real estate tax pressures and higher payroll expenses are projected to keep operating expenses elevated.

## Summary

### Full Year 2020 Guidance Suspended

- All self storage REITs have elected to withdraw earnings guidance for 2020 due to uncertainty associated with the impact of Covid-19. Public Storage does not typically provide any guidance.

#### Implied Cap Rates

	Public Storage (NYSE: PSA)	5.4%
	Extra Space Storage (NYSE: EXR)	5.5%
	CubeSmart (NYSE: CUBE)	5.4%
	Life Storage (NYSE: LSI)	5.9%
	National Storage Affiliates (NYSE: NSA)	6.3%

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

## Summary

### New Supply Update

Under Construction & Planned  
Percent of Existing Inventory

Metro Area	February 2020	March 2020	% Change
NATIONAL	8.6%	8.9%	+0.3%
Portland	18.4%	18.3%	-0.1%
Sacramento	15.3%	16.9%	+1.6%
New York	16.3%	16.7%	+0.4%
San Jose	16.4%	16.4%	-
Las Vegas	14.8%	15.4%	+0.6%
Seattle	15.0%	15.0%	-
Phoenix	14.1%	14.7%	+0.6%
Orlando	12.7%	13.3%	+0.6%
Boston	13.0%	13.3%	+0.3%
Miami	13.2%	13.1%	-0.1%
Washington DC	11.5%	12.3%	+0.8%
San Diego	10.3%	11.8%	+1.5%
Philadelphia	11.6%	11.7%	+0.1%
Minneapolis	10.6%	11.5%	+0.9%
San Francisco/East Bay	10.7%	10.7%	-
Columbus (OH)	10.7%	10.6%	-0.1%
Charlotte	10.3%	10.3%	-
Tampa	8.3%	9.9%	+1.6%
Pittsburgh	8.7%	8.7%	-
Atlanta	8.2%	8.2%	-
Nashville	8.0%	7.9%	-0.1%
Austin	7.6%	7.6%	-
Denver	7.3%	7.3%	-
Los Angeles	7.0%	7.3%	+0.3%
Dallas-Ft Worth	7.0%	7.1%	+0.1%
Inland Empire	5.8%	5.8%	-
Charleston (SC)	5.6%	5.6%	-
Raleigh-Durham	4.9%	5.3%	+0.4%
Chicago	4.4%	4.4%	-
San Antonio	2.7%	3.7%	+1.0%
Houston	2.9%	3.2%	+0.3%

\*Source Yardi Matrix

- Yardi Matrix tracked a total of 2,197 self storage properties in the national pipeline during March 2020. It includes 592 under construction, 1,144 planned and 461 prospective projects.
- Disruptions caused by COVID-19 is expected to impact future new deliveries in the self storage industry. The fallout due to the pandemic is likely to taper or delay the pipeline of new facilities in many markets. Yardi Matrix's latest storage forecast predicts deliveries decreasing by roughly 40% over the next five years.
- The national new supply pipeline as a percentage of existing inventory slightly increased by 30 basis points in March compared to the previous month. The amount of development under construction, planned and prospective accounts for 8.9% of the total existing self storage stock.
- Due to the acceleration of construction, Sacramento now has the second-largest pipeline among top markets with 16.9% of existing inventory under construction or planned. Sacramento's balanced square feet per capita of supply and growing population is fueling the development increase. Portland continues to lead the nation in new deliveries with 18.3% of existing inventory under construction or planned.

## Earnings Results

### Same-Store Comparisons\*

	Total Properties Operating	Revenue Growth	Net Operating Income Growth	End of Quarter Occupancy	Rent Per Occupied Square Foot
<b>Public Storage</b>	2,492 U.S. 234 Europe	1.2%	0.1%	92.7%	\$17.43
<b>Extra Space Storage</b>	1,852	1.9%	1.2%	91.3%	\$17.07
<b>CubeSmart</b>	~1,200	1.7%	0.8%	91.8%	\$17.19
<b>Life Storage</b>	867	2.6%	4.8%	89.5%	\$14.59
<b>National Storage Affiliates</b>	780	3.0%	3.5%	87.1%	\$12.34

\*Same Store Comparisons Q1 2020 vs Q1 2019

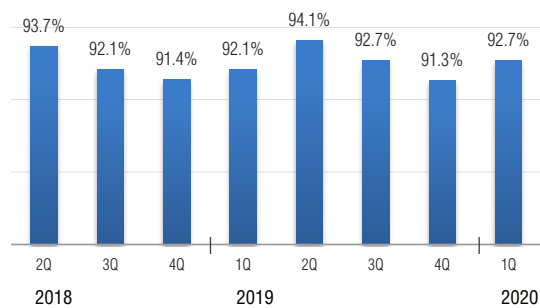
### Capital Markets

	Market Capitalization	Core Funds From Operations	Annual Dividend Yield	Common Stock Price (5/15/2020)	52-Week High/Low
<b>Public Storage</b>	\$30.75 billion	\$2.61/share (+3.6%)	4.55%	\$175.97	\$266.76 \$155.37
<b>Extra Space Storage</b>	\$10.56 billion	\$1.24/share (+6.9%)	4.40%	\$80.81	\$124.46 \$72.70
<b>CubeSmart</b>	\$4.54 billion	\$0.41/share (+0.03%)	5.48%	\$23.48	\$36.32 \$19.61
<b>Life Storage</b>	\$3.94 billion	\$1.40/share (+6.9%)	5.03%	\$84.18	\$119.61 \$67.31
<b>National Storage Affiliates</b>	\$1.66 billion	\$0.40/share (+8.1%)	5.20%	\$24.49	\$38.22 \$19.34

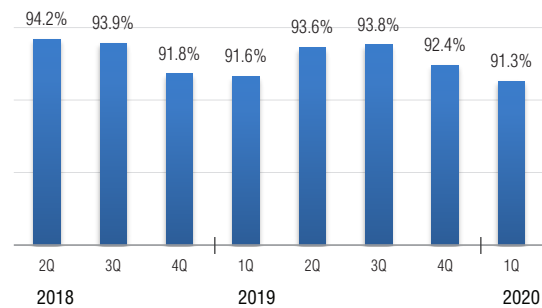
## Portfolio Occupancies

Same-Store  
Year-Over-Year Change

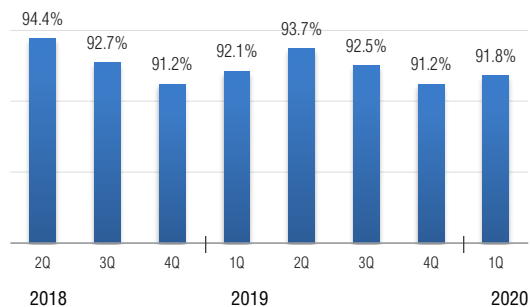
### Public Storage



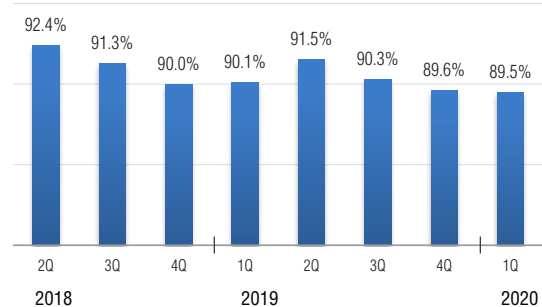
### Extra Space Storage



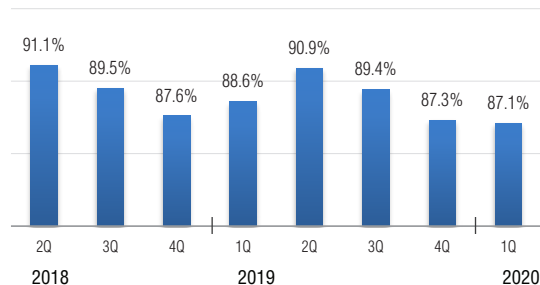
### CubeSmart



### Life Storage



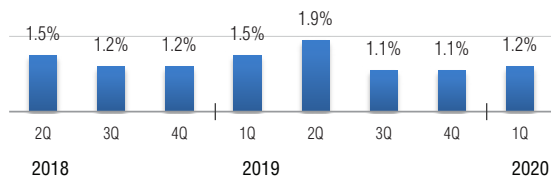
### National Storage Affiliates



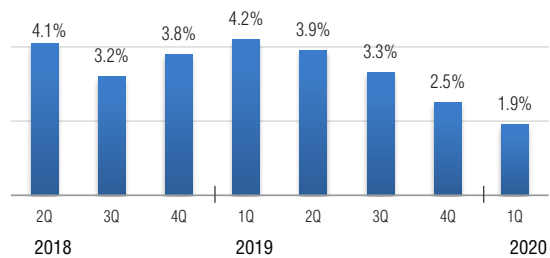
## Portfolio Revenues

Same-Store  
Year-Over-Year Change

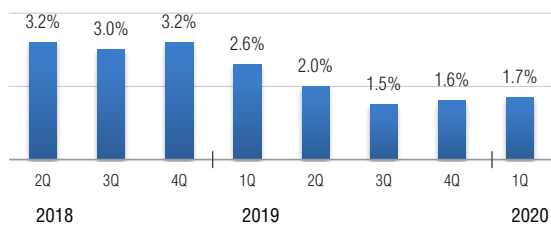
### Public Storage



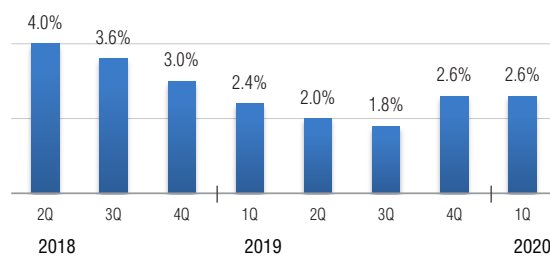
### Extra Space Storage



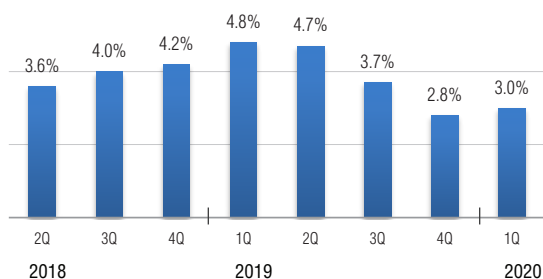
### CubeSmart



### Life Storage



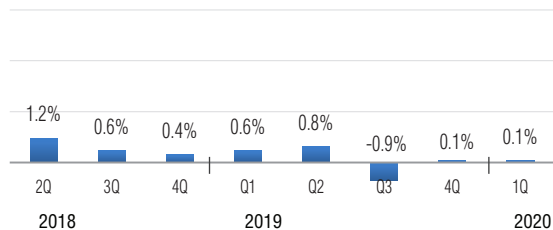
### National Storage Affiliates



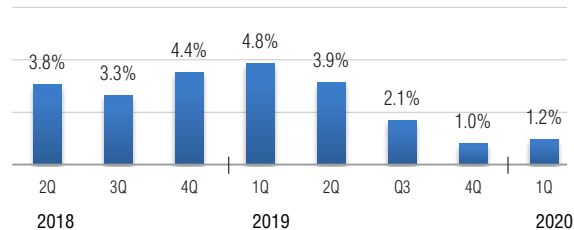
## Portfolio Net Operating Income

Same-Store  
Year-Over-Year Change

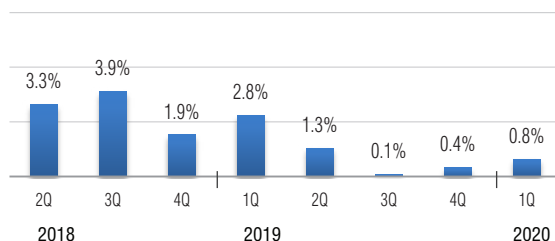
### Public Storage



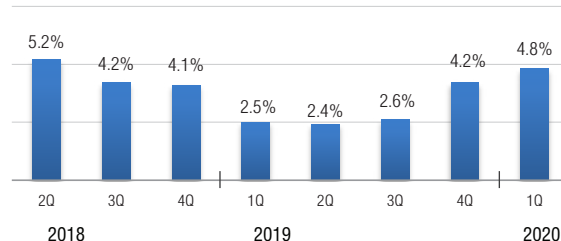
### Extra Space Storage



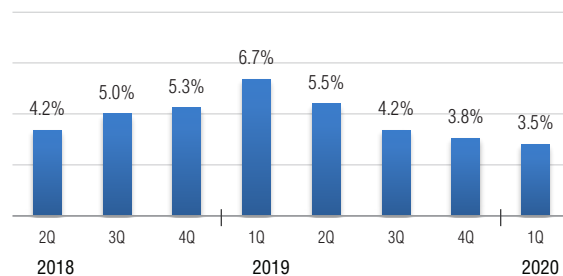
### CubeSmart



### Life Storage



### National Storage Affiliates





## Investment Activity

### Public Storage (NYSE: PSA)

*Public Storage acquired nine self storage facilities in the first quarter for \$186.2 million. Locations include two each in California, New York and Tennessee and one each in Indiana, Massachusetts and Nebraska.*

#### **Investment Activity**

- Subsequent to March 31, 2020, acquired or under contract to purchase six facilities for purchase six facilities for \$66.8 million. Locations include four in Ohio and one each in California and Florida.

#### **Development Activity of \$635 Million**

- At March 31, 2020, Public Storage is developing twelve new self storage facilities for a total of 1.4 million net rentable square feet estimated to cost \$229 million, and expanding 36 existing self storage facilities totaling 2.9 million net rentable square feet estimated to cost \$406 million.
- The aggregate 4.3 million net rentable square foot pipeline of development and expansion facilities includes 1.5 million in California, 1.3 million in Florida, 300,000 in Texas, 200,000 each in Missouri, Virginia and Washington and 600,000 in other states. These projects and remaining development costs of \$473 million are expected to be incurred primarily in the next 18 to 24 months.

#### **Australia-Based National Storage REIT**

- On February 14, 2020, Public Storage submitted a non-binding proposal to acquire 100% of the issued stapled securities of National Storage REIT (“NSR”), an Australia-based publicly-traded REIT (ASX:NSR). On March 17, 2020, Public Storage notified NSR that in light of the current environment, Public Storage would not be proceeding with a binding agreement.

#### **Strong Balance Sheet Well-Positioned for Acquisition Opportunities**

- “We have intentionally crafted a fortress balance sheet to not only survive, but thrive in times like these.” Joe Russell, Public Storage President and CEO.
- Public Storage is prepared with a strong balance sheet to take advantage of an environment that may offer additional level of transaction activity. Public Storage starting to hear about self-storage assets in lease-up with valuations below debt levels. While it's early, Public Storage anticipates opportunities to acquire at much more attractive price points than over the past three or four years.
- Public storage is gauging the potential impact to a number of owners that have placed from 1,500 to 2,000 properties into the sector over the last three to four years. Many of those investments are not going to come close to original pro forma expectations or underwriting hurdles. Similar to other big market corrections, that will lead to acquisition opportunities.
- With over \$700 million in cash on the balance sheet, debt to EBITDA of only a little over 1x, undrawn credit revolver, and ample access to capital markets, Public Storage has firepower to fund future opportunities given its uniquely low leverage and high coverage.
- Capital spending on property upgrades reset from about \$250 million down to about \$175 million. The transition to Gen 5 standard of the “Property of Tomorrow” strategic investments launched in 2019 delayed from approvals and permitting as well as various city shutdowns.

## Investment Activity

### Extra Space Storage (NYSE: EXR)

*Extra Space acquired one wholly-owned operating store for \$9.75 million in the first quarter, and one store at certificate of occupancy for \$9.628 million in Aurora, Colorado.*

#### Joint Venture Activity

- In conjunction with joint venture partners, Extra Space acquired one operating store and two certificate of occupancy stores for a total cost of \$40.6 million. Extra Space acquired a 10% interest in one operating store at a purchase price of \$18.1 million; a 10% interest in a certificate of occupancy store in Miramar, Florida at a purchase price of \$14.8 million; and a 50% interest in a certificate of occupancy store in Eagen, Minnesota at a purchase price of \$7.695 million. Extra Space invested a total of \$9.7 million in these three joint venture acquisitions.

#### Investment Activity

- Currently have a pipeline of eight certificate of occupancy properties due to close in 2020 and 2021. Locations include West Palm Beach, Florida; Belleville and Neptune City, New Jersey; New Hyde Park, New York; two in Minneapolis; El Cajon and Vista, California. Five of the eight are in joint ventures. The joint ventures reduce overall investment exposure, and increases returns through collection of management fees and retention of tenant insurance.
- Extra Space underwriting has evolved in the later stages of the development cycle as additional new competition impacts markets. No new certificate of occupancy deals approved since Covid-19, and difficult to approve with internal changes in underwriting.
- Between internal capital sources and joint venture partner's capital, Extra Space is positioned to take advantage of acquisition opportunities, most notably the anticipated increase in the number of opportunities for properties in lease-up.

#### Bridge Loan Program

- Year-to-date, Extra Space closed \$21.5 million in three bridge loans. The current pipeline includes ten approved loans totaling nearly \$133 million expected to close in 2020 and 2021. Last year, Extra Space completed a total of nine loans for \$104 million.
- The bridge loan program is currently pricing debt at LIBOR plus 400 to LIBOR plus 500 with a rate floor of 50 to 150 basis points. Extra Space's return is impacted if they sell a piece of the debt and is enhanced by fees generated through management and tenant insurance.

## 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>2020 Projected Openings</b>					
West Palm Beach, FL	2Q 2020	79,900	\$ 9,628,000	\$ 120.50	10%
Belleville, NJ <sup>(1)</sup> <sup>(2)</sup>	2Q 2020	78,750	\$14,800,000	\$ 187.94	95%
New Hyde Park, NY <sup>(1)</sup>	3Q 2020	70,000	\$6,400,000	\$ 91.43	100%
Minneapolis, MN	4Q 2020	81,723	\$11,770,000	\$ 144.02	50%
Minneapolis, MN	4Q 2020	74,335	\$7,815,000	\$ 105.13	50%
Total	5	380,133	\$51,429,000		
<b>2021 Projected Openings</b>					
El Cajon, CA <sup>(1)</sup> <sup>(2)</sup>	2Q 2021	55,345	\$2,834,000	\$ 51.21	100%
Vista, CA	2Q 2021	104,400	\$16,000,000	\$ 153.26	10%
Neptune City, NJ	3Q 2021	65,875	\$11,400,000	\$173.06	100%
Total	3	225,620	\$30,234,000		

(1) property subject to a ground lease

(2) development

## Investment Activity

Extra Space Storage  
(NYSE: EXR)

### Certificate of Occupancy and Development Stores - Performance Summary

Location	Date Opened	Rentable Square Feet	Purchase Price/Cost	Price/Cost Per Square Foot	Occupancy 3/31/2020	Ownership
Raleigh, NC	1Q 2018	74,968	\$8,800,000	\$117.38	66.1%	10%
Cherry Creek, CO	1Q 2018	88,333	\$14,000,000	\$158.49	79.3%	100%
Totowa, NJ	1Q 2018	90,133	\$19,541,000	\$216.80	70.2%	100%
Chicago, IL	1Q 2018	98,737	\$14,500,000	\$146.85	55.1%	10%
Elmhurst, IL	2Q 2018	82,763	\$9,960,000	\$120.34	89.5%	25%
St. Petersburg, FL	2Q 2018	99,113	\$9,750,000	\$98.37	72.2%	20%
Vancouver, WA	2Q 2018	57,340	\$8,250,000	\$143.88	91.4%	25%
Houston, TX	2Q 2018	79,357	\$9,000,000	\$113.41	86.9%	100%
Hollywood, FL	2Q 2018	58,380	\$11,800,000	\$202.12	85.8%	10%
Portland, OR	2Q 2018	78,702	\$22,500,000	\$285.89	76.3%	25%
Largo, FL	3Q 2018	86,620	\$11,500,000	\$132.76	61.3%	25%
Minnetonka, MN	3Q 2018	86,461	\$12,025,000	\$139.08	69.4%	100%
Milwaukie, OR	3Q 2018	64,312	\$11,700,000	\$181.93	93.1%	25%
Riverview, FL	3Q 2018	89,020	\$10,400,000	\$116.83	69.5%	10%
Crum Lynne, PA	3Q 2018	83,920	\$13,180,000	\$157.05	47.3%	95%
Lawrenceville, GA	4Q 2018	77,679	\$7,500,000	\$96.55	60.0%	100%
Jamaica Plain,	4Q 2018	94,102	\$21,333,000	\$226.70	38.1%	100%
Brooklyn Park,	4Q 2018	76,861	\$8,100,000	\$105.39	57.2%	100%
Decatur, GA	4Q 2018	78,977	\$14,250,000	\$180.43	65.2%	10%
St. Petersburg, FL	4Q 2018	70,390	\$12,200,000	\$173.32	52.0%	10%
Atlanta, GA	4Q 2018	76,725	\$13,500,000	\$175.95	42.7%	10%
Tampa, FL	4Q 2018	77,700	\$10,000,000	\$128.70	72.2%	10%
Manayunk, PA	4Q 2018	62,650	\$17,100,000	\$272.94	88.6%	100%
Charlotte, NC	1Q 2019	75,232	\$9,250,000	\$122.95	60.1%	10%
Chicago, IL	1Q 2019	99,334	\$14,840,000	\$149.39	32.8%	10%

## Investment Activity

Extra Space Storage  
(NYSE: EXR)

### Certificate of Occupancy and Development Stores - Performance Summary

Location	Date Opened	Rentable Square Feet	Purchase Price/Cost	Price/Cost Per Square Foot	Occupancy 3/31/2020	Ownership
Brooklyn, NY	1Q 2019	144,418	\$79,901,000	\$553.26	24.0%	25%
Auburndale, MA	1Q 2019	79,765	\$20,000,000	\$250.74	30.1%	10%
Queens, NY	1Q 2019	117,915	\$52,321,000	\$443.72	34.8%	25%
Louisville, KY	1Q 2019	158,726	\$12,680,000	\$79.89	52.8%	100%
Plantation, FL	2Q 2019	71,297	\$11,800,000	\$165.50	44.5%	100%
Brooklyn Center,	2Q 2019	81,268	\$8,400,000	\$103.36	49.9%	100%
Broomfield, CO	3Q 2019	67,087	\$9,083,000	\$135.39	62.3%	100%
Wakefield, MA	3Q 2019	83,311	\$16,800,000	\$201.65	23.1%	100%
Brooklyn, NY	4Q 2019	45,360	\$20,750,000	\$457.45	20.0%	10%
Brooklyn, NY	4Q 2019	59,056	\$29,144,000	\$493.50	9.9%	25%
Maple Grove, MN	4Q 2019	84,998	\$10,153,000	\$119.45	13.9%	50%
Aurora, CO	1Q 2020	79,700	\$9,628,000	\$120.80	26.8%	100%
Miramar, FL	1Q 2020	81,380	\$14,800,000	\$181.86	11.2%	10%
Eagen, MN	1Q 2020	65,872	\$7,695,000	\$116.82	3.2%	50%
Total	39	3,227,962	\$618,134,000			

## Investment Activity

CubeSmart  
(NYSE: CUBE)

*CubeSmart acquired one store in lease-up in the first quarter in Texas for \$9 million. Year-to-date including the start of the second quarter, CubeSmart acquired three wholly-owned stores for \$74.7 million, including one in Jessup, Maryland and one in Hoboken, New Jersey. Each store in 65% to 70% occupancy range, and originated from long standing relationships.*

### Joint Venture Activity

- On March 19, 2020, CubeSmart invested a 10% ownership position in a newly formed joint venture (“HVPSE”) that acquired a portfolio of 14 stores for an aggregate purchase price of \$135.3 million. Locations include a total of eight in Georgia (six in Atlanta), four in South Carolina (three in Charleston) and two in Florida (Tampa and Fort Meyers). The portfolio is in later stages of lease-up.

### Development Activity

- As of March 31, 2020, CubeSmart has five joint venture developments under construction. Locations include Brooklyn and East Meadow, New York; Newton, Massachusetts; Arlington, Virginia; and King of Prussia, Pennsylvania. Cubesmart anticipates investing a total of \$131.9 million related to these projects and had invested \$64 million as of the end of the first quarter. The properties are expected to open at various times between the second quarter of 2020 and the second quarter of 2021.

### New York City ICAP Elimination

- Beginning July 1, 2020, New York City recently passed legislation eliminating the ability for self storage to use real estate tax savings as granted through ICAP (Industrial and Commercial Abatement Program). This will likely bring new self storage development to a halt in New York City in four of the five boroughs with ICAP including Brooklyn, the Bronx, Queens and Staten Island. Underwriting to an acceptable yield for new developments without ICAP will be almost impossible.
- The elimination of the ICAP program is positive for Cubesmart with the largest market share of self storage throughout New York City. Once the existing new supply gets leased up, CubeSmart anticipates steady demand growth without new supply. With a leading presence in New York City, CubeSmart stores are positioned for sustainable long-term value in the market.

## Investment Activity

CubeSmart  
(NYSE: CUBE)

### New Development Properties

Location	Expected Opening	CUBE's Anticipated Investment
Brooklyn, NY	Q2 2020	\$43,000,000
Newton, MA	Q4 2020	\$18,800,000
East Meadow, NY	Q1 2021	\$24,900,000
Arlington, VA	Q1 2021	\$23,300,000
King of Prussia, PA	Q2 2021	\$21,900,000
Total		\$131,900,000

### Acquisitions at Certificate of Occupancy - Operating

Location	Date Completed	Rentable Square Feet	Purchase Price	Price Per Square Foot	Occupancy 3/31/2020
San Diego, CA	Q4 2018	87,387	\$19,118,000	\$218.77	54.9%

### New Development Properties - Operating

Location	Date Completed	Rentable Square Feet	Total Cost	Cost Per Square Foot	Occupancy 3/31/2020
Bronx, NY	Q3 2018	199,259	\$92,100,000	\$462.21	37.6%
Queens, NY	Q2 2019	80,638	\$47,500,000	\$589.05	48.5%
Bayonne, NJ*	Q2 2019	96,868	\$25,100,000	\$259.12	49.3%
Waltham, MA	Q3 2019	87,840	\$18,000,000	\$204.92	23.5%
Total			\$182,700,000		

\*This property is subject to a ground lease which commenced on June 28, 2017.

## Investment Activity

Life Storage  
(NYSE: LSI)

*Life Storage acquired six stabilized stores in the first quarter in Palmdale (5), and San Jose (1), California from a joint venture partner for a total purchase price of \$134 million. Life Storage previously managed these stores and owned a 20% minority interest in this joint venture, making a \$115.9 million net investment to acquire the properties.*

### Investment Activity

- The going-in cap rate in high 4%-range for the six California assets, with a cap rate near 5.5 in year one. The portfolio includes several expansions that are underway.
- Currently under contract to sell one self storage facility for \$19 million. The sale has been delayed until the second half of 2020 as a result of the impact of the Covid-19 global health crisis, with no assurance of an eventual sale.
- Currently pausing in considering new wholly-owned acquisitions.

### Joint Venture Activity

- During the first quarter, entered into a joint venture and acquired a 20% minority interest investment in a store at certificate of occupancy in Seattle, Washington purchased for \$21.7 million, of which Life Storage contributed \$1.7 million.



## Investment Activity

Life Storage  
(NYSE: LSI)

### Certificate of Occupancy Operating Properties

Market	Date Acquired	Net Rentable Square Feet	Price	Price Per Square Foot	Occupancy 3/31/2020
Charleston, SC	Jul-2016	70,165	\$8,620,000	\$122.85	71.7%
Chicago, IL	Feb-2017	78,023	\$10,089,000	\$129.31	87.0%
Charlotte, NC	Dec-2017	70,068	\$12,549,000	\$179.10	70.8%
Sacramento, CA	Sep-2018	79,795	\$13,846,000	\$173.52	74.1%
Atlanta, GA	Nov-2018	80,029	\$14,234,000	\$177.86	76.9%
Sacramento, CA	Dec-2018	57,095	\$9,547,000	\$167.21	91.7%
St. Louis, MO	Dec-2018	77,340	\$9,301,000	\$120.26	63.7%
New York, NY	Jan-2019	115,085	\$57,298,000	\$497.88	77.5%
Tampa, FL	Mar-2019	60,156	\$9,302,000	\$154.63	77.9%
Jacksonville, FL	Jun-2019	72,609	\$9,955,000	\$137.10	61.3%
Raleigh, NC	Jul-2019	79,339	\$11,874,000	\$149.66	57.8%
Washington, DC	Jul-2019	76,230	\$15,163,000	\$198.91	68.4%
Chattanooga, TN	Jul-2019	71,640	\$9,604,000	\$134.06	65.9%
Tampa, FL	Jul-2019	75,420	\$10,479,000	\$138.94	73.7%
Charleston, SC	Jul-2019	71,860	\$7,685,000	\$106.94	52.5%
Washington, DC	Jul-2019	75,585	\$13,566,000	\$179.48	50.7%
Greenville, SC	Jul-2019	68,036	\$8,658,000	\$127.26	56.2%
Atlanta, GA	Jul-2019	87,525	\$11,871,000	\$135.63	84.1%
Richmond, VA	Jul-2019	86,017	\$10,666,000	\$124.00	51.6%
Tampa, FL	Jul-2019	84,000	\$15,424,000	\$183.62	46.7%
Richmond, VA	Jul-2019	80,455	\$11,831,000	\$147.05	48.2%
Richmond, VA	Jul-2019	72,920	\$8,507,000	\$116.66	69.1%
Total		1,689,392	\$290,069,000		

## Investment Activity

### National Storage Affiliates (NYSE: NSA)

*During the first quarter, National Storage Affiliates acquired 36 wholly-owned self storage properties for \$222.8 million. The properties are located across seven states consisting of 1.8 million rentable square feet and 13,600 storage units.*

#### **Investment Activity**

- Total consideration for the 36-property acquisition included approximately \$214.6 million of cash, the issuance of approximately \$5.4 million of operating partnership units (OP units), \$800,000 of subordinated performance units (SP units), \$1 million of LTIP units, and assumption of about \$1 million of other working capital liabilities.
- NSA's portfolio consists of primarily in secondary and territory markets, with about one-third of the company portfolio in primary markets. NSA portfolio features essentially no lease-up exposure.

#### **Merger and Internalization of SecurCare**

- On March 31, 2020, NSA closed on the merger and internalization of SecurCare, the largest PRO (Participating Regional Operator). As a result of the merger, NSA will no longer pay any fees or reimbursements to SecurCare and distributions on the series of subordinated performance units related to SecurCare's managed portfolio were discontinued. Most SecurCare employees remain and continue to manage under the SecurCare brand name as members of NSA's existing management platform.

#### **Joint Venture Activity**

- In the first quarter, NSA invested with an existing joint venture partner in two self storage properties for \$12.1 million, comprising less than 100,000 square feet in about 500 storage units.

#### **Fifth Anniversary of 2015 IPO**

- April marked the five-year anniversary of NSA's initial public offering. Since the IPO, NSA added four Participating Regional Operators ("PROs"), increasing the total to ten PROs to the platform.
- Invested approximately \$2.5 billion in over 350 wholly-owned properties
- Formed two joint ventures with initial portfolio values of nearly \$2 billion.
- Delivered sector-leading quarterly NOI growth, averaging about 7.5%.

## Operations

### Public Storage (NYSE: PSA)

*Public Storage generated 1.2% increase in same-store revenues during the first quarter. Top performing markets by revenue growth for the quarter include Philadelphia, Los Angeles, San Francisco, Chicago, and Seattle.*

#### 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, 2018. The same-store pool consists of 2,224 facilities (143.9 million net rentable square feet) representing 85% of the aggregate net rentable square feet of Public Storage' U.S. consolidated self storage portfolio. The same-store pool increased from 2,159 facilities at December 31, 2019 to 2,224 facilities at March 31, 2020.

#### Q1 2020 Results

- Same-store revenues increased 1.2% year-over-year during the first quarter, a 10 basis point increase sequentially. The increase was driven by a 0.8% gain in realized rent per occupied square foot and improved occupancy.
- Cost of operations for the same-store pool increased by 4.0% during the first quarter. The increase was impacted primarily by a 58.8% gain in marketing expenses, 7.6% increase in payroll, and 5.0% increase in real estate taxes. The expense gains were offset by a 9.9% reduction in repairs and maintenance and 7.7% reduction in utility expenses.
- Same-store net operating income increased 0.1% year-over-year during the first quarter, driven by a 1.2% gain in same-store revenue and 4.0% gain in operating expenses.
- Same-store occupancy at the end of the quarter was 92.7%, a 70 basis point increase year-over-year and 90 basis points sequentially. Same-store weighted average occupancy during the first quarter was 93.1%, a 60 basis point increase from a year earlier.

#### COVID-19's Impact on Operating Fundamentals

- The COVID-19 pandemic poses significant risks to current and future revenues, notably a significant decrease in move-in activity, potential for increased delinquencies, and reduced ability for rent increases to existing customers.
- During the first quarter, move-in rates realized about 5% gains in January and February, and a meaningful increase in March as customers accelerated storage activity ahead of stay-at-home orders, most notably college students transitioning into on-line education formats. As stay-at-home orders were instituted across the country, move-in rates decreased 17% in April despite a 20% decrease in rental rates. The trend modestly improved later in the month as move-in volumes were down 11% during the last week of April.
- Move-in volumes in Northeast were most impacted by the pandemic. Move-in rates on the West Coast, Southwest and Texas realized more modest impact with volumes down 5% to 10%. Houston, impacted by the pandemic and falling energy prices, experienced comparable declines in move-in volumes to other markets in Texas, but at discounted rates.
- The decrease in volume of move-ins for businesses is more pronounced than for individual customers.
- The spread between customers moving out and customers moving in was \$2.90 during the quarter, an 18.3% negative spread. While the spread typically improves during the peak leasing season, however this year may be different given the impact of the pandemic on mobility and job loss across the country.

## Operations

### Public Storage (NYSE: PSA)

#### **Operating Fundamentals continued**

- The level of move-outs also declined helping offset the impact of declines in move-ins. Move-out volumes were down 9% in April, not taking into account auction-related move-outs.
- Collection and payments through the month of April remained consistent year-over-year with 95% of rents collected and about a 2% delinquency factor reported during the month.
- Approximately 50% of Public Storage's tenant base utilized AutoPay.
- Search volumes were down in April approximately 25% for incoming sales calls and 7% for web visits.
- Occupancy was up 70 basis points at the end of the quarter, in part, aided by the postponement of auctions for delinquent customers. April occupancy increased 30 basis points year-over-year, but essentially declined 40 to 50 basis points when eliminating in units that normally would be auctioned in prior years.
- In response to COVID-19, Public storage instituted a temporary \$3.00 hourly wage increase and enhancements of paid time off benefits to virtually all property managers. As a result, on-site property manager payroll expense increased 3.3% during the quarter and are likely to increase on-site property manager payroll approximately 30% during the second quarter of this year.
- Rental rate reductions to move-in customers decreased about 20% throughout the portfolio, but varied by region from as low as 5% in some markets to a high of 30% in others.
- Average length of stay that includes short-term use case customers and long-term customers is about 10 months. A little less than 60% of customers have been renting for longer than a year and about 40% of customers have been renting for longer than two years. The stickiness of the customer to rent increases initiatives increases for those renting longer than a year.

#### **Major Markets Revenue Growth**

- Major markets with revenue growth above the portfolio average for the quarter include Philadelphia (3.0%), Los Angeles (2.6%), San Francisco (2.3%), and Seattle (2.2%), and Chicago (2.1%).
- Major markets performing below the Public Storage portfolio average during the quarter include Houston (-2.8%), Atlanta (-1.7%), Miami (-0.7%), Tampa (-0.6%), and Charlotte (-0.1%).
- Public Storage remains bullish on the long-term trends in Minneapolis, despite near-term same storage revenue growth that trails other markets. With over 10,000 units in the market aggregated through acquisitions, new development and redevelopment, Public Storage is experiencing positive lease-up trends in its new facilities and anticipates future growth as the market stabilizes in the next year or two.

## Operations

Public Storage  
(NYSE: PSA)

### Top Market Same-Store Performance - End of First Quarter 2020

Market	Facilities	Rent Per Occupied Square Foot	Weighted Avg. Occupancy	Revenue Growth
Los Angeles	212	\$26.00	95.3%	2.6%
San Francisco	127	\$26.66	94.0%	2.3%
New York	89	\$25.92	93.6%	1.1%
Seattle-Tacoma	86	\$20.38	92.6%	2.2%
Washington DC	89	\$21.26	92.7%	1.5%
Miami	81	\$20.09	92.6%	(0.7%)
Atlanta	99	\$13.31	91.9%	(1.7%)
Chicago	129	\$15.16	91.6%	2.1%
Dallas-Ft. Worth	102	\$13.49	91.9%	0.2%
Houston	84	\$12.99	91.5%	(2.8%)
Orlando-Daytona	72	\$13.70	93.6%	0.1%
Philadelphia	56	\$16.67	94.9%	3.0%
West Palm Beach	38	\$18.69	94.4%	1.4%
Tampa	52	\$13.95	91.8%	(0.6%)
Charlotte	50	\$11.20	91.3%	(0.1%)
All other markets	857	\$14.36	93.2%	1.2%
Total	2,224	\$17.43	93.1%	1.2%

## Operations

Extra Space  
Storage  
(NYSE: EXR)

*During the first quarter, Extra Space generated 1.9% increase in same-store revenues and 1.2% growth in net operating income year-over-year. Top performing major markets by revenue growth include Las Vegas, Norfolk/Virginia Beach, Philadelphia, Phoenix, and Los Angeles.*

### 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 863 facilities. The same-store pool increased from 821 facilities at December 31, 2019 to 863 facilities at March 31, 2020.

### Q1 2020 Results

- Same-store revenues increased 1.9% during the first quarter, a 60 basis point deceleration sequentially. The increase was driven by a 2.0% increase in net rental income primarily due to higher achieved rental rates for both new and existing customers.
- Cost of operations for the same-store pool increased by 3.8% during the first quarter. The increase was impacted by a 23% increase in marketing, 7.4% increase in payroll, 4.5% increase in real estate taxes, and 14% increase in insurance. Expenses were partially offset by a 16% decrease in repairs and maintenance costs.
- Same-store net operating income grew 1.2% year-over-year during the first quarter, driven by a 1.9% gain in same-store revenue and 3.8% gain in operating expenses.
- Same-store occupancy at the end of the quarter was 91.3%, a 10 basis point decrease year-over-year. Same-store weighted average occupancy during the first quarter was 91.7%, a 50 basis point increase year-over-year.

### Operating Fundamentals

- Extra Space collected about 93% of rents as of April 30, 2020, compared to 98% as of April 30, 2019. The reductions are impacted by a suspension in auctioning units and other collection efforts during the month. Extra Space expects to collect a large portion of the current-30 days accounts receivables by proactively resuming calls in May to customers regarding delinquencies.
- Approximately 65% of Extra Space's tenant base utilize AutoPay.
- Occupancy achieved an uptick in early-March as college students and customers accelerated storage decisions. The end of March grew more challenging as occupancy slipped to 91.3% from an average occupancy of 91.7% during the month. Occupancy at the end of April was 91.1%, a 60 basis point decrease from end of April a year earlier.
- From mid-March to mid-April move-ins were down approximately 35% to 40% as states imposed additional stay-at-home orders. The move-in decline was partially offset by a 25% decline in move-outs. Rental velocity improved during the final two weeks of April in 25 of the top 30 markets with move-outs remaining flat.
- San Diego highlights improved rental activity in the final two weeks of April. In mid-March to mid-April rental activity dropped 31% in San Diego versus a 1% drop during the final two weeks of April. Los Angeles, Sacramento, and Dallas experienced improved activity.
- Achieved rates for new rentals decreased 10% year-over-year in April.
- Average discounts for stabilized properties during the first quarter were 3.2% of rental revenues.

## Operations

Extra Space  
Storage  
(NYSE: EXR)

### **Major Markets Revenue Growth for Q1 2020**

- Major markets with revenue growth above the portfolio average for during the first quarter include Las Vegas (8.7%), Virginia Beach (6.2%), Philadelphia (5.6%), Phoenix (4.9%), Memphis (4.6%), Los Angeles (4.1%), Cincinnati (3.4%), Sacramento (3.3%), San Francisco (2.8%), and Chicago (2.6%).
- Major markets performing below the Extra Space portfolio average include Houston (-2.4%), Charleston (-2.3%), Tampa/St. Petersburg (-2.2%), Austin (0.3%), Miami (0.5%), Washington DC (0.9%), and New York/New Jersey (0.9%).

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

- Extra Space added 48 stores to its third-party management platform during the first quarter, resulting in 676 stores (925 managed stores including joint ventures). The new stores represent a 30 store net gain from its Q4 2019 third-party management platform.

## Operations

Extra Space  
Storage  
(NYSE: EXR)

### Select Markets Same-Store Performance

MSA	Number of Stores	Rent Per Occupied Square Foot	Occupancy 3/31/2020	Revenue Growth
Los Angeles-Riverside-Orange County, CA	88	\$22.40	93.1%	4.1%
New York-Northern New Jersey-Long Island, NY-NJ-PA	71	\$25.22	91.0%	0.9%
Washington-Baltimore, DC-MD-VA-WV	52	\$19.39	90.7%	0.9%
Atlanta, GA	50	\$13.10	91.9%	1.9%
Dallas-Fort Worth, TX	49	\$12.57	92.0%	1.3%
Boston-Worcester-Lawrence, MA-NH-ME-CT	42	\$21.90	91.1%	2.5%
San Francisco-Oakland-San Jose, CA	40	\$28.13	92.3%	2.8%
Chicago-Gary-Kenosha, IL-IN-WI	31	\$14.84	92.1%	2.6%
Miami-Fort Lauderdale, FL	28	\$18.82	92.0%	0.5%
Phoenix-Mesa, AZ	21	\$13.14	92.6%	4.9%
Houston-Galveston-Brazoria, TX	19	\$12.66	90.7%	(2.4%)
Philadelphia-Wilmington-Atlantic City, PA-DE-NJ	18	\$16.75	90.6%	5.6%
Norfolk-Virginia Beach-Newport News, VA-NC	15	\$13.08	93.1%	6.2%
Cincinnati-Northern Kentucky	14	\$10.80	92.7%	3.4%
Sacramento-Yolo, CA	14	\$16.56	91.1%	3.3%
Las Vegas, NV-AZ	14	\$12.41	93.9%	8.7%
Tampa-St. Petersburg-Clearwater, FL	14	\$16.85	90.5%	(2.2%)
Indianapolis, IN	14	\$11.10	92.0%	2.3%
Charleston-North Charleston, SC	12	\$12.31	88.5%	(2.3%)
Austin-San Marcos, TX	11	\$13.60	92.6%	0.3%
Memphis, TN-AR-MS	11	\$10.23	92.7%	4.6%
Orlando, FL	11	\$13.91	93.2%	2.3%
Other MSAs	224	\$14.21	91.4%	0.8%
TOTALS	863	\$17.07	91.7%	1.9%



## Operations

CubeSmart  
(NYSE: CUBE)

*During the first quarter, CubeSmart generated 1.7% increase in same-store revenues and 0.8% growth in net operating income year-over-year. Top performing markets by revenue growth include Tucson, Sacramento, Las Vegas, Austin, Los Angeles, and Providence.*

### 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, 2020, the same-store pool includes 477 stores totaling approximately 33.2 million square feet.

### Q1 2020 Results

- Same-store revenues increased 1.7% during the first quarter, a 10 basis point deceleration sequentially. The increase was primarily driven by a 2.0% 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 \$17.19 during the quarter.
- Cost of operations for the same-store pool increased by 3.8% during the first quarter. The increase was impacted by a 7.6% growth in real estate taxes, 6% increase in utilities, and 42% increase in property insurance. Cost of operations were partially offset by a 7.4% decline in repairs and maintenance.
- Same-store net operating income grew 0.8% as compared to the same quarter in 2019.
- Same-store occupancy at the end of the quarter was 91.8%, a 20 basis point decrease year-over-year. Same-store weighted average occupancy during the third quarter was 91.5%, a 20 basis point increase from a year earlier.

### Operating Fundamentals

- CubeSmart collected about 93% of rents as of April 30, 2020, compared to 98% as of April 30, 2019. Approximately 50% of CubeSmart's tenant base utilize AutoPay. CubeSmart is not experiencing a material difference in collections from customers on auto pay versus customers paying with credit cards that are not on auto pay and cash customers.
- The start of the first quarter generated strong results for CubeSmart with occupancy 50 basis points higher at the end of February than a year earlier and net effective rents slightly higher. As with its peers, March saw an 11% decline in occupancy year-over-year and a pause in rate increases to existing customers and delinquency procedures.
- Occupancy held firm from the end of March to the end of April, although lower than a year earlier. Occupancy at the end of April was 91.8%, a 50 basis point decrease from end of April a year earlier.
- Same-store move-ins were down 28% in April compared to a year earlier while move-outs declined 26%. The trend improved during the first week of May with move-ins down only 12% from a year earlier. Notable improvements were reported in Dallas, Phoenix, Houston, Philadelphia, and Fort Myers.
- The net effective rental rate decreased 13% in April as compared to a year earlier.
- The average rental rate spread between move-outs and move-ins widened to about 5% in the first quarter. The seasonality of the rental season typically generates a wider spread during the first quarter than those generated in the summer and fall.

## Operations

CubeSmart  
(NYSE: CUBE)

### Operating Fundamentals

- The ability to collect on delinquencies greater than 60 days may be greater than historical norms due the pandemic. The current pause in collections may extend the viable time frame of collecting delinquent rents.
- Historically, CubeSmart initiates rental rate increases to new customers within six months and then every 12 months thereafter. With a median length of stay at 6.5 months, nearly half of new customers will get a rate increase. Additionally, 60% of customers stay longer than a year and 40% stay longer than two years. The collective volume of customers receiving rental increases highlights the potential negative impact of delaying rent increases during the crisis.

### Select Market Same-Store Performance

- Major markets with revenue growth above the portfolio average during the quarter include Tucson (8.7%), Sacramento (7.7%), Las Vegas (4.7%), Austin (4.7%), Los Angeles (4.6%), Providence (4.4%), Inland Empire (4.2%), Salt Lake City (3.3%), Salt Lake City (3.3%), Philadelphia (3.0%), and Columbus (3.0%).
- Major markets performing below the CubeSmart portfolio average during the quarter include Naples (-3.6%), Houston (-2.8%), Tampa (-1.3%), San Antonio (-1.1%), Jacksonville (-1.0%), Denver (-0.7%), Nashville (-0.2%), San Diego (0.1%), Charlotte (0.5%), Boston (0.6%), and Atlanta (0.9%).

### SmartRental

- On April 27th, CubeSmart launched SmartRental, its contactless online rental platform. The accelerated introduction of SmartRental was timely as 100% of CubeSmart rentals have been contactless since the stay-at-home orders enacted in most states. SmartRental usage has grown from zero to 17% of rentals within the first week of launching.
- In New York City, the product allows customers the option to access gates and keypad access doors contactless through the SmartRental app.

### Third-Party Management

- CubeSmart added 66 stores to its third-party management platform during the quarter. The third-party management platform totals 707 stores.

## Operations

CubeSmart  
(NYSE: CUBE)

### Same-Store Operating Performance by MSA

MSA	Facilities	Rent Per Occupied Square Foot	Average Occupancy	Revenue Growth
New York-Northern New Jersey-Long Island, NY-NJ-PA	59	\$ 28.82	90.8%	0.4%
Chicago-Naperville-Joliet, IL-IN-WI	41	\$14.49	92.5%	1.9%
Miami-Fort Lauderdale-Pompano Beach, FL	37	\$18.26	93.0%	2.6%
Dallas-Fort Worth-Arlington, TX	35	\$13.23	92.5%	1.0%
Washington-Arlington-Alexandria, DC-VA-MD-WV	24	\$21.89	91.8%	2.7%
Atlanta-Sandy Springs-Marietta, GA	18	\$13.32	90.6%	0.9%
Riverside-San Bernardino-Ontario, CA	16	\$14.50	91.4%	4.2%
Phoenix-Mesa-Scottsdale, AZ	15	\$13.29	93.0%	1.5%
Tucson, AZ	15	\$12.66	93.7%	8.7%
Houston-Sugar Land-Baytown, TX	14	\$12.96	90.3%	(2.8%)
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	13	\$18.08	90.6%	3.0%
Hartford-West Hartford-East Hartford, CT	12	\$12.94	91.9%	1.0%
Orlando-Kissimmee, FL	10	\$13.65	89.9%	1.3%
Austin-Round Rock, TX	10	\$14.05	90.7%	4.7%
Columbus, OH	10	\$10.93	91.6%	3.0%
Boston-Cambridge-Quincy, MA-NH	10	\$21.12	88.3%	0.6%
Cleveland-Elyria-Mentor, OH	10	\$13.47	91.7%	0.5%
Denver-Aurora, CO	9	\$14.04	90.8%	(0.7%)
Sacramento-Arden-Arcade-Roseville, CA	9	\$15.13	91.3%	7.7%
Las Vegas-Paradise, NV	8	\$14.00	89.2%	4.7%
Nashville-Davidson-Murfreesboro-Franklin, TN	7	\$12.43	90.0%	(0.2%)
Los Angeles-Long Beach-Santa Ana, CA	7	\$22.76	91.8%	4.6%
Jacksonville, FL	7	\$16.95	89.9%	(1.0%)
San Diego-Carlsbad-San Marcos, CA	6	\$17.49	94.4%	0.1%
Tampa-St. Petersburg-Clearwater, FL	6	\$15.92	88.9%	(1.3%)
Bridgeport-Stamford-Norwalk, CT	6	\$22.75	90.0%	1.3%
Cape Coral-Fort Myers, FL	5	\$15.89	92.9%	1.7%
Charlotte-Gastonia-Concord, NC-SC	5	\$13.22	90.3%	0.5%
Baltimore-Towson, MD	4	\$18.93	88.8%	1.3%
San Antonio, TX	4	\$12.46	93.4%	(1.1%)
Providence-New Bedford-Fall River, RI-MA	4	\$15.60	90.9%	4.4%
Salt Lake City, UT	4	\$13.07	90.4%	3.3%
Naples-Marco Island, FL	4	\$14.86	92.8%	(3.6%)
Other	33	\$15.08	91.0%	2.7%
Total	477	\$17.19	91.5%	1.7%

## Operations

LifeStorage  
(NYSE: LSI)

*During the first quarter, Life Storage generated 2.6% increase in same-store revenues and 4.8% growth in net operating income year-over-year. Top performing markets by revenue growth include Los Angeles, Pensacola, Buffalo, Las Vegas, Phoenix, and St. Louis.*

### 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, 2019. The stores purchased through 2019 at certificate of occupancy or that were less than 80% occupied at market rates 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 517 facilities in Life Storage's same-store pool.

### Q1 2020 Results

- Same-store revenues increased 2.6% during the first quarter, remaining flat sequentially. The increase was driven by a 2.7% increase in rental income per square foot, partially offset by a 50 basis point decrease in average occupancy.
- Cost of operations for the same-store pool increased by -1.3% during the first quarter, a 90 basis point deceleration sequentially.
- Operating expenses were impacted by a 5.8% increase in real estate taxes and 54.4% gain in digital marketing. The increase was partially offset by a 5.1% decrease in payroll, 23.4% decrease repairs and maintenance, and 9.3% decrease in Utilities.
- Same-store net operating income grew 4.8% year-over-year during the first quarter, driven by a 2.6% gain in same-store revenue and 1.3% reduction in operating expenses.
- Same-store occupancy at the end of the quarter was 89.5%, a 50 basis point decrease year-over-year. Same-store weighted average occupancy during the third quarter was 89.3%, a 50 basis point decrease from a year earlier.

### Operating Fundamentals

- Life Storage collected 94% of customer rents in April 2020, a 2% decrease versus April 2019. Collections thus far in May are outpacing collections in April.
- Approximately 50% of Life Storage's tenant base utilize AutoPay. They are not experiencing an incremental increase in delinquencies with customers who typically pay by ACH, Cash or check.
- Operating expenses decreased 530 basis points when excluding real estate taxes. Every major expense line item decreased during the quarter with the exception of real estate taxes and marketing costs.
- Same-store move-ins declined 15% in April year-over-year, partially offset by 23% decline in move-outs.
- Occupancy ended April at 89.8%, a 40 basis point drop from a year earlier.
- Street rates declined 19.5% in April with net effective rents after promotions declining 15% during the month.
- The rental rate spread between customers moving out and customers moving increased to 9.5% in April versus a 4.7% spread during the first quarter.

## Operations

LifeStorage  
(NYSE: LSI)

### **Operating Fundamentals**

- Rental activity in first week of May is trending positive year-over-year as certain markets open for business, notable the Texas markets of Houston, Dallas and San Antonio.
- Rent increases to existing customers were curtailed in May. Life storage expects to test rent increases on a limited scale in June and resume normal increases during the second half of the year.

### **Major Markets Revenue Growth**

- Major markets with revenue growth above the portfolio average for the quarter include Los Angeles (8.5%), Pensacola (8.3%), Buffalo (8.0%), Las Vegas (7.5%), Phoenix (7.5%), St. Louis (5.6%), Virginia Beach/Norfolk (5.2%), Cleveland (4.6%), and Austin (4.1%).
- Major markets with revenue growth below the portfolio average include Cape Coral-Ft. Myers (-8.7%), Houston (-1.4%), Orlando (-0.2%), Tampa (0.1%), Miami (0.7%), Boston (0.8%), Beaumont-Port Arthur (1.3%), Atlanta (1.7%), and New York/New Jersey (1.9%).

### **Rent Now 2.0**

- Life Storage launched Rent Now 2.0, the latest version of its contact-less digital leasing platform. Over 50% of Life Storage rentals utilized the platform to lease units during the pandemic an increase from 11% during the previous quarter. The platform allows customers to select a storage unit from one of three convenience and pricing-based tiers based on individual needs and preferences.

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

- Added 13 stores to the third-party management platform during the first quarter, a net gain of 7 stores as compared to last quarter. The additions increase the total in the platform to 304 including joint ventures.
- Third-party management and acquisition fees increased 43% during the quarter and contributed to the same-store revenue gain.

## Operations

Life Storage  
(NYSE: LSI)

### Select Markets Same-Store Performance

Market	Stores	Rent Per Occupied Square Foot	Occupancy 3/31/2020	Revenue Growth
Chicago-Naperville-Elgin, IL	39	\$15.25	90.8%	2.0%
Houston-The Woodlands-Sugar Land, TX	40	\$12.91	90.7%	(1.4%)
New York-Newark-Jersey City, NY-NJ-PA	28	\$23.62	88.8%	1.9%
New England-Other	26	\$17.92	88.9%	2.0%
Dallas-Fort Worth-Arlington, TX	25	\$13.09	90.6%	2.3%
Buffalo-Upstate, NY	25	\$14.06	86.4%	8.0%
Miami-Fort Lauderdale-Pompano Beach, FL	16	\$18.71	92.8%	0.7%
Los Angeles-Long Beach-Anaheim, CA	10	\$23.21	90.6%	8.5%
Austin-Round Rock, TX	20	\$12.47	89.2%	4.1%
Atlanta-Sandy Springs-Alpharetta, GA	21	\$13.62	88.9%	1.7%
Las Vegas-Henderson-Paradise, NV	17	\$14.61	92.1%	7.5%
Boston-Cambridge-Newton, MA-NH	16	\$16.33	90.1%	0.8%
Sacramento--Roseville--Arden-Arcade, CA	10	\$15.77	90.9%	3.2%
St. Louis, MO	14	\$13.05	88.9%	5.6%
San Antonio-New Braunfels, TX	15	\$13.21	91.3%	4.1%
Tampa-St. Petersburg-Clearwater, FL	13	\$15.51	90.0%	0.1%
Virginia Beach-Norfolk-Newport News, VA	11	\$11.67	85.5%	5.2%
Orlando-Kissimmee-Sanford, FL	12	\$13.24	85.5%	(0.2%)
Phoenix-Mesa-Chandler, AZ	10	\$13.00	92.6%	7.5%
Space Coast, FL	8	\$15.31	89.3%	1.4%
Cleveland-Elyria, OH	9	\$12.85	88.3%	4.6%
Jacksonville, FL	9	\$14.14	86.7%	3.6%
Pensacola-Ferry Pass-Brent, FL	8	\$10.68	89.6%	8.3%
Beaumont-Port Arthur, TX	7	\$14.05	89.6%	1.3%
Charlotte-Concord-Gastonia, NC	8	\$12.87	89.5%	1.4%
Raleigh-Durham, NC	7	\$12.22	88.5%	1.9%
Cape Coral-Fort Myers, FL	8	\$12.15	89.0%	(8.7%)
Chattanooga, TN-GA	6	\$12.61	90.9%	0.5%
Montgomery, AL	7	\$9.75	87.8%	(1.5%)
Youngstown-Warren-Boardman, OH-PA	5	\$10.46	84.5%	0.3%
Other markets	67	\$13.26	87.4%	2.4%
Same Store Portfolio Total	517	\$14.59	89.3%	2.6%

## Operations

National  
Storage Affiliates  
(NYSE: NSA)

*During the first quarter, National Storage Affiliates generated 3.0% increase in same-store revenues and 3.5% growth in net operating income year-over-year. Top performing markets by revenue growth include Riverside-San Bernardino, Atlanta, and Las Vegas.*

### Same-Store Comparison

- Same-store facilities for National Storage Affiliates 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, 2020, the same-store portfolio consisted of 500 self storage properties.

### Q1 2020 Results

- Same-store revenues increased 3.0% during the first quarter, a 20 basis point increase sequentially. The increase was driven primarily by a 3.0% increase in average annualized rental revenue per square foot and a 30 basis point decrease in average occupancy.
- Cost of operations for the same-store pool increased by 2.1% during the first quarter. The increase was impacted by an 4.4% increase in payroll, 4.8% increase in marketing, and 4.5% increase in repairs and maintenance, partially offset by a 6.8% decrease in utilities and 1.2% decrease in real estate taxes.
- Same-store net operating income grew 3.5% year-over-year during the first quarter, driven by a 3.0% gain in same-store revenue and 2.1% gain in operating expenses.
- Same-store occupancy at the end of the quarter was 87.1%, a 140 basis point decrease year-over-year. Same-store weighted average occupancy during the first quarter was 87.2%, a 30 basis point decrease from a year earlier.

### Operating Fundamentals

- NSA collected 98% of customer rents in April 2020 (mid-90% collections when excluding pre-paid rent for May and late payments from March), a 1% to 2% decrease versus April 2019.
- Same-store move-in and move-out volumes both decreased approximately 28% in April, compared to the same period in 2019.
- Approximately 40% of NSA's tenant base utilize AutoPay.
- Same-store occupancy held firm in April ending the month at 87.1%, the same as the end of March, but represents a 140 basis point decrease from April 2019.
- Street rates were flat year-over-year in the first quarter but decreased 3% in April compared to a year earlier. Rates, discounts and promotions in early-May are holding firm with April results.
- NSA's secondary and tertiary markets are experiencing less impact from COVID-19 than its primary markets, consistent with its experience during the Great Financial Crisis in 2008-2009.
- Approximately 18% of NSA's customers are small businesses. Thus far, there is no difference in customer behavior and collections between businesses and retail customers.
- While still early to draw conclusions on delinquencies, bad debt as a percentage of revenues has held at the 2% to 2.5% in early-May.



## Operations

National  
Storage Affiliates  
(NYSE: NSA)

### Operating Fundamentals

- College students consist of approximately 15% to 20% of NSA's portfolio. NSA does not anticipate additional college-related impact on rental volume as the uptick in college-related rentals in March.
- The impact of the movement in street rates is minimal on a month-by-month basis. With only about 5% new customers moving in per month, Street rates generated a limited impact on revenue growth. The primary driver of revenue growth continues to be rental increases to existing customers.

### Major Markets Revenue Growth

- Major markets with revenue growth above the portfolio average for the quarter include Las Vegas (7.0%), Kansas City (5.8%), Atlanta (5.6%), Sarasota-Bradenton (5.1%), Riverside-San Bernardino (3.7%), and Phoenix (3.4%). Nine out of the top ten markets experienced positive same-store revenue. Riverside-San Bernardino, NSA's largest market representing 12% of total revenues, Phoenix and Oklahoma City continued to perform about average during April, albeit at lower growth rates than in the first quarter.
- Major markets performing below the portfolio average include Portland (-0.1%), Los Angeles (0.2%), Dallas (1.7%), and Indianapolis (1.5%). Portland, NSA's second largest market representing 9% of total revenues, and Las Vegas generated below average growth into April as competing supply in Portland and restrictions on late fees, auctions and out-sized unemployment in Las Vegas created headwinds to revenue growth. Direct competition from new supply on three stores in Los Angeles contributed to below average growth in the 14 wholly-owned stores owned in the market.



## Operations

National  
Storage Affiliates  
(NYSE: NSA)

### Same Store Performance Summary By State

State	Stores	Rent Per Occupied Square Foot	Occupancy 3/31/2020	Revenue Growth
California	81	\$13.54	89.2%	2.8%
Oregon	60	\$15.09	80.8%	0.9%
Texas	60	\$10.10	87.1%	3.6%
Florida	37	\$14.90	85.2%	2.8%
Georgia	35	\$10.40	88.2%	5.4%
North Carolina	33	\$11.30	90.7%	4.4%
Oklahoma	30	\$8.65	87.9%	3.3%
Arizona	30	\$12.89	87.9%	4.2%
Indiana	16	\$9.76	89.5%	1.5%
Kansas	16	\$12.07	88.8%	7.9%
Louisiana	14	\$10.23	84.1%	3.3%
Washington	14	\$15.08	79.9%	(2.5%)
Nevada	13	\$11.72	90.3%	7.4%
Colorado	11	\$12.80	85.0%	(0.8%)
New Hampshire	10	\$13.26	90.0%	1.1%
Other <sup>(1)</sup>	40	\$12.84	87.2%	3.4%
Total	438	\$12.34	87.1%	3.0%

### Same Store Performance Summary By MSA

MSA	Stores	Rent Per Occupied Square Foot	Occupancy 3/31/2020	Revenue Growth
Riverside-San Bernardino-Ontario, CA	47	\$12.24	90.6%	3.7%
Portland-Vancouver-Hillsboro, OR-WA	47	\$16.58	80.8%	(0.1%)
Atlanta-Sandy Springs-Roswell, GA	26	\$10.47	87.6%	5.6%
Phoenix-Mesa-Scottsdale, AZ	23	\$13.10	87.9%	3.4%
Oklahoma City, OK	17	\$8.30	88.4%	2.9%
Dallas-Fort Worth-Arlington, TX	17	\$11.61	87.5%	1.7%
Indianapolis-Carmel-Anderson, IN	16	\$9.76	89.5%	1.5%
Los Angeles-Long Beach-Anaheim, CA	14	\$20.46	86.8%	0.2%
Tulsa, OK	13	\$9.12	87.2%	3.7%
North Port-Sarasota-Bradenton, FL	13	\$16.40	84.3%	5.1%
Las Vegas-Henderson-Paradise, NV	12	\$11.75	90.3%	7.0%
Kansas City, MO-KS	11	\$12.33	87.7%	5.8%
Other MSAs	244	\$11.84	86.9%	3.3%
Total	439	\$12.34	87.1%	3.0%

## Capital Activities

### Public Storage (NYSE: PSA)

- On January 24, 2020 completed a public offering of €500 million (\$552 million) of Euro denominated Senior Unsecured Notes bearing interest at a fixed rate of 0.875% and maturing in twelve years.

### Extra Space Storage (NYSE: EXR)

#### Share Purchase Program

- Repurchased 653,597 shares of common stock in the first quarter, using its stock repurchase program at an average purchase price of \$79.85 per share for a total cost of \$52.2 million including transaction costs. As of March 31, 2020, have authorization to purchase up to an additional \$347.8 million under the plan.
- During the first quarter, did not sell any shares of common stock. As of March 31, 2020, have \$298.6 million available for issuance under its “at the market” (“ATM”) program.
- As of March 31, 2020, the company with \$93.3 million in cash and cash equivalents and \$546 million in revolving line of credit availability.

#### Debt Structure

- The percentage of fixed-rate to total debt is 78.3%. The weighted average interest rate for fixed-rate is 3.4%, and for variable-rate debt is 2.3%. The combined weighted average interest rate is 3.1%, with a weighted average maturity of approximately 4.4 years.

### CubeSmart (NYSE: CUBE)

- During the first quarter did not sell any common shares through its at-the-market (“ATM”) equity program. Currently with 14.6 million shares available for issuance under existing equity distribution agreements.

#### Balance Sheet Strength

- Unsecured line of credit with \$750 million capacity.
- Only 3% of \$56 million debt maturing through the end of 2021.
- Leverage ratio of 39.7% to gross assets.
- Debt to EBITA of 4.9x.
- Fixed-charge coverage ratio of 5.5x.

## Capital Activities

### Life Storage (NYSE: LSI)

- During the first quarter, issued 190,403 shares of common stock under equity offering program at a weighted average issue price of \$114.26 per share, generating net proceeds of \$21.5 million.
- At March 31, 2020, approximately \$20.7 million cash on hand, and \$316.9 million available on a line of credit.
- No debt maturities until August 2021 (\$100 million) and an average debt maturity of 6.5 years. Life Storage announces adequate equity to navigate the period of Covid-10 related disruption.

#### Key Financial Ratios

Debt to Enterprise Value @\$94.55 per share	31.9%
Debt to Book Cost of Facilities	42.8%
Debt to Recurring Annualized EBITA	6.0x
Debt Service Coverage (DSC)	4.3x

### National Storage Affiliates (NYSE: NSA)

- In connection with the SecurCare merger, and concurrent merger of DLAN Corporation, NSA issued a total of 8,105,192 common shares to the former shareholders and DLAN Corporation. NSA subsequently retired 1,118,193 OP units and DownREIT OP units, and 2,001,441 subordinated performance units that were held by SecurCare and DLAN Corporation.
- Capital sources for the first quarter acquisitions included issuance of approximately \$7.2 million of OP equity and \$14.5 million of common equity raised under ATM program at a combined weighted average price of \$32.79 per share/unit, and through revolving line of credit.
- Currently have \$129.7 million available for future equity issuance, and about \$300 million of unused capacity on revolving line of credit. Currently with less than \$40 million of debt maturing through 2022.
- On April 28, 2020, Kroll Bond Rating Agency affirmed the investment grade issuer rating of BBB with a stable outlook.



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