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SELF STORAGE GROUP

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SELF STORAGE MARKET OVERVIEW

Second Quarter 2020 Results

Analysis of the Public Self Storage Companies

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Summary

Self Storage Responds to a Challenged Environment

- Self storage continued to demonstrate its resiliency as the industry transitioned from the lockdown early in the second quarter to staged re-openings later in later months. Rental activity hit bottom in April and gradually improved in subsequent months. Memorial Day proved to be a turning point as new and pent-up demand increased move-in volumes and occupancy in May and June. While the REITs reported negative results during the second quarter, robust activity in July and early-August heightened confidence that the industry is on solid footing.


Negative Same Store Revenues and NOI

- The self storage REITs all posted negative same store revenues in the second quarter ranging from -1.1% to -3.1%. Temporarily pausing of rent increases on existing customers in March, April and May combined with the pausing of late fees led to the declines versus last year.
- Net operating income for REITs same store pools ranged from -1.2% to -6.8% in the second quarter.
- Occupancy levels rose to near or all-time highs for the REITs ending the quarter at 91.1% to 94.5%, driven by suspension of auctions in the beginning of the quarter combined with limitations on move-out activity. July saw substantial increasing move-in activity with new and pent up demand as a result of the Covid-19 pandemic.

Online and Touchless Rental Activity Surges

- Technological and operational efficiencies that were introduced or evolved as a result of the COVID-19 pandemic are likely to impact the industry going forward. Touchless engagement with customers, a necessity during the lockdown, is becoming more popular as digital on-line leases and contactless access provide a potential cost-savings alternative to fully-staffed sales offices. CubeSmart's SmartRental, Life Storage's Rent Now 2.0, Public Storage's eRetail, and Extra Space and National Storage Affiliates contactless platforms continued to gain traction. The touchless platforms generated a reported 25% to 35% of all rentals during the quarter.

Implied Cap Rates

	Public Storage (NYSE: PSA)	5.5%
	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	May 2020	June 2020	% Change
NATIONAL	8.8%	8.9%	↑
Sacramento	18.2%	18.7%	↑
New York	17.6%	17.9%	↑
Portland	17.5%	17.4%	↓
Las Vegas	15.8%	16.4%	↑
San Jose	15.0%	15.0%	■
Seattle	14.7%	14.7%	■
Miami	13.5%	13.7%	↑
Boston	12.5%	12.4%	↓
Orlando	12.0%	12.4%	↑
Phoenix	11.9%	12.4%	↑
Minneapolis	12.2%	12.1%	↓
Raleigh-Durham	11.9%	11.9%	■
Philadelphia	11.2%	11.9%	↑
Washington DC	11.3%	11.8%	↑
San Diego	11.5%	11.5%	■
Columbus (OH)	10.2%	11.2%	↑
Charlotte	11.0%	11.0%	■
San Francisco Penin. & East Bay	10.3%	10.7%	↑
Tampa	9.8%	10.0%	↑
Nashville	8.9%	8.9%	■
Atlanta	7.7%	7.7%	■
Dallas-Ft Worth	7.3%	7.3%	■
Austin	7.2%	7.2%	■
Denver	6.8%	7.0%	↑
Pittsburgh	7.1%	7.0%	↓
Los Angeles	6.8%	7.0%	↑
Inland Empire	5.4%	5.4%	■
San Antonio	4.5%	4.5%	■
Chicago	3.7%	3.7%	■
Charleston (SC)	2.6%	3.2%	↑
Houston	2.6%	2.7%	↑

*Source Yardi Matrix

- Yardi Matrix tracked a total of 2,181 self storage properties in the national pipeline during March 2020. It includes 601 under construction, 1,158 planned and 422 prospective projects.
- The anticipated slowdown of new construction starts due to the COVID-19 pandemic has not completely halted the new supply pipeline in the self storage sector. Self storage properties under construction or in the planning stages across the country increased 10 basis points to 8.9% of existing inventory in June.
- The supply of new projects is expected to decrease as issues relating to the ability to obtain construction financing and permits may delay or terminate prospective starts. 17 potential new starts were abandoned in June and more are expected to follow during the second half of 2020.
- There are 19 major markets that new supply exceeds the national average. Sacramento (18.7%), New York (17.9%) and Portland (17.4%) lead the nation in new supply as a percentage of existing inventory. Major markets in Texas, Chicago, Charleston (SC), Inland Empire, Los Angeles, Pittsburgh, Denver, and Atlanta report new supply well below the national average.
- Columbus, Ohio experienced the largest increase in development activity sequentially in June. New supply grew 100 basis points from a month earlier. Developers are attracted to the Columbus Market's growing population base and diversified economy.

Earnings Results

Same-Store Comparisons*

	Total Properties Operating	Revenue Growth	Net Operating Income Growth	End of Quarter Occupancy	Rent Per Occupied Square Foot
Public Storage	2,500 U.S. 238 Europe	(3.0%)	(6.8%)	94.6%	\$17.10
Extra Space Storage	1,878	(3.1%)	(4.6%)	94.5%	\$16.59
CubeSmart	~1,200	(2.2%)	(4.1%)	94.0%	\$16.69
Life Storage	850	(2.0%)	(2.5%)	91.9%	\$14.09
National Storage Affiliates	784	(1.1%)	(1.2%)	91.1%	\$11.99

*Same Store Comparisons Q1 2020 vs Q1 2019

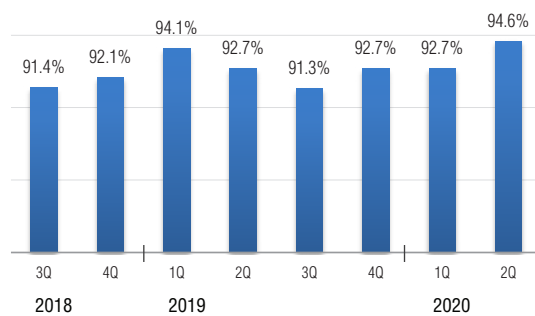
Capital Markets

	Market Capitalization	Core Funds From Operations	Annual Dividend Yield	Common Stock Price (8/13/2020)	52-Week High/Low
Public Storage	\$34.48 billion	\$2.46/share (-6.8%)	4.03%	\$197.30	\$266.76 \$155.37
Extra Space Storage	\$13.29 billion	\$1.23/share (+0.8%)	3.48%	\$103.03	\$124.46 \$72.70
CubeSmart	\$5.90 billion	\$0.41/share (-2.3%)	4.29%	\$30.48	\$36.32 \$19.61
Life Storage	\$4.73 billion	\$1.42/share	4.22%	\$100.98	\$119.61 \$67.31
National Storage Affiliates	\$2.24 billion	\$0.41/share (+7.9%)	4.02%	\$32.56	\$38.22 \$19.34

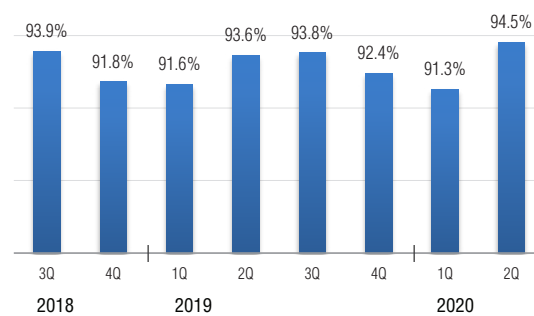
Portfolio Occupancies

Same-Store
Year-Over-Year Change

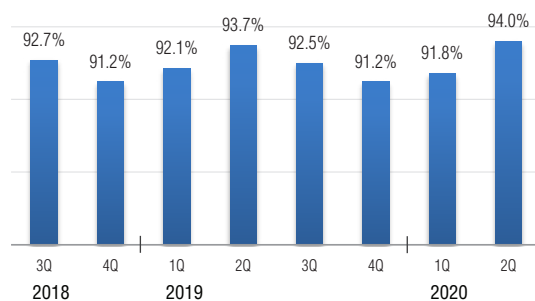
Public Storage



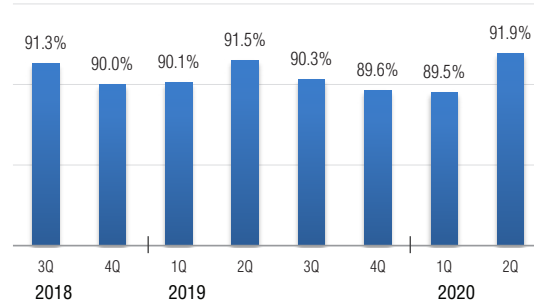
Extra Space Storage



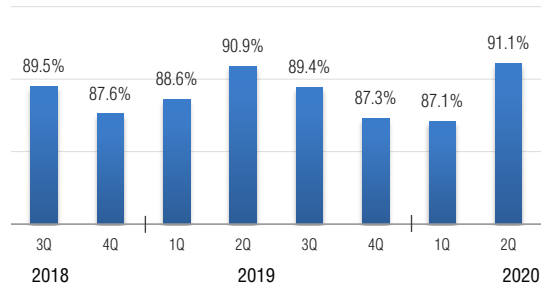
CubeSmart



Life Storage



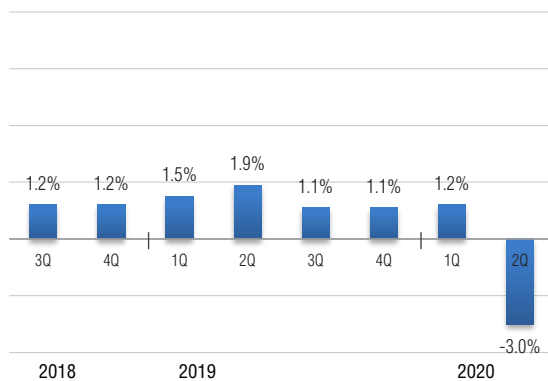
National Storage Affiliates



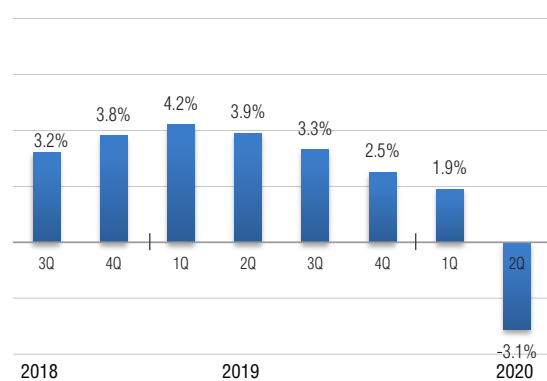
Portfolio Revenues

Same-Store
Year-Over-Year Change

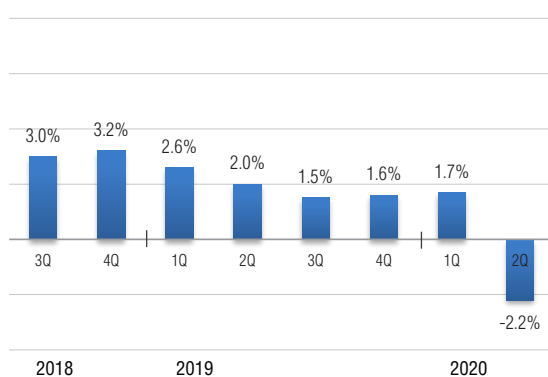
Public Storage



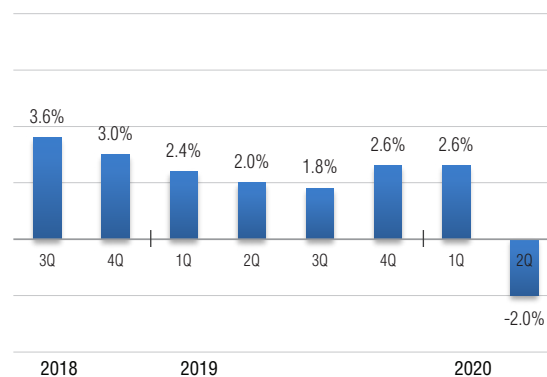
Extra Space Storage



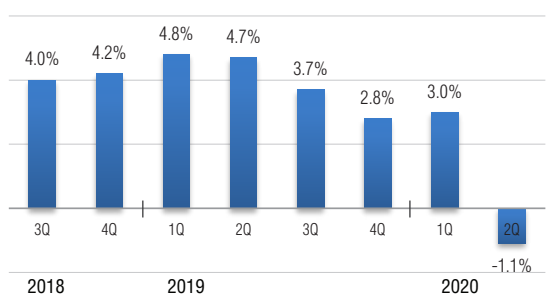
CubeSmart



Life Storage



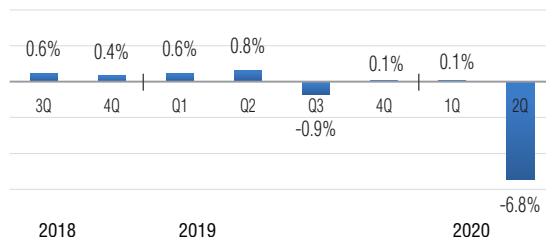
National Storage Affiliates



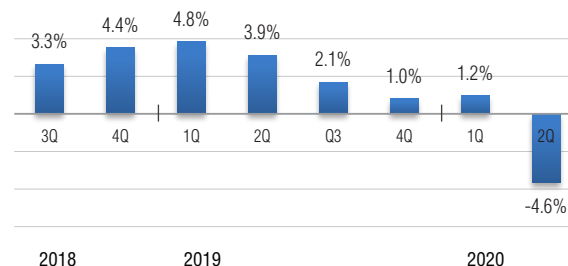
Portfolio Net Operating Income

Same-Store
Year-Over-Year Change

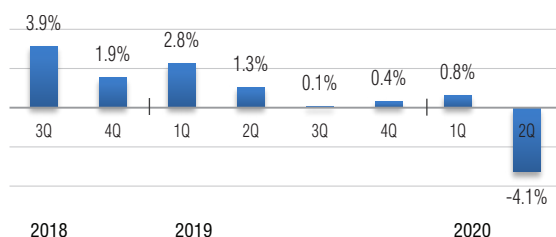
Public Storage



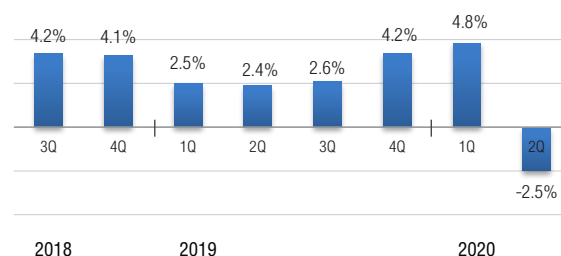
Extra Space Storage



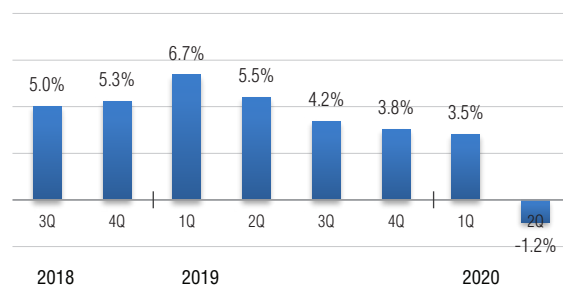
CubeSmart



Life Storage



National Storage Affiliates



Investment Activity

Public Storage (NYSE: PSA)

During the second quarter, Public Storage acquired six self storage facilities for \$67.1 million. Locations include four in greater Columbus, Ohio, and one each in Florida and California.

Investment Activity

- Year-to-date acquired 15 self storage facilities for \$253.3 million. Locations include four in Ohio, three in California, two in New York, two in Tennessee, and one each in Indiana, Florida, Massachusetts and Nebraska.
- Subsequent to June 30, 2020, acquired or under contract to acquire five self storage facilities for \$33.3 million. Locations include two in Minnesota and one each in Colorado, Michigan and Utah.

New Development and Expansion

- At June 30, 2020, various facilities in development consisting of 1.1 million rentable square feet estimated to cost \$195 million, and various expansion projects consisting of 2.7 million rentable square feet estimated to cost \$361 million.
- The aggregate 3.8 million net rentable square foot pipeline of development and expansion facilities includes 1.5 million square feet in California, 1.0 million square feet in Florida, about 200,000 square feet each in Missouri, Texas, Virginia and Washington, and about 500,000 square feet in other states. The remaining \$403 million of development costs for these projects is expected to be incurred primarily in the next 18 to 24 months.
- During the second quarter, opened two newly developed facilities and various expansion projects costing \$44.7 million. Locations include about 200,000 square feet in Florida, 100,000 square feet in California and Minnesota.

Acquisition Opportunities

- Public Storage looking at value add opportunities that may not be stabilized in markets with an existing presence. Stabilized assets are commanding consistent low cap rates with a lot of capital on the sidelines seeking stabilized properties. Seeing few larger portfolios on the market presently.

New Supply

- Last quarter, Public Storage predicted overall new supply delivered in the U.S. in 2020 would be about \$5 billion. Now estimating closer to \$4 billion in new deliveries. Does not appear to be any slowdown this year in deliveries, although some are delayed due to approval processes, inspections permits, etc. Heading in 2021 and beyond, new supply likely to be more constrained due to slowing construction loans.

Investment Activity

Extra Space
Storage
(NYSE: EXR)

During the second quarter, in conjunction with joint venture partners, Extra Space purchased one store at completion of construction or certificate of occupancy for \$14.5 million in West Palm Beach, Florida for a 10% interest. And, the company completed one development subject to a ground lease in Belleville, New Jersey for \$10.944 million for a 95% interest. For these two properties Extra Space invested a total of \$14.4 million.

Investment Activity

- Year-to-date, Extra Space acquired one wholly-owned operating store and one certificate of occupancy store for a total cost of approximately \$19.4 million.
- In conjunction with joint venture partners, the company acquired one operating store, three certificate of occupancy stores, and completed one development for a total cost of about \$66 million of which Extra Space invested \$24.1 million.
- Extra Space has not approved any new certificate of occupancy acquisitions in 2020.
- Expectations for a number of distressed assets not yet stabilized coming to market from pressure by equity investors and lenders to force a capital event.
- Current acquisition market activity remains muted. Although cap rates for stabilized assets remains low due to buying competition seeking stable cash flows.
- Slower acquisition activity with assets in lease-up due to uncertainty of lease-up times and rates.

Bridge Loan Program

- Year-to-date, the company has closed \$52.1 million in bridge loans, with an additional \$169.8 million under agreement to close in 2020 and 2021.

Mezzanine Loan Purchase

- Subsequent to quarter end, Extra Space purchased a senior mezzanine note of 98% of the \$103 million principal balance with a base rate of 5.5% and anticipated yield to maturity of 6.1%
- The mezzanine loan on a portfolio of 64 self storage assets overlaps with existing company properties offering confidence if the company ever would need to take over and operate. Extra Space position is only about \$53 per square foot.
- The capital structure for the portfolio includes an approximately \$100 million first mortgage followed by the Extra Space mezzanine loan. Also, the capital structure consists of a junior mezzanine loan of about \$82 million followed by equity. The Extra Space loan-to-value is much lower than a traditional loan that would expect a higher interest rate.

Investment Activity

Extra Space Storage
(NYSE: EXR)

Certificate of Occupancy - Under Contract

Location	Estimated Opening	Estimated Net Rentable Square Feet	Purchase Price/Cost	Price/Cost Per Square Foot	Ownership
2020 Projected Openings					
New Hyde Park, NY ⁽¹⁾	3Q 2020	70,000	\$6,400,000	\$ 91.43	100%
Minneapolis, MN	3Q 2020	81,723	\$11,770,000	\$144.02	50%
Minneapolis, MN	3Q 2020	74,335	\$7,815,000	\$105.13	50%
Total	3	226,058	\$25,985,000		
2021 Projected Openings					
Vista, CA	3Q 2021	104,400	\$16,000,000	\$153.26	10%
Neptune City, NJ	3Q 2021	65,875	\$11,450,000	\$173.81	100%
Total	2	170,275	\$27,450,000		

(1) property subject to a ground lease

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 6/30/2020	Ownership
Raleigh, NC	1Q 2018	74,968	\$8,800,000	\$117.38	71.8%	10%
Cherry Creek, CO	1Q 2018	88,318	\$14,000,000	\$158.52	93.8%	100%
Totowa, NJ	1Q 2018	90,157	\$19,541,000	\$216.74	78.1%	100%
Chicago, IL	1Q 2018	98,587	\$14,500,000	\$147.08	57.5%	10%
Elmhurst, IL	2Q 2018	82,763	\$9,960,000	\$120.34	95.7%	25%
St. Petersburg, FL	2Q 2018	99,113	\$9,750,000	\$98.37	79.7%	20%
Vancouver, WA	2Q 2018	57,390	\$8,250,000	\$143.75	97.3%	25%
Houston, TX	2Q 2018	79,557	\$9,000,000	\$113.13	86.7%	100%
Hollywood, FL	2Q 2018	58,410	\$11,800,000	\$202.02	92.7%	10%
Portland, OR	2Q 2018	78,662	\$22,500,000	\$286.03	94.5%	25%
Largo, FL	3Q 2018	86,620	\$11,500,000	\$132.76	78.3%	25%
Minnetonka, MN	3Q 2018	86,461	\$12,025,000	\$139.08	84.0%	100%
Milwaukie, OR	3Q 2018	64,317	\$11,700,000	\$181.91	96.3%	25%
Riverview, FL	3Q 2018	89,020	\$10,400,000	\$116.83	80.1%	10%
Crum Lynne, PA	3Q 2018	83,929	\$13,180,000	\$157.04	52.9%	95%
Lawrenceville, GA	4Q 2018	77,679	\$7,500,000	\$96.55	67.5%	100%
Jamaica Plain,	4Q 2018	94,077	\$21,333,000	\$226.76	49.8%	100%
Brooklyn Park,	4Q 2018	77,091	\$8,100,000	\$105.07	69.1%	100%
Decatur, GA	4Q 2018	78,977	\$14,250,000	\$180.43	66.3%	10%
St. Petersburg, FL	4Q 2018	70,390	\$12,200,000	\$173.32	58.5%	10%
Atlanta, GA	4Q 2018	76,725	\$13,500,000	\$175.95	45.7%	10%
Tampa, FL	4Q 2018	77,705	\$10,000,000	\$128.69	75.9%	10%
Manayunk, PA	4Q 2018	62,650	\$17,100,000	\$272.94	94.8%	100%
Charlotte, NC	1Q 2019	75,232	\$9,250,000	\$122.95	69.2%	10%
Chicago, IL	1Q 2019	99,334	\$14,840,000	\$149.39	32.2%	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 6/30/2020	Ownership
Brooklyn, NY	1Q 2019	145,058	\$79,901,000	\$553.26	31.3%	25%
Auburndale, MA	1Q 2019	79,765	\$20,000,000	\$250.74	37.0%	10%
Queens, NY	1Q 2019	117,915	\$52,321,000	\$443.72	44.0%	25%
Louisville, KY	1Q 2019	158,826	\$12,680,000	\$79.89	57.7%	100%
Plantation, FL	2Q 2019	71,232	\$11,800,000	\$165.50	69.2%	100%
Brooklyn Center,	2Q 2019	81,218	\$8,400,000	\$103.36	63.1%	100%
Broomfield, CO	3Q 2019	67,087	\$9,083,000	\$135.39	82.2%	100%
Wakefield, MA	3Q 2019	83,399	\$16,800,000	\$201.65	34.4%	100%
Brooklyn, NY	4Q 2019	45,360	\$20,750,000	\$457.45	21.5%	10%
Brooklyn, NY	4Q 2019	59,056	\$29,144,000	\$493.50	29.1%	25%
Maple Grove, MN	4Q 2019	84,808	\$10,153,000	\$119.45	35.3%	50%
Aurora, CO	1Q 2020	79,700	\$9,628,000	\$120.80	44.0%	100%
Miramar, FL	1Q 2020	81,380	\$14,800,000	\$181.86	16.8%	10%
Eagen, MN	1Q 2020	65,853	\$7,695,000	\$116.82	25.0%	50%
West Palm Beach	2Q 2020	76,972	\$14,500,000	\$119.45	12.1%	10%
Belleville, NJ	2Q 2020	76,491	\$10,944,000	\$120.80	7.0%	95%
Total	41	3,382,252	\$643,578,000			

Investment Activity

CubeSmart (NYSE: CUBE)

During the second quarter, CubeSmart acquired two stores for \$65.7 million. Locations include one store in Maryland and one store in New Jersey. Year-to-date, the company acquired three stores for \$74.7 million.

Investment Activity

- Presently CubeSmart has no stores under contract to be purchased at certificate of occupancy.
- Market pricing remains very strong from a seller's perspective, especially for stabilized properties. There is a lot of both private and public capital seeking to invest in self storage given the strength of the cash flows and on a relative basis to other product types.

Development Activity

- During the second quarter, CubeSmart opened for operation one development property in Brooklyn, New York consisting of 89,580 rentable square feet for a total investment of \$45.9 million.
- As of June 30, 2020, the company had four joint venture development properties under construction. The company anticipates investing a total of \$88.9 million related to these projects and had invested \$38.4 million as of June 30, 2020. Locations include East Meadow, New York; Newton, Massachusetts; Arlington, Virginia; and King of Prussia, Pennsylvania.

Investment Activity

CubeSmart
(NYSE: CUBE)

New Development Properties

Location	Expected Opening	CUBE's Anticipated Investment
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		\$88,900,000

Acquisitions at Certificate of Occupancy - Operating

Location	Date Completed	Rentable Square Feet	Purchase Price	Price Per Square Foot	Occupancy 6/30/2020
San Diego, CA	Q4 2018	87,287	\$19,118,000	\$219.02	74.9%

New Development Properties - Operating

Location	Date Completed	Rentable Square Feet	Total Cost	Cost Per Square Foot	Occupancy 6/30/2020
Bronx, NY	Q3 2018	199,369	\$92,100,000	\$461.96	42.0%
Queens, NY	Q2 2019	80,518	\$47,500,000	\$589.93	69.0%
Bayonne, NJ*	Q2 2019	96,868	\$25,100,000	\$259.12	53.0%
Waltham, MA	Q3 2019	87,840	\$18,000,000	\$204.92	38.5%
Brooklyn, NY	Q2 2020	89,580	\$45,900,000	\$512.39	0.3%
Total			\$228,600,000		

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

Investment Activity

Life Storage (NYSE: LSI)

Subsequent to end of the quarter, Life Storage entered into a contract to acquire a self storage facility in Trenton, New Jersey for \$13.7 million. No acquisitions were completed in the second quarter.

Joint Venture Activity

- During the second quarter, Life Storage entered into three joint ventures, each of which is developing self storage facilities in the greater New York City market. The company's total expected equity commitment is \$6.8 million, representing various minority ownership percentages ranging from 17% to 25%. Life Storage contributed \$1.5 million to the joint ventures during the quarter.

Distressed Acquisitions

- Life Storage is not seeing distressed asset opportunities yet for properties in lease-up.

New Supply

- Life Storage's two largest markets, Chicago and Houston, were 29th and 30th in top 30 of markets for new supply levels. Overall in 2020, the company is tracking 65 new competing stores opened within a three-mile radius of a Life Storage property, compared to 144 new competing stores from 2018 to 2019.
- Only 12 new competing stores recently opened in the company's top ten markets. Although, still navigating the impact of recently opened competition over past couple of years.

Investment
Activity

Life Storage
(NYSE: LSI)

Certificate of Occupancy Operating Properties

Market	Date Acquired	Net Rentable Square Feet	Price	Price Per Square Foot	Occupancy 6/30/2020
Charleston, SC	Jul-2016	70,165	\$8,620,000	\$122.85	76.3%
Chicago, IL	Feb-2017	78,023	\$10,089,000	\$129.31	92.8%
Charlotte, NC	Dec-2017	70,068	\$12,549,000	\$179.10	80.0%
Sacramento, CA	Sep-2018	79,795	\$13,846,000	\$173.52	86.4%
Atlanta, GA	Nov-2018	80,029	\$14,234,000	\$177.86	79.8%
Sacramento, CA	Dec-2018	57,095	\$9,547,000	\$167.21	95.6%
St. Louis, MO	Dec-2018	77,340	\$9,301,000	\$120.26	80.6%
New York, NY	Jan-2019	114,996	\$57,298,000	\$498.26	88.8%
Tampa, FL	Mar-2019	60,156	\$9,302,000	\$154.63	86.9%
Jacksonville, FL	Jun-2019	72,609	\$9,955,000	\$137.10	74.4%
Raleigh, NC	Jul-2019	79,339	\$11,874,000	\$149.66	65.9%
Washington, DC	Jul-2019	76,230	\$15,163,000	\$198.91	77.3%
Chattanooga, TN	Jul-2019	71,640	\$9,604,000	\$134.06	78.2%
Tampa, FL	Jul-2019	75,420	\$10,479,000	\$138.94	78.0%
Charleston, SC	Jul-2019	71,860	\$7,685,000	\$106.94	63.0%
Washington, DC	Jul-2019	75,585	\$13,566,000	\$179.48	61.8%
Greenville, SC	Jul-2019	67,949	\$8,658,000	\$127.42	62.1%
Atlanta, GA	Jul-2019	87,525	\$11,871,000	\$135.63	85.8%
Richmond, VA	Jul-2019	86,017	\$10,666,000	\$124.00	59.9%
Tampa, FL	Jul-2019	84,000	\$15,424,000	\$183.62	52.2%
Richmond, VA	Jul-2019	80,455	\$11,831,000	\$147.05	53.7%
Richmond, VA	Jul-2019	73,095	\$8,507,000	\$116.38	75.5%
Total		1,689,351	\$290,069,000		

Investment Activity

National Storage Affiliates
(NYSE: NSA)

During the first quarter, National Storage Affiliates invested approximately \$36.2 million in the acquisition of four wholly-owned self storage facilities.

Investment Activity

- Total consideration for these acquisitions included approximately \$30.2 million of net cash, the issuance of about \$14.9 million of OP units and \$900,000 of subordinated performance units (SP units) and the assumption of about \$200,000 of working capital.
- Three of the four acquisitions were from the company's captive pipeline from its PROs.
- Average cap rate of deals closed in the second quarter was approximately 6.5%.
- Capital sources for the acquisitions included the issuance of \$11.9 million of common equity raised under the company's at-the-market, or ATM, program at a combined weighted average price of \$30.20 per share/unit, as well as borrowings from the company's line of credit.
- Subsequent to quarter's end, National Storage Affiliates acquired one additional store for \$6 million.

Investment Trends and Strategy

- The company is seeing a pick-up in acquisition activity with a lot of competing capital seeking to acquire self storage properties.
- National Storage Affiliates is not likely to complete the volume of original guidance for 2020 of \$400 million to \$600 million for acquisitions.
- The company plans to add one to three additional PROs over time.
- Acquisitions of non-stabilized properties not part of company's core strategy. But, they would be open to acquire non-stabilized assets to a limited level, possibly with a joint venture partner.

Operations

Public Storage
(NYSE: PSA)

During the second quarter, Public Storage generated 3.0% decrease in same-store revenues and 6.8% decrease in same-store net operating income. Top performing markets by revenue growth for the quarter include San Francisco, Seattle, Philadelphia, Los Angeles, and Chicago.

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 June 30, 2020.

Q2 2020 Results

- Same-store revenues decreased 3.0% year-over-year during the second quarter, a 180 basis point decrease year-over-year. The decrease was impacted by a 1.8% decrease in rental income due primarily to a 2.0% reduction in realized rent per occupied square foot and 31.8% decrease in late fees and administrative fees collected during the quarter. The reduction in late and administrative fees contributed more than 100 basis points to the decline in same-store revenues.
- Cost of operations for the same-store pool increased by 6.7% during the second quarter. The increase was impacted primarily by a 36.9% gain in marketing expenses, 20.7% increase in on-site manager costs, and 3.6% increase in real estate taxes. The expense gains were offset by a 6.3% reduction in repairs and maintenance and 8.0% reduction in utility expenses.
- Same-store net operating income decreased 6.8% year-over-year during the second quarter, driven by a 3.0% decrease in same-store revenue and 6.7% gain in operating expenses.
- Same-store occupancy at the end of the quarter was 94.6%, a 50 basis point increase year-over-year and 190 basis points sequentially. Same-store weighted average occupancy during the first quarter was 94.2%, a 20 basis point increase from a year earlier and 110 basis point gain sequentially.

Operating Fundamentals

- In order to drive customer demand and maintain occupancy, Public Storage reduced rental rates for tenants moving in by 13.9% year-over-year during the quarter.
- The reduction in rental rates to new customers continues to widen the spread between rental rates on customers moving out to customers moving in. Spread in rental rates between customers moving out and those moving in during quarter was -\$3.42/sf, representing a 22.4% negative spread. The spread widened from -18.3% during the previous quarter.
- Average rent per occupied square foot decreased 2% during the quarter. The largest component of the decline was the lower contribution from increased rents to existing customers. The balance was the impact of the negative 22.4% rent rolldown spread.
- Occupancy at the end of June was up 50 basis points year-over-year. An 8.7% reduction in move-outs during the quarter combined with about 20 basis points of occupancy gains attributed to delayed auctions contributed to the gain.
- Improving trends in move-ins contributed to a 140 basis point increase in occupancy at the end of July. About 20 basis points of occupancy gains in both June and July are attributed to delayed auctions.

Operations

Public Storage (NYSE: PSA)

Operating Fundamentals continued

- July occupancy was helped by move-in volume decreasing 2% year-over-year and move-out volume decreasing 15%.
- Rent increases to existing customers resumed July 1st. Price-related regulations in certain states may impact the ability to increase rates at pre-COVID levels for the next couple of months. Increases may be lower than the upper single-digits to 10% increases experienced in recent years.
- Elevated payroll costs during the quarter was attributed primarily to the PS Care Fund that increased hourly rate for employees (\$3 per hour increase) and initiated accommodations for PTO and childcare.
- Fee collections decreased 31.8% during the quarter primarily due to customers increasingly paying on time and fee accommodations initiated early in the quarter.
- About 7% of Public Storage customers requested some form of fee relief during the second quarter.

Major Markets Revenue Growth

- Major markets that experienced relatively flat same-store revenue growth during the second quarter as a result of COVID-19 include San Francisco (-0.6%), Seattle (-1.4%), Philadelphia (-1.5%), Los Angeles (-1.8%), and Chicago (-2.5%).
- Major markets performing below the Public Storage portfolio average during the quarter include Atlanta (-6.2%), Tampa (-5.7%), Houston (-5.4%), Miami (-5.2%), and Orlando (-5.1%).

Third-Party Management

- Public Storage added nine properties to the third-party management platform in the second quarter. They currently have 106 properties overall in the platform, with a pipeline of new contracts. The majority of new properties are in various phases of construction. Although, they are seeing more opportunities to manage properties in lease-up and that are stabilized.

Operations

Public Storage
(NYSE: PSA)

Top Market Same-Store Performance - End of Second Quarter 2020

Market	Facilities	Rent Per Occupied Square Foot	Weighted Avg. Occupancy	Revenue Growth
Los Angeles	212	\$25.46	96.3%	(1.8%)
San Francisco	128	\$26.35	95.3%	(0.6%)
New York	89	\$25.21	94.7%	(4.1%)
Seattle-Tacoma	86	\$20.11	94.1%	(1.4%)
Washington DC	89	\$20.88	94.3%	(2.8%)
Miami	81	\$19.53	93.1%	(5.2%)
Chicago	129	\$14.70	93.6%	(2.5%)
Atlanta	99	\$13.16	92.0%	(6.2%)
Dallas-Ft. Worth	102	\$13.21	92.8%	(3.5%)
Houston	84	\$12.73	91.5%	(5.4%)
Orlando-Daytona	72	\$13.37	94.3%	(5.1%)
Philadelphia	56	\$16.54	95.7%	(1.5%)
West Palm Beach	38	\$18.27	94.1%	(3.9%)
Tampa	52	\$13.58	92.6%	(5.7%)
Charlotte	50	\$10.96	91.9%	(4.5%)
All other markets	857	\$14.12	94.7%	(3.1%)
Total	2,224	\$17.10	94.2%	(3.0%)

Operations

Extra Space
Storage
(NYSE: EXR)

During the second quarter, Extra Space experienced a 3.1% decrease in same-store revenues and 4.6% decrease in net operating income year-over-year. Top performing major markets by revenue growth include Norfolk/Virginia Beach, Phoenix, San Francisco, 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.

Q2 2020 Results

- Same-store revenues decreased 3.1% during the second quarter. The decrease was impacted by 1.8% decline in net rental income and 33.6% decrease in other operating income.
- Cost of operations for the same-store pool increased by 0.7% during the second quarter. The increase was impacted by a 5.2% increase in payroll, 5.6% increase in insurance and 3.4% increase in real estate taxes. Expenses were partially offset by a 0.9% decrease in repairs and maintenance costs, 2% decrease in marketing costs and 16.3% reduction in miscellaneous expenses.
- Same-store net operating income decreased 4.6% year-over-year during the second quarter, driven by a 3.1% decrease in same-store revenue and 0.7% gain in operating expenses.
- Same-store occupancy at the end of the quarter was 94.5%, a 100 basis point increase year-over-year. Same-store weighted average occupancy during the second quarter was 92.8%, a 20 basis point increase year-over-year.

Operating Fundamentals

- The impact of COVID-19 on operations during the quarter was generally due to reductions in new rentals and vacates due to stay-at-home orders and other restrictions, lower achieved rental rates from new customers, fewer existing customer rent increases, reduced late fee collection and impaired ability to hold auctions resulting in higher accounts receivable and bad debt.
- Occupancy remains at an all-time high at 94.5% at the end of June and increased further to 95.7% at the end of July. The occupancy results include about 200 basis points of inflated occupancy due to delayed auctions of delinquent units as a result of COVID-19.
- The continued reduction in vacates helped contribute to strong occupancy gains, as well. Vacates during the second quarter were 17% lower year-over-year. The delay in move-outs generated 150 basis point improvement year-over-year at the end of July and 100 basis point increase at the end of June.
- The pause in the ability to increase rental rates on existing customers impacted achieved rates in May and June. There are six currently states that prohibit existing customer rate increases and 14 states that limit the ability to increase rates.
- Achieved rates for new rentals decreased 17% year-over-year during the quarter. Subsequent to the end of the quarter, street rates and rental activity significantly improved. Achieved rates were flat year-over-year in July after decreasing 10% in April, 20% in May and 16% in June.
- Markets that contribute about 47% of same-store net operating income instituted restrictions on auctions. Key states restricting auctions include California, New York and New Jersey. At the end of June, about 150 basis points of occupancy was attributed to delayed auctions.

Operations

Extra Space
Storage
(NYSE: EXR)

Operating Fundamentals continued

- The resumption of auctions and freeing up of delinquent units may extend into September, which is outside the peak leasing season to re-tenant the units.
- Receivables less than 60 days old returned to historical levels. However, accounts receivable greater than 60 days old as a percentage of rental income are about 325 basis points higher than historical levels.
- Extra Space is seeing higher account receivables in markets with lower household incomes, more cash paying customers than credit cards, and restricted auction activity.
- Bad debt during the quarter was about 50% higher than the historical norms of 1.6% to 1.8% of revenue.

Major Markets Revenue Growth for Q2 2020

- The Tidewater market in Virginia (0.3%) is the only market to report increased same-store revenue growth during the quarter. Major markets that experienced relatively flat same-store revenue growth during the second quarter as a result of COVID-19 include Phoenix (-0.1%), San Francisco (-0.4%), Los Angeles (-0.7%), Philadelphia (-1.5%), and Las Vegas (-1.8%).
- Major markets performing below the Extra Space portfolio average include Charleston (-6.7%), Tampa/St. Petersburg (-6.6%), Miami (-5.8%), Atlanta (-5.1%), Washington DC (-5.0%), and Houston (-4.9%).

Third-Party Management Platform

- Extra Space added 31 stores (gross) to its third-party management platform during the second quarter, resulting in 700 stores (951 managed stores including joint ventures). The new stores represent a net gain of 24 stores from its Q1 2020 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 6/30/2020	Revenue Growth
Los Angeles-Riverside-Orange County, CA	88	\$22.07	93.6%	1.7%
New York-Northern New Jersey-Long Island, NY-NJ-PA	71	\$24.73	91.5%	(1.4%)
Washington-Baltimore, DC-MD-VA-WV	52	\$19.20	91.3%	(2.1%)
Atlanta, GA	50	\$12.84	92.3%	(1.6%)
Dallas-Fort Worth, TX	49	\$12.42	92.2%	(1.5%)
Boston-Worcester-Lawrence, MA-NH-ME-CT	42	\$21.72	91.4%	0.2%
San Francisco-Oakland-San Jose, CA	40	\$27.81	93.1%	1.2%
Chicago-Gary-Kenosha, IL-IN-WI	31	\$14.67	92.5%	(0.2%)
Miami-Fort Lauderdale, FL	28	\$18.54	91.8%	(2.7%)
Phoenix-Mesa, AZ	21	\$13.04	93.0%	2.4%
Houston-Galveston-Brazoria, TX	19	\$12.50	91.3%	(3.6%)
Philadelphia-Wilmington-Atlantic City, PA-DE-NJ	18	\$16.47	91.5%	1.9%
Norfolk-Virginia Beach-Newport News, VA-NC	15	\$13.00	93.6%	3.2%
Cincinnati-Northern Kentucky	14	\$10.69	93.2%	0.0%
Sacramento-Yolo, CA	14	\$16.29	91.8%	0.4%
Las Vegas, NV-AZ	14	\$12.25	93.9%	3.4%
Tampa-St. Petersburg-Clearwater, FL	14	\$16.58	91.0%	(4.4%)
Indianapolis, IN	14	\$10.98	92.6%	(0.2%)
Charleston-North Charleston, SC	12	\$11.97	89.5%	(4.5%)
Austin-San Marcos, TX	11	\$13.46	93.1%	(1.1%)
Memphis, TN-AR-MS	11	\$10.09	93.0%	1.5%
Orlando, FL	11	\$13.69	92.9%	(1.0%)
Other MSAs	224	\$14.01	92.1%	(1.7%)
TOTALS	863	\$16.83	92.2%	(0.6%)

Operations

CubeSmart
(NYSE: CUBE)

During the second quarter, CubeSmart experienced a 2.2% decrease in same-store revenues and 4.1% decrease in net operating income year-over-year. Tucson, Salt Lake City, Providence, and Hartford reported positive same-store revenue growth during the quarter.

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

Q2 2020 Results

- Same-store revenues decreased 2.2% during the second quarter, a 10 basis point deceleration sequentially. The decrease was primarily impacted by a 1.3% decrease in realized annual rent per occupied square foot and 11.6% decline in other property related income.
- Cost of operations for the same-store pool increased by 2.4% during the second quarter. The increase was impacted by a 6.1% growth in real estate taxes, 48.9% increase in advertising, and 35.1% increase in property insurance. Cost of operations were partially offset by a 20.8% decline in repairs and maintenance.
- Same-store net operating income decreased 4.1% year-over-year during the second quarter, driven by a 2.2% decrease in same-store revenue and 2.4% gain in operating expenses.
- Same-store occupancy at the end of the quarter was 94.0%, a 50 basis point increase year-over-year. Same-store weighted average occupancy during the second quarter was 93.0%, the same as a year earlier.

Operating Fundamentals

- Subsequent to the end of the quarter, occupancy at the end of July increased 100 basis points year-over-year to 94.5%.
- The occupancy results include about 90 basis points of increased occupancy at the end of June due to delayed auctions of delinquent units and narrowed to 40 basis points at the end of July.
- July occupancy gains were helped by a 3.8% increase year-over-year in move-ins and 7.7% decrease in move-outs.
- During the quarter, rental rates move-ins were paying was 21% less than rental rates move-outs were paying as compared to a 9% spread a year earlier.
- Net effective rents for new customers increased 2.5% year-over-year in July and ended the month up 7% compared to a year earlier.
- SmartRental, a contactless rental program launched in late-April, accounts for over 25% of all storage rentals.
- Rent collections continue to improve. CubeSmart collected 95.6% of July rents compared to 98% ultimately collected a year earlier. They anticipate continued July rent collections will continue to grow and reach similar levels to last year.
- Of all drivers that impact revenue growth (i.e. rate increase to existing customers, net effective rents to new customers, move-in volumes, write-offs, delinquencies) the suspension of rate increases to existing customers created the biggest impact on revenue growth year-over-year.

Operations

CubeSmart
(NYSE: CUBE)

Operating Fundamentals continued

- Beginning in July and early-August, CubeSmart sent rental rate increase letters to all customers in its portfolio. They anticipate the rent roll will be fully caught up with rate increases by the end of the quarter.
- CubeSmart issued rate increases to existing customers consistent with pre-COVID increases in the high single-digit range.
- The decrease in late fees during the quarter generated the greatest impact on other income. Muted move-in volume early in the quarter that decreased administrative fees also contributed to the decline.
- Bad debt due to delinquencies increased from about 2% historically to about 2.5% to 3% during the quarter.

New York Rebound

- The New York MSA experienced a strong rebound in July generating a 7% increase in rentals, 5% increase in net effective rents to new customers, and 150 basis point gain in occupancy.
- The boroughs of New York City generated about a 3% increase in rentals and 5.8% increase in net effective rents to new customers. Net effective gains were led by the Bronx at 7% and slightly up in Queens.

Select Market Same-Store Performance

- Tucson (3.2%), Salt Lake City (2.7%), Providence (2.2%), and Hartford (0.1%) are the only markets to report increased same-store revenue growth during the quarter. Major markets that experienced relatively flat same-store revenue growth during the second quarter as a result of COVID-19 include Sacramento (0.0%), Bridgeport/Stamford (0.0%), Philadelphia (-0.1%), Phoenix (-0.3%), Los Angeles (-0.5%), Atlanta (-0.6%), and Austin (-0.8%).
- Major markets performing below the CubeSmart portfolio average during the quarter include Naples (-5.8%), Jacksonville (-5.1%), Orlando (-4.8%), New York (-4.5%), San Diego (-4.2%), and Tampa (-4.2%). New York, representing 21% of CubeSmart's same-store revenue, decreased 490 basis points sequentially, generated about a 65 basis point drag on revenues.

Third-Party Management

- CubeSmart added 27 stores to its third-party management platform during the quarter. The third-party management platform totals 719 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	\$27.69	92.5%	(4.5%)
Chicago-Naperville-Joliet, IL-IN-WI	41	\$14.19	93.4%	(1.6%)
Miami-Fort Lauderdale-Pompano Beach, FL	37	\$17.74	92.6%	(2.6%)
Dallas-Fort Worth-Arlington, TX	35	\$12.87	94.1%	(1.1%)
Washington-Arlington-Alexandria, DC-VA-MD-WV	24	\$21.22	94.3%	(1.7%)
Atlanta-Sandy Springs-Marietta, GA	18	\$13.09	91.3%	(0.6%)
Riverside-San Bernardino-Ontario, CA	16	\$13.95	93.0%	(1.7%)
Phoenix-Mesa-Scottsdale, AZ	15	\$13.00	95.3%	(0.3%)
Tucson, AZ	15	\$12.49	96.6%	3.2%
Houston-Sugar Land-Baytown, TX	14	\$12.61	90.9%	(2.3%)
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	13	\$17.57	90.6%	(0.1%)
Hartford-West Hartford-East Hartford, CT	12	\$12.83	93.9%	0.1%
Orlando-Kissimmee, FL	10	\$13.19	89.6%	(4.8%)
Austin-Round Rock, TX	10	\$13.67	91.7%	(0.8%)
Columbus, OH	10	\$10.77	94.1%	(1.2%)
Boston-Cambridge-Quincy, MA-NH	10	\$20.20	92.6%	(2.6%)
Cleveland-Elyria-Mentor, OH	10	\$13.45	92.6%	(2.4%)
Denver-Aurora, CO	9	\$13.45	93.5%	(4.0%)
Sacramento-Arden-Arcade-Roseville, CA	9	\$14.64	92.6%	0.0%
Las Vegas-Paradise, NV	8	\$13.71	90.6%	(3.0%)
Nashville-Davidson-Murfreesboro-Franklin, TN	7	\$12.15	93.0%	(1.8%)
Los Angeles-Long Beach-Santa Ana, CA	7	\$21.93	93.5%	(0.5%)
Jacksonville, FL	7	\$16.34	91.2%	(5.1%)
San Diego-Carlsbad-San Marcos, CA	6	\$17.44	94.2%	(4.2%)
Tampa-St. Petersburg-Clearwater, FL	6	\$15.51	89.1%	(4.2%)
Bridgeport-Stamford-Norwalk, CT	6	\$22.02	92.7%	0.0%
Cape Coral-Fort Myers, FL	5	\$15.27	93.9%	(1.1%)
Charlotte-Gastonia-Concord, NC-SC	5	\$12.86	93.4%	(2.1%)
Baltimore-Towson, MD	4	\$18.06	91.3%	(2.8%)
San Antonio, TX	4	\$12.31	95.1%	(1.4%)
Providence-New Bedford-Fall River, RI-MA	4	\$15.29	93.8%	2.2%
Salt Lake City, UT	4	\$12.91	95.2%	2.7%
Naples-Marco Island, FL	4	\$14.49	91.3%	(5.8%)
Other	33	\$14.68	93.9%	(0.1%)
Total	477	\$ 16.69	93.0%	(2.2%)

Operations

LifeStorage
(NYSE: LSI)

During the second quarter, Life Storage experienced a 2.0% decrease in same-store revenues and 2.5% decrease in net operating income year-over-year. Top performing markets by revenue growth include Phoenix, St. Louis, Las Vegas, Buffalo, and San Antonio.

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.

Q2 2020 Results

- Same-store revenues decreased 2.0% during the second quarter, A 170 basis point decline year-over-year. The decrease was impacted by a 1.7% decrease in rental income and 22.3% decline in other property related income.
- Cost of operations for the same-store pool decreased 1.2% during the second quarter. Operating expenses were impacted by a 5.8% increase in real estate taxes and 38.4% gain in digital marketing. The decrease was partially offset by a 7.3% decrease in payroll, 16.7% decrease repairs and maintenance, and 9.5% decrease in utilities.
- Same-store net operating income decreased 2.5% year-over-year during the second quarter, driven by a 2.0% decrease in same-store revenue and 1.2% reduction in operating expenses.
- Same-store occupancy at the end of the quarter was 91.9%, a 40 basis point increase year-over-year. Same-store weighted average occupancy during the second quarter was 91.0%, a 20 basis point increase from a year earlier.

Operating Fundamentals

- Same-store move-ins declined 3.4% during the quarter year-over-year, but improved significantly in June and July.
- Subsequent to quarter's end, Life Storage reported improved conditions in July with same-store move-ins 16.5% higher than July 2019 and same store move-outs 11.7% lower than the same period last year. As a result, same-store occupancy at July 31, 2020 was 93.0% as compared to 91.3% at July 31, 2019. Delayed auctions contributed a 70 basis point positive impact on occupancy.
- Life Storage estimates same-store occupancy would have been 92.3% at July 31, 2020 had auctions not been curtailed due to the COVID-19 pandemic, a 100 basis point net improvement year-over-year.
- Street rates during the quarter were down 18%. The trend line improved as the quarter went on, starting the quarter down 19.5% and ending the quarter down 16.5%. July improved further down 13% year-over-year.
- Life Storage accelerated rate increases to existing customers in July sending out one and a half times more notices than a year ago. Rates increases averaged high-8% to just about 9%. They are doubling the number of notices sent out in August and beginning to strategize for September. The hope is to recapture 85% of the volume from a year ago by the end of the third quarter.

Operations

LifeStorage
(NYSE: LSI)

Operating Fundamentals continued

- Life Storage typically sends out notices at the beginning of the peak leasing season when demand is strongest providing greater ability to fill any move-outs resulting from rent increases. They are closely watching the impact of rate increases implemented this late in the season as demand begins to soften in the fall and winter months.
- Rent rolldown is still elevated but trending down. During the quarter, rental rates move-ins were paying was 8.1% less than rental rates move-outs were paying. The spread narrowed to 5.5% in the month of July.
- Completed the roll-out of Rent Now 2.0, the company's fully-digital, dynamic pricing and rental platform that allows customers to self-serve and move into their storage unit with no human interaction. RentNow generated 30% to 35% of rentals during the quarter after spiking to 50% in April.
- Rent Now 2.0's new tiered pricing system provides customers flexibility to select a storage unit from one of three pricing tiers based on location and availability within the facility.
- Auctions are resuming in most states but may take through October to process the current overhang. Account receivables over 90 days delinquent continue to grow due to delays in auctions. Receivables under 60 days delinquent are returning to historical norms.
- Although receivables greater than 90 days remains elevated, Life storage collected 99% of rental income during the quarter as compared to pre-COVID levels.

Major Markets Revenue Growth

- Major markets with positive revenue growth include Phoenix (2.5%), St. Louis (1.7%), Las Vegas (1.2%), Buffalo (1.1%), San Antonio (1.1%), Pensacola (0.8%), and Virginia Beach/Norfolk (0.4%).
- Major markets with revenue growth below the portfolio average include Orlando (-5.3%), Houston (-4.2%), Miami (-4.2%), Tampa (-4.1%), Space Coast (-3.5%), Charlotte (-3.5%), and Jacksonville (-3.5%).

Third-Party Management Platform

- Added 13 stores to the third-party management platform during the second quarter increasing the total stores managed in the platform to 317, including joint ventures.
- Third-party management continued to contribute to revenues generating a 28.1% gain in management fees during the quarter.
- Demand for third-party management may increase as smaller operators find it harder to compete with recent improvements in contactless rentals, revenue management platforms and digital marketing. Life Storage anticipates a shift to more stabilized stores inquiring about its third-party management platform than the current 70% to 80% new construction inquiries.

Operations

Life Storage
(NYSE: LSI)

Select Markets Same-Store Performance

Market	Stores	Rent Per Occupied Square Foot	Occupancy 6/30/2020	Revenue Growth
Chicago-Naperville-Elgin, IL	39	\$14.99	91.8%	(2.9%)
Houston-The Woodlands-Sugar Land, TX	40	\$12.50	91.8%	(4.2%)
New York-Newark-Jersey City, NY-NJ-PA	28	\$22.96	90.4%	(2.1%)
New England-Other	26	\$17.31	90.9%	(2.3%)
Dallas-Fort Worth-Arlington, TX	25	\$12.65	91.8%	(1.9%)
Buffalo-Upstate, NY	25	\$13.39	89.8%	1.1%
Miami-Fort Lauderdale-Pompano Beach, FL	16	\$18.04	93.3%	(4.2%)
Los Angeles-Long Beach-Anaheim, CA	10	\$21.92	92.0%	(0.3%)
Austin-Round Rock, TX	20	\$12.08	91.5%	(1.0%)
Atlanta-Sandy Springs-Alpharetta, GA	21	\$12.93	91.1%	(1.3%)
Las Vegas-Henderson-Paradise, NV	17	\$14.11	94.5%	1.2%
Boston-Cambridge-Newton, MA-NH	16	\$16.12	91.2%	(2.2%)
Sacramento--Roseville--Arden-Arcade, CA	10	\$14.73	95.3%	(2.8%)
St. Louis, MO	14	\$12.47	93.1%	1.7%
San Antonio-New Braunfels, TX	15	\$13.06	91.8%	1.1%
Tampa-St. Petersburg-Clearwater, FL	13	\$14.87	91.8%	(4.1%)
Virginia Beach-Norfolk-Newport News, VA	11	\$11.38	87.6%	0.4%
Orlando-Kissimmee-Sanford, FL	12	\$12.63	87.0%	(5.3%)
Phoenix-Mesa-Chandler, AZ	10	\$12.63	95.4%	2.5%
Space Coast, FL	8	\$14.82	90.1%	(3.5%)
Cleveland-Elyria, OH	9	\$12.41	89.8%	(1.5%)
Jacksonville, FL	9	\$13.58	87.6%	(3.5%)
Pensacola-Ferry Pass-Brent, FL	8	\$10.21	91.9%	0.8%
Beaumont-Port Arthur, TX	7	\$13.95	88.1%	(1.1%)
Charlotte-Concord-Gastonia, NC	8	\$12.48	91.7%	(3.5%)
Raleigh-Durham, NC	7	\$11.87	90.7%	(0.7%)
Cape Coral-Fort Myers, FL	8	\$11.95	95.9%	(2.2%)
Chattanooga, TN-GA	6	\$11.93	88.1%	(10.1%)
Montgomery, AL	7	\$9.27	90.0%	(7.1%)
Youngstown-Warren-Boardman, OH-PA	5	\$10.17	84.3%	(7.5%)
Other markets	67	\$12.86	89.3%	(2.3%)
Same Store Portfolio Total	517	\$14.09	91.0%	(2.0%)

Operations

National
Storage Affiliates
(NYSE: NSA)

During the second quarter, National Storage Affiliates experienced a 1.1% decrease in same-store revenues and 1.2% decrease in net operating income year-over-year. Top performing markets by revenue growth include Kansas City, Phoenix, Atlanta, Oklahoma City, and Sarasota/Bradenton.

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 June 30, 2020, the same-store portfolio consisted of 500 self storage properties.

Q2 2020 Results

- Same-store revenues decreased 1.1% during the second quarter, a 20 basis point increase sequentially. The decrease was impacted primarily by a 140 basis point decrease in average occupancy and partially offset by a 0.4% increase in average annualized rental revenue per square foot.
- Cost of operations for the same-store pool decreased by 1.1% during the second quarter. The decrease was driven by a 2.5% decrease in payroll and 13% decrease in repairs and maintenance, partially offset by a 5.5% increase in real estate taxes.
- Same-store net operating income decreased 1.2% year-over-year during the second quarter, driven by a 1.1% decrease in same-store revenue and 1.1% decrease in operating expenses.
- Same-store occupancy at the end of the quarter was 89.8%, a 100 basis point decrease from a year earlier and 270 basis point increase from Q1 2020. Same-store weighted average occupancy during the second quarter was 88.1%, a 140 basis point decrease from a year earlier and 90 basis point gain from Q1 2020.

Operating Fundamentals

- Same-store move-in volumes improved during the quarter. Net move-ins increased in June as compared to a year earlier as move-in volume was flat in June and move-out volume decreased 7%. The net move-in results improved further in July with move-in volume increasing 8% year-over-year and move-out volume decreasing 20%.
- Strong net move-ins in July improved same-store occupancy at the end of July to 91.1%, a 130 basis point gain sequentially and 80 basis point gain year-over-year. Same-store occupancy gain net 30 basis points year-over-year in July when factoring the impact of delayed auctions contributing about a 50 basis point gain in occupancy during the month.
- Street rates decreased 5% during the quarter and into July.
- Bad debt as a percentage of revenue has historically been in the 2% to 2.5% range. Bad debt during the quarter remained in the middle of the historical range but ticked up to the high end of the range in July.
- Customer behavior from commercial tenants remains steady. They consist of about 15% of National Storage Affiliates customer base.
- National Storage Affiliates continues to work with delinquent tenants to bring them current or get them into an agreement for partial payment and fees in hopes of avoiding auctions.

Operations

National
Storage Affiliates
(NYSE: NSA)

Major Markets Revenue Growth

- Major markets with revenue growth above the portfolio average for the quarter include Kansas City (2.6%), Phoenix (1.3%), Atlanta (1.0%), Oklahoma City (1.0%), and Sarasota/Bradenton (0.6%). One-half of the reported MSAs achieved positive same-store revenue and net operating income growth. Two of National Storage Affiliates largest markets, Riverside/San Bernardino (0.8%) and Phoenix (1.3%), performed above the portfolio average.
- Major markets performing below the portfolio average include Portland (-5.1%), Los Angeles (-3.7%), Dallas (-3.4%), and Las Vegas (-3.2%). A combination of COVID-19 related issues, regulatory restrictions on auctions and late fees, and supply concerns decreased average occupancy 280 basis points during the quarter. Occupancies significantly improved at the end of June to a decrease of 140 basis points year-over-year and increased 110 basis points year-over-year at the end of July.

Operations

National
Storage Affiliates
(NYSE: NSA)

Same Store Performance Summary By State

State	Stores	Rent Per Occupied Square Foot	Occupancy 6/30/2020	Revenue Growth
California	81	\$13.13	90.0 %	(0.1%)
Oregon	60	\$14.51	83.0 %	(4.3%)
Texas	60	\$9.90	87.9 %	(1.4%)
Florida	37	\$14.58	85.4 %	(2.2%)
Georgia	35	\$10.14	88.9 %	1.1 %
North Carolina	33	\$10.92	91.6 %	(1.0%)
Oklahoma	30	\$8.38	89.8 %	0.4 %
Arizona	30	\$12.68	88.4 %	1.6 %
Indiana	16	\$9.55	90.8 %	(0.2%)
Kansas	16	\$11.65	90.6 %	2.7 %
Louisiana	14	\$10.06	84.6 %	0.1 %
Washington	14	\$14.76	81.6 %	(5.5%)
Nevada	13	\$11.00	90.6 %	(2.5%)
Colorado	11	\$12.36	87.4 %	(3.8%)
New Hampshire	10	\$12.85	90.9 %	(2.3%)
Other ⁽¹⁾	40	\$12.45	87.7 %	(1.3%)
Total	500	\$11.99	88.1%	3.0%

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

Same Store Performance Summary By MSA

MSA	Stores	Rent Per Occupied Square Foot	Occupancy 6/30/2020	Revenue Growth
Riverside-San Bernardino-Ontario, CA	47	\$11.85	92.7 %	0.8%
Portland-Vancouver-Hillsboro, OR-WA	47	\$15.97	85.3 %	(5.1%)
Atlanta-Sandy Springs-Roswell, GA	26	\$10.18	89.9 %	1.0 %
Phoenix-Mesa-Scottsdale, AZ	23	\$12.87	88.0 %	1.3 %
Oklahoma City, OK	17	\$8.02	93.4 %	1.0 %
Dallas-Fort Worth-Arlington, TX	17	\$11.40	88.8 %	(3.4%)
Indianapolis-Carmel-Anderson, IN	16	\$9.55	93.1 %	(0.2%)
Los Angeles-Long Beach-Anaheim, CA	14	\$19.74	86.9 %	(3.7%)
Tulsa, OK	13	\$8.87	89.4 %	(0.4%)
North Port-Sarasota-Bradenton, FL	13	\$16.07	85.5 %	0.6 %
Las Vegas-Henderson-Paradise, NV	12	\$10.98	92.0 %	(3.2%)
Kansas City, MO-KS	11	\$11.92	92.6 %	2.6 %
Other MSAs	244	\$11.54	89.8 %	(1.2%)
Total	500	\$11.99	89.8%	3.0%

Capital Activities

Public Storage (NYSE: PSA)

- On July 10, 2020, the company redeemed 5.375% Series V Preferred Shares for \$495 million, plus accrued dividends.
- On June 17, 2020, the company issued 4.625% Series L Preferred Shares for gross proceeds of \$565 million.

Extra Space Storage (NYSE: EXR)

Share Purchase Program

- On June 17, 2020 executed a credit agreement for a \$300 million unsecured revolving credit facility with an interest rate of one-month LIBOR + 1.2%, a one-year maturity and one year extension.
- On June 25, 2020, closed a private placement of senior unsecured notes for \$425 million with an interest rate of 3.5% and a 10-year maturity.
- As of June 30, 2020, the company has \$56.4 million in cash and cash equivalents, and \$883 million in revolving line of credit.
- Company's percentage of fixed-rate to total debt is 79%. The weighted average interest rate of fixed rate debt is 3.4%, and the variable rate debt is 1.7%. The combined weighted average interest ratio is 3.0% with a weighted average maturity of approximately 4.2 years.

CubeSmart (NYSE: CUBE)

- During the second quarter, did not sell any common shares of beneficial interest through its at-the-market ("ATM") equity program.
- As of June 30, 2020, 14.6 million shares available for issuance under the existing equity distribution agreements.
- To fund a portion of the company's growth, the average outstanding debt balance increased \$159.1 million to \$1.98 billion during the second quarter as compared to \$1.82 billion last year.
- Fixed rate debt comprising 99.2% of total debt with a weighted average interest rate of 3.96%. Floating rate comprising 0.8% of total debt with a weighted average interest rate of 1.26%.

Capital Activities

Life Storage (NYSE: LSI)

- At June 30, 2020, approximately \$9.5 million cash on hand, and \$341.9 million available on line of credit.
- No debt maturities until August 2021 (\$100 million) and an average debt maturity of 6.3 years.

Key Financial Ratios

Debt to Enterprise Value @\$94.95 per share	31.6%
Debt to Book Cost of Facilities	42.2%
Debt to Recurring Annualized EBITA	6.0x
Debt Service Coverage (DSC)	4.4x

National Storage Affiliates (NYSE: NSA)

- On August 4, 2020, entered into an agreement to issue \$150 million of 2.99% senior unsecured notes due August 5, 2030, and \$100 million of 3.09% senior unsecured notes due August 5, 2032 in a private placement to institutional investors. Funding of the senior unsecured notes expected to occur on or before October 22, 2020. Plans to use the proceeds to repay outstanding amounts on revolving line of credit and for general corporate purposes.
- Subsequent to the end of the quarter, paid off approximately \$35 million of fixed rate mortgage payables using proceeds from revolving line of credit borrowings. This was the company's only remaining outstanding debt scheduled to mature in 2020.
- Issued 387,000 shares of common stock through ATM program at an average price of approximately \$31 per share for gross proceeds of \$12 million. Also issued 206,000 OP and SP units at an average price of \$28 per unit in connection with acquisition activity.
- Weighted average cost of debt at 3.3% with all borrowing, except revolver line of credit, fixed rate or swap to fixed. Weighted average of maturity of 5.2 years.
- Net debt-to-EBITDA of 6.3x



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