

MJ PARTNERS
SELF STORAGE GROUP



SELF STORAGE MARKET OVERVIEW

Second Quarter 2021 Results

Analysis of the Public Self Storage Companies

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Summary

Favorable market comps compared to last year's initial pandemic impact combined with increased self storage demand and higher achieved rents helped generate record-setting year-over-year performance for the self storage REITs in the second quarter. Record growth for the same-store pools net operating incomes ranged from 17.6% to 21.5%.

- Same-store revenue growth of the self storage REITs posted historic results in the second quarter of 2021 growing 10.8% to 16.3% compared to the previous year.
- Occupancies for REITs same store portfolios featured record levels at the end of the second quarter ranging from 95.7% to 97%.

Strong Demand Keys Continued Rate Growth

The trend of strong move-in volumes and limited move-outs fueled rental rate growth during the second quarter. Projections that the re-opened economy may change customer behavior and reduce self storage demand did not come to fruition. Continued strong demand during quarter helped increase rents 10% to 20% year-over-year with asking rents 15% to 20% above Q2 2019 levels. Elevated rates generated higher move-in rents versus move-out rents creating positive rollover.

Guidance Raised on Strength of Q2 2021 Results

Record-high occupancies, strong customer demand, and higher asking and achieved rents encouraged each of the self storage REITs to raise full-year 2021 guidance. New projections for the full year same-store revenue growth ranges from 7% to 12.25%. The average same-store revenue guidance increased by 500 basis points.

Acquisitions Market Activity Surges

Each of the self storage REITs has increased property acquisitions and guidance for adding to their wholly owned portfolios and through joint ventures. Fueled by low costs of capital and confidence in future storage demand, acquisition activity is robust for both stabilized and properties in lease-up. Public Storage announced approximately \$3 billion of self storage properties either acquired under contract year-to-date.

Implied Cap Rates

	Public Storage (NYSE: PSA)	4.3%
	Extra Space Storage (NYSE: EXR)	4.1%
	CubeSmart (NYSE: CUBE)	4.3%
	Life Storage (NYSE: LSI)	4.2%
	National Storage Affiliates (NYSE: NSA)	4.5%

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

Summary

New Supply Update

Under Construction & Planned
Percent of Existing Inventory

Metro Area	June 2021	July 2021	% Change
National	8.1%	8.3%	0.2%
New York	16.9%	17.5%	0.6%
Philadelphia	14.4%	15.0%	0.6%
Las Vegas	14.2%	15.0%	0.8%
Sacramento	13.4%	13.7%	0.3%
San Jose	12.8%	12.8%	0.0%
Orlando	11.8%	12.4%	0.6%
San Diego	12.1%	12.1%	0.0%
Phoenix	11.5%	11.9%	0.4%
Seattle	11.4%	11.3%	-0.1%
Miami	10.6%	10.9%	0.3%
Portland	10.8%	10.8%	0.0%
Washington DC	9.3%	9.8%	0.5%
Los Angeles	9.1%	9.1%	0.0%
Minneapolis	8.4%	8.8%	0.4%
Boston	8.3%	8.7%	0.4%
Charlotte	7.9%	8.4%	0.5%
San Francisco/East	7.8%	8.0%	0.2%
Raleigh - Durham	8.0%	7.9%	-0.1%
Tampa	7.9%	7.9%	0.0%
Nashville	7.6%	7.6%	0.0%
Dallas - Ft Worth	6.4%	6.6%	0.2%
Atlanta	6.5%	6.5%	0.0%
Columbus (OH)	6.2%	6.2%	0.0%
Inland Empire	5.8%	5.8%	0.0%
Austin	5.3%	5.3%	0.0%
Pittsburgh	4.9%	4.9%	0.0%
Denver	4.7%	4.7%	0.0%
Chicago	4.2%	4.4%	0.2%
San Antonio	4.0%	4.0%	0.0%
Charleston SC	3.3%	3.3%	0.0%
Houston	2.3%	2.3%	0.0%

Source: Yardi Matrix

- Yardi Matrix tracked a total of 2,303 self storage properties in the national pipeline during June 2021. It includes 564 under construction, 1,261 planned and 478 prospective projects. The national new supply pipeline as a percentage of existing inventory increased 0.2% to 8.3% in June 2021. The pipeline consists of projects under construction, planned and prospective.
- New York, Philadelphia, Las Vegas and Sacramento top the nation in supply as a percentage of existing inventory.
- Houston, Charleston (SC), San Antonio, and Chicago report the lowest amount of new supply as a percentage of existing inventory. Las Vegas (+0.8%), New York (+0.6%), Philadelphia (+0.6%), and Orlando (+0.6%) reported the highest monthly increase in development activity as a percentage of existing inventory. Seattle (-0.1%) and Raleigh-Durham (-0.1%) reported a slight decrease in development activity.
- The steady population growth and in-migration trends in high-supply markets of Las Vegas and Orlando continue to fuel demand and rate growth, despite development activity reaching 15% and 12.4% of existing inventory, respectively. Las Vegas reported all-time high street rates for 10X10 climate controlled space and Orlando realized 12% increase year-over-year.
- The projected supply increased nationwide to 8.3% this month remains below the pre-pandemic levels of 9% or greater. Yardi Matrix projects the new supply

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	2,649 U.S. 243 Europe	10.8%	20.8%	96.5%	\$18.32
Extra Space Storage	2,000±	13.6%	20.2%	97.0%	\$17.82
CubeSmart	1,265±	14.0%	17.6%	96.1%	\$18.08
Life Storage	950	14.7%	20.2%	95.7%	\$15.34
National Storage Affiliates	864	16.3%	21.5%	96.7%	\$12.78

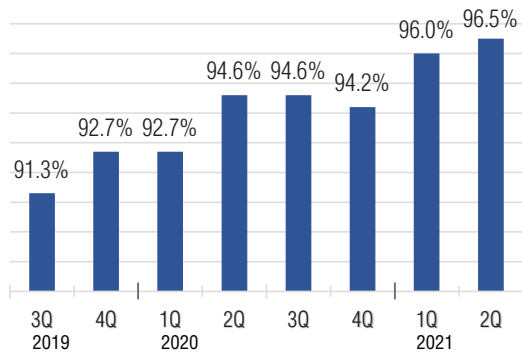
Capital Markets

	Market Capitalization	Core Funds From Operations	Annual Dividend Yield	Common Stock Price (8/9/2021)	52-Week High/Low
Public Storage	\$54.95 billion	\$3.15/share (+28%)	2.58%	\$309.78	\$316.95 \$195.26
Extra Space Storage	\$23.48 billion	\$1.64/share (+33.3%)	2.28%	\$175.34	\$178.22 \$101.89
CubeSmart	\$10.16 billion	\$0.50/share (+22%)	2.73%	\$49.83	\$50.94 \$30.10
Life Storage	\$9.44 billion	\$1.20/share (+27.7%)	2.46%	\$120.28	\$121.61 \$66.22
National Storage Affiliates	\$4.89 billion	\$0.55/share (+34.1%)	2.80%	\$54.91	\$55.49 \$31.78

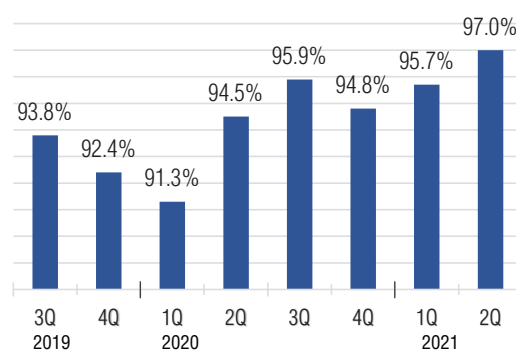
Portfolio Occupancies

Same-Store
Year-Over-Year Change

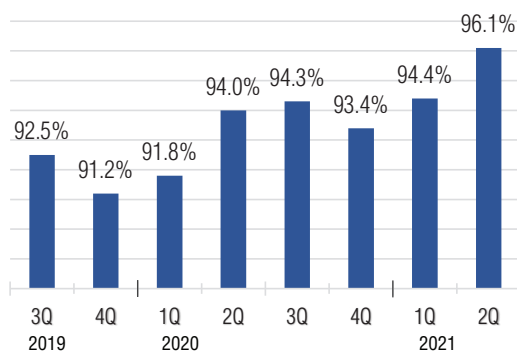
Public Storage



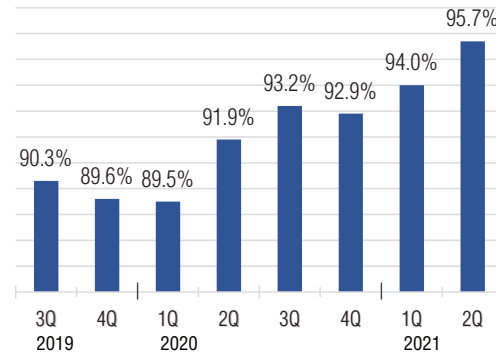
Extra Space Storage



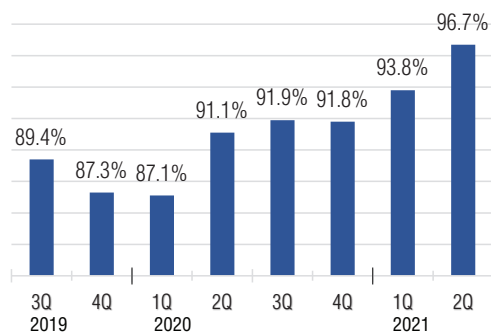
CubeSmart



Life Storage



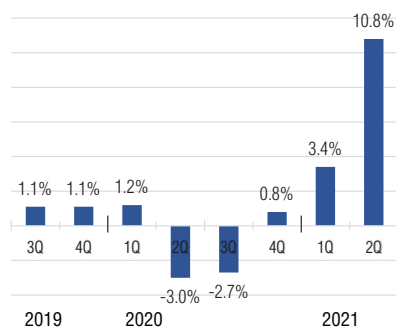
National Storage Affiliates



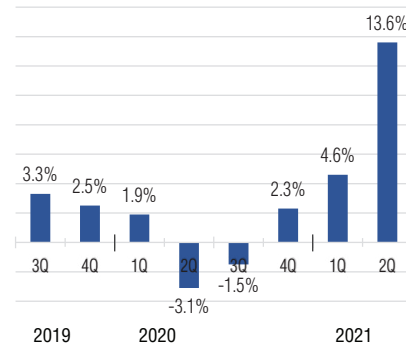
Portfolio Revenues

Same-Store
Year-Over-Year Change

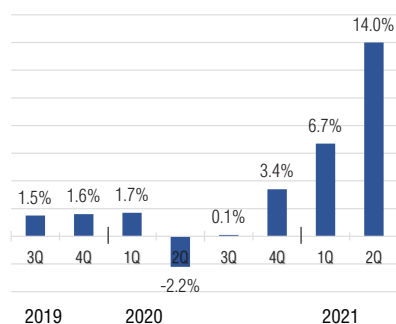
Public Storage



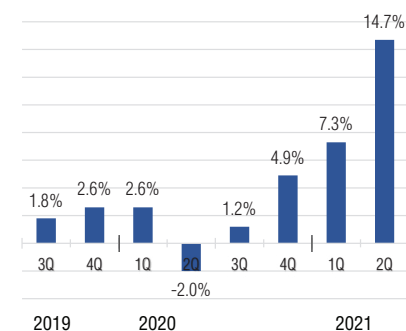
Extra Space Storage



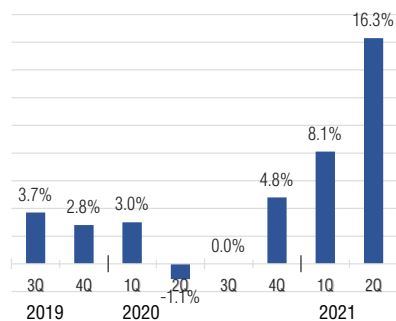
CubeSmart



Life Storage



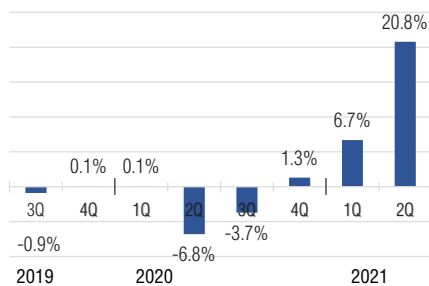
National Storage Affiliates



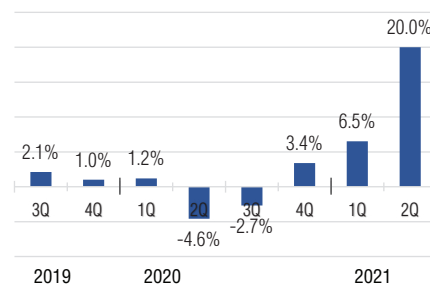
Portfolio Net Operating Income

Same-Store
Year-Over-Year Change

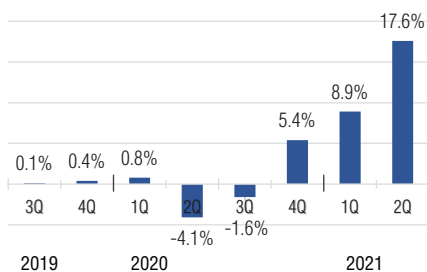
Public Storage



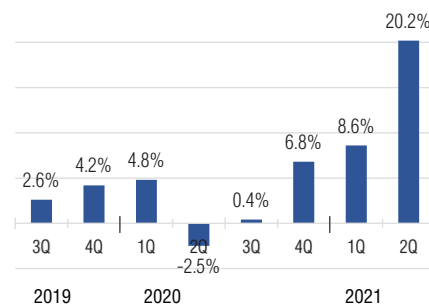
Extra Space Storage



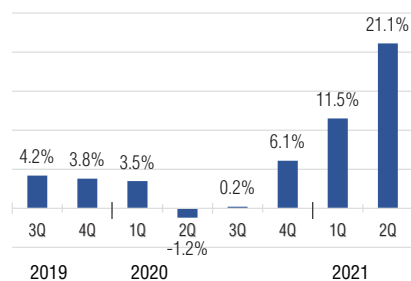
CubeSmart



Life Storage



National Storage Affiliates



Investment Activity

Public Storage (NYSE: PSA)

Public Storage acquired 84 self storage properties in the second quarter for \$2.3 billion, including the previously announced \$1.8 billion acquisition of the ezStorage portfolio of 48 properties. Year-to-date, closed or under contract properties valued at nearly \$3 billion.

- Locations of the recent acquisitions includes 39 in Maryland, 11 in Virginia, six in Idaho, four in Indiana, three each in Florida, Nebraska, and Texas, two each in Arizona, California, Georgia and Washington, and one each in Colorado, Illinois, Kansas, North Carolina, Ohio, Pennsylvania and South Carolina.
- Subsequent to quarter end, the company acquired or under contract to acquire 36 self storage facilities across 15 states for \$466.6 million.

ezStorage Portfolio Acquisition

- Public Storage completed the acquisition of the 48-property ezStorage portfolio on April 28, 2021 for \$1.9 billion. The 4.1 million net rentable square foot portfolio includes 47 operating self storage facilities and one property under construction. Overall occupancy at the end of the second quarter was 94.2%.

Development Activity

- At June 30, 2021, Public Storage with various facilities in development totaling 1.9 million net rentable square feet estimated to cost \$308 million. Plus, various expansion projects totaling 2.4 million net rentable square feet estimated to cost \$353 million. The aggregate 4.3 million net rentable square foot pipeline of development and expansion facilities includes 1.0 million square feet each in California and Florida, 400,000 million square feet in Maryland, 300,000 square feet each in New Jersey and Washington, 200,000 square feet each in Michigan, Minnesota, New York, and Texas and 500,000 square feet in other states. These projects are expected to be completed primarily in the next 18 to 24 months.

Investment Activity

Public Storage
(NYSE: PSA)

Acquisitions - Year-To-Date

	Number of Stores	Square Feet	Cost	Cost Per Square Foot
Arizona	5	382,000	\$80,152,000	\$210
California	4	289,000	\$100,249,000	\$347
Colorado	1	86,000	\$17,000,000	\$198
Florida	3	218,000	\$43,062,000	\$198
Georgia	2	141,000	\$29,300,000	\$208
Idaho	6	530,000	\$73,211,000	\$138
Illinois	1	74,000	\$9,526,000	\$129
Indiana	4	295,000	\$35,858,000	\$122
Kansas	1	57,000	\$6,140,000	\$108
Louisiana	2	145,000	\$33,125,000	\$228
Maryland	39	3,383,000	\$1,500,921,000	\$444
Nebraska	4	369,000	\$42,186,000	\$114
Nevada	1	107,000	\$15,038,000	\$141
North Carolina	3	221,000	\$38,257,000	\$173
Ohio	2	73,000	\$5,834,000	\$80
Pennsylvania	1	37,000	\$4,796,000	\$130
South Carolina	3	202,000	\$25,877,000	\$128
Texas	3	291,000	\$30,256,000	\$104
Virginia	12	1,074,000	\$383,114,000	\$357
Washington	2	174,000	\$44,619,000	\$256
Total	99	8,148,000	\$2,518,521,000	\$309

Developments - Year-To-Date

	Number of Stores	Square Feet	Cost	Cost Per Square Foot
Colorado	1	88,000	\$13,553,000	\$154
Florida	1	71,000	\$12,569,000	\$177
Virginia	1	200,000	\$45,333,000	\$227
Total	3	359,000	\$71,455,000	\$199

Investment Activity

Extra Space Storage (NYSE: EXR)

Extra Space acquired 13 operating stores and two certificate of occupancy stores for its wholly-owned portfolio in the second quarter for a total cost of \$184 million. Year-to-date, the company acquired 22 stores and two certificate of occupancy stores for \$332.4 million.

- In conjunction with joint venture partners, Extra Space acquired five operating stores for a total cost of approximately \$68.7 million, of which Extra Space invested \$6.9 million.
- Extra Space's recent acquisitions of properties in lease-up consist of properties with average occupancies ranging from about 60% to 80s%. Wholly-owned acquisitions feature a Year 1 yield of 3.1%, targeting 17 months to economic stabilization and a stabilized yield of 6%. Joint venture acquisitions generating higher returns with a Year 1 yield of 7.2%, targeting economic stabilization in 13 months, and a stabilized yield of 11%. The higher returns generated through joint venture structures primarily due to the collection of management fees and retention of tenant insurance income with smaller equity investment.
- The ventures also provide an opportunity for Extra Space to earn a promoted interest upon reaching certain performance targets.
- Extra Space describes the current acquisition market for properties as "very expensive". Anticipating new acquisitions for the company to be primarily through joint ventures since more accretive than wholly-owned acquisitions. Bridge loan program provides opportunities for off-market acquisitions. Witnessing little pricing spreads from primary to secondary markets, and not active in the tertiary markets.

Bridge Loans

- During the second quarter, the company closed \$43 million in bridge loans, with an additional \$198.5 million under agreement to close in 2021 and 2022. Extra Space sold \$6 million of loans during the quarter. The bridge loan program provides opportunities for off-market acquisitions.

Dispositions

- The company sold 16 properties in the second quarter, as previously announced, into a new unconsolidated joint venture during the first quarter 2021. Extra Space currently owns a 55% interest in the joint venture, and anticipates selling a 39% interest in the third quarter to a third joint venture partner, which will reduce the company's interest to 16%.
- Extra Space marketed for sale 17 properties with an approximate value over \$200 million, all of which are anticipated to close during 2021. The company does not anticipate retaining any ownership in these properties.

New Supply

- Extra Space's same-store pool impacted by new deliveries has moderated in 2021. Although, expecting steady development activity with a combination of favorable development dynamics including increasing demand and rental rates, ample capital, low interest rates and vibrant disposition market for properties in lease-up. These positive trends help offset increased construction costs.

Investment Activity

Extra Space Storage
(NYSE: EXR)

Certificate of Occupancy and Development Stores - Under Contract

Location	Estimated Opening	Estimated Net Rentable Square Feet	Purchase Price/Cost	Price/Cost Per Square Foot	Ownership
2021 Projected Openings					
Bloomington, IN	3Q 2021	62,625	\$11,250,000	\$179.64	100%
Jackson, MS	3Q 2021	83,015	\$14,000,000	\$168.64	100%
Vista, CA	4Q 2021	104,400	\$16,000,000	\$153.26	10%
Rio Rancho, NM	4Q 2021	69,710	\$6,200,000	\$88.94	100%
Neptune City, NJ	4Q 2021	65,875	\$11,400,000	\$173.81	100%
Total	5	385,625	\$58,850,000		

(1) Development property subject to a ground lease

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
2022 Projected Openings					
El Cajon, CA ⁽¹⁾	2Q 2022	55,345	\$3,095,000	\$55.92	100%
Winter City, FL	3Q 2022	94,515	\$9,580,000	\$101.36	90%
Total	2	149,860	\$12,675,000		

(1) Development 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 6/30/2021	Ownership
Brooklyn, NY	1Q 2019	144,451	\$79,901,000	\$553.14	53.6%	25%
Auburndale, MA	1Q 2019	79,665	\$20,000,000	\$251.05	77.4%	10%
Queens, NY	1Q 2019	117,655	\$52,321,000	\$444.70	73.1%	25%
Louisville, KY	1Q 2019	158,986	\$12,680,000	\$79.76	88.3%	100%
Plantation, FL	2Q 2019	71,143	\$11,800,000	\$165.86	96.9%	100%
Brooklyn Center, MN	2Q 2019	80,583	\$8,400,000	\$104.24	86.3%	100%
Broomfield, CO	3Q 2019	67,087	\$9,083,000	\$135.39	97.6%	100%
Wakefield, MA	3Q 2019	83,524	\$16,800,000	\$201.14	86.1%	100%
Brooklyn, NY	4Q 2019	59,031	\$29,144,000	\$493.71	58.3%	25%
Maple Grove, MN	4Q 2019	84,768	\$10,153,000	\$119.77	85.6%	50%
Aurora, CO	1Q 2020	79,675	\$9,628,000	\$120.84	97.6%	100%
Eagen, MN	1Q 2020	65,628	\$7,695,000	\$117.25	83.2%	50%
Belleville, NJ	2Q 2020	76,501	\$10,944,000	\$143.06	62.9%	95%
Coon Rapids, MN	3Q 2020	72,371	\$7,815,000	\$107.99	35.1%	50%
Edina, MN	3Q 2020	83,079	\$11,770,000	\$141.67	37.5%	50%
New Hyde Park, NY	4Q 2020	58,309	\$6,400,000	\$109.76	21.3%	100%
District Heights, MD	2Q 2021	81,304	\$18,150,000	\$223.24	7.0%	100%
Daytona Beach, FL	2Q 2021	85,075	\$13,600,000	\$159.86	31.9%	100%
Total	18	1,548,835	\$336,284,000			

Investment Activity

CubeSmart (NYSE: CUBE)

CubeSmart acquired two operating properties in the second quarter in Maryland and Minnesota for \$34.1 million, and opened for operation two development properties in East Meadow, New York and King of Prussia, Pennsylvania for a total cost of \$48.7 million. Year-to-date, closed or under contract properties totaling \$352.7 million, consisting of \$55.1 million of wholly-owned properties and \$297.6 million in joint ventures.

- The recent acquisitions include one wholly-owned store in Maryland for \$22.1 million. In addition, CubeSmart acquired a 50% interest in a joint venture that acquired a store in Minnesota for \$12 million, of which the company contributed \$3.4 million.
- Subsequent to quarter's end, the company acquired two wholly-owned stores in New Jersey and Pennsylvania for \$33 million.

Joint Venture Activity

- During the second quarter, CubeSmart's joint venture with Heitman, HVP IV, acquired five properties for a total of \$74.2 million, including a portfolio of four properties located throughout greater Chicago-represented by MJ Partners Self Storage Group, and one property in Connecticut. One additional property in Skokie, Illinois is under contract for \$15.9 million that is expected to close in the third quarter of 2021. Year-to-date, the joint venture has acquired six properties for \$92.7 million.
- During the second quarter, the company's joint venture, HVP V, acquired a property in Florida for \$23 million. Year-to-date, the joint venture acquired two properties for \$37 million. Additionally, the same joint venture has four properties under contract for \$140 million with properties located in New Jersey (3) and New York (1). These properties are expected to close during the third and fourth quarters of 2021.
- The current competition from a deep pool of buyers continues to compress cap rates for acquisitions in primary and secondary markets. The market for stabilized properties is especially competitive leading to higher valuations and subsequent high level of selling interest from a larger number of owners.

Development Activity

- CubeSmart opened two new developments, one in East Meadow, New York for \$25.9 million, and one in King of Prussia, Pennsylvania for \$22.8 million. Year-to-date, the company opened for operation three development properties for a total cost of \$75.1 million.
- As of June 30, 2021, CubeSmart had three joint venture properties under construction, and anticipates investing a total of \$73.7 million related to these projects. These stores are located in Newton, Massachusetts; Valley Stream, New York; and Vienna, Virginia. These properties are expected to open at various times between the third quarter of 2021 and the second quarter of 2022.

New Supply

- CubeSmart witnessing a shift of new development from primary markets to more secondary markets. Anticipating 2021 total new deliveries to be below 2020 and 2019, but rebounding in 2022.
- The New York same-store pool exhibiting strong operating performance. The Bronx market for CubeSmart with no new supply competition enjoyed 16% same-store revenue growth in the second quarter 2021 versus the previous year. The Queens same-store revenue growth increased 12.5%. Staten Island showed 17% revenue growth. Brooklyn features eight new stores opened that compete with a CubeSmart store and still showed impressive same-store revenue growth of 10.5%.
- The elimination of the ICAP real estate tax incentive for new developments shall virtually end all new deliveries in the boroughs of New York. Within the next two-to-three years there will likely be no new competition.

Investment Activity

CubeSmart
(NYSE: CUBE)

Acquisitions Underwriting and New Offerings

- CubeSmart's underwriting for potential new acquisitions remains unchanged from previous years, and is based on expectations of CubeSmart's management consisting of three main factors:
 1. Where and when property occupancy stabilizes.
 2. Rental rates upon stabilization.
 3. Real estate taxes reset after acquisition.
- Witnessing changes in broker-marketed offerings. Used to see pricing of properties for sale based on the trailing 12-month net operating income. Presently, as a result of improving growth, properties are priced on the annualized trailing 6-month NOI, and some trying to use as little as the most recent annualized one-month NOI.
- New acquisition opportunities originating from developments first opened in 2018 and nearing stabilization. Expectations for 2019 deliveries to be coming to market soon.

Investment Activity

CubeSmart
(NYSE: CUBE)

New Development Properties

Location	Expected Opening	CUBE's Anticipated Investment
Newton, MA	Q2 2021	\$18,800,000
Valley Stream, NY	Q1 2022	\$37,900,000
Vienna, VA	Q2 2022	\$17,000,000
Total		\$73,700,000

New Development Properties - Operating

Location	Date Completed	Rentable Square Feet	Total Cost	Cost Per Square Foot	Occupancy 6/30/2021
Queens, NY	Q2 2019	87,168	\$47,500,000	\$544.92	83.2%
Bayonne, NJ*	Q2 2019	96,938	\$25,100,000	\$258.93	83.9%
Waltham, MA	Q3 2019	87,815	\$18,000,000	\$204.98	73.2%
Brooklyn, NY	Q2 2020	89,805	\$45,900,000	\$511.11	37.5%
East Meadow, NY	Q2 2021	80,686	\$25,900,000	\$321.00	16.0%
King of Prussia, PA	Q2 2021	97,700	\$22,800,000	\$233.37	13.3%
Total		540,114	\$185,200,000		

*This property is subject to a ground lease.

Investment Activity

Life Storage (NYSE: LSI)

During the second quarter, Life Storage acquired 17 stores for a total purchase price of \$267.5 million. Locations include New Jersey (5), Texas (4), Florida (3), North Carolina (3) and New Hampshire (2). Year-to-date, Life Storage has acquired 35 stores for \$555.8 million - matching total volume for the entire previous year.

- At June 30, 2021, Life Storage was under contract to acquire four self storage facilities for an aggregate price of \$54.1 million. Locations include two in New Hampshire and one each in Arizona and Florida. Two of the properties were acquired subsequent to quarter end for \$22.1 million.
- Also subsequent to quarter-end, the company entered into a contract to acquire four self storage facilities in Texas for \$47.5 million.
- The vast majority of acquisitions are originated off-market, yielding better pricing, with 13 from the company's third-party management platform.
- Recent acquisitions target a Year 1 blended cap of 4.5%, reaching 5.5% in Year 2, and 6.0% upon stabilization. With the current low costs of capital, these acquisitions are accretive in Year 1. Approximately 70% of recent acquisitions located throughout the Sun Belt region of the U.S.

Joint Venture Portfolio

- During the second quarter, Life Storage acquired a 20% minority interest in 17 stores, for which Life Storage contributed \$28.7 million. Locations include Wisconsin (5), Florida (4), Georgia (2), Illinois (2), Connecticut (1), New Jersey (1), New York (1) and North Carolina (1).
- July 2021 was Life Storage's most active month in history for reviewing potential acquisitions. There are more potential sellers as a result of lower cap rates on transactions and concerns over rising capital gains taxes.

Investment
Activity

Life Storage
(NYSE: LSI)

Certificate of Occupancy/Lease Up Performance

Market	Date Acquired	Net Rentable Square Feet	Price	Price Per Square Foot	Occupancy 6/30/2021
Charleston, SC	Jul-2016	70,165	\$8,620,000	\$122.85	76.3%
Charlotte, NC	Dec-2017	69,958	\$12,549,000	\$179.38	80.0%
Sacramento, CA	Sep-2018	79,795	\$13,846,000	\$173.52	86.4%
Atlanta, GA	Nov-2018	81,789	\$14,234,000	\$174.03	79.8%
St. Louis, MO	Dec-2018	78,260	\$9,301,000	\$118.85	80.6%
New York, NY	Jan-2019	114,926	\$57,298,000	\$498.56	88.8%
Tampa, FL	Mar-2019	59,664	\$9,302,000	\$155.91	86.9%
Jacksonville, FL	Jun-2019	72,434	\$9,955,000	\$137.44	74.4%
Raleigh, NC	Jul-2019	79,203	\$11,874,000	\$149.92	65.9%
Washington, DC	Jul-2019	76,230	\$15,163,000	\$198.91	77.3%
Chattanooga, TN	Jul-2019	71,639	\$9,604,000	\$134.06	78.2%
Tampa, FL	Jul-2019	75,280	\$10,479,000	\$139.20	78.0%
Charleston, SC	Jul-2019	71,835	\$7,685,000	\$106.98	63.0%
Washington, DC	Jul-2019	75,555	\$13,566,000	\$179.55	61.8%
Greenville, SC	Jul-2019	67,749	\$8,658,000	\$127.80	62.1%
Atlanta, GA	Jul-2019	87,530	\$11,871,000	\$135.62	85.8%
Richmond, VA	Jul-2019	85,927	\$10,666,000	\$124.13	59.9%
Tampa, FL	Jul-2019	83,850	\$15,424,000	\$183.95	52.2%
Richmond, VA	Jul-2019	80,155	\$11,831,000	\$147.60	53.7%
Richmond, VA	Jul-2019	72,846	\$8,507,000	\$116.78	75.5%
Miami, FL	Nov-2020	48,832	\$11,492,000	\$235.34	-
Sacramento, CA	Jan-2021	90,098	\$18,287,000	\$202.97	-
New York, NY	Mar-2021	74,407	\$47,947,000	\$644.39	-
Tucson, AZ	Mar-2021	76,718	\$22,576,000	\$294.27	-
Seattle, WA	Mar-2021	89,183	\$19,475,000	\$218.37	-
Jacksonville, FL	May-2021	81,845	\$16,545,000	\$202.15	-
Dallas, TX	Jun-2021	92,780	\$11,616,000	\$125.20	-
Austin, TX	Jun-2021	95,928	\$9,566,000	\$99.72	-
Austin, TX	Jun-2021	108,825	\$13,666,000	\$125.58	-
Dallas, TX	Jun-2021	87,125	\$9,716,000	\$111.52	-
Total		2,400,531	\$451,319,000		

Investment Activity

National Storage Affiliates (NYSE: NSA)

National Storage Affiliates acquired 20 wholly-owned self storage facilities in the second quarter for \$269.4 million, consisting of approximately 1.7 million rentable square feet with about 13,700 storage units.

- Total consideration for the second quarter acquisitions includes approximately \$243.6 million in cash, the issuance of approximately \$9.3 million of OP units, and \$14.8 million of subordinated performance units (SP units), and the assumption of about \$1.7 million of other liabilities.
- Subsequent to quarter-end, the company acquired seven wholly-owned self storage properties for approximately \$68.6 million.
- Increased targets for the full year 2021 property acquisitions from a previous range of \$500 million to \$650 million, to a range of \$1.1 billion to \$1.3 billion. NSA experiencing unprecedented acquisition opportunities, and more open to acquiring non-stabilized assets.
- Year-to-date, NSA has closed or under contract to acquire nearly \$900 million worth of properties. Cap rates range from 5% to 7%, with the weighted average of approximately 5.8% in Year 1. Acquisition pipeline originating from a combination of broker-marketed transactions, and two-thirds off-market transactions or through a captive pipeline from the company's PROs.

New Supply Impact

- Approximately 29% of NSA's portfolio impacted by new competition within a one-mile radius, and 48% of the portfolio with a new competitor within a five-mile radius.

Operations

Public Storage
(NYSE: PSA)

During the second quarter, Public Storage generated 10.8% increase in same-store revenues and 20.8% increase in net operating income. Top performing markets by same-store revenue growth for the quarter include West Palm Beach, Miami, Tampa, Charlotte, Chicago, and Dallas.

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, 2019. The same-store pool consists of 2,278 facilities (148.9 million net rentable square feet) representing 85% of the aggregate net rentable square feet of Public Storage' U.S. consolidated self storage portfolio at June 30, 2021.

Q2 2021 RESULTS

- Same-store revenues increased 10.8% year-over-year during the second quarter, a 740 basis point increase sequentially. The increase was driven by a 3.0% increase in occupancy and 7.8% increase in realized rent per occupied square foot, and 4.6% increase in late fees and administrative fees collected during the quarter.
- Cost of operations for the same-store pool decreased by 15.9% year-over-year during the second quarter. The decrease was accelerated by a 61.2% decrease in marketing, 33.7% decrease in on-site manager payroll and 7.3% decrease in real estate taxes. The expense decreases were partially offset by an 7.9% increase in other direct property costs and 5.3% increase in repairs and maintenance.
- Same-store net operating income increased 20.8% year-over-year during the second quarter, driven by a 10.8% increase in same-store revenue and 15.9% decrease in operating expenses.
- Same-store occupancy at the end of the quarter was 96.5%, a 190 basis point increase year-over-year and 50 basis points increase sequentially. Same-store weighted average occupancy during the second quarter was 97.0%, a 280 basis point increase from a year earlier and 140 basis point increase sequentially.

Operating Fundamentals

- Public Storage generated 700,000 new customers thus far in 2021. Strong demand bolstered by a 34% increase in home sales year-over-year, plus a hybrid work environment being planned by about 68% of companies.
- Improved occupancy trends during the quarter were primarily due to an 9.5% year-over-year decrease in move-outs during the period. Lower move-out volume increased the average length of stay during the quarter.
- Promotional discounts decreased 59.1% year-over-year based on continued strong demand and elevated occupancies.
- Rental rate gains generated during the quarter provided a positive rollover in the spread between tenants moving in and those vacating. The 7.8% increase in annual rent per occupied square foot was due to a 47.6% year-over-year increase in average annual contract rents per square foot charged to new tenants moving in, as a result of strong customer demand across all markets. Move-in rates were 27% ahead of Q2 2019. The spread in rental rates between customers moving in and those moving out was +\$0.45 per square foot, representing a positive 2.7% spread versus a negative \$1.31 per square foot spread last quarter.

Operations

Public Storage (NYSE: PSA)

Operating Fundamentals (continued)

- On-site payroll decreased 33.7% during the quarter due to a decline in hours worked due to staffing reductions from reduced move-in and move-out activity and revisions to other operational processes.
- Florida, the West Coast and parts of Texas are experiencing elevated occupancies bolstered by population growth and housing activity. Houston, a historically low occupancy market, is 95% occupied and a testament to the strength of demand for storage.
- Miami, Public Storage's fifth largest market with about 90 stores, generated move-in rents 43% above 2019 pre-pandemic levels. Macro demand drivers such as pandemic-related housing dislocation increased demand in Miami and other Florida markets.
- Public Storage projects occupancy to moderate by about 300 basis points from its current peak by year-end as typical seasonality potentially returns.
- Strong demand and high occupancies contributed to a 61.2% decrease in marketing expenses during the quarter.
- The online e-Rental platform is now utilized by nearly 50% of Public Storage's customer base. Online rental is changing the traditional operating model of on-site sales and positively impacting labor utilization. The 30 to 45 minute transaction process necessary with an on-site rental is not utilized by 50% of Public Storage's customers.
- The 7.3% decrease in real estate taxes was attributed to a revised method of accounting for taxes. The annual tax estimate is expensed ratably throughout the year. The real estate tax headwind will occur in the fourth quarter with a \$0.15 charge versus \$0.05 benefit during the first three quarters of this year.

Major Markets Revenue Growth

- Major markets with same-store revenue growth above the portfolio average for the quarter include West Palm Beach (+18.1%), Miami (+15.2%), Tampa (+15.2%), Charlotte (+14.8%), Chicago (+13.4%), Dallas (+12.3%), Atlanta (+11.7%), and Philadelphia (+10.8%).
- All major markets reported robust revenue growth during the quarter. Markets performing below the Public Storage portfolio average of 10.8% during the quarter include San Francisco (+8.3%), Washington DC (+8.3%), New York (+8.5%), Seattle (+9.4%), Houston (+9.9%), and Orlando (+10.3%).

Third-Party Management

- Public storage currently manages 102 facilities for third-parties, and are under contract to manage an additional 28 facilities including 26 facilities that are currently under construction. Public Storage's goal is to reach 500 third-party managed stores by 2025.

Full Year Guidance: 2021 (Same-Store Pool of 2,278)

Same store revenue growth	7.0% to 8.5%
Same store expense growth	0.0% to 1.0%
Same store net operating growth	9.4% to 11.9%
Acquisitions	\$3.1 billion
Development openings	\$250 million to \$300 million
Core FFO per share	\$11.90 to \$12.30

Operations

Public Storage
(NYSE: PSA)

Top Market Same-Store Performance - End of Second Quarter 2021

Market	Facilities	Rent Per Occupied Square Foot	Weighted Avg. Occupancy	Revenue Growth
Los Angeles	214	\$27.08	98.4%	8.8%
San Francisco	130	\$27.60	97.8%	8.3%
New York	91	\$26.88	97.0%	8.5%
Seattle-Tacoma	129	\$21.61	96.3%	9.4%
Miami	89	\$21.65	97.3%	15.2%
Washington DC	87	\$22.21	96.4%	8.3%
Chicago	83	\$16.15	96.8%	13.4%
Atlanta	103	\$14.06	96.8%	11.7%
Dallas-Ft. Worth	92	\$14.32	96.9%	12.3%
Houston	98	\$13.35	95.0%	9.9%
Philadelphia	56	\$18.06	97.8%	10.8%
Orlando-Daytona	50	\$14.39	97.0%	10.3%
West Palm Beach	52	\$20.34	97.3%	18.1%
Tampa	40	\$15.01	96.5%	15.2%
Charlotte	70	\$12.08	96.3%	14.8%
All other markets	894	\$15.17	97.0%	11.4%
Totals	2,278	\$18.32	97.0%	10.8%

Operations

Extra Space
Storage
(NYSE: EXR)

During the second quarter, Extra Space generated 13.6% increase in same-store revenues and 20.2% increase in net operating income year-over-year. Top performing major markets by revenue growth include Las Vegas, Chicago, Phoenix, Tidewater and Denver.

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 860 facilities.

Q2 2021 Results

- Same-store revenues increased 13.6% year-over-year during the second quarter, a 900 basis point increase sequentially. The increase was driven by a 280 basis point year-over-year increase in occupancy, 13.4% increase in net rental income and 18.8% increase in other operating income.
- Cost of operations for the same-store pool decreased by 2.3% during the second quarter. The decrease was impacted by a 31.4% decrease in marketing and 12.8% decrease in payroll. The decrease was partially offset by 5.9% increase in real estate taxes and 13.9% increase in office expense.
- Same-store net operating income increased 20.2% year-over-year during the second quarter, driven by a 13.6% increase in same-store revenue and 2.3% decrease in operating expenses.
- Same-store occupancy at the end of the quarter was 97.0%, a 280 basis point increase year-over-year. Same-store weighted average occupancy during the second quarter was 96.6%, a 410 basis point increase year-over-year.

Operating Fundamentals

- Elevated occupancies led to exceptional pricing power during the quarter with achieved rates increasing 60% year-over-year and over 30% from 2019 levels. Increased pricing power also helped bring existing customers closer to current street rates.
- Same-store net rent per occupied square foot increased 8.06% year-over-year during the quarter.
- Other income increased 18.8% during the quarter contributing 20 basis points to same-store revenue growth. The growth was primarily driven by an increase in late fees.
- The spread between move-in rates and in-place rents significantly increased during the quarter. New move-in rates were high-teens percentage above in-place rents during the summer, compared to flat to slightly positive historically.
- Extra Space is experiencing the same difficulty as other companies in finding new hires. It is taking longer to fill available positions and wages are higher.
- Traditionally, one of the primary reasons for customers to utilize self storage space is moving households. The pandemic added an additional demand generator from households creating work-from-home and remote learning space. The length of stay from these generators tends to be longer than the traditional demand generator. It is part of the reason Extra Space is experiencing declining vacates in its stores.
- Occupancy typically peaks from a month-end perspective in July. The actual peak is in mid-August, in part, due to student move-outs.

Operations

Extra Space
Storage
(NYSE: EXR)

Major Markets Revenue Growth

- Major markets with revenue growth above the portfolio average for during the second quarter include Las Vegas (+24.5%), Denver (+23.8%), Chicago (+20.6%), Phoenix (+20.4%), Norfolk-Virginia Beach (+20.1%), Cincinnati (+19.3%), and Tampa (+19.1%).
- All major markets reported robust revenue growth during the quarter. Markets performing below the Extra Space portfolio average of 13.6% during the quarter include New York (+10.5%), San Francisco (+10.7%), Los Angeles (+11.1%), and Houston (+12.0%).

Third-Party Management

- Extra Space added 39 stores (5 net new stores) to its management platform during the second quarter, resulting in 768 third-party managed stores (1,003 managed stores including joint ventures).

Full Year 2021 Guidance- (Same-Store Pool of 860)

Same-store property revenue growth	10% to 11%
Same-store expense growth	0% to 1%
Same-store NOI growth	13.5% to 15.5%
Net tenant reinsurance income	\$136.5 million to \$137.5 million
Management fees, other income and interest income	\$59.5 million to \$60.5 million
Acquisitions	\$500 million
Bridge Loans-share of loans retained, net of loan sales	\$100 million
Core Funds From Operations (FFO)	\$6.45 to \$6.60
Dilution per share from C of O and value add acquisitions	\$0.12

Operations

Extra Space
Storage
(NYSE: EXR)

Select Markets Same-Store Performance - Second Quarter 2021

MSA	Number of Stores	Rent Per Occupied Square Foot	Average Occupancy	Revenue Growth
Los Angeles-Riverside-Orange County, CA	85	\$22.93	97.4%	11.1%
New York-Northern New Jersey-Long Island, NY-NJ-PA	73	\$24.78	96.1%	10.5%
Atlanta, GA	56	\$12.97	98.2%	14.4%
Washington-Baltimore, DC-MD-VA-WV	52	\$20.09	96.6%	12.4%
Dallas-Fort Worth, TX	48	\$13.35	97.3%	13.5%
Boston-Worcester-Lawrence, MA-NH-ME-CT	42	\$23.66	94.6%	13.3%
San Francisco-Oakland-San Jose, CA	39	\$30.37	95.8%	10.7%
Miami-Fort Lauderdale, FL	28	\$19.91	98.3%	17.1%
Chicago-Gary-Kenosha, IL-IN-WI	27	\$16.54	97.5%	20.6%
Phoenix-Mesa, AZ	21	\$15.09	96.3%	20.4%
Philadelphia-Wilmington-Atlantic City, PA-DE-NJ	20	\$17.32	96.4%	14.2%
Houston-Galveston-Brazoria, TX	18	\$12.65	96.8%	12.0%
Tampa-St. Petersburg-Clearwater, FL	16	\$17.05	97.2%	19.1%
Norfolk-Virginia Beach-Newport News, VA-NC	15	\$14.71	98.6%	20.1%
Cincinnati-Northern Kentucky, OH-KY	14	\$12.18	96.8%	19.3%
Las Vegas, NV-AZ	14	\$14.12	96.6%	24.5%
Indianapolis, IN	13	\$11.77	97.0%	16.2%
Sacramento-Yolo, CA	12	\$17.72	97.0%	16.5%
Charleston-North Charleston, SC	11	\$12.50	95.9%	15.2%
Austin-San Marcos, TX	11	\$14.64	97.1%	14.4%
Memphis, TN-AR-MS	11	\$10.71	97.4%	13.7%
Orlando, FL	11	\$14.49	96.8%	12.2%
Denver-Boulder-Greeley, CO	10	\$14.45	96.2%	23.8%
Other MSAs	213	\$15.10	95.9%	13.5%
TOTALS	860	\$17.82	96.6%	13.6%

Operations

CubeSmart
(NYSE: CUBE)

During the second quarter, CubeSmart generated 14.0% increase in same-store revenues and 17.6% increase in net operating income year-over-year. Top performing markets by revenue growth include Las Vegas, Inland Empire, Phoenix, Tucson, and Sacramento.

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, 2021, the same-store pool includes 547 stores totaling approximately 35.7 million square feet.

Q2 2021 Results

- Same-store revenues increased 14.0% year-over-year during the second quarter, a 730 basis point increase sequentially. The increase was primarily driven by a 3.0% increase in average occupancy and resulting 13.4% increase in rental income and 28.4% increase in other property related income.
- Cost of operations for the same-store pool increased by 6.6% year-over-year during the second quarter. The increase was impacted by a 4.0% growth in real estate taxes, 28.8% increase in advertising, and 23.0% increase in property insurance. Cost of operations were partially offset by a 0.8% decline in personnel expense.
- Same-store net operating income increased 17.6% as compared to the same quarter last year, driven by a 14.0% increase in same-store revenue and 6.6% increase in operating expenses.
- Same-store occupancy at the end of the quarter was 96.1%, a 240 basis point increase year-over-year. Same-store weighted average occupancy during the second quarter was 95.6%, a 300 basis point increase from a year earlier.

Operating Fundamentals

- The current state of the self storage market is unprecedented with pandemic-created demand for space, population movement across the United States, robust housing market, and inflationary pressure.
- The high occupancy and rate environment provided momentum for existing customer rate increases (ECRIs). The increases were up a few percentage points from the high single-digits to low double-digit increases in the past. ECRIs were up 47% during the quarter over pre-pandemic 2019 levels.
- Rental rate growth increased 30% in April, upper-40% in May and high-50% in June compared to 2019 levels.
- The level of rate growth varies by market, often depending on the level of new supply. San Antonio(+9.3%) and Nashville (+2.6%) underperformed the average portfolio same-store revenue growth due to the impact of competing new supply. Conversely, Las Vegas, with limited competing new supply, generated significant revenue growth of 25.1% during the quarter.
- As others decreased marketing spending due to record occupancies and rates, CubeSmart took advantage of lower costs per click to capture higher value rentals to drive top-line revenue growth over time.
- Realized annual rent per occupied square foot increased to \$18.08 per square foot from \$16.46 per square foot, a 9.8% year-over-year increase.
- Rising rental rates is positively helping the rollover of move-in rates versus move-out rates. The rent charged to tenants moving in has historically been lower than those vacating. The surge in rental rates this summer is generating higher rents for customers moving in than those moving out. The trend may reverse as seasonality of rents may lower move-in rates during the back-half of this year.

Operations

CubeSmart
(NYSE: CUBE)

Operating Fundamentals

- CubeSmart is bullish that the current positive trends relating to occupancy and rental growth may continue into next year and set up a great summer rental season next year. Implicit in CubeSmart's guidance is an expectation that same-store revenue may increase 10% to 12% during the balance of the year.
- Occupancies in July edged up 20 basis points from the end of Q2 2021.
- Labor markets remain tight and the ability to find new employees challenged. CubeSmart is hopeful that the post-Labor Day time frame will improve the labor pool with the elimination of additional unemployment payments and children returning to in-person schooling.

Boroughs of New York Gain

- New York reported robust revenue growth during the quarter. The increase varied depending on the impact of supply. Same-store revenue growth in the Bronx, with no new supply, accelerated 16% during the quarter. Queens increased 12.5% with new supply in the market not directly competing with CubeSmart stores. Brooklyn increased 10.5% despite eight new stores competing directly with CubeSmart stores. CubeSmart's only store in Staten Island generated robust 17% revenue growth.
- The impact of the elimination of New York's ICAP real estate tax abatement program on new supply is projected to have the greatest impact on revenue growth in two to three years. The dearth of anticipated new deliveries in future years may project increased revenue growth as existing projects continue to lease-up and stabilize.

Major Markets Revenue Growth

- Major markets with same-store revenue growth above the portfolio average during the quarter include Las Vegas (+25.1%), Riverside-San Bernardino-Ontario (+21.7%), Phoenix (+20.7%), Tucson (+20.0%), Sacramento (+18.9%), Providence (+18.1%), and Charleston (+18.0%).
- All major markets reported robust revenue growth during the quarter. Markets performing below the CubeSmart's portfolio average of 14.0% during the quarter include Nashville (+2.6%), San Antonio (+9.3%), Atlanta (+10.2%), Houston (+10.6%), Salt Lake City (+10.9%), Tampa (+11.2%), Denver (+11.6%), and Dallas (+11.7%).

Third-Party Management

- CubeSmart added 45 stores (net increase of 17 stores) to its third-party management platform during the quarter. The third-party management platform totals 718 stores, which includes joint venture partnership managed properties.

Operations

CubeSmart
(NYSE: CUBE)

Full Year Guidance 2021 - (Same-Store Pool of 511)

Same store revenue growth	10.25% to 11.25%
Same store expense growth	4.0% to 5.0%
Same store net operating income growth	13.0% to 14.0%
Acquisition of wholly-owned properties	\$150 million to \$250 million
Acquisition of properties at C/O	\$0
New development openings	\$96.1 million
Dispositions	\$0 to \$50 million
Dilution per share from properties in lease-up	\$0.05 to \$0.06
FFO per diluted share, as adjusted	\$1.99 to \$2.03

Operations

CubeSmart
(NYSE: CUBE)

Same-Store Operating Performance by MSA - Second Quarter 2021

MSA	Facilities	Rent Per Occupied Square Foot	Average Occupancy	Revenue Growth
New York-Northern New Jersey-Long Island, NY-NJ-PA	60	\$30.04	94.4%	12.9%
Chicago-Naperville-Joliet, IL-IN-WI	43	\$15.18	96.2%	12.8%
Miami-Fort Lauderdale-Pompano Beach, FL	38	\$19.55	96.3%	15.8%
Dallas-Fort Worth-Arlington, TX	36	\$13.86	96.4%	11.7%
Washington-Arlington-Alexandria, DC-VA-MD-WV	25	\$23.12	95.2%	12.8%
Atlanta-Sandy Springs-Marietta, GA	19	\$13.73	96.5%	10.2%
Phoenix-Mesa-Scottsdale, AZ	16	\$14.96	94.7%	20.7%
Riverside-San Bernardino-Ontario, CA	16	\$15.89	97.7%	21.7%
Houston-Sugar Land-Baytown, TX	15	\$13.23	96.0%	10.6%
Tucson, AZ	15	\$14.71	97.7%	20.0%
Boston-Cambridge-Quincy, MA-NH	14	\$21.14	94.2%	12.4%
Orlando-Kissimmee, FL	13	\$13.68	94.4%	13.9%
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	13	\$19.69	93.8%	15.5%
Hartford-West Hartford-East Hartford, CT	12	\$14.52	95.7%	15.5%
Austin-Round Rock, TX	10	\$14.77	96.2%	13.7%
Columbus, OH	10	\$11.82	95.4%	12.1%
Cleveland-Elyria-Mentor, OH	10	\$14.76	95.3%	13.4%
Nashville-Davidson-Murfreesboro-Franklin, TN	9	\$12.39	92.3%	2.6%
Denver-Aurora, CO	9	\$14.58	96.6%	11.6%
Sacramento-Arden-Arcade-Roseville, CA	9	\$16.38	96.0%	18.9%
Las Vegas-Paradise, NV	8	\$15.98	94.3%	25.1%
Los Angeles-Long Beach-Santa Ana, CA	8	\$23.79	96.4%	14.8%
Charleston-North Charleston, SC	8	\$12.02	95.8%	18.0%
Cape Coral-Fort Myers, FL	7	\$15.47	96.7%	15.0%
Jacksonville, FL	7	\$17.28	96.4%	12.5%
Charlotte-Gastonia-Concord, NC-SC	7	\$14.01	95.3%	16.1%
San Diego-Carlsbad-San Marcos, CA	6	\$18.84	97.9%	13.6%
Tampa-St. Petersburg-Clearwater, FL	6	\$16.00	96.9%	11.2%
Providence-New Bedford-Fall River, RI-MA	6	\$17.33	96.3%	18.1%
Bridgeport-Stamford-Norwalk, CT	6	\$25.04	94.8%	15.7%
Baltimore-Towson, MD	5	\$19.02	95.6%	12.9%
San Antonio, TX	4	\$13.24	97.4%	9.3%
Salt Lake City, UT	4	\$14.24	95.8%	10.9%
Naples-Marco Island, FL	4	\$15.92	96.0%	15.3%
Other	33	\$16.36	95.2%	14.5%
Total	511	\$18.08	95.6%	14.0%

Operations

Life Storage
(NYSE: LSI)

During the second quarter, Life Storage generated a 14.7% increase in same-store revenues and 20.2% growth in net operating income year-over-year. Top performing markets by revenue growth include Pensacola, Virginia Beach, Florida's Space Coast, Buffalo, Phoenix, Austin, Cleveland, and New England.

Same-Store Comparison

- Same-store facilities for Life Storage represent those properties that have been owned by Life Storage and included in the consolidated results since December 31, 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 531 facilities in Life Storage's same-store pool.

Q2 2021 RESULTS

- Same-store revenues increased 14.7% during the second quarter, a 740 basis point increase sequentially. The increase was driven by a 420 basis point increase in average occupancy resulting in a 8.3% gain in rental income.
- Cost of operations for the same-store pool increased by 3.9% during the second quarter. Operating expenses were impacted by a 5.6% increase in real estate taxes and 20.2% gain in repairs and maintenance. The increase was partially offset by a 25% decrease in advertising and 11% decrease in internet marketing.
- Same-store net operating income grew 20.2% year-over-year during the second quarter, driven by a 14.7% gain in same-store revenue and 3.9% increase in operating expenses.
- Same-store occupancy at the end of the quarter was 95.7%, a 390 basis point increase year-over-year. Same-store weighted average occupancy during the second quarter was 95.1%, a 420 basis point decrease from a year earlier.

Operating Fundamentals

- Average occupancy during the month grew 170 basis points from the prior month contributing to a 50% increase in net effective rents for the quarter.
- Occupancy remains steady in July as move-ins continue to outpace move-outs. Same-store move-outs were flat -0.8% year-over-year. August is typically a net move-out month and will be watched closely as a sign of season occupancy trend for the remainder of the year.
- Life Storage experienced strong pricing power in its markets with realized rents increasing 8.3% to \$15.34 per square foot during the quarter.
- Record high occupancies brought on by, in part, pandemic-related demand helped new properties accelerate lease-up.
- Discounts as a percentage of same-store rental revenue declined 60% year-over-year to 1.4% in the quarter.
- Average length of stay continues to increase. One reason may be uncertainty from pandemic-related customers on the timing of returning to the office or implementation of hybrid office strategies that may necessitate continued storage use. In addition, the backlog in construction is delaying completion of new residential deliveries and renovations further dislocating home buyers and owners.

Operations

Life Storage
(NYSE: LSI)

Operating Fundamentals

- Warehouse Anywhere, Life Storage's e-commerce solutions platform, grew revenues 30% year-to-date to a \$14 million run rate, including \$9 million in annualized fee income.
- One of the primary labor concerns in the industry is the high turnover of part-time employees who are able to secure full-time work at higher pay elsewhere. The use of technology platforms such as Rent Now are helping reduce the impact by reducing the number of employee hours. The result going forward may be less dependence on part-time employees to double-cover during prime hours.

Major Markets Revenue Growth

- During the quarter, Life Storage achieved same-store revenue growth in 30 of its 31 markets. Major markets with same-store revenue growth above the portfolio average for the quarter include Pensacola (+32.8%), Virginia Beach-Tidewater (+20.3%), Space Coast (+20.1%), Buffalo (+17.9%), Phoenix (+17.7%), Austin (+17.6%), New England (+17.4%), New England (+17.4%), Cleveland (+17.0%), and Las Vegas (+16.8%).
- All major markets reported robust revenue growth during the quarter. Markets performing below the Life Storage portfolio average of 14.7% during the quarter include Los Angeles (+7.4%), Charlotte (+8.9%), Atlanta (+9.2%), Tampa (+9.3%), Miami (+9.6%), and Chattanooga (+10.5%).

Third-Party Management

- Life Storage added 26 stores to the third-party management platform during the second quarter. Third-party management contracts in the platform total 340, including joint ventures.

Full Year Guidance 2021 - (Same-Store Pool of 531)

Same store revenue growth	10.5% to 11.5%
Same store operating costs (excluding property taxes)	2.25% to 3.25%
Same store property property taxes	6.75% to 7.75%
Total same store operating expenses	4.0% to 5.0%
Same-store net operating income	13.5% to 14.5%
Expansion & enhancements	\$40 million to \$50 million
Wholly owned acquisitions	\$800 million to \$1 billion
Joint venture investments	\$28 million to \$30 million
Adjusted funds from operations per share	\$4.69 to \$4.79

Operations

Life Storage
(NYSE: LSI)

Select Markets Same-Store Performance - Second Quarter 2021

Market	Stores	Rent Per Occupied Square Foot	Occupancy 6/30/2021	Revenue Growth
Chicago-Naperville-Elgin, IL-IN-WI	40	\$15.77	96.0%	11.2%
New York-Newark-Jersey City, NY-NJ-PA	30	\$24.32	95.8%	16.3%
Houston-The Woodlands-Sugar Land, TX	40	\$13.41	94.3%	13.6%
New England-Other	26	\$18.85	96.8%	17.4%
Buffalo-Upstate, NY	25	\$15.14	91.8%	17.9%
Dallas-Fort Worth-Arlington, TX	25	\$13.63	96.8%	13.6%
Las Vegas-Henderson-Paradise, NV	18	\$15.88	96.4%	16.8%
Miami-Fort Lauderdale-Pompano Beach, FL	16	\$19.44	96.4%	9.6%
Austin-Round Rock-Georgetown, TX	20	\$13.49	96.3%	17.6%
Los Angeles-Long Beach-Anaheim, CA	10	\$22.85	92.7%	7.4%
Atlanta-Sandy Springs-Alpharetta, GA	21	\$13.58	96.5%	9.2%
Boston-Cambridge-Newton, MA-NH	16	\$17.33	94.1%	16.1%
Sacramento-Roseville-Folsom, CA	11	\$16.15	97.5%	13.7%
St. Louis, MO-IL	14	\$13.77	97.5%	16.3%
San Antonio-New Braunfels, TX	15	\$14.39	94.5%	14.2%
Tampa-St. Petersburg-Clearwater, FL	13	\$15.55	96.1%	9.3%
Cleveland-Elyria, OH	12	\$15.00	93.3%	17.0%
Virginia Beach-Norfolk-Newport News, VA-NC	11	\$12.79	94.1%	20.3%
Phoenix-Mesa-Chandler-Tucson, AZ	10	\$14.58	97.2%	17.7%
Orlando-Kissimmee-Sanford, FL	12	\$13.47	93.0%	14.7%
Space Coast, FL	8	\$16.05	93.2%	20.1%
Jacksonville, FL	9	\$14.29	95.7%	15.5%
Beaumont-Port Arthur, TX	7	\$14.80	92.7%	11.9%
Pensacola-Ferry Pass-Brent, FL	7	\$11.79	96.4%	32.8%
Charlotte-Concord-Gastonia, NC-SC	8	\$13.27	93.9%	8.9%
Raleigh-Durham, NC	7	\$12.51	95.2%	14.3%
Cape Coral-Fort Myers, FL	8	\$12.14	97.1%	12.6%
Chattanooga, TN-GA	6	\$12.91	98.1%	10.5%
Montgomery, AL	7	\$9.87	96.5%	14.3%
Baltimore-Columbia-Towson, MD	5	\$16.32	90.6%	10.4%
Youngstown-Warren-Boardman, OH-PA	5	\$10.94	91.6%	17.1%
Other markets	69	\$14.22	94.2%	17.1%
Same Store Portfolio Total	531	\$15.34	95.1%	14.7%

Operations

National
Storage Affiliates
(NYSE: NSA)

During the second quarter, National Storage Affiliates same-store revenues increased 16.3% and net operating income increased 21.5% year-over-year. Top performing markets by revenue growth include North Port-Sarasota-Bradenton, Las Vegas, Portland, Houston, Phoenix, and the Inland Empire.

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, 2021, the same-store portfolio consisted of 560 self storage properties.

Q2 2021 Results

- Same-store revenues increased 16.3% during the second quarter, but a 820 basis point increase sequentially. Same-store revenues were driven by a 760 basis point increase in average occupancy and 6.8% increase in revenue per occupied square foot.
- Cost of operations for the same-store pool increased by 4.3% year-over-year during the second quarter. The increase was impacted by a 5.6% increase in personnel expense, and 9.8% increase in repairs and maintenance, and 1.4% increase in real estate taxes. Expenses were partially offset by a 6.4% decrease in marketing.
- Same-store net operating income grew 21.5% year-over-year during the second quarter, driven by an 16.3% increase in same-store revenue and 4.3% increase in operating expenses.
- Same-store occupancy at the end of the quarter was 96.7%, a 720 basis point increase year-over-year. Same-store weighted average occupancy during the second quarter was 95.4%, a 760 basis point increase from a year earlier.

Operating Fundamentals

- Record occupancies provided an opportunity to implement significant rate increases. July 2021 street rates increased 28% year-over-year. As a basis of comparison, with street rates declining only about 6% at its lowest point last year, the 28% gain this year translates to a 20% gain since 2019.
- Existing customer rate increases (ECRIs) continued in the high single-digit to low double-digit range. NSA expects to continue assertive rent increases in July, August and September given the current rental velocity and positive rent rollover.
- The spread between move-in versus move-out rental rates flipped to the positive this quarter after being near flat in the first quarter. Move-in rental were about 6% higher than move-out rates during the second quarter. The spread has further widened in the early part of the third quarter.
- NSA anticipates occupancies trending down about 200 to 250 basis points by the end of the year based on more seasonal customer behavior and college move-outs.
- The 5.6% increase in payroll is due, in part, to incentive payments to on-site manager's brought on by record revenue numbers.
- Marketing expenses decreased 6.4% during the quarter due to high occupancies and strong customer demand.

Operations

National
Storage Affiliates
(NYSE: NSA)

Operating Fundamentals (continued)

- The online rental program continues to grow and accounts for about 26% of NSA's rental across the portfolio.
- NSA's new revenue management platform introduced about 12 months ago is now implemented in about 80% of its stores.

Major Markets Revenue Growth

- Major markets with same-store revenue growth above the portfolio average for the quarter include La Vegas (+21.7%), North Port-Sarasota-Bradenton (+21.6%), Portland (+18.5%), Houston (+17.4%), and Phoenix (+16.6%).
- All major markets reported robust revenue growth during the quarter. Markets performing below the NSA portfolio average of 16.3% during the quarter include Tulsa (+10.0%), Dallas (+11.3%), Oklahoma City (+12.4%), Indianapolis (+13.7%), and Los Angeles (+13.5%).

Full Year 2021 Guidance - (Same-Store Pool of 560)

Same store revenue growth	11.75% to 12.75%
Same store property expenses	2.5% to 3.5%
Same store net operating income	15.0% to 17.0%
Acquisitions of self storage properties	\$1.1 billion to \$1.3 billion
Subordinated performance unit (SP unit) distributions	\$43 million to \$45 million
Core FFO per share	\$2.11 to \$2.14

Operations

National
Storage Affiliates
(NYSE: NSA)

Same Store Performance Summary By State - Second Quarter 2021

State	Stores	Rent Per Occupied Square Foot	Occupancy 6/30/2021	Revenue Growth
California	81	\$13.56	98.0%	15.1%
Texas	69	\$10.49	96.8%	15.4%
Oregon	61	\$15.36	95.2%	22.7%
Florida	45	\$15.02	96.8%	19.1%
Georgia	44	\$10.32	97.5%	13.2%
North Carolina	33	\$11.36	98.5%	12.7%
Arizona	31	\$13.50	95.9%	18.1%
Oklahoma	30	\$8.67	96.8%	11.3%
Louisiana	26	\$11.10	92.4%	11.7%
Indiana	16	\$9.92	97.1%	13.7%
Kansas	16	\$12.27	96.9%	11.4%
Washington	14	\$14.74	92.6%	15.7%
Nevada	13	\$12.11	97.7%	21.5%
Colorado	11	\$12.39	97.0%	13.2%
New Hampshire	10	\$14.06	96.7%	18.8%
Other*	60	\$12.75	96.5%	17.7%
Total	560	\$12.47	96.7%	16.3%

*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 - Second Quarter 2021

MSA	Stores	Rent Per Occupied Square Foot	Occupancy 6/30/2021	Revenue Growth
Portland-Vancouver-Hillsboro, OR-WA	47	\$17.07	93.3%	18.5%
Riverside-San Bernardino-Ontario, CA	46	\$12.69	98.6%	15.6%
Atlanta-Sandy Springs-Roswell, GA	30	\$10.73	97.6%	14.0%
Phoenix-Mesa-Scottsdale, AZ	24	\$13.86	95.3%	16.6%
Oklahoma City, OK	17	\$8.59	98.2%	12.4%
Dallas-Fort Worth-Arlington, TX	16	\$11.40	95.7%	11.3%
Indianapolis-Carmel-Anderson, IN	16	\$10.25	97.1%	13.7%
Los Angeles-Long Beach-Anaheim, CA	14	\$20.17	96.6%	13.5%
North Port-Sarasota-Bradenton, FL	13	\$17.01	97.4%	21.6%
New Orleans-Metairie, LA	13	\$12.78	91.3%	14.8%
Tulsa, OK	13	\$9.19	94.9%	10.0%
Las Vegas-Henderson-Paradise, NV	12	\$12.52	97.8%	21.7%
Houston-The Woodlands-Sugar Land, TX	11	\$10.39	96.2%	17.4%
Kansas City, MO-KS	11	\$13.25	97.1%	15.3%
Other MSAs	277	\$12.47	97.0%	16.8%
Total	560	\$12.78	96.7%	16.3%

Capital Activities

Public Storage (NYSE: PSA)

Lowering Company's Cost of Capital

- Issued 4.0% Preferred Shares, Series P, for gross proceeds of \$604 million on June 16, 2021.
- Called for redemption, 4.95% Preferred shares, Series D, for \$325 million plus accrued dividends on July 20, 2021.
- Redeemed 5.125% Preferred shares, Series C, for \$200 million.

Extra Space Storage (NYSE: EXR)

- Extra Space completed an inaugural public bond offering raising \$450 million from 10-year, 2.55% senior unsecured notes due in 2031.
- No active ATM program, although anticipates filing a new plan in the third quarter of 2021.
- As of June 30, 2021, fixed-rate debt to total debt is 72.7% and variable rate debt is 27.3%. The weighted average interest rate for fixed-rate debt is 3.2% and variable-rate is 1.5%. The combined weighted average interest rate is 2.8%, with average maturity of about 5.2 years.

CubeSmart (NYSE: CUBE)

- Sold one million common shares at its at-the-market ("ATM") equity program at an average sales price of \$41.02 per share, resulting in net proceeds of \$42.4 million. An additional seven million shares available for future issuance.

Capital Activities

Life Storage (NYSE: LSI)

- Issued 1,520,125 shares of common stock under its continuous equity offering program at a weighted average issue price of \$98.67 per share, generating net proceeds of \$148.5 million.
- At June 30, 2021, approximately \$29.9 million cash on hand, and approximately \$359.9 million available on line of credit.

Key Financial Ratios

Debt to Enterprise Value @ \$85.95/share	21.9%
Debt to Book Cost of Facilities	40.0%
Debt to Recurring Annualized EBITA	5.0x
Debt Service Coverage (DSC)	5.3x

National Storage Affiliates (NYSE: NSA)

- Issued in a July private placement to institutional investors, as previously announced, \$35 million of 2.16% senior unsecured notes due May 2026; and \$90 million of 3.0% senior unsecured notes due May 2031.
- Entered into an agreement in July 2021, with a single lender for an \$88 million interest-only debt financing secured by a first lien on eight of the company's self storage properties. The interest-only loan matures in July 2028 and has a fixed interest rate of 2.77%. Proceeds were used to repay outstanding amounts on its revolving line of credit.
- Received approximately \$103.7 million of net proceeds from the sale of 2,390,000 common shares under the ATM program during the second quarter.
- Subsequent to quarter-end, completed an underwritten public offering of 10,120,000 common shares resulting in net proceeds of approximately \$497.4 million. The shares were issued at a price of \$51.25 per share. The company used or expected to use the proceeds for self storage property acquisitions, general corporate purposes and to repay borrowings outstanding under its revolving line of credit.
- Received commitments in July 2021 from a syndicated group of lenders to increase the total borrowing capacity under its credit facility with the addition of a \$100 million 5.5-year term loan tranche E. The loan expected to close in the third quarter 2021 and mature in early 2027. Proceeds planned to be used for property acquisitions and general corporate purposes.



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