

**MJ PARTNERS**  
SELF STORAGE GROUP



# SELF STORAGE MARKET OVERVIEW

## Full Year & Fourth Quarter 2022 Results

*Analysis of the Public Self Storage Companies*

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## Summary

2022 provided a second consecutive year of outsized revenue growth and net revenues for all self storage REITs. The outlook is less clear in 2023, with the return of leasing seasonality, slowing housing market, inflationary pressures, and weakened macroeconomic outlook. The REITs signaled a reversion to more normalized rates of growth. Significant increases in debt costs reduced transaction volume compared to the previous year. Cap rates for acquisitions widened with increased cost of capital weighing on leveraged returns. Public Storage's offer to acquire Life Storage sets the stage for an interesting year. Transactions are expected to remain muted early in the year with volumes increasing during the second half of the year.

### Full Year 2022 and Q4 2022

- For the full year 2022, the public self storage REITs built upon record-setting growth from the previous year, generating same-store revenue growth from 12.1% to 17.4%. Net operating income levels for the same-store pools increased from 14.9% to 20.3% for the year.
- The REITs fourth quarter same-store revenues grew 7.4% to 13%, and net operating incomes grew 9.4% to 15.8%. Same-store occupancies ended the year ranging from 90.5% to 94.2%.
- REITs guidance for the full year 2023 projects slowdown in revenue growth, reverting closer to long-term averages ranging from 2.5% to high of 5.5%.

### Transaction Volume Slowing

- Acquisition activity for self storage REITs in 2022 totaled approximately \$5 billion, including joint ventures, and approximately \$4 billion for their wholly-owned portfolios. These volumes are a reduction from 2021's historic acquisition volume of approximately \$12.7 billion, including joint ventures. Projections for new acquisitions are estimated to slow significantly in 2023 as a result of elevated financing costs and concerns over macroeconomic conditions impacting rental rates, and more normalized leasing activity. Guidance for REIT acquisitions in 2023 total only approximately \$1.5 billion to \$1.85 billion, excluding a potential Life Storage company acquisition.

### Public Storage's Proposal to Acquire Life Storage

- On February 5, 2023 Public Storage submitted a proposal to acquire Life Storage ("LSI") in an all-stock valued at approximately \$11 billion. The initial proposal structure would have Life Storage shareholders receive 0.4192 shares of Public Storage for each share of Life Storage. The transaction values LSI at \$129.31 per share, a 17% premium as of February 3rd. The cap rate equates to about 5.25% based on current annualized net operating income. On February 16, 2023, Life Storage rejected the original proposal.

### Implied Cap Rates

	Public Storage (NYSE: PSA)	5.5%
	Extra Space Storage (NYSE: EXR)	5.1%
	CubeSmart (NYSE: CUBE)	5.4%
	Life Storage (NYSE: LSI)	5.4%
	National Storage Affiliates (NYSE: NSA)	6.9%

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



Earnings Results

Same-Store Comparisons

	Total Properties Operating	Revenue Growth		Net Operating Income Growth		End of Quarter Occupancy	Rent Per Occupied Square Foot
		Q4	Full Year	Q4	Full Year		
<b>Public Storage</b>	2,869 U.S. 266 Europe	13.0%	14.8%	15.8%	17.9%	92.4%	\$22.74
<b>Extra Space Storage</b>	2,338	11.8%	17.4%	13.4%	20.3%	94.2%	\$22.58
<b>CubeSmart</b>	~1,300	9.5%	12.7%	12.1%	16.7%	92.1%	\$22.47
<b>Life Storage</b>	1,198	11.8%	15.2%	13.3%	19.4%	91.4%	\$19.51
<b>National Storage Affiliates</b>	1,101	7.4%	12.1%	9.4%	14.9%	90.5%	\$15.58

Capital Markets

	Market Capitalization	Core Funds From Operations	Annual Dividend Yield	Common Stock Price (2/24/2023)	52-Week High/Low
<b>Public Storage</b>	\$51.68 billion	\$4.16/share (+17.5%)	4.11%	\$293.24	\$421.76 \$270.73
<b>Extra Space Storage</b>	\$22.59 billion	\$2.09/share (+9.4%)	4.08%	\$160.79	\$222.36 \$139.97
<b>CubeSmart</b>	\$10.33 billion	\$0.67/share (+15.5%)	4.44%	\$45.72	\$54.95 \$36.82
<b>Life Storage</b>	\$10.26 billion	\$1.69/share (+19.9%)	3.94%	\$119.31	\$151.76 \$94.02
<b>National Storage Affiliates</b>	\$5.84 billion	\$0.71/share (+10.9%)	5.44%	\$41.41	\$67.44 \$34.90



## Summary

### New Supply Update

Under Construction Supply by  
Percent of Existing Inventory

Metro Area	Dec-22	Jan-23	% Change
National	3.6%	3.7%	0.1%
New York	7.2%	7.2%	0.0%
Orlando	6.9%	6.9%	0.0%
Philadelphia	6.4%	6.7%	0.3%
Boston	5.9%	6.2%	0.3%
Las Vegas	5.9%	5.8%	-0.1%
Sacramento	4.3%	4.3%	0.0%
Los Angeles	4.0%	4.2%	0.2%
Austin	3.9%	4.1%	0.2%
Atlanta	4.0%	4.0%	0.0%
Dallas–Ft Worth	3.8%	3.9%	0.1%
Phoenix	3.8%	3.8%	0.0%
Raleigh–Durham	3.8%	3.8%	0.0%
Columbus (OH)	3.4%	3.4%	0.0%
Chicago	3.2%	3.2%	0.0%
Miami	3.0%	3.2%	0.2%
Tampa	2.8%	3.1%	0.3%
Charlotte	3.1%	3.1%	0.0%
San Jose	3.1%	3.1%	0.0%
San Diego	2.8%	2.8%	0.0%
Seattle	2.8%	2.8%	0.0%
Nashville	2.7%	2.7%	0.0%
Pittsburgh	2.7%	2.7%	0.0%
San Antonio	2.6%	2.6%	0.0%
Portland	2.5%	2.5%	0.0%
Houston	2.4%	2.4%	0.0%
San Francisco	2.3%	2.3%	0.0%
Washington DC	2.1%	2.1%	0.0%
Charleston (SC)	1.8%	1.8%	0.0%
Minneapolis	1.3%	1.3%	0.0%
Inland Empire	1.0%	1.0%	0.0%
Denver	0.6%	0.6%	0.0%

Source: Yardi Matrix

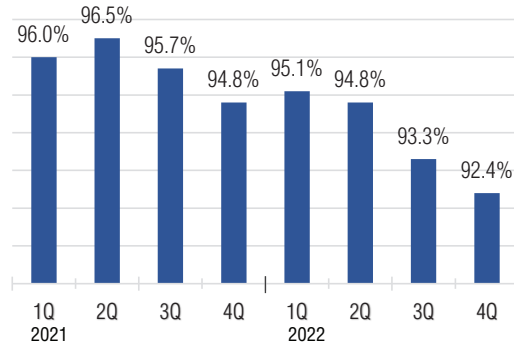
- The net rentable square footage of development in progress increased 10 basis points to 3.7% of existing inventory. Increased construction timelines are moderating the pace of new deliveries with projected new deliveries to subside in the second half of 2023 into 2024.
- New York, Orlando, Philadelphia, and Boston top the nation in supply as a percentage of existing inventory. Denver, Inland Empire, Minneapolis, and Charleston (SC) reported the lowest amount of new supply as a percentage of existing inventory. Boston (+0.3%), Philadelphia (+0.3%), Tampa (+0.3%), Los Angeles (0.2%), and Austin (+0.2%) reported the highest monthly increase in development activity as a percentage of existing inventory. Las Vegas, New York, Orlando, Phoenix, Atlanta, Sacramento, Columbus (OH), Columbus (OH), Chicago, and Charlotte were among a group that reported decreasing or flat development activity.
- Denver has the smallest new supply pipeline among the top 31 metropolitan areas with 0.6% of existing inventory under construction or planned. The Denver market experienced significant new development in the early stages of the recent development cycle. More than 70 storage properties were delivered in the market between 2017 and 2020. The small development pipeline is a byproduct of the elevated deliveries in recent years.



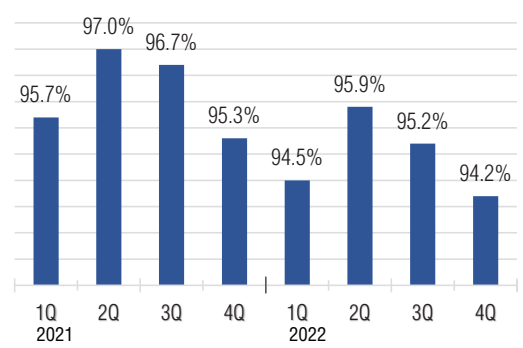
## Portfolio Occupancies

Same-Store  
Year-Over-Year Change

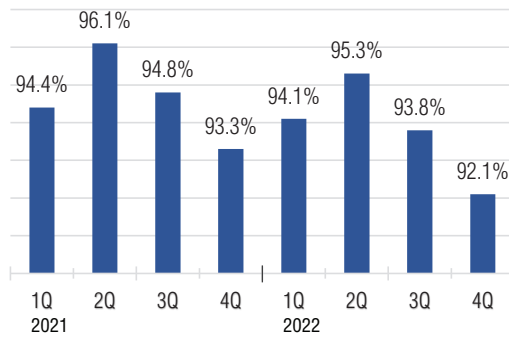
### Public Storage



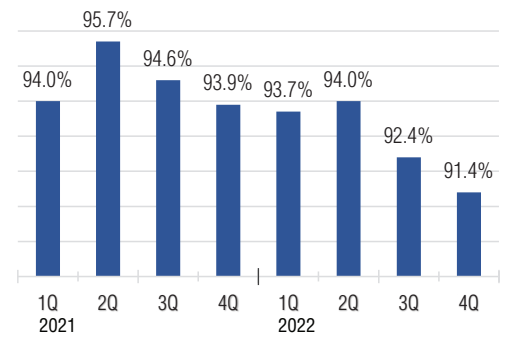
### Extra Space Storage



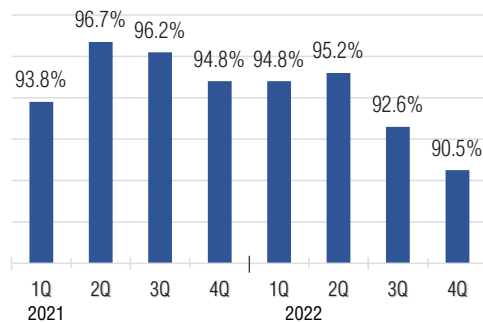
### CubeSmart



### Life Storage



### National Storage Affiliates

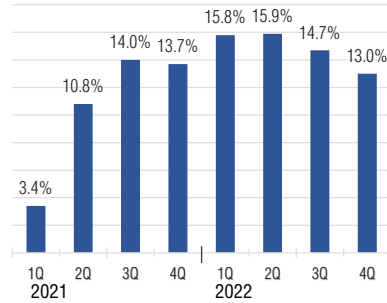




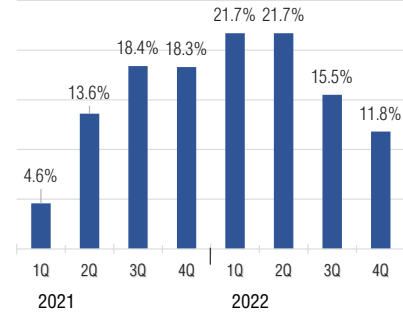
## Portfolio Revenues

Same-Store  
Year-Over-Year Change

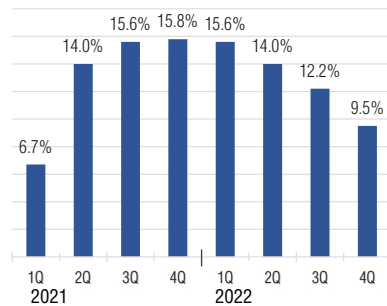
### Public Storage



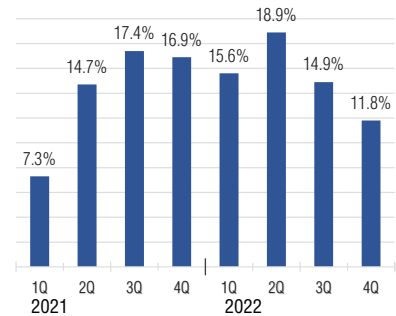
### Extra Space Storage



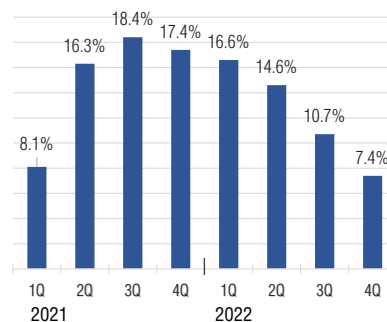
### CubeSmart



### Life Storage



### National Storage Affiliates

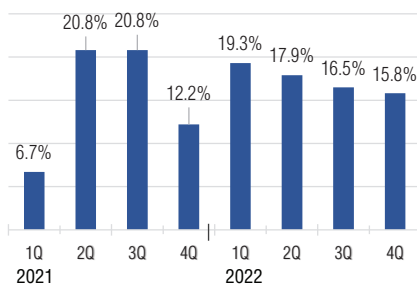




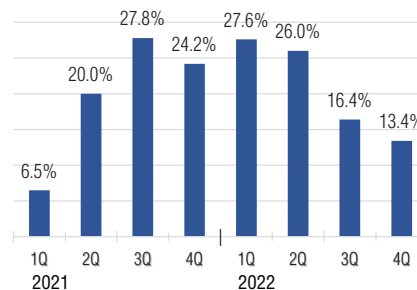
## Portfolio Net Operating Income

Same-Store Year-Over-Year Change

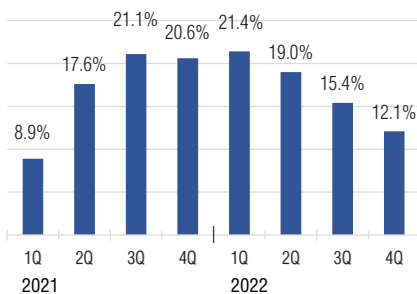
### Public Storage



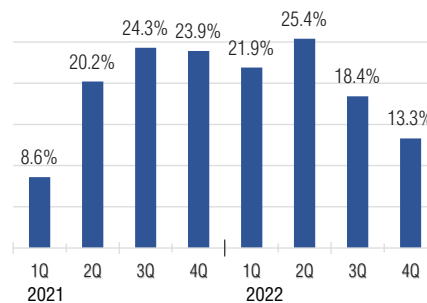
### Extra Space Storage



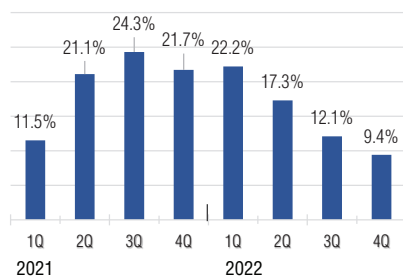
### CubeSmart



### Life Storage



### National Storage Affiliates



## Investment Activity

### Public Storage (NYSE: PSA)

*During 2022, Public Storage closed the acquisition of 74 self storage facilities consisting of 4.7 million rentable square feet for \$730.5 million. During the fourth quarter of 2022, the company closed on the acquisition of 30 self storage facilities consisting of 1.6 million square feet for \$228.6 million.*

- During 2022, the 74 self storage properties acquired include 28 in Florida, ten in Oklahoma, seven in Texas, four in North Carolina, three in South Carolina, two each in Alabama, Arizona, Indiana, Maryland, Nevada, and Ohio, and one each in Colorado, Georgia, Iowa, Kansas, Minnesota, New Jersey, Oregon, Pennsylvania, Tennessee, and Utah.
- During the fourth quarter, acquisitions include the Neighborhood Storage portfolio in the Ocala, Florida market, consisting of 28 properties with 1.2 million rentable square feet. 26 properties closed in December 2022 for \$179.8 million and two properties under construction and expected to close in early 2023.
- Subsequent to December 31, 2022, Public Storage acquired or are under contact to acquire eight self storage facilities across eight states with 0.5 million rentable square feet for \$70.5 million.

### **PSB \$2.7 Billion Disposition**

- On July 20 2022, Public Storage sold entire equity investment in PSB upon the closing of the merger of PSB with affiliates of Blackstone Real Estate. Total cash proceeds of \$2.7 billion includes a recognized gain of \$2.1 billion. In connection with the sale of the equity investment in PSB, on August 4, 2022 paid a special cash dividend of \$13.15 per common share, totaling approximately \$2.3 billion.
- Additionally, on July 8, 2022, acquired from PSB the commercial interests in five properties at three sites jointly occupied with self storage facilities in Maryland and Virginia, for \$47.3 million.

### **2021 Portfolio Acquisitions Performance - Formerly ezStorage and All Storage**

- During 2021, Public Storage acquired a portfolio of 48 properties with 4.1 million rentable square feet, operated under the brand name of ezStorage for \$1.8 billion. These facilities generated revenues of \$100.8 million, NOI of \$79.9 million (including Direct NOI of \$82.7 million), and average square foot occupancy of 89.6% for 2022.
- During 2021, the company acquired a portfolio of 56 properties with 7.5 million rentable square feet operated under the brand name of All Storage for \$1.5 billion. These facilities generated revenues of \$79.2 million. NOI of \$48.4 million (including Direct NOI of \$51.2 million), and average square foot occupancy of 79.4% for 2022.

### **Acquisition Market**

- Continuing a trend into 2023 that started in early 2022 with slower acquisition volumes. Typically, the first quarter of any year generates lighter volume than the balance of the year. Currently, the company is evaluating the trends tied to the impact from higher costs of capital, limited availability of capital, and how potential sellers look at the environment to transact assets.
- Typically, more stabilized assets command stronger (lower) cap rates. Compared to one year ago, cap rates are up 100 to 125 basis points. Stabilized assets might be in the 5% range, whether its low, mid, or high 5% range depends on location, quality of the asset and other specific property factors.

### **Property of Tomorrow**

- Existing properties consisting of 55% to 60% of entire company portfolio have been re-branded to the Property of Tomorrow standard. Enhancements include aesthetics, curb appeal and some functionality of the properties.



## Investment Activity

### Public Storage (NYSE: PSA)

#### **Development and Expansion Pipeline of Nearly \$1 Billion**

- At December 31, 2022, Public Storage had 2.1 million square feet in development estimated to cost \$492.3 million. And, 2.5 million square feet of expansion projects estimated to cost \$487.3 million. The aggregate 4.6 million rentable square foot pipeline of development and expansion facilities includes 1.7 million in California, 0.6 million in Texas, 0.4 million in Maryland, 0.3 million each in Florida and Hawaii, 0.2 million each in New Jersey and Washington, and 0.9 million in other states. The remaining \$606.6 million of development costs for these projects is expected to be incurred primarily in the next 18 to 24 months.
- During 2022, the company opened eight newly developed facilities and completed various expansion projects totaling 1.4 million rentable square feet costing \$227.2 million. Locations include 0.4 million rentable square feet in Florida, 0.2 million each in Michigan and Minnesota, and 0.1 million each in Illinois, Kentucky, Maryland, New Jersey, and Texas, and 0.1 million in various other states combined.

#### **Proposal to Acquire Life Storage**

- On February 5, 2023 Public Storage submitted a proposal to acquire Life Storage (“LSI”) in an all-stock valued at approximately \$11 billion. The initial proposal structure would have Life Storage shareholders receive 0.4192 shares of Public Storage for each share of Life Storage. The transaction values LSI at \$129.31 per share, a 17% premium as of February 3. The cap rate equates to about 5.25% based on current annualized net operating income.
- On February 16, 2023, Life Storage rejected the original proposal.

#### **Acquisitions and Development Yields**

- Property acquisitions completed in 2020 have generated annualized yields through the fourth quarter 2022 of 6.9%, an increase from 5.1% through 2021.
- Development yields for properties and expanded in 2020 achieved annualized yields through the fourth quarter 2022 of 14.3%, an increase from 8.6% through the end of 2021.

#### **New Supply Outlook**

- The outlook for new competitive supply is favorable. Public Storage reports less new property development nationally due to 1) higher interest rates for construction loans, 2) construction cost pressures, 3) difficult municipal approval processes, and 4) concerns over the macroeconomic landscape.



Investment  
Activity

Public Storage  
(NYSE: PSA)

**Acquisitions - Year-To-Date**

	Number of Stores	Square Feet	Cost	Cost Per Square Foot
Alabama	2	111,000	\$12,870,000	\$116
Arizona	2	246,000	\$47,444,000	\$193
Colorado	1	94,000	\$18,041,000	\$192
Florida	28	1,273,000	\$197,965,000	\$156
Georgia	1	74,000	\$15,070,000	\$204
Indiana	2	151,000	\$21,568,000	\$143
Iowa	1	59,000	\$4,834,000	\$82
Kansas	1	122,000	\$14,031,000	\$115
Maryland	2	199,000	\$27,852,000	\$140
Minnesota	1	90,000	\$13,632,000	\$151
Nevada	2	145,000	\$25,204,000	\$174
New Jersey	1	101,000	\$23,585,000	\$234
North Carolina	4	225,000	\$41,094,000	\$183
Ohio	2	154,000	\$15,211,000	\$99
Oklahoma	10	606,000	\$80,347,000	\$133
Oregon	1	115,000	\$15,836,000	\$138
Pennsylvania	1	50,000	\$5,166,000	\$103
South Carolina	3	182,000	\$25,580,000	\$141
Tennessee	1	54,000	\$15,217,000	\$282
Texas	7	589,000	\$97,128,000	\$165
Utah	1	86,000	\$12,803,000	\$149
Total	74	4,726,000	\$730,478,000	\$155



Investment  
Activity

Public Storage  
(NYSE: PSA)

**Developments - Year-To-Date**

	Number of Stores	Square Feet	Cost	Cost Per Square Foot
Florida	3	249,000	\$41,755,000	\$168
Illinois	1	109,000	\$13,560,000	\$124
Kentucky	1	86,000	\$10,357,000	\$120
Maryland	1	33,000	\$12,623,000	\$383
New Jersey	1	73,000	\$12,081,000	\$165
Texas	1	81,000	\$9,713,000	\$120
Total	8	631,000	\$100,089,000	\$159

**Expansions - Year-To-Date**

	Number of Stores	Square Feet	Cost	Cost Per Square Foot
California*	1	44,000	\$37,418,000	\$850
Florida	3	177,000	\$22,110,000	\$125
Idaho	1	14,000	\$413,000	\$30
Maryland	2	64,000	\$9,434,000	\$147
Michigan	4	153,000	\$17,033,000	\$111
Minnesota	2	180,000	\$23,532,000	\$131
New Jersey	1	52,000	\$12,323,000	\$237
South Carolina	1	35,000	\$3,764,000	\$108
Total	15	719,000	\$126,027,000	\$175

\*Represents rentable square feet open as of 12/31/22

## Investment Activity

### Extra Space Storage (NYSE: EXR)

*For the full year 2022, Extra Space acquired 145 operating stores, six stores at completion of construction (a “Certificate of Occupancy store” or “C of O store”) and completed five developments for a total cost of approximately \$1.4 billion for its wholly-owned portfolio.*

- During the fourth quarter, the company acquired six operating stores for a total cost of approximately \$146.9 million.
- Last year, almost all property acquisitions were for properties in lease-up or with value-add opportunities, causing an increase of short-term dilution. The per share dilution increased from \$0.20 per share to \$0.25 per share.
- Extra Space acquired 36 properties in 2022, including joint ventures from the company's third-party management portfolio.
- The company anticipates a ramp up in redevelopment and expansions of existing properties over the next few years, providing healthy returns of 8.5% to 10%.

### Joint Venture Activity

- In conjunction with joint venture partners, Extras Space acquired 33 operating stores in 2022, and completed one development for a total cost of approximately \$666.9 million, of which the company invested \$110.5 million.
- During the fourth quarter, the company acquired four operating stores and completed one development with joint venture partners for a total cost of approximately \$82.1 million, of which the company invested \$22.9 million.
- Joint venture activity slowed in the fourth quarter 2022 and into the first quarter 2023. Anticipating to pick up activity in the future when private equity investment capital resumes.

### Transaction Market

- Currently, witnessing higher cap rates for transactions compared to last year, although few transactions recently and difficult to gauge with muted activity to start the year.
- Extra Space not commenting on potential transactions in the market including for Life Storage.

### New Supply Impact

- Extra Space witnessing a steady moderation in new supply impacting a company store, falling from 28% of its portfolio in 2019 to 23% in 2020, 20% in 2021 and down to 18% in 2022. Anticipating new development to continue primarily from private developers.

### Bridge Loan Program

- During the full year 2022, the company originated \$574 million in mortgage and mezzanine bridge loans, and sold \$228.7 million in mortgage bridge loans.
- During the fourth quarter, the company originated \$252.2 million in bridge loans and sold \$17.3 million in bridge loans. The company has an additional \$353.8 million in bridge loans that closed subsequent to quarter end or are under agreement in 2023.
- Witnessing stronger demand for the company's bridge loan program. The following represent some benefits.
  - A. Additional management of stores for properties taking advantage of a bridge loan.
  - B. Providing a future acquisition pipeline.
  - C. Economics achieved through the actual loans.

## Investment Activity

Extra Space  
Storage  
(NYSE: EXR)

### **Preferred Stock Investment in Nexpoint Storage**

- During the fourth quarter, modified its preferred stock investment in Nexpoint Storage Partners, Inc. (“Nexpoint”). The \$100 million and \$200 million tranches were combined into a single \$300 million tranche. The modified tranche will yield 8.5% per annum (previously a blended rate of 10.7%) maturing on December 8, 2028 with two 1-year extensions. As part of the modification, the company also received a right of first offer on the Nexpoint stores, the management of 11 additional stores, and extended the management agreement maturity date of all Nexpoint managed stores through December 2031.

### **Storage Express Portfolio Acquisition**

- Anticipating full integration of the \$590 million acquisition of Storage Express by the end of the second quarter 2023. The portfolio will open up new acquisition opportunities by testing strategies from Storage Express, including entering new markets and operating smaller properties with remote access without on-site managers. Recently implemented strategies include:
  - A. Conversion of five Extra Space stores to the Storage Express model in Chicago, Seattle and Las Vegas without managers.
  - B. Conversion of two Storage Express stores to the Extra Space model and inserting property managers.



Investment  
Activity

Extra Space  
Storage  
(NYSE: EXR)

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

Location	Estimated Opening	Estimated Net Rentable Square Feet	Purchase Price/Cost	Price/Cost Per Square Foot	Ownership
<b>2023 Projected Openings</b>					
Vista, CA	1Q 2023	104,400	\$17,000,000	\$162.84	10%
Gainesville, FL	2Q 2023	73,150	\$13,073,000	\$178.71	100%
Minneapolis, MN	3Q 2023	92,000	\$14,000,000	\$152.17	50%
Osprey, FL	3Q 2023	69,100	\$15,374,000	\$222.49	100%
Tallahassee, FL	3Q 2023	70,640	\$12,786,000	\$181.00	100%
Vero Beach, FL	3Q 2023	54,500	\$16,258,000	\$298.31	100%
Palm Coast, FL	4Q 2023	68,150	\$13,473,000	\$197.70	100%
Tucson, AZ*	4Q 2023	90,375	\$20,415,000	\$225.89	95%
Stonecrest, GA	4Q 2023	69,635	\$11,600,000	\$166.58	100%
Total	9	691,950	\$133,979,000		

\*New Development

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

Location	Estimated Opening	Estimated Net Rentable Square Feet	Purchase Price/Cost	Price/Cost Per Square Foot	Ownership
<b>2024 Projected Openings</b>					
Bartlet, IL	1Q 2024	77,750	\$ 9,800,000	\$126.05	100%
Sebring, FL	1Q 2024	75,000	11,966,000	\$159.55	100%
Mableton, GA	1Q 2024	69,150	13,200,000	\$190.89	100%
Conyers, GA	1Q 2024	73,600	16,000,000	\$217.39	100%
Ruskin, GA	1Q 2024	52,500	10,700,000	\$203.81	100%
Las Vegas, NV*	1Q 2024	80,650	16,665,000	\$206.63	95%
Port Orange, FL*	1Q 2024	83,775	13,368,000	\$159.57	95%
St. Augustine, FL*	1Q 2024	75,680	10,966,000	\$144.90	95%
Zephyrhills, FL	2Q 2024	73,560	12,448,000	\$169.22	100%
Total	9	661,665	\$115,113,000		

\*New Development



Investment  
Activity

Extra Space  
Storage  
(NYSE: EXR)

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

Location	Date Opened	Rentable Square Feet	Purchase Price/Cost	Price/Cost Per Square Foot	Occupancy 12/31/2022	Ownership
Brooklyn, NY	1Q 2019	137,912	\$79,901,000	\$579.36	75.6%	25%
Auburndale, MA	1Q 2019	79,665	\$20,000,000	\$251.05	79.6%	10%
Queens, NY	1Q 2019	117,905	\$52,321,000	\$443.76	84.5%	25%
Louisville, KY <sup>(1)</sup>	1Q 2019	159,975	\$12,680,000	\$79.26	95.1%	100%
Plantation, FL	2Q 2019	71,053	\$11,800,000	\$166.07	92.4%	100%
Brooklyn Center, MN	2Q 2019	80,603	\$8,400,000	\$104.21	94.9%	100%
Broomfield, CO	3Q 2019	67,087	\$9,083,000	\$135.39	91.0%	100%
Wakefield, MA	3Q 2019	83,173	\$16,800,000	\$201.99	96.2%	100%
Brooklyn, NY	4Q 2019	58,991	\$29,144,000	\$494.04	88.9%	25%
Maple Grove, MN	4Q 2019	84,648	\$10,153,000	\$119.94	96.9%	50%
Aurora, CO <sup>(2)</sup>	1Q 2020	79,225	\$9,628,000	\$121.53	59.8%	100%
Eagen, MN	1Q 2020	65,031	\$7,695,000	\$118.33	95.0%	50%
Belleville, NJ	2Q 2020	76,101	\$10,944,000	\$143.81	92.8%	100%
Coon Rapids, MN	3Q 2020	72,144	\$7,815,000	\$108.33	68.5%	50%
Edina, MN	3Q 2020	83,059	\$11,770,000	\$141.71	64.2%	50%
New Hyde Park, NY	4Q 2020	69,113	\$6,400,000	\$92.60	71.3%	100%
District Heights, MD	2Q 2021	81,179	\$18,150,000	\$223.58	88.5%	100%
Daytona Beach, FL	2Q 2021	85,035	\$13,600,000	\$159.93	83.2%	100%
Bloomington, IN	3Q 2021	63,742	\$11,250,000	\$176.49	42.9%	100%
Jackson, MS	3Q 2021	84,547	\$14,000,000	\$165.59	89.4%	100%
Bellmawr, NJ	3Q 2021	81,012	\$18,900,000	\$233.30	41.5%	100%
Lakewood, WA	3Q 2021	60,805	\$14,500,000	\$238.47	86.9%	100%
Clinton Township, MI	4Q 2021	101,450	\$13,200,000	\$130.11	79.9%	100%
Spring Hill, FL	1Q 2022	67,910	\$11,730,000	\$172.73	75.6%	100%
Rio Rancho, NM	1Q 2022	51,765	\$6,200,000	\$119.77	38.8%	100%
Deland, FL	2Q 2022	72,655	\$11,000,000	\$151.40	68.3%	100%
Neptune City, NJ	2Q 2022	66,105	\$11,742,000	\$177.63	42.1%	100%
New Braunfels, TX	2Q 2022	67,700	\$12,750,000	\$188.33	52.7%	100%
El Cajon, CA <sup>(3)</sup>	2Q 2022	55,222	\$3,095,000	\$56.05	26.9%	100%
Simi Valley, CA	3Q 2022	86,778	\$14,431,000	\$166.30	21.7%	100%
Winter Garden, FL	4Q 2022	107,268	\$10,644,000	\$99.23	8.3%	90%
<b>Total</b>	<b>31</b>	<b>2,518,858</b>	<b>\$489,726,000</b>	<b>\$194.42</b>		

(1) Acquired C of O store adjacent to existing EXR site. Operating both locations as a single store.  
(2) Store opened 3Q 2019 and was previously managed by EXR. EXR purchased store in 1Q 2020. Store suffered fire causing occupancy to fall.  
(3) Store is subject to a ground lease.\*

## Investment Activity

CubeSmart  
(NYSE: CUBE)

*During the full year 2022, CubeSmart acquired three wholly-owned stores in Georgia, Maryland and Texas for \$75.7 million.*

### Development Activity

- During the previous year, the company opened for operation two development projects in Valley Stream, New York and Vienna, Virginia for a total cost of \$60.8 million.
- As of December 31, 2022, the company had two joint venture developments under construction in Clark, New Jersey and Astoria, New York. CubeSmart anticipates investing a total of \$57.3 million related to these projects and had invested \$22.7 million as of year-end. The stores are expected to open at various times during the first and second quarters of 2024.

### Storage West Acquisition

- One year after the Storage West acquisition of 57 properties for approximately \$1.7 billion, despite the stabilized occupancies of the assets, there proved to be significant upside to rents as a result of the company's management platform. The properties experienced accelerating growth through the second half of 2022, and remains positioned for continued growth in 2023 and beyond.
- Expectations for the portfolio to achieve mid-4% yields by the end of the year. The portfolio will generate meaningful accretion given the locking of long-term capital at exceptional low rates, including the company's \$1 billion bond issuance, which had a weighted average yield of 2.45%, and an average tenure of 8.4 years.

### New Supply Impact Dropping

- The percentage of CubeSmart's same-store portfolio impacted by new competition has dropped to 30%, down from 35% the previous year, and reduced from a peak of 50% of company stores impacted in 2019.

### New York Market

- CubeSmart's largest market, the New York MSA, is beginning to positively experience the waning impact of new supply, and by the second half of 2023, the New York boroughs are expected to be performing above the portfolio average. New York City is the only market where assets have physical occupancies are higher than during the same period last year. And, with net effective rents to new customers above approximately 3% compared to last year.
- New York City's long-term, risk-adjusted returns are likely to be superior to other markets due to desirable demographics with markets featuring significant populations, lower levels of self storage supply on a square foot per capita basis, high household incomes, and higher percentage of customers living in rental housing versus homeownership. These attributes tend to create stable cash flows over a longer period of time.
- The impact of new supply in the Bronx is largely behind, with no CubeSmart stores to be impacted in 2023. In Brooklyn, new supply impact is nearing the end, with only one new opening in 2023. In Queens, the borough is continuing to experience declining supply, although two new openings that will have an impact to CubeSmart stores.



Investment  
Activity

CubeSmart  
(NYSE: CUBE)

**New Development Properties**

Location	Expected Opening	Ownership	CUBE's Anticipated Investment
Clark, NJ	Q1 2024	90%	\$17,200,000
Astoria, NY	Q2 2024	70%	\$40,100,000
Total			\$57,300,000

**New Development Properties - Operating**

Location	Date Completed	Rentable Square Feet	Total Cost	Cost Per Square Foot	Occupancy 12/31/2022
Brooklyn, NY	Q2 2020	94,565	\$45,900,000	\$485.38	68.1%
East Meadow, NY	Q2 2021	80,688	\$25,900,000	\$320.99	63.3%
King of Prussia, PA*	Q2 2021	97,700	\$22,800,000	\$233.37	55.4%
Newton, MA	Q4 2021	82,504	\$20,800,000	\$252.11	43.3%
Valley Stream, NY**	Q3 2022	102,770	\$39,000,000	\$379.49	20.2%
Total		458,227	\$154,400,000		

\*The company owns 70% interest in this property  
\*\*The company owns 51% interest in this property

## Investment Activity

### Life Storage (NYSE: LSI)

*For the full year 2022, Life Storage acquired 49 wholly-owned stores for \$974 million and one joint venture store for \$29 million of which the company invested \$24.1 million.*

- Eleven of the stores acquired were added from the company's third-party management program.
- For the year, Life Storage acquired 25 stores with joint venture partners for a total cost of approximately \$446.1 million, of which the company invested \$89.3 million.
- During the fourth quarter, the company acquired seven wholly-owned stores in Arizona (6) and Minnesota (1) for \$142.4 million. And, acquired seven stores with joint venture partners for \$126.5 million of which the company invested \$25.8 million.
- As of December 31, 2022, the company was under contract to acquire four self storage facilities in California (3) and Illinois (1) for an aggregate purchase price of \$70.8 million. Additionally, through a joint venture under contract to acquire one store in New Jersey for \$22.5 million, of which the company's net investment would be approximately \$4.5 million.
- Increasingly, Life Storage has leaned on its pool of third-party managed and joint venture assets for acquisitions. 37% of total acquisition volume since 2020 has come from these properties.
- Approximately 65% of the company's \$8 billion in assets are located in Sun Belt states. The managed assets represents the primary driver of the company's acquisition pipeline which currently stands at \$685 million, of which, approximately 95% are off-market opportunities.

### **Redevelopment and Expansions**

- Since 2018, the company has completed \$208 million in redevelopment of existing properties, and have yielded stable, attractive returns on investment of over 10%, translating to a 390 basis point in NOI margin.
- Targeting \$65 million to \$75 million a year in redevelopment, and could reach up to \$100 million to \$110 million in 2023 and 2024.

### **Unsolicited Proposal From Public Storage**

- On February 5, 2023, Public Storage publicly announce an unsolicited taxable, all-stock, non-binding proposal to acquire all of the outstanding shares and units of Life Storage. Following a comprehensive review in consultation with its independent financial and legal advisors, on February 16, 2023, Life Storage announced that its Board of Directors concluded that the proposal is not in the best interests of the company and Life Storage shareholders, and unanimously rejected Public Storage's unsolicited proposal. The Board remains open-minded to opportunities to enhance shareholder value and is confident that Life Storage is well positioned to continue delivering profitable growth and superior returns for investors.



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 12/31/2022
St. Louis, MO	Dec-18	78,245	\$9,301,000	\$118.87	92.2%
Raleigh, NC	Jul-2019	79,183	\$11,874,000	\$149.96	86.3%
Washington, DC	Jul-2019	76,230	\$15,163,000	\$198.91	93.6%
Charleston, SC	Jul-2019	71,835	\$7,685,000	\$106.98	92.6%
Washington, DC	Jul-2019	75,555	\$13,566,000	\$179.55	83.2%
Greenville, SC	Jul-2019	67,749	\$8,658,000	\$127.80	96.2%
Richmond, VA	Jul-2019	85,336	\$10,666,000	\$124.99	93.7%
Tampa, FL	Jul-2019	83,840	\$15,424,000	\$183.97	80.2%
Richmond, VA	Jul-2019	80,155	\$11,831,000	\$147.60	84.9%
Richmond, VA	Jul-2019	72,135	\$8,507,000	\$117.93	83.0%
Miami, FL	Nov-2020	48,833	\$11,492,000	\$235.33	94.1%
Sacramento, CA	Jan-2021	90,098	\$18,287,000	\$202.97	94.0%
New York, NY	Mar-2021	74,254	\$47,947,000	\$645.72	89.5%
Tucson, AZ	Mar-2021	76,718	\$22,576,000	\$294.27	86.0%
Seattle, WA	Mar-2021	89,183	\$19,475,000	\$218.37	74.7%
Jacksonville, FL	May-2021	81,845	\$16,545,000	\$202.15	94.8%
Dallas, TX	Jun-2021	92,780	\$11,616,000	\$125.20	84.5%
Austin, TX	Jun-2021	96,028	\$9,566,000	\$99.62	88.6%
Austin, TX	Jun-2021	108,675	\$13,666,000	\$125.75	81.0%
Dallas, TX	Jun-2021	87,175	\$9,716,000	\$111.45	92.9%
Orlando, FL	Aug-2021	76,025	\$14,846,000	\$195.28	87.6%
Denver, CO	Aug-2021	64,650	\$6,831,000	\$105.66	86.2%
Oklahoma City, OK	Aug-2021	63,600	\$5,083,000	\$79.92	85.3%
Austin, TX	Aug-2021	78,590	\$20,153,000	\$256.43	88.5%
Austin, TX	Aug-2021	75,493	\$12,627,000	\$167.26	91.6%
Phoenix, AZ	Aug-2021	77,846	\$17,190,000	\$220.82	93.5%
Miami, FL	Oct-2021	70,495	\$28,019,000	\$397.46	92.8%
Miami, FL	Oct-2021	91,979	\$30,024,000	\$326.42	83.7%
Charlotte, NC	Oct-2021	97,078	\$29,305,000	\$301.87	90.3%
Durham, NC	Oct-2021	68,360	\$20,048,000	\$293.27	79.9%
Greenville, SC	Oct-2021	44,282	\$9,294,000	\$209.88	94.6%
Greenville, SC	Oct-2021	58,598	\$12,252,000	\$209.09	95.4%



Investment  
Activity

Life Storage  
(NYSE: LSI)

**Certificate of Occupancy/Lease Up Performance Continued**

Market	Date Acquired	Net Rentable Square Feet	Price	Price Per Square Foot	Occupancy 12/31/2022
Nashville, TN	Oct-2021	88,200	\$21,600,000	\$244.90	83.2%
Savannah, GA	Oct-2021	65,829	\$22,558,000	\$342.68	90.7%
Charlotte, NC	Oct-2021	81,315	\$14,289,000	\$175.72	68.4%
Portland, ME	Dec-2021	76,527	\$20,100,000	\$262.65	82.6%
Chicago, IL	Dec-2021	98,595	\$19,043,000	\$193.14	64.2%
Tampa, FL	Dec-2021	97,785	\$20,596,000	\$210.63	90.7%
Charleston, SC	Mar-2022	79,210	\$16,026,000	\$202.32	68.0%
Winston-Salem,	Mar-2022	72,362	\$16,774,000	\$231.81	71.0%
Savannah, GA	Mar-2022	72,945	\$15,787,000	\$216.42	91.8%
Baltimore, MD	Mar-2022	82,645	\$21,651,000	\$261.98	75.1%
New York, NY	Apr-2022	55,934	\$35,802,000	\$640.08	84.6%
Tampa, FL	May-2022	73,355	\$17,218,000	\$234.72	80.8%
Miami, FL	May-2022	109,290	\$36,453,000	\$333.54	92.0%
Charlotte, NC	Jul-2022	76,696	\$20,059,000	\$261.54	91.8%
Las Vegas, NV	Aug-2022	90,875	\$29,113,000	\$320.36	74.2%
Phoenix, AZ	Aug-2022	100,775	\$30,550,000	\$303.15	80.6%
St. Louis, MO	Sep-2022	80,969	\$13,520,000	\$166.98	77.6%
St. Louis, MO	Sep-2022	164,154	\$27,522,000	\$167.66	77.4%
Naples, FL	Sep-2022	68,936	\$17,363,000	\$251.87	91.1%
Minneapolis, MN	Oct-2022	124,417	\$12,030,000	\$96.69	69.6%
Total	52	4,246,662	\$927,287,000		

## Investment Activity

### National Storage Affiliates (NYSE: NSA)

*During the full year 2022, National Storage Affiliates acquired 45 wholly-owned self storage properties for approximately \$569.2 million. Consideration for these acquisitions included issuance of \$68.9 million of OP equity. The volume represents the third largest since the company's IPO in 2015.*

- The company acquired an additional eight properties through joint ventures totaling \$215 million for the year.
- In the fourth quarter, NSA acquired two wholly-owned self storage properties for approximately \$39.9 million, consisting of about 169,000 rentable square feet configured in about 1,800 units. Consideration for these acquisitions included the issuance of approximately \$16.2 million of OP units, \$15.9 million of SP units, the assumption of about \$0.2 million of other liabilities, and \$7.6 million of net cash.
- On February 24, 2023, The company entered into an agreement with affiliates of Orlando-based Personal Mini, one of the company's PROs since 2017, to acquire 15 properties located in Florida for approximately \$145 million, subject to receipt of approval from the selling entity's shareholders and other customary closing conditions. The acquisition is expected to be completed in the first quarter of 2023 with a vast majority of consideration paid in preferred shares. Expectations for the company to achieve a year-one yield in the low 6s.
- Overall market cap rates in the mid-5%s, have not increased commensurately with the increase in interest rates and subsequent financing costs. Slowing overall acquisition activity from bid-ask expectation gaps between sellers and buyers.

### **Move It Self Storage PRO Internalization**

- One of the company's participating regional operators ("PROs"), Dallas-based Move It Self Storage and its controlled affiliates ("Move It"), founder Tracy Taylor retired effective January 1, 2023. As a result, management of the company's 72 properties in the Move It portfolio was transferred to NSA and the Move It brand name, which shall remain in place, and related intellectual property were internalized by the company. NSA will no longer pay supervisory and administrative fees or reimbursements to Move It and on January 1, 2023, issued a notice of non-voluntary conversion to cause all subordinated performance units related to Move It's managed portfolio to convert into OP units. As part of the internalization, a majority of Move It's employees were offered and provided employment by the company to continue managing Move Its portfolio of properties as members of NSA's existing property management platform.

## Operations

Public Storage  
(NYSE: PSA)

*For the full year 2022, Public Storage same-store revenues increased 14.8% and net operating income increased 16.5% as compared to the previous year. Top performing markets by same-store revenue growth for the full year include Miami, Orlando, Tampa, Charlotte, West Palm Beach, Los Angeles, and Atlanta.*

### 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, 2020. The same-store pool consists of 2,276 facilities (149.1 million net rentable square feet) representing 85% of the aggregate net rentable square feet of Public Storage' U.S. consolidated self storage portfolio at December 31, 2022.

### Q4 2022 RESULTS

- Same-store revenues increased 13.0% year-over-year during the fourth quarter, a 170 basis point decrease sequentially from Q3 2022. The increase was driven by a 15.7% increase in realized rent per occupied square foot and 24.0% increase in late fees and administrative fees collected during the quarter.
- Cost of operations for the same-store pool increased by 5.3% year-over-year during the fourth quarter. The increase was impacted by a 49.1% increase in marketing, 12.4% increase in repairs and maintenance, 6.5% increase in utilities, 9.4% increase in other direct property costs, and 2.8% increase in property taxes. Expenses were offset by a 7.7% decrease in on-site property management payroll.
- Same-store net operating income increased 15.8% year-over-year during the fourth quarter, driven by a 13.0% increase in same-store revenue and 5.3% increase in operating expenses.
- Same-store occupancy at the end of the quarter was 92.4%, a 250 basis point decrease year-over-year. Same-store weighted average occupancy during the fourth quarter was 93.4%, a 260 basis point decrease year-over-year.

### FULL YEAR 2022 RESULTS

- Same-store revenues increased 14.8% for the full year 2022 as compared to 2021. The increase was driven by a 16.4% increase in realized rent per occupied square foot and 23.0% increase in late fees and administrative fees collected during the year. The increase was partially offset by a 1.5% decrease in average occupancy in 2022 as compared to 2021.
- Cost of operations for the same-store pool increased by 6.5% for the full year 2022. The increase was impacted by a 15.7% increase in marketing, 10.9% increase in repairs and maintenance, 10.0% increase in other direct property costs, 4.1% increase in on-site property management payroll, and 4.3% increase in property taxes.
- Same-store net operating income increased 17.9% for the full year 2022, driven by a 14.8% increase in same-store revenue and 6.5% increase in operating expenses.
- Same-store weighted average occupancy during the year was 94.9%, a 150 basis point decrease compared to the full year 2021.

### Operating Fundamentals

- Public Storage expects weaker demand in 2023 as compared to 2022 driven by a weaker macroeconomic outlook and more limited moving activities, with move-out activities and occupancy levels returning to pre-2020 levels. The company plans to continue to support demand levels with increased marketing expense, lowering rental rates to new customers, and increased promotional discounting. As a result, the company projects revenue growth to decline in 2023 as compared to high levels of growth in 2022 and 2021.

## Operations

### Public Storage (NYSE: PSA)

#### Operating Fundamentals (continued)

- Public Storage celebrated its 50th anniversary in 2022 achieving record results with an average of 14.8% same-store revenue growth and 16.5% net operating income growth during the year.
- Rate will be the driver of revenue growth with moderation through the year based on lower move-in rents and decelerating existing tenant rent increases.
- The 15.7% increase in realized annual rent per occupied square foot during the quarter was due to rate increase to existing long-term tenants in substantially all markets, combined with a 6.2% increase year-over-year in average rates per square foot charged to new tenants. At December 31, 2022, annual contract rent per occupied square foot was 15.3% higher as compared to a year earlier. The increase was partially offset by increases in move-out activity and 81.2% increase in discounts compared to a year earlier.
- Consumer behavior relating to existing customer rent increases (ECRIs) remains unchanged. The cost to replace tenants, however, may be impacted by declining rental rates. Replacing tenants with new tenants at higher move-in rents versus move-out rents that were typical recently may reverse itself with projected softness in rental rates. The impact may result in lower magnitude and lower frequency increases.
- Demand remains strong demonstrating multi-dimensional demand drivers with proven resiliency throughout economic cycles. However, move-out activity is returning to more historical norms. Move-in volumes increased 11.5% and move-out volumes increased 11.8% year-over-year contributing to a 250 basis point decrease in occupancy at the end of the quarter.
- Move-in and move-out trends remained consistent in January with 10% year-over-year increase in move-in volume and about a 5% decrease in move-in rates, comparable to the previous quarter.
- The spread between move-in and move-out rents lengthened to -21.4% during the quarter compared to -11.4% the previous quarter. The increase spread reflects seasonality in move-in rates (4.9% year-over-year decrease) against a 14.6% increase in rents for tenants moving out.
- The average tenure of the in-place tenants increased to about 37 months. About 61% to 62% of the tenants have been renting for over one year and 43% to 44% for over two years.
- Public Storage achieved 81.2% in same-store net operating income margin, an increase of 1.8% as compared to 2021.
- The company projects continued upward pressure on real estate taxes in the coming years. 5% to 6% increases are likely with strong net operating income growth in the sector of the past several years driving increased assessments.
- Public Storage aims to control rising payroll with a multitude of initiatives. Digital transformation relating to contactless management tools and efficiencies in staffing help counteract significant wage pressures in the current economy.
- Controlling rising utility costs is an additional priority. Public Storage is seeking to add about 300 properties to its solar panel initiative by the end of the year to bring the aggregate total to about 500 properties. Its LED conversion initiative is providing additional energy efficiencies to manage costs.
- Capital expenditures are expected to reach \$450 million this year with a combination of LED and solar panel installations and continuation of the Property of Tomorrow program, the company's initiative to improve curb appeal and functionality of its portfolio. To date, about 55% to 60% of the portfolio has been re-branded to the Property of Tomorrow standard.



## Operations

### Public Storage (NYSE: PSA)

#### Operating Fundamentals (continued)

- Marketing expenses increased 49.1% year-over-year due to utilizing higher volume of on-line paid search programs to attract new tenants. Other direct property costs increased 9.4% year-over-year during the quarter primarily due to an increase in credit card processing fees with more customers paying with credit cards.
- Same-store tenant insurance revenue generated at Public Storage facilities reached \$139 million in 2022, a 3.8% year-over-year increase.

#### Major Markets Revenue Growth

- All major markets reported revenue growth during the quarter. Major markets with same-store revenue growth above the portfolio average during the quarter include Los Angeles (+21.7%), Orlando (+20.3%), Miami (+17.0%), Tampa (+16.1%), Charlotte (+15.5%), West Palm Beach (+14.8%), Houston (+14.6%), and Dallas (+13.1%).
- Los Angeles, representing about 16% of Public Storage's same-store revenues, realized a 150 basis point sequential increase in same-store revenue growth due, in part, to rate increases to existing customers following the lifting of price regulations early in the year. Gains in Los Angeles helped support decelerating growth trends in other markets.
- Markets reporting positive revenue growth but below the Public Storage portfolio average of 13.0% during the quarter include Philadelphia (+6.5%), Washington DC (+8.3%), New York (+8.5%), San Francisco (+9.5%), Chicago (+10.7%), and Seattle (+11.1%).
- The next four largest markets after Los Angeles reported decelerating sequential growth. San Francisco moderated 90 basis points from Q3 2022, New York 170 basis points, Miami 510 basis points, and Seattle 210 basis points.

#### Third-Party Management

- Public Storage currently manages 114 facilities for third-parties, and are under contract to manage 78 additional facilities, including 73 facilities that are currently under construction. During 2022, the company added 60 facilities to the platform, acquired three facilities from the program, and had 17 facilities exit the

#### Full Year Guidance: 2023 (Same-Store Pool of 2,276 Stores)

Same-Store Revenue Growth	2.5% to 5.0%
Same-Store Property Expenses	4.75% to 6.75%
Same-Store Net Operating Income	1.2% to 5.1%
Acquisitions	\$750 million
Development Openings	\$375 million
Non-Same-Store Net Operating Income	\$510 million to \$530 million
Capital Expenditures	\$450 million
Core FFO Per Share	\$16.10 to \$16.80





Operations

Public Storage  
(NYSE: PSA)

**Top Market Same-Store Performance - End of Fourth Quarter 2022**

Market	Facilities	Rent Per Occupied Square Foot	Weighted Avg. Occupancy	Revenue Growth
Los Angeles	212	\$34.90	96.2%	21.7%
San Francisco	128	\$32.33	94.3%	9.5%
New York	90	\$31.92	93.0%	8.5%
Miami	83	\$29.30	94.2%	17.0%
Seattle-Tacoma	86	\$26.06	92.6%	11.1%
Washington DC	90	\$26.31	91.7%	8.3%
Chicago	129	\$20.20	91.4%	10.7%
Dallas-Ft. Worth	106	\$18.02	93.4%	13.1%
Atlanta	101	\$18.32	91.2%	12.9%
Houston	95	\$16.66	92.5%	14.6%
Orlando-Daytona	69	\$19.12	94.9%	20.3%
Philadelphia	56	\$21.68	92.3%	6.5%
West Palm Beach	37	\$26.63	94.8%	14.8%
Tampa	51	\$19.77	94.3%	16.1%
Charlotte	50	\$15.79	93.8%	15.5%
All other markets	893	\$18.58	93.3%	10.8%
Totals	2,276	\$22.74	93.4%	13.0%

## Operations

Extra Space  
Storage  
(NYSE: EXR)

*For the full year 2022, Extra Space same-store revenues increased 17.4% and net operating income by 20.3% as compared to 2021. Top performing markets by same-store revenue growth for the full year include Atlanta, Miami, Tampa, Orlando, Norfolk-Virginia Beach, Indianapolis, and Austin.*

### 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 867 facilities.

### Q4 2022 RESULTS

- Same-store revenues increased 11.8% year-over-year during the fourth quarter. The increase was driven by a 11.4% increase in rental income and 21.8% increase in other operating income.
- Cost of operations for the same-store pool increased by 6.7% during the fourth quarter, a 370 basis point decrease sequentially from Q3 2022. The increase was impacted by a 11.3% increase in payroll expense, 12.2% increase in office expense, 11.5% increase in property operating expense, and 35.7% increase in insurance. The increase was partially offset by a modest 0.7% increase in real estate taxes and 0.3% decrease in marketing.
- Same-store net operating income increased 13.4% year-over-year during the fourth quarter, driven by a 11.8% increase in same-store revenue and 6.7% increase in operating expenses.
- Same-store occupancy at the end of the quarter was 94.2%, a 110 basis point decrease from a year earlier. Same-store weighted average occupancy during the fourth quarter was 95.0%, a 100 basis point decrease year-over-year.

### FULL YEAR 2022 RESULTS

- Same-store revenues increased 17.4% for the full year 2022 as compared to 2021. The increase was driven by a 17.0% increase in net rental income and 28.6% increase in late fees and administrative fees collected during the year. The increase was partially offset by a 100 basis point decrease in average occupancy in 2022 as compared to 2021.
- Cost of operations for the same-store pool increased by 8.8% for the full year 2022. The increase was impacted by a 13.4% increase in payroll, 15% increase in office expense, 12.4% increase in property operating expense, 10.8% increase in repairs and maintenance, and 41.0% increase in insurance. Real estate taxes and marketing expense remained muted at 2.4% and 1.5%, respectively.
- Same-store net operating income increased 20.3% for the full year 2022, driven by a 17.4% increase in same-store revenue and 8.8% increase in operating expenses.
- Same-store weighted average occupancy during the year was 95.0%, a 100 basis point decrease compared to the full year 2021.

### Operating Fundamentals

- Extra Space's same-store revenue growth of 17.4% in 2022 is the highest in company history.
- Demand remains steady generating high occupancies and revenue growth above 10% through December. Elevated occupancy allowed the company to sequentially increase rates month-over-month to new customers since November, encouraging for a time of year normally impacted by seasonality.



## Operations

Extra Space  
Storage  
(NYSE: EXR)

### Operating Fundamentals (continued)

- Occupancy ended the year at 94.2% and is holding steady at 93.5% during the typical seasonal time of the year. The company is well positioned entering the prime leasing season this spring.
- Same-store revenue growth guidance for 2023 of 3.75% to 5.25% implies high single-digit growth rate during the first half of the year and low to mid-single-digit growth in the second half.
- Expense guidance for 2023 continues to signal upward pressure on operating expenses. The company estimates 5% to 6% growth in expenses for 2023. Two major items, payroll and real estate taxes, are projected to growth 4% during the year. Marketing, utilities, and insurance expenses are likely to accelerate above average in 2023. The company's solar panel initiative, currently consisting of 50% of its stores, may expand to offset utility cost increases.
- Move-out activity has accelerated with the return of seasonality with Sacramento, Phoenix and Las Vegas realizing outsized increases in move-out volumes.
- Customer behavior relating to existing customer rent increases (ECRIs) remains consistent with incremental move-outs from ECRIs trending towards more historical levels. The pace and magnitude of ECRIs may recede with the gap between in-place rents and street rates narrowing.
- Net rents per occupied square foot increased 12.8% year-over-year to an average of \$22.58 per square foot, despite offering lower rates to new customers.
- The spread between move-in and move-out rents lengthened to -23% during the quarter. The increase spread reflects seasonality in move-in rates against higher rents increase in rents for tenants moving out.

### Major Markets Revenue Growth

- All major markets reported revenue growth during the quarter. Major markets with same-store revenue growth above the portfolio average during the quarter include Miami (+17.7%), Orlando (+16.1%), Los Angeles (+15.3%), Tampa-St. Petersburg (+15.2%), Dallas-Ft. Worth (+15.0%), Philadelphia (+14.8), Austin (+14.4%), Indianapolis (+14.2%), Atlanta (+13.7%), Houston (+12.8%), and New York (+12.5%).
- Markets reporting positive revenue growth but below the Extra Space portfolio average of 11.8% during the quarter include Sacramento (+3.8%), Memphis (+4.9%), Cincinnati (+6.2%), San Francisco (+6.8%), Washington DC (+8.2%), Boston (+8.2%), and Phoenix (+8.9%).

### Third-Party Management

- Extra Space added 46 stores gross (one net stores) to its management platform during the fourth quarter, resulting in 887 third-party managed stores. (1,205 managed stores including joint ventures).

### Full Year 2023 Guidance - (Same-Store Pool of 867 Stores)

Same-Store Property Revenue Growth	3.75% to 5.25%
Same-Store Expense Growth	5.0% to 6.0%
Same-Store NOI Growth	3.0% to 5.5%
Net Tenant Reinsurance Income	\$158.5 million to \$159.5 million
Management Fees, Other Income and Interest Income	\$86 million to \$87 million
Acquisitions	\$250 million
Bridge Loans	\$650 million
Dilution Per Share from CofO and Value-Add Acquisitions	\$0.25
Core Funds From Operations (FFO) Per Share-Annual	\$8.30 to \$8.60



Operations

Extra Space  
Storage  
(NYSE: EXR)

Select Markets Same-Store Performance - Fourth Quarter 2022

MSA	Number of Stores	Rent Per Occupied Square Foot	Average Occupancy	Revenue Growth
Los Angeles-Riverside-Orange County, CA	85	\$29.17	95.5%	15.3%
New York-Northern New Jersey-Long Island, NY-NJ-PA	73	\$30.61	94.7%	12.5%
Atlanta, GA	62	\$18.61	93.9%	13.7%
Washington-Baltimore, DC-MD-VA-WV	52	\$24.02	94.4%	8.2%
Dallas-Fort Worth, TX	48	\$17.73	96.4%	15.0%
Boston-Worcester-Lawrence, MA-NH-ME-CT	44	\$27.40	94.5%	8.2%
San Francisco-Oakland-San Jose, CA	39	\$34.96	93.3%	6.8%
Chicago-Gary-Kenosha, IL-IN-WI	30	\$20.23	96.0%	11.5%
Miami-Fort Lauderdale, FL	28	\$27.23	96.0%	17.7%
Phoenix-Mesa, AZ	21	\$18.72	94.7%	8.4%
Philadelphia-Wilmington-Atlantic City, PA-DE-NJ	20	\$22.16	93.7%	14.8%
Tampa-St. Petersburg-Clearwater, FL	18	\$22.26	95.5%	15.2%
Houston-Galveston-Brazoria, TX	16	\$17.60	96.2%	12.8%
Norfolk-Virginia Beach-Newport News, VA-NC	15	\$19.58	94.3%	12.8%
Cincinnati-Northern Kentucky, OH-KY	14	\$14.40	93.8%	6.2%
Las Vegas, NV-AZ	14	\$18.06	93.5%	8.9%
Sacramento-Yolo, CA	12	\$21.57	91.0%	3.8%
Indianapolis, IN	12	\$15.25	95.3%	14.2%
Austin-San Marcos, TX	11	\$19.45	94.7%	14.4%
Memphis, TN-AR-MS	11	\$13.40	92.2%	4.9%
Orlando, FL	11	\$19.24	96.0%	16.1%
Denver-Boulder-Greeley, CO	10	\$18.83	93.4%	11.9%
Charleston-North Charleston, SC	10	\$17.59	95.1%	12.6%
Other MSAs	211	\$19.20	94.6%	11.1%
TOTALS	867	\$22.58	94.7%	11.8%

## Operations

CubeSmart  
(NYSE: CUBE)

*For the full year 2022, CubeSmart same-store revenues increased 12.7% and net operating income by 16.7% as compared to 2021. Top performing markets by same-store revenue growth for the full year include Miami, Cape Coral, Orlando, Charleston, Nashville, Atlanta, Dallas, and Austin.*

### 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 December 31, 2022, the same-store pool includes 521 stores totaling approximately 36.85 million square feet.

### Q4 2022 RESULTS

- Same-store revenues increased 9.5% year-over-year during the fourth quarter, a 270 basis point decrease sequentially. The increase was primarily driven by an 10% increase in realized annual rent per occupied square foot and 26.5% increase in other property related income.
- Cost of operations for the same-store pool increased by 2.3% year-over-year during the fourth quarter. The increase was impacted by a 6.2% growth in real estate taxes, 5.8% increase in Utilities, and 7.5% increase in insurance costs. Cost of operations were partially offset by a 2.5% decrease in payroll and 6.3% decrease in advertising.
- Same-store net operating income increased 12.1% as compared to the same quarter last year, driven by a 9.5% increase in same-store revenue and 2.3% increase in operating expenses.
- Same-store occupancy at the end of the quarter was 92.1%, a 120 basis point decrease year-over-year. Same-store weighted average occupancy during the fourth quarter was 92.8%, a 100 basis point decrease from a year earlier.

### FULL YEAR 2022 RESULTS

- Same-store revenues increased 12.7% for the full year 2022 as compared to 2021. The increase was driven by a 12.4% increase in net rental income and 19.6% increase in other income. The increase was partially offset by a 60 basis point decrease in average occupancy in 2022 as compared to 2021.
- Cost of operations for the same-store pool increased by 3.0% for the full year 2022. The increase was impacted by a 6.2% increase in real estate taxes, 7.5% increase in insurance, 5.8% increase in utilities, and 4.5% increase in repairs and maintenance. The increase was partially offset by a 2.5% decrease in payroll and 6.3% decrease in advertising.
- Same-store net operating income increased 16.7% for the full year 2022, driven by a 12.7% increase in same-store revenue and 3.0% increase in operating expenses.
- Same-store weighted average occupancy during the year was 94.0%, a 60 basis point decrease compared to the full year 2021.

### Operating Fundamentals

- CubeSmart strategically focuses on quality-assets with sector-leading demographics to generate stable revenue growth. For positive long-term risk-adjusted returns, markets with significant populations, lower levels of supply of self-storage on a square foot per capita basis, good household incomes and a good percentage of our customers living in rental housing versus homeownership tend to create stable cash flow over longer periods of time.

## Operations

CubeSmart  
(NYSE: CUBE)

### Operating Fundamentals (continued)

- CubeSmart believes that, viewed from a historical lens, 2021, 2022 and 2023 will be judged among the best years for self storage. The company is positioned in 2023 to perform above the historical 20-year average despite uncertainty in world events.
- Operating results in January and February were at or better than expectations positively positioning the company for the start of the prime leasing season.
- New supply that will compete with approximately 30% of CubeSmart's same-store portfolio in 2023, down from 35% of stores impacted by supply last year and down from the peak of 50% of impacted stores back in 2019. The greatest impact of new supply was felt in Philadelphia, Washington DC and Northern New Jersey.
- Life Storage achieved 75.0% in same-store net operating income margin during the quarter, an increase of 170 basis points as compared to 2021.
- Net effective rents for new customers decreased 10% year-over-year for the quarter. Rents also declined 10% in January and 9% in February.
- For the full year 2022, same-store move-in volume decreased 3.2% and move-out volume increased 1% contributing to a 60 basis point decline in average occupancy for the year.
- The company is closely monitoring expense pressures in 2023. Insurance and utility costs are expected to increase due to inflationary pressures. Real estate taxes are estimated to increase 4% to 7% in 2023. The company aims to manage payroll with efficiencies in staffing, technology and balancing the feasibility of kiosk-managed stores.
- The same-store pool increased by 73 stores to start 2023. 57 stores from the Storage West portfolio are included in the pool. The portfolio is currently 91.3% occupied, a 130 basis point decrease from the new pool's occupancy a year ago. The company projects the spread to narrow during the year and end the year about 50 basis points lower than the previous year.
- CubeSmart expects existing customer rent increases (ECRIs) to continue above historical averages, but at lower level increases than a year ago. The company is anticipating normalized increases after robust demand generated outsized increases in 2021 and 2022.

### New York Market

- The New York market is beginning to experience the positive impact of waning new supply in the boroughs. Recent new supply is leasing up and the delivery pipeline exhausted. The company projects the New York market to deliver steady returns during the year with above-average performance in the back half of the year.
- Signs of a re-acceleration in the New York market are emerging with occupancy (+20 basis points) and net effective rents (+300 basis points) higher today than a year ago. It is the only major market with positive year-over-year rents in January and February. Conversely, the high growth sunbelt markets that benefited from pandemic-related demand are generating lower occupancy and rents than a year ago.



## Operations

CubeSmart  
(NYSE: CUBE)

### Major Markets Revenue Growth

- All major markets reported revenue growth during the quarter. Major markets with same-store revenue growth above the portfolio average during the quarter include Nashville (+19.4%), Cape Coral (+18.4%), Orlando (+17.1%), Charleston (+16.7%), Miami (+15.6%), Charlotte (+14.2%), Jacksonville (+14.0%), Dallas (+13.5%), and Tampa (+13.0%).
- Markets reporting positive revenue growth but below the CubeSmart portfolio average of 9.5% during the quarter include Sacramento (+0.6%), Washington DC (+2.8%), Philadelphia (+3.1%), Las Vegas (+5.5%), New York (+6.0%), Tucson (+6.8%), Columbus (OH) (+7.5%), and Hartford (+7.6%).
- New York, representing 21% of CubeSmart's same-store revenue, increased 300 basis points to 9.0% after re-accelerating 170 basis points last quarter. Occupancy in the company's New York City portfolio increased 20 basis points year-over-year at 93.8%.

### Third-Party Management

- CubeSmart added 28 stores and 135 stores to its third-party management platform during the quarter and 2022, respectively. The third-party management platform totals 668 stores, which includes joint venture partnership managed properties.

### Full Year Guidance 2023 - (Same-Store Pool of 521 Stores)

Same-Store Revenue Growth	4.0% to 5.5%
Same-Store Property Expenses	4.0% to 5.0%
Same-Store Net Operating Income	4.0% to 6.0%
Acquisition of Operating Properties	\$100 million to \$200 million
Dilution from Properties in Lease-Up	\$(0.02) to \$(0.03)
Property Management Fee Income	\$36 million to \$38 million
FFO per Diluted Share, as Adjusted	\$2.64 to \$2.71



Operations

CubeSmart  
(NYSE: CUBE)

Same-Store Operating Performance by MSA - Fourth Quarter 2022

MSA	Facilities	Rent Per Occupied Square Foot	Average Occupancy	Revenue Growth
New York-Northern New Jersey-Long Island, NY-NJ-PA	67	\$34.15	93.8%	6.0%
Miami-Fort Lauderdale-Pompano Beach, FL	38	\$26.09	94.2%	15.6%
Chicago-Naperville-Joliet, IL-IN-WI	42	\$19.05	92.5%	11.0%
Dallas-Fort Worth-Arlington, TX	37	\$18.00	92.7%	13.5%
Washington-Arlington-Alexandria, DC-VA-MD-WV	24	\$25.39	92.0%	2.8%
Atlanta-Sandy Springs-Marietta, GA	20	\$17.97	90.6%	10.0%
Phoenix-Mesa-Scottsdale, AZ	16	\$18.93	92.4%	9.6%
Riverside-San Bernardino-Ontario, CA	16	\$20.08	93.1%	8.3%
Orlando-Kissimmee, FL	14	\$17.83	93.8%	17.1%
Houston-Sugar Land-Baytown, TX	14	\$16.97	93.4%	10.7%
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	13	\$23.10	90.9%	3.1%
Boston-Cambridge-Quincy, MA-NH	14	\$25.91	89.8%	9.6%
Austin-Round Rock, TX	11	\$19.04	90.8%	12.7%
Nashville-Davidson-Murfreesboro-Franklin, TN	9	\$16.55	92.2%	19.4%
Tucson, AZ	15	\$19.41	89.1%	6.8%
Columbus, OH	10	\$14.11	93.5%	7.5%
Las Vegas-Paradise, NV	8	\$20.24	91.6%	5.5%
Hartford-West Hartford-East Hartford, CT	12	\$17.64	93.5%	7.6%
Los Angeles-Long Beach-Santa Ana, CA	8	\$29.06	94.7%	12.0%
Cleveland-Elyria-Mentor, OH	10	\$17.86	91.2%	8.0%
San Diego-Carlsbad-San Marcos, CA	7	\$23.89	95.7%	11.8%
Sacramento-Arden-Arcade-Roseville, CA	9	\$18.92	92.2%	0.6%
Denver-Aurora, CO	8	\$18.30	93.1%	10.6%
Jacksonville, FL	7	\$21.64	94.8%	14.0%
Tampa-St. Petersburg-Clearwater, FL	7	\$21.63	93.2%	13.0%
Baltimore-Towson, MD	6	\$22.91	92.0%	8.2%
Charlotte-Gastonia-Concord, NC-SC	7	\$18.02	92.7%	14.2%
Cape Coral-Fort Myers, FL	6	\$21.30	97.9%	18.4%
Charleston-North Charleston, SC	8	\$16.49	92.6%	16.7%
Providence-New Bedford-Fall River, RI-MA	6	\$20.57	91.0%	3.6%
Bridgeport-Stamford-Norwalk, CT	6	\$29.29	91.9%	5.3%
San Antonio, TX	5	\$16.67	93.0%	11.6%
Other	41	\$20.26	92.5%	11.3%
Total	521	\$22.47	92.8%	9.5%



## Operations

Life Storage  
(NYSE: LSI)

*For the full year 2022, Life Storage same-store revenues increased 15.2% and net operating income by 19.4% as compared to 2021. Top performing markets by same-store revenue growth for the full year include Miami, Cape Coral, Space Coast, Orlando, Charlotte, Virginia Beach, Raleigh-Durham, Atlanta, and Chattanooga.*

### 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, 2020. The stores purchased through 2020 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 576 facilities in Life Storage's same-store pool.

### Q4 2022 RESULTS

- Same-store revenues increased 11.8% during the fourth quarter, a 310 basis point decrease sequentially from Q3 2022. The increase was driven a 12.1% increase in rental income and partially offset by a 12.2% decrease in other operating income.
- Cost of operations for the same-store pool increased by 8.0% during the fourth quarter. Operating expenses were impacted by a 17.3% increase in repairs and maintenance, 15.7% increase in real estate taxes, 10.1% increase in utilities, and 11.7% increase in marketing. The increase was partially offset by a 4.3% decrease in payroll and 5.9% decrease in insurance.
- Same-store net operating income grew 13.3% year-over-year during the fourth quarter, driven by a 11.8% gain in same-store revenue and 8.0% increase in operating expenses.
- Same-store occupancy at the end of the quarter was 91.4%, a 260 basis point decrease year-over-year. Same-store weighted average occupancy during the fourth quarter was 91.5%, a 240 basis point decrease from a year earlier.

### FULL YEAR 2022 RESULTS

- Same-store revenues increased 15.2% for the full year 2022 as compared to 2021. The increase was driven by a 15.5% increase in net rental income. The increase was partially offset by a 6.4% decrease in other property income and 260 basis point decrease in average occupancy in 2022 as compared to 2021.
- Cost of operations for the same-store pool increased by 5.4% for the full year 2022. The increase was impacted by a 13.6% increase in repairs and maintenance, 9.7% increase in utilities, 8.8% increase in office and other expenses, and 8.7% increase in internet marketing. The increase was partially offset by a 16.5% decrease in advertising and 1.5% decrease in payroll.
- Same-store net operating income increased 19.4% for the full year 2022, driven by a 15.2% increase in same-store revenue and 5.4% increase in operating expenses.
- Same-store weighted average occupancy during the year was 91.5%, a 260 basis point decrease compared to the full year 2021.

## Operations

### Life Storage (NYSE: LSI)

#### Operating Fundamentals

- Life Storage crossed the \$1 billion in total consolidated revenue, doubling the revenue reported only five years ago.
- The company expects a return to more seasonal trends in 2023, but operating fundamentals remain above pre-pandemic levels. Same-store occupancy averaged 91.5% for the quarter, or 140 basis points above pre-pandemic levels. The momentum continued into January with a record number of move-ins resulting in month-end occupancy of 91.2%, 150 basis points higher than pre-pandemic January 2019.
- Life Storage achieved 73.7% in same-store net operating income margin during the quarter, an increase of 100 basis points as compared to 2021. Since 2019, the company has expanded its operating margin 630 basis points through increased rental rates and reduced expenses. They project an additional 70 basis points of additional uplift over the next two years.
- The company continuously analyzes initiatives that help manage payroll costs at the facility level. The company continues to utilize its Rent Now contactless program, analyze data to determine the most efficient level of staffing hours, and explore the use of virtual management kiosk stations.

#### Operational Components to Life Storage Response to Public Storage Offer

- Life Storage reported its strong operational results over the past five years to demonstrate its differentiated platform and unique value creation opportunity.
- The company projects low double-digit FFO growth in 2024, with a mid-point of 11%, based on continued same-store revenue growth, contributions from recent acquisitions, positive impact of lease-up assets, increase in fee revenue from third-party management and joint ventures, and increased yields from redevelopment of existing facilities.
- The low guidance for future acquisitions as compared to the last three years mutes future acquisitions impact on projected FFO. The recent \$3.3 billion in acquisitions in Sunbelt coupled with growing third-party management pipeline and expansion program may act as the primary drivers.
- The company has reshaped its portfolio to focus on Sunbelt markets that benefit from expanding demographics and high growth potential. The company acquired 140 properties in the Sunbelt since 2019 representing 70% of its acquisitions. The Sunbelt portfolio now represents about 60% of its store count.

#### Major Markets Revenue Growth

- All major markets reported revenue growth during the quarter. Major markets with same-store revenue growth above the portfolio average during the quarter include Cape Coral (+29.9), Miami (+16.7%), Space Coast (+17.2), Orlando (+16.0%), Los Angeles (+15.6%), Chattanooga (+15.2%), Dallas (+14.8%), Charlotte (+14.6%), Raleigh-Durham (+14.4%), Tampa (+14.4%), and Virginia Beach-Norfolk (+13.9%).
- Markets reporting positive revenue growth but below the Life Storage portfolio average of 11.8% during the quarter include Beaumont (+0.9%), Youngstown (+5.0%), Cleveland (+6.1%), Philadelphia (+6.2%), Montgomery (+6.8%), Pensacola (+8.0%), St. Louis (+8.3%), Baltimore (+8.5%), and New England (+8.7%).
- The company reports 85% of its major markets achieved 7% or greater same-store revenue growth during the quarter. For the full year 2022, 32 of Life Storage' top 33 markets achieved 10% or greater revenue growth.

#### Third-Party Management

- Life Storage added 40 stores and 107 stores to the third-party management platform during the fourth quarter and 2022, respectively. The company transitioned 29 stores from other REIT platforms during the quarter. The platform has grown over 20% in 2022 to 440 total stores despite acquiring 11 previously managed stores.



## Operations

Life Storage  
(NYSE: LSI)

### Full Year Guidance 2023 - (Same-Store Pool of 576 Stores)

Same-Store Revenue Growth	4.0% to 5.5%
Same-Store Operating Costs (excluding property taxes)	4.0% to 5.0%
Same-Store Property Taxes	6.25% to 7.25%
Total Same-Store Operating Expenses	4.75% to 6.25%
Same-Store Net Operating Income	3.75% to 5.25%
Expansion & Enhancements	\$65 million to \$75 million
Capital Expenditures	\$30 million to \$35 million
Wholly-Owned Acquisitions	\$150 million to \$250 million
Joint Venture Investments	\$50 million to \$100 million
Adjusted Funds from Operations (FFO) Per Share	\$6.75 to \$6.95



Operations

Life Storage  
(NYSE: LSI)

Select Markets Same-Store Performance - Fourth Quarter 2022

Market	Stores	Rent Per Occupied Square Foot	Average Occupancy 12/31/2022	Revenue Growth
New York-Newark-Jersey City, NY-NJ-PA	36	\$28.82	92.5%	10.9%
Chicago-Naperville-Elgin, IL-IN-WI	40	\$19.77	93.3%	12.7%
Houston-The Woodlands-Sugar Land, TX	40	\$16.72	91.2%	11.1%
New England-Other	26	\$22.59	93.1%	8.7%
Dallas-Fort Worth-Arlington, TX	29	\$16.71	93.6%	14.8%
Buffalo-Upstate, NY	26	\$18.73	89.5%	11.5%
Miami-Fort Lauderdale-Pompano Beach, FL	17	\$26.87	93.8%	16.7%
Los Angeles-Long Beach-Anaheim, CA	12	\$28.54	91.7%	15.6%
Atlanta-Sandy Springs-Alpharetta, GA	24	\$17.96	91.7%	13.3%
Las Vegas-Henderson-Paradise, NV	18	\$20.02	92.7%	12.4%
Austin-Round Rock-Georgetown, TX	20	\$17.87	90.9%	13.0%
Sacramento-Roseville-Folsom, CA	14	\$19.93	91.3%	10.6%
Tampa-St. Petersburg-Clearwater, FL	18	\$20.01	91.8%	14.4%
Boston-Cambridge-Newton, MA-NH	16	\$20.81	91.0%	9.5%
San Antonio-New Braunfels, TX	17	\$17.37	90.0%	9.9%
St. Louis, MO-IL	14	\$17.06	92.2%	8.3%
Cleveland-Elyria, OH	12	\$17.96	89.5%	6.1%
Virginia Beach-Norfolk-Newport News, VA-NC	11	\$16.72	91.5%	13.9%
Orlando-Kissimmee-Sanford, FL	12	\$17.98	94.1%	16.0%
Space Coast, FL	8	\$20.92	94.4%	17.2%
Phoenix-Mesa-Chandler, AZ	10	\$18.82	92.9%	12.4%
Jacksonville, FL	10	\$19.01	91.2%	11.9%
Charlotte-Concord-Gastonia, NC-SC	9	\$17.46	90.4%	14.6%
Pensacola-Ferry Pass-Brent, FL	7	\$16.14	89.0%	8.0%
Chattanooga, TN-GA	7	\$16.93	92.0%	15.2%
Raleigh-Durham, NC	7	\$16.09	94.5%	14.4%
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	5	\$20.35	90.0%	6.2%
Beaumont-Port Arthur, TX	7	\$16.37	89.1%	0.9%
Columbus, OH	6	\$15.78	91.1%	9.8%
Montgomery, AL	7	\$12.19	89.8%	6.8%
Cape Coral-Fort Myers, FL	5	\$19.41	98.1%	29.9%
Baltimore-Columbia-Towson, MD	5	\$20.43	87.5%	8.5%
Youngstown-Warren-Boardman, OH-PA	5	\$13.46	88.9%	5.0%
Other markets	76	\$18.53	89.6%	10.7%
Totals	576	\$19.51	91.5%	11.8%

## Operations

National  
Storage Affiliates  
(NYSE: NSA)

*For the full year 2022, National Storage Affiliates same-store revenues increased 12.1% and net operating income increased 14.9% as compared to the previous year. Top performing markets by same-store revenue growth for the full year include Atlanta, Inland Empire, Sarasota-Bradenton, McAllen-Edinburg (TX), and Oklahoma City.*

### 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 December 31, 2022, the same-store portfolio consisted of 628 self storage properties.

### Q4 2022 RESULTS

- Same-store revenues increased 7.4% during the fourth quarter year-over-year. Same-store revenues were driven by a 12.4% increase in average annualized rental revenue per occupied square foot and partially offset by a 6.1% decrease in other income and 420 basis point decrease in occupancy.
- Cost of operations for the same-store pool increased by 1.6% year-over-year during the fourth quarter. The increase was impacted by an 15.0% increase in utilities and 25.5% increase in marketing. Expenses were partially offset by a 9.9% decrease in insurance, 4.5% decrease in repairs and maintenance, and 4.1% decrease in payroll. Real estate taxes were flat during the quarter.
- Same-store net operating income grew 9.4% year-over-year during the fourth quarter, driven by an 7.4% increase in same-store revenue and 1.6% increase in operating expenses.
- Same-store occupancy at the end of the quarter was 90.5%, a 450 basis point decrease year-over-year. Same-store weighted average occupancy during the fourth quarter was 91.4%, a 420 basis point decrease from a year earlier.

### Q4 2022 RESULTS

- Same-store revenues increased 12.1% for the full year 2022 as compared to 2021. The increase was driven by a 13.4% increase in realized rent per occupied square foot. The increase was partially offset by a 1.5% decrease in other income and 450 basis point decrease in average occupancy in 2022 as compared to 2021.
- Cost of operations for the same-store pool increased by 4.8% for the full year 2022. The increase was impacted by a 13.3% increase in marketing, 12.7% increase in insurance, 9.6% increase in other direct property costs, and 4.9% increase in property taxes. Expenses were partially offset by a 2.0% decrease in insurance and 0.5% decrease in payroll during the year.
- Same-store net operating income increased 14.9% for the full year 2022, driven by a 12.1% increase in same-store revenue and 4.8% increase in operating expenses.
- Same-store weighted average occupancy during the year was 93.8%, a 90 basis point decrease compared to the full year 2021.

## Operations

National  
Storage Affiliates  
(NYSE: NSA)

### Operating Fundamentals

- The company reports continued strong performance in the Sunbelt states of North Carolina, Georgia, Texas, and Florida. In addition, smaller markets outperforming portfolio averages include Brownsville, McAllen, Oklahoma City, and Wilmington.
- Approximately 68% of the company's same-store portfolio are in the Sunbelt. The company expects revenue growth from these stores to outpace non-Sunbelt stores by about 100 basis points.
- Demand remains strong with January move-in volume 4.2% higher year-over-year and move-out volume flat at about 2% year-over-year.
- Street decreased a little over 7% during the quarter due to seasonality. In January, the rates dipped about 20 basis points sequentially from December.
- The company's occupancy and rental rates are expected to rebound in the spring leasing season and stabilize above pre-pandemic levels. January same-store occupancy was 250 basis points above January 2019 pre-pandemic levels.
- The 420 basis point decrease in same-store average occupancy during the quarter was partially due to historically high occupancies a year ago. Atlanta offers an example with 700 basis point drop in occupancy during the quarter compared to 97% occupancy a year ago. The drop in occupancy was not at the expense of negatively impacting revenue. Same-store revenue growth in Atlanta increased 9.1% during the quarter as compared to a year ago.
- Lower than expected real estate taxes and efficiencies in payroll costs contributed to a slight 1.6% increase in same-store operating expenses during the quarter.
- NSA's tenant base has an average length of stay over 40 months.
- Rental activity followed historical patterns peaking in the summer months and declining in the back half of the year. Rent roll down, the spread between move-in and move-out rates, was negative 12% during the quarter, typical for the time of year.
- Same-store guidance for 2023 is reverting to long-term averages with 4.5% revenue growth at the midpoint and 4.5% to 6.0% expense growth for the year. The company projects higher rates of revenue growth early in the year and a deceleration as the year progresses. The company estimates real estate taxes and payroll to fall within the expense range with marketing, utilities and insurance exceeding the average.

### Major Markets Revenue Growth

- All major markets reported revenue growth during the quarter. Major markets with same-store revenue growth above the portfolio average during the quarter include Brownsville (+12.7%), McAllen-Edinburg (+11.3%), Oklahoma City (+10.8%), North Port-Sarasota-Bradenton (+10.1%), Riverside-San Bernardino (+10.0%), Atlanta (+9.1%), Dallas-Fort Worth (+9.0%), and Houston (+8.5%).
- Markets reporting positive revenue growth but below the NSA portfolio average of 7.4% during the quarter include Kansas City (+1.6%), New Orleans (+2.4%), Portland (+2.5%), Indianapolis (+4.1%), Colorado Springs (+4.7%), Las Vegas (+5.2%), Phoenix (+5.2%), and Tulsa (+6.1%).

## Operations

National  
Storage Affiliates  
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### Full Year Guidance 2023 - (Same-Store Pool of 628 Stores)

Same-Store Revenue Growth	3.75% to 5.25%
Same-Store Property Expenses	4.5% to 6.0%
Same-Store Net Operating Income	3.0% to 5.5%
Acquisitions of Self Storage Properties	\$200 million to \$400 million
Subordinated Performance Unit Distributions	\$51 million to \$53 million
Core FFO Per Share	\$2.78 to \$2.86

### Same Store Performance Summary By MSA - Fourth Quarter 2022

MSA	Stores	Rent Per Occupied Square Foot	Occupancy 12/31/2022	Revenue Growth
Riverside-San Bernardino-Ontario, CA	46	\$16.31	91.6%	5.8 %
Portland-Vancouver-Hillsboro, OR-WA	45	\$19.44	88.2%	(4.2)%
Atlanta-Sandy Springs-Roswell, GA	30	\$13.85	88.9%	(11.0)%
Phoenix-Mesa-Scottsdale, AZ	23	\$16.96	89.0%	(1.4)%
McAllen-Edinburg-Mission, TX	20	\$13.41	94.6%	10.7 %
Oklahoma City, OK	19	\$10.18	92.7%	7.8 %
Houston-The Woodlands-Sugar Land, TX	18	\$12.08	92.8%	10.9 %
Dallas-Fort Worth-Arlington, TX	17	\$14.48	90.9%	0.1 %
Brownsville-Harlingen, TX	16	\$12.81	92.6%	13.2 %
Indianapolis-Carmel-Anderson, IN	16	\$12.29	88.0%	19.9 %
Los Angeles-Long Beach-Anaheim, CA	14	\$24.32	91.9%	(1.0)%
New Orleans-Metairie, LA	13	\$14.58	88.8%	(4.6)%
North Port-Sarasota-Bradenton, FL	13	\$22.75	90.8%	12.4 %
Tulsa, OK	13	\$10.55	91.0%	5.7 %
Las Vegas-Henderson-Paradise, NV	12	\$15.38	87.5%	7.4 %
Colorado Springs, CO	11	\$13.16	87.7%	(12.2)%
Kansas City, MO-KS	11	\$14.85	91.2%	(11.9)%
San Antonio-New Braunfels, TX	11	\$16.72	88.4%	1.9 %
Other MSAs	280	\$15.48	90.4%	0.7 %
Total	628	\$15.44	90.5%	1.6%

Operations

National  
Storage Affiliates  
(NYSE: NSA)

**Same Store Performance Summary By State - Fourth Quarter 2022**

State	Stores	Rent Per Occupied Square Foot	Occupancy 12/31/2022	Revenue Growth
Texas	113	\$13.70	92.1%	9.6%
California	80	\$17.63	91.0%	7.7%
Oregon	61	\$18.47	87.8%	3.8%
Florida	48	\$19.20	90.9%	9.9%
Georgia	46	\$13.50	89.5%	8.9%
North Carolina	34	\$14.63	92.7%	11.9%
Oklahoma	32	\$10.32	92.1%	8.9%
Arizona	30	\$16.62	88.6%	4.4%
Louisiana	26	\$12.82	89.6%	3.3%
Kansas	17	\$13.93	92.4%	3.2%
Colorado	16	\$14.26	88.9%	4.8%
Indiana	16	\$12.29	88.0%	4.1%
Washington	16	\$16.61	88.8%	4.8%
Nevada	13	\$15.40	80.0%	5.5%
New Hampshire	11	\$16.95	92.8%	7.4%
Other*	69	\$15.64	89.8%	6.5%
<b>Total</b>	<b>628</b>	<b>\$15.44</b>	<b>90.5%</b>	<b>7.4%</b>

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



## Capital Activities

### Public Storage (NYSE: PSA)

- In connection with sale of equity investment in PSB, on August 4, 2022 paid a special cash dividend of \$13.15 per common share, totaling approximately \$2.3 billion.
- Board of Trustees declared a 50% increase in the company's regular quarterly dividend from \$2.00 to \$3.00 per common share. The Board also declared dividends with respect to various series of preferred shares. All the dividends are payable on March 30, 2023 to shareholders of record as of March 15, 2023.

### Extra Space Storage (NYSE: EXR)

- During the fourth quarter, the company entered into four swap agreement against 1-month Term secured overnight financing rate ("SOFR") with notional amounts of \$100 million each. Two swaps mature October 31, 2024, the third on November 30, 2025 and the fourth on December 25, 2025. The swaps effectively fix the interest rate on \$400 million in variable-rate debt obligations. The all-in blended fixed-rate (swapped index rate + spread over SFOR) on the four swapped tranches is 5.1%
- The company did not issue any shares on its ATM program in the fourth quarter, and currently has \$800 million available for issuance. The company did not repurchase any shares of common stock using its stock repurchase program in the fourth quarter, and has authorization to purchase up to an additional \$337 million under the plan.
- As of December 31, 2022, the company's percentage of fixed-rate debt to total debt was 64.7%. The effective fixed-rate debt was 71.3%, net of the impact of variable rate receivables. The weighted average interest rate of fixed-rate debt was 3.4%. and variable-rate debt was 5.5%. Combined weighted average interest rate was 4.1% with a weighted average maturity of about 5.1 years.
- Subsequent to quarter end, on January 6, 2023, the company entered into a \$335 million unsecured term loan agreement, at an interest rate of 1-month Term SOFR + 1.05%. The proceeds were used to reduce the revolving balances of the company's credit facility.

### CubeSmart (NYSE: CUBE)

- On October 26, 2022, the company amended and restated its unsecured revolving credit facility. The amendment increased the size of the facility from \$750 million to \$850 million, improved the pricing, and extended the maturity date to February 15, 2027 from June 19, 2024.
- The company did not sell any common shares of beneficial interest through its at-the-market ("ATM") equity program. The company has 5.8 million shares available for issuance under the existing distribution agreements.
- On December 7, 2022, the company declared a quarterly dividend of \$0.49 per common share. The dividend was paid on January 17, 2023 to common shareholders of record on January 3, 2023.
- Fixed-rate debt comprises 98% of all debt, with a weighted average maturity of 6.3 years, and net debt-to-EBITDA of 4.3x

## Capital Activities

### Life Storage (NYSE: LSI)

- At December 31, 2022, the company had approximately \$24.4 million of cash on hand, and approximately \$655 million available on its line of credit.

#### Key Financial Ratios

Debt to Enterprise Value @ \$98.50 per share	28.5%
Debt to Book Cost of Facilities	41.7%
Debt to Recurring Annualized EBITA	4.8x
Debt Service Coverage (DSC)	5.2x

### National Storage Affiliates (NYSE: NSA)

- During the fourth quarter, NSA repurchased 1,032,251 of the company's common shares for approximately \$40 million under the previously announced repurchase program. For the full year 2022, the company purchased 1,986,175 shares for approximately \$90 million. The company has remaining capacity of approximately \$310 million out of \$400 million authorized under the program.
- On January 3, 2023, entered into a third amended and restated credit agreement expanding total borrowing capacity of its credit facility by \$405 million to \$1.955 billion, with an accordion feature to expand the total borrowing capacity to \$2.5 billion. The maturity date of revolving line of credit is now January 2027 versus previously January 2024, while the total borrowing capacity was increased to \$950 million from \$650 million.
- On November 9, 2022, declared a quarterly cash dividend of \$0.55 per common share, representing a 22.2% increase from the fourth quarter 2021. The dividend was paid on December 30, 2022.



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