

SELF STORAGE MARKET OVERVIEW

Third Quarter 2010

An Analysis of the Industry's Public Companies



SELF STORAGE GROUP

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SELF STORAGE MARKET OVERVIEW

Third Quarter 2010 Summary

- **Pace and volume** of property acquisitions increasing. REITs have liquidity to acquire properties from private owners, and from lender-driven transactions with more attractive pricing.
- **More transactional competition** from private and public bidders with all cash.
- **Occupancy growth** driven by increasing new rentals and decline in tenant vacates. Continued occupancy growth represents better opportunity than rental rate growth.
- **Increasing expansion** and enhancement of existing properties; nearly no new development.

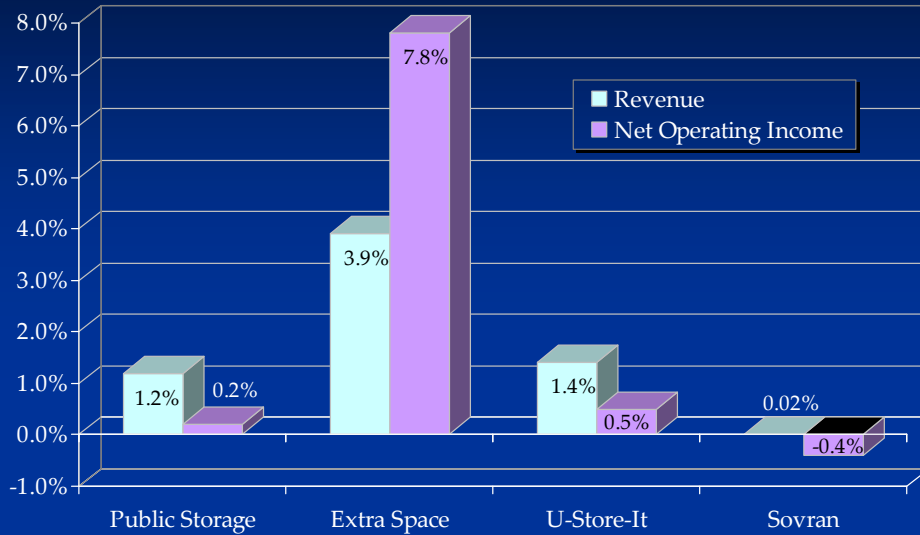
PUBLIC SELF STORAGE COMPANIES

Third Quarter 2010 Earnings Results

	<u>Public Storage</u>	<u>Extra Space</u>	<u>U-Store-It</u>	<u>Sovran</u>
Number of Properties:	2,016 U.S. 188 Europe	809 157 3 rd party managed	463 122 3 rd party managed	381
Same-Store Revenue vs. 3 rd Quarter 2009:	+1.2%	+3.9%	+1.4%	+0.02%
Same-Store Net Operating Income vs. 3 rd Quarter 2009:	+0.2%	+7.8%	+0.5%	-0.4%
Same-Store Occupancy:				
3 rd Quarter 2010	91.0%	85.8%	77.4%	82.5%
3 rd Quarter 2009	89.6%	84.0%	75.7%	81.4%
Average Rent Per Square Foot:	\$12.66	\$13.01	\$10.98	\$10.10

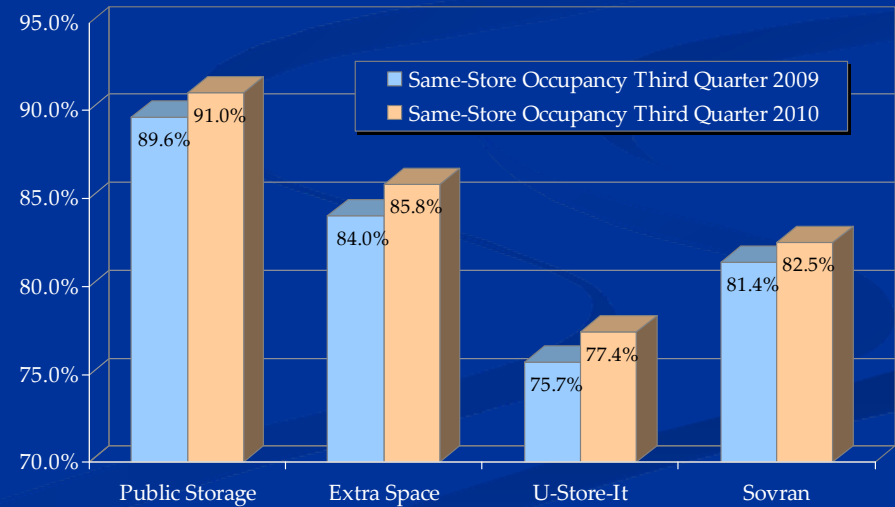
Revenue and Net Operating Income

3rd Quarter 2010 vs. 3rd Quarter 2009



Occupancy

3rd Quarter 2010 vs. 3rd Quarter 2009



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Third Quarter 2010 Earnings Results

	<u>Public Storage</u>	<u>Extra Space</u>	<u>U-Store-It</u>	<u>Sovran</u>
Market Capitalization:	\$16.94 billion	\$1.41 billion	\$799.7 million	\$1.06 billion
Quarterly Funds from Operations:	\$1.69/share	\$0.24/share	\$0.13/share	\$0.63/share
Quarterly Dividend:	\$0.80/share	\$0.10/share	\$0.025/share	\$0.45/share
Stock Price:				
March 2009	\$45.35	\$4.93	\$1.34	\$16.40
Closing November 15 th , 2010	\$99.59	\$16.15	\$7.54	\$38.50

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Recent Investment Activity

Public Storage:

- **Purchased** 38 properties consisting of approximately 2.4 million square feet totaling \$225 million through September at prices of about \$93.75 per square foot.
- **Acquired** seven facilities during third quarter, consisting of 390,000 square feet for about \$27 million, or \$69 per square foot. Four located in California, remainder in Hawaii, Illinois, and Louisiana. Under contract to acquire four properties for about \$14.4 million in Florida, New Jersey, and Ohio.
- **Buying** several below replacement cost. Hawaii at \$90/sq.ft. and previously built at over \$200/sq.ft. Buying in San Francisco at \$100/sq.ft., and New Orleans at \$35/sq.ft.

Extra Space:

- **Acquiring** \$65 million of properties this year.
- **Acquired** three properties from third-party management program for \$5.4 million, one in Florida and two in Alabama.
- **Acquired** three properties after third quarter totaling \$21.2 million, located in Maryland, Utah, and Virginia.
- **Five new acquisitions** under contract in Texas, Salt Lake, New York.
- **Stabilized** properties acquired at cap rates from 7.5% to 8.5%. Lease up properties at higher range within 12 months.

PUBLIC SELF STORAGE COMPANIES

Recent Investment Activity

U-Store-It:

- **Acquired** \$87.5 million in 2010 at cap rate of about 7.75%.
- **Acquired** facility in suburban Dallas for \$6 million, 80% occupied – now operate 17 in Dallas area.
- **Acquired** two Storage Deluxe facilities for \$27.4 million in boroughs of New York City (The Bronx and Brooklyn), 84% occupied.
- **Sold** one facility for \$3.1 million, opened new facility in Lakeland, Florida.
- **Acquiring** implementing cap rates by using in place revenue, company expenses, less cap ex: cap rates 7% to 8%. Properties in lease-up, 40% to 50% occupied, valued on price per square foot basis.

Sovran:

- **Sold** 10 properties this year for \$25 million net proceeds.
- **No acquisitions** or dispositions in third quarter, but \$35 million to \$40 million under letter-of-intent for properties in existing markets, including a four-property portfolio, three-property portfolio, and two one-off transactions.
- **6% to 6.5% cap rate** on existing income for properties in lease-up with opportunities to increase, seeing 7% to 7.25% cap rate on stabilized properties.

PUBLIC SELF STORAGE COMPANIES

Balance Sheets

Public Storage:

- \$513.5 million cash on hand, and \$102.1 million in short-term securities
- Raised net \$121.2 million through issuance of 5,000,000 preferred shares
- Capital commitments for next year total \$364.7 million, no other significant commitments until 2013

Extra Space:

- Total debt \$1.1 billion, down from \$1.4 billion one year ago
- Debt to EBITDA 6.5x versus 7.5x last year
- Extended \$50 million revolving credit w/ Bank of America to February 2013 @ 30 day LIBOR + 350 basis points
- Fixed-rate debt to total debt 65.2% as of Sept. 30th
- 66 unencumbered properties

U-Store-It:

- Amended \$450 million credit facility, changing to unsecured, expiring in three years
- 162 unencumbered properties valued at \$733 million
- Outstanding debt reduced from \$769 million to \$656 million
- \$23 million cash on hand

Sovran:

- \$32 million cash on hand, and \$175 million line of credit
- \$400 million unsecured note debt and \$79.5 million mortgage debt outstanding
- No significant debt maturities until mid-2012
- Debt to Enterprise Value (at \$38/share): 31.1%
- Debt to EBITDA 4.7x

PUBLIC SELF STORAGE COMPANIES

Additional Notes

Public Storage:

- Of Top 20 markets, 16 achieved revenue increases over last quarter as compared to six in second quarter
- Best markets:
 - Washington D.C. / Baltimore (+4.7% in Q3)
 - New York (+4.5%)
 - Los Angeles down only 0.7%, previously down 2.1% in Q2
- Charlotte was worst performing market last two years, but now +0.2%
- Even Florida and Georgia improved 0.1% in Q3

Extra Space:

- Top performing markets in revenue growth:
 - Boston, Chicago, Philadelphia, Washington D.C.
- Markets performing below average:
 - Atlanta, Las Vegas, Los Angeles, Seattle, Sacramento, Phoenix, and several Florida markets; some Florida improving
- Added 21 properties to third-party management platform
- Completed one development for \$6.5 million in Hialeah, Florida, six more remain by Q2 2011, estimated at \$18 million

PUBLIC SELF STORAGE COMPANIES

Additional Notes

U-Store-It:

- Added 122 properties to third-party management platform this year, had only 6 as of third quarter 2009; Management fees about \$1 million in third quarter 2010
- Of Top 20 markets, 16 with increasing pricing and four with decreasing in third quarter
- Select markets up slightly include:
 - Chicago, Cleveland, Dayton, Miami, Naples
- Struggling markets include:
 - Orlando, Daytona, Phoenix, and Inland Empire, California back to flat

Extra Space:

- Best revenue growth markets:
 - New England, Georgia, Tennessee
- Revenue declines:
 - Florida, Arizona, Texas – primarily Houston, encouraging signs in Florida first time in nine quarters
- Identified 20 properties to add or improve, 500,000 square feet, at cost of \$20 million
- Target 10% to 20% yields on new capital for enhancements anticipating 12-month lease-up