

SELF STORAGE MARKET OVERVIEW

Fourth Quarter 2010

An Analysis of the Industry's U.S. Public Companies



SELF STORAGE GROUP

Marc A. Boorstein
mboorstein@mjpartners.com

Jeffrey L. Jacobson
jjacobson@mjpartners.com

Dennis Nyren
dnyren@mjpartners.com

David E. Kohn
dkohn@mjpartners.com

Steve Schwartz
sschwartz@mjpartners.com

Benjamin S. Johnson
bjohnson@mjpartners.com

150 South Wacker Drive • Suite 450 • Chicago, Illinois 60606 • (312) 726-5800 • www.mjpartners.com

SELF STORAGE MARKET OVERVIEW

Fourth Quarter 2010 Summary

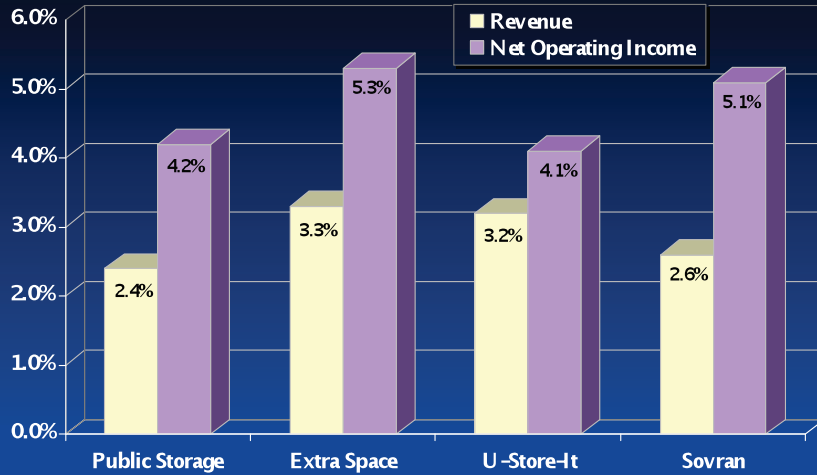
- All four public companies report increases in revenue and net operating income
- Near optimal occupancy levels for Public Storage (near 90%) and Extra Space (near 85%)
- Anticipated growth through rate increases of 6% to 8% on existing customers; discounting slowing for new renters
- Third-party management opportunities pursued by Extra Space, U-Store-It, and Sovran
- Implied cap rates based on common share prices: Public Storage 5.3%, Extra Space 6.5%, U-Store-It and Sovran 7.5%
- Focus on technology initiatives including internet and digital media, as well as revenue management
- All targeting substantial property acquisitions in 2011

PUBLIC SELF STORAGE COMPANIES

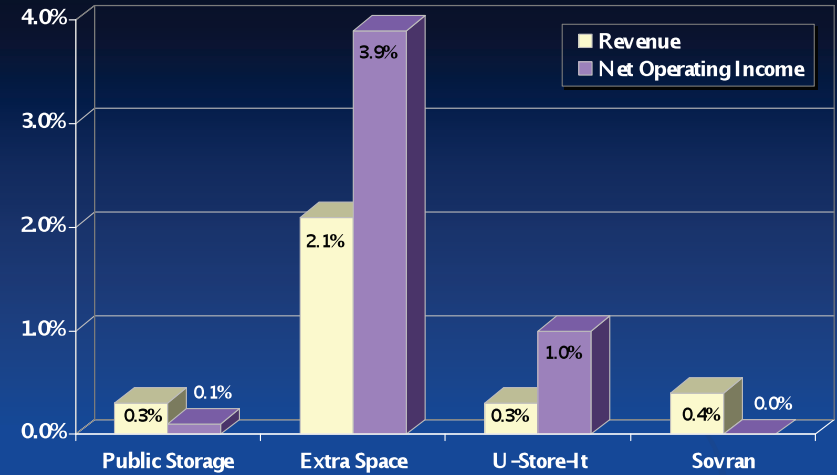
Fourth Quarter 2010 Earnings Results

	<u>Public Storage</u>	<u>Extra Space</u>	<u>U-Store-It</u>	<u>Sovran</u>
Number of Properties:	2,048 U.S. 188 Europe	820 163 3 rd party managed	456 93 3 rd party managed	377
Same-Store Revenue				
vs. 4 th Quarter 2009:	+2.4%	+3.3%	+3.2%	+2.58%
full year change:	+0.3%	+2.1%	+0.3%	+0.4%
Same-Store Net Operating Income				
vs. 4 th Quarter 2009:	+4.2%	+5.3%	+4.1%	+5.1%
full year change:	+0.1%	+3.9%	+1.0%	+0.0%
Same-Store Occupancy:				
4 th Quarter 2010	89.8%	84.8%	78.7%	81.0%
4 th Quarter 2009	88.7%	82.9%	75.5%	81.0%
Average Rent Per Occupied Square Foot:	\$12.79	\$13.91	\$11.14	\$10.33

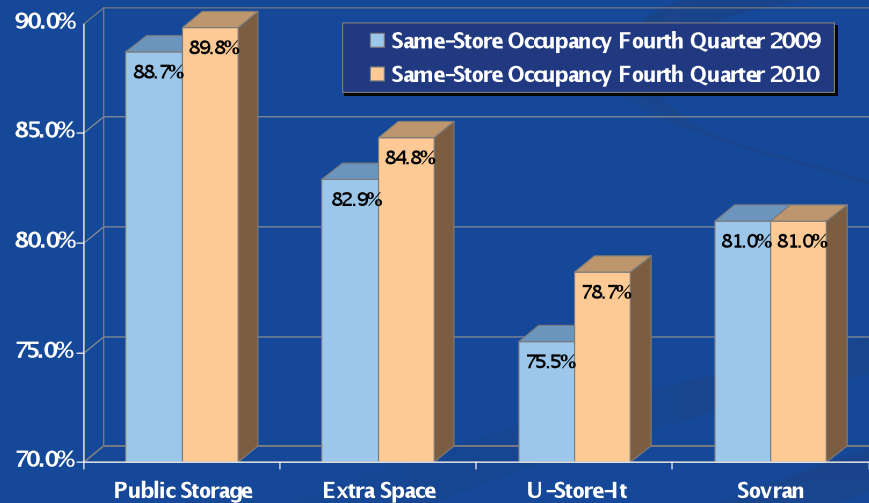
Revenue and Net Operating Income 4th Quarter 2010 vs. 4th Quarter 2009



Revenue and Net Operating Income Full Year 2010 vs. Full Year 2009



Occupancy 4th Quarter 2010 vs. 4th Quarter 2009



PUBLIC SELF STORAGE COMPANIES

Fourth Quarter 2010 Earnings Results

	<u>Public Storage</u>	<u>Extra Space</u>	<u>U-Store-It</u>	<u>Sovran</u>
Market Capitalization:	\$19.05 billion	\$1.77 billion	\$1.01 million	\$1.10 billion
Quarterly Funds From Operations:	\$1.33/share	\$0.26/share	\$0.13/share	\$0.62/share
Quarterly Dividend:	\$0.80/share	\$0.14/share	\$0.07/share	\$0.45/share
Common Stock Price:				
March 8 th , 2011	\$112.58	\$20.13	\$10.54	\$39.67
December 31 st , 2009	\$81.45	\$11.15	\$7.32	\$35.73

PUBLIC SELF STORAGE COMPANIES

Recent Investment Activity

Public Storage:

- **Acquired** 42 properties in 2010, 2.7 million square feet totaling \$240 million
- **Acquired** four facilities in fourth quarter, totaling 302,000 rentable square feet, for \$14.3 million. Located in Florida, New Jersey, and Ohio
- **Acquired** five facilities in January 2011, totaling 386,000 rentable square feet in Nevada for \$19.5 million, and in February acquired leasehold interest in lands for \$6.6 million of existing facility
- **Under Contract** the acquire 138,000 rentable square foot facility in New York for \$17 million (\$123.18 per square foot)
- **Purchased** in first quarter totaling \$15 to \$20 million
- **Expect** similar acquisitions in 2011

Extra Space:

- **Purchased** 15 properties in 2010 for \$64 million (7 from 3rd party management)
- **Acquired** eight properties for approximately \$42 million in fourth quarter, properties in Maryland, New York, Texas, Utah, and Virginia
- **Under Contract** for seven properties totaling \$40.5 million closing in second quarter 2011, properties in California, Colorado, Texas, Virginia, and Utah
- **Capitalization Rates** averaging mid 7% last year and this year
- **Targeting** \$100 million in acquisitions in 2011

PUBLIC SELF STORAGE COMPANIES

Recent Investment Activity

U-Store-It:

- **Acquired** \$87.1 million of properties in 2010 (7 of 12 from 3rd party management platform)
- **Targeting Acquisition** of \$75 to \$125 million in 2011, selling \$30 million to \$50 million non-core
- **Disposed** of 16 unencumbered properties consisting of 848,000 rentable square feet for approximately \$38 million. 14 located in California's Inland Empire – Bloomington, Hemet, Highland, Redlands, Riverside, San Bernadino, and Yucaipa. Two properties in Fayetteville, North Carolina. These represented all disposition activity in 2010
- **Acquired** nine properties consisting of 542,000 rentable square feet during fourth quarter for \$53.9 million in Boston; Brooklyn, and Queens, New York; Orlando; Washington, DC suburbs Manassas and Herndon, Virginia; Cherry Hill, New Jersey; and two in Egg Harbor, New Jersey
- **Acquired** three facilities during third quarter for \$33.2 million, consisting of 199,000 rentable square feet in Brooklyn and The Bronx, New York and Frisco, Texas
- **Acquired** one facility in Fairfax, Virginia in January, 2011 for \$14.1 million
- **Cap Rates** for sales in non-core markets approximately 8.4%
- **Cap Rates** for purchases in core markets approximately 7.5%

Sovran:

- **Purchased** seven properties for \$34.7 million: four in Charlotte, three in Raleigh. Average price just above \$70 per square foot. Just over 5% cap based on overall 55% occupancy, projects above 9.5% cap rate in next two years when occupancy reaches 70% to 75%
- No properties currently under contract
- Plans to invest in both low occupancy “turn-around” opportunities and stabilized properties
- Would explore preferred shares from 7.5% to 7.8% to fund over \$150 million in acquisitions

PUBLIC SELF STORAGE COMPANIES

Balance Sheets

Public Storage:

- \$456 million cash on hand, \$102 million short-term corporate securities
- \$300 million line of credit
- Issued 5,000,000 preferred shares at \$25/share, 6.5%, total proceeds \$125 million
- Repurchased Preferred shares
 - \$108.9 million, 7.125%
 - \$100.4 million, 7.125%
- Saving \$6 million annually in interest costs

Extra Space:

- Obtained \$82.5 million ten-year CMBS loan from Bank of America at fixed rate of 5.849%, 70% LTV, 30 amortization, 1.4 debt service coverage Appraisals using 7.5 cap rates
- Fixed-rate debt to total debt currently about 62%, variable debt 28%. Weighted average interest rate on fixed-rate debt 5.5%, and 3.1% for variable debt
- JV \$115 million loan matures April 2011, new loan and rate will be lowered
- \$120 million to \$130 million available line of credit
- Debt to EBITDA ratio 7.8x

PUBLIC SELF STORAGE COMPANIES

Balance Sheets

U-Store-It:

- Reduced company debt by 20%, 61% properties unencumbered
- Amended \$450 million credit facility, consisting of \$200 million unsecured term loan and \$250 million unsecured revolving credit facility, expiring December 2013
- Repaid \$83.3 million CMBS loan scheduled to mature May 2010, and \$3.5 million loan scheduled to mature January 2011, and \$23.5 million of loans with maturity dates in 2010

Sovran:

- \$5.8 million cash on hand, up to \$115 million available on its line of credit
- Would go up to 40% debt to enterprise value, and down to 2.5x DSC
- No significant debt maturities until mid-2012, may refinance this early
- All but \$10 million of debt is fixed or covered by rate swap contracts as of December 31, 2010
- No plans to repurchase shares of stock
- Key financial ratios at 12/31/10
 - Debt to Enterprise Value (at \$38/share): 31.5%
 - Debt to EBITDA Ratio: 4.8x
 - Debt to Book Cost of Storage Facilities: 34.4%
 - Debt Service Coverage (DSC): 3.2x

PUBLIC SELF STORAGE COMPANIES

Additional Notes

Public Storage:

- 19 of 20 markets were positive in fourth quarter 2010, versus 16 of 20 in third quarter 2010, and 6 of 20 in second quarter 2010
- Redeveloping 8-10 properties, including some old A-Americans and Pick-Up & Delivery locations
- CapEx comparable to last year \$65 to \$70 million
- 20,000 net customers (move-ins vs. move-outs) in 2010
- Best markets:
 - Washington D.C. (+5.1%)
 - New York/New Jersey (+4.6%)
- Biggest Market (Los Angeles) +0.1%
- Most Improved: Florida (+2.6%) & Georgia

Extra Space:

- Total of 48 properties added to third-party management in 2010
- Added six properties to third-party management platform in fourth quarter
- Top performing markets in revenue growth:
 - Boston, Dallas, Denver, Philadelphia, Washington, DC
- Markets performing below average:
 - Atlanta, Las Vegas, Los Angeles, Phoenix
- Opened new development in Peoria, Arizona for cost of \$5.7 million. Five projects remain in development pipeline. Opening in Florida and California soon

PUBLIC SELF STORAGE COMPANIES

Additional Notes

U-Store-It:

- Third party management platform reduced from 120 down to 93
- All 21 core markets positive revenue growth

Sovran:

- Launching third-party management platform in addition to its joint venture managed properties
- Identified 27 properties to add or improve, 700,000 square feet at estimated cost of \$32 million
- Target 10% to 12% returns on these improvements with about 12-month lease up
- Improved 168,000 square feet at a cost of \$9.4 million in 2010
- Only 17% space climate controlled, goal to have in the low 20%^s