

MJ PARTNERS  
SELF STORAGE GROUP

MJ

# SELF STORAGE MARKET OVERVIEW

## First Quarter 2016 Results

*Analysis of the Public Self Storage Companies*

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## Summary

*Strong fundamental growth continues in the first quarter. Self storage REITs revenue growth ranging from 6.5% to 9.1% as compared to first quarter of last year. Net Operating Income increased from 9.9% to 12.3%.*

### Acquisition Pace Accelerated

- REITs acquisition volume closed or announced under contract over \$2.5 billion to date.
- Competition from both public and private capital for assets driving down cap rates for acquisitions of portfolios, single-assets, and certificate-of-occupancy transactions.
- Proposed new development announcements in primary markets increasing, but little impact on market fundamentals presently.

### Recession Resistant, REIT Dominance

- “Self Storage amongst the last to go into recession, and the first to come out of the recession. The chasm between the haves and have-nots has widened.”  
- Spencer Kirk, CEO, Extra Space Storage

#### Implied CAP Rates based on Common Share Prices

Public Storage (NYSE: PSA)	3.5%
Extra Space (NYSE: EXR)	3.7%
CubeSmart (NYSE: CUBE)	4.0%
Sovran (NYSE: SSS)	5.0%
National Storage Affiliates (NYSE: NSA)	5.4%

*Sources: BMO Capital Markets, KeyBanc*



## Earnings Results

### Same-Store Comparisons

	Public Storage	Extra Space	CubeSmart	Sovran	National Storage Affiliates
Number of Properties:	2,291 U.S. 217 Europe	1,371	708	562	315
Third-Party Management:	29	353	162	16	
Joint Venture Management:	<u>12</u>	<u>249</u>	<u>90</u>	<u>69</u>	
Total Managed:	41	602	252	85	
Revenue: Q1 2016:	+6.5%	+9.1%	+8.4%	+6.7%	+9.1%
Net Operating Income: Q1 2016:	+10.4%	+12.3%	+12.9%	+9.9%	+11.3%
Occupancy: vs. last year:	93.6% 93.4% (weighted avg.)	92.8% 92.1% (end of qtr.)	92.3% 91.0% (end of qtr.)	91.0% 90.3% (end of qtr.)	88.7% 84.8% (weighted avg.)
Rent Per Occupied Sq. Ft.:	\$16.15	\$15.67	\$15.11	\$12.77	\$10.63

### Capital Markets

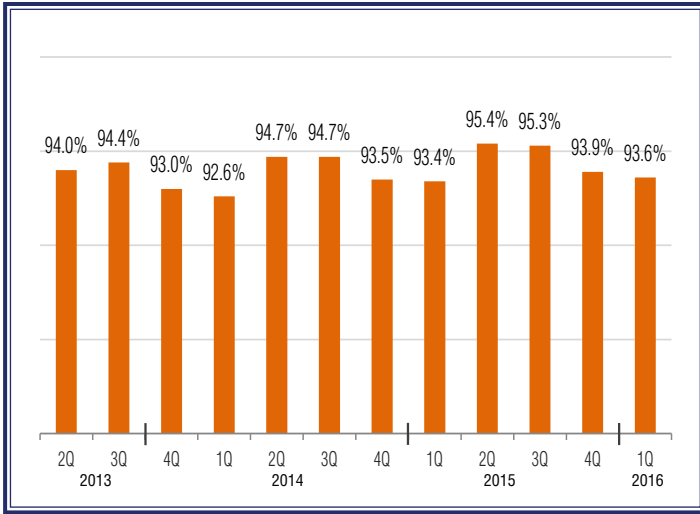
	Public Storage	Extra Space	CubeSmart	Sovran	National Storage Affiliates
Market Capitalization:	\$44.27 billion	\$11.7 billion	\$5.68 billion	\$4.95 billion	\$1.4 billion
Funds From Operations: (quarter adjusted)	\$2.10/share (+9.9%)	\$0.79/share (+24.6%)	\$0.32/share (+14.3%)	\$1.72/share (+11.9%)	\$0.25/share (+19.0%)
Annual Dividend Yield	2.80%	3.35%	2.65%	3.57%	3.92%
Common Stock Price: <sup>7/12/16</sup>	\$256.56	\$93.67	\$32.07	\$106.92	\$22.32
52-Week High:	\$277.60	\$94.81	\$33.52	\$118.18	\$22.86
52-Week Low:	\$196.01	\$69.10	\$24.32	\$85.69	\$11.50



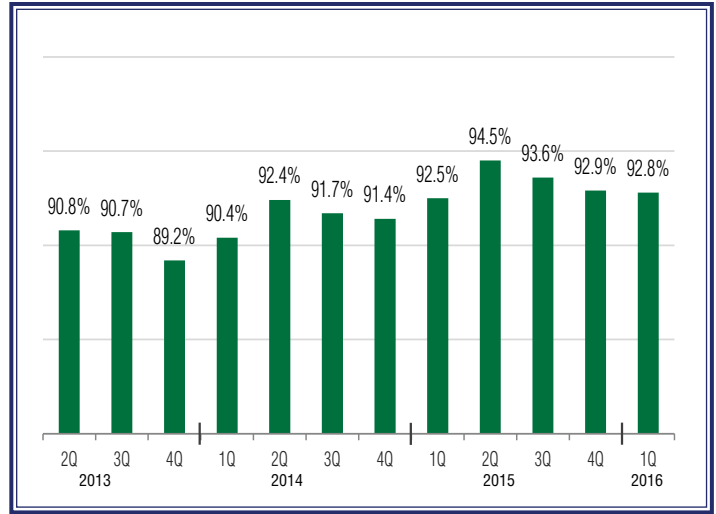
# Portfolio Occupancies

Changes from Same Quarter a Year Earlier

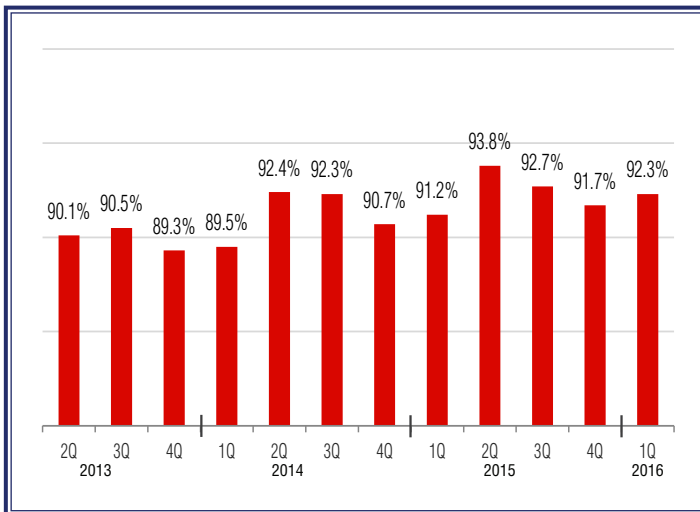
Public Storage



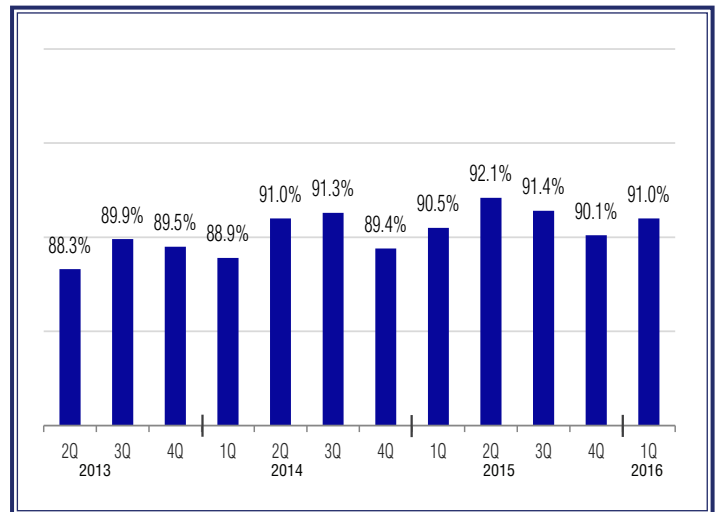
Extra Space Storage



CubeSmart



Sovran

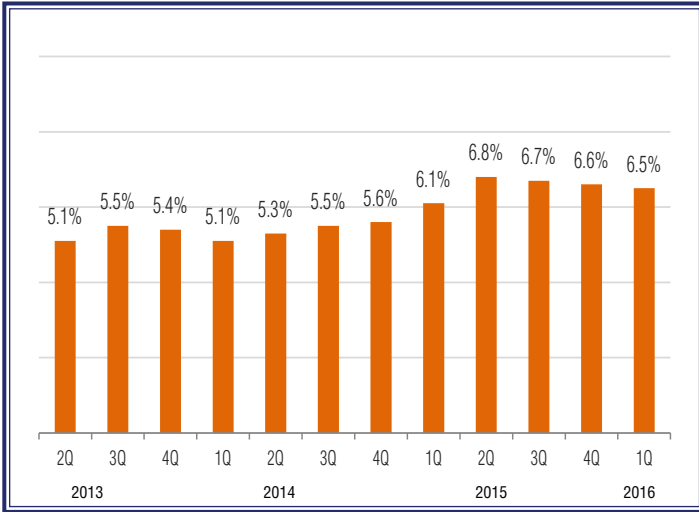




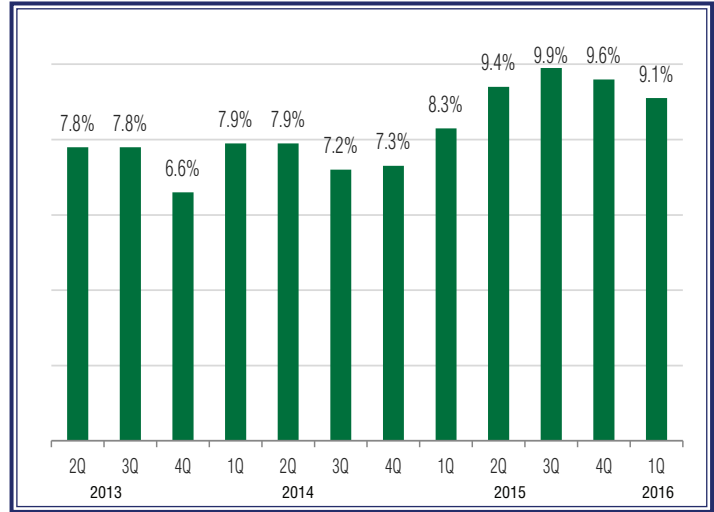
# Portfolio Revenues

Changes from Same Quarter a Year Earlier

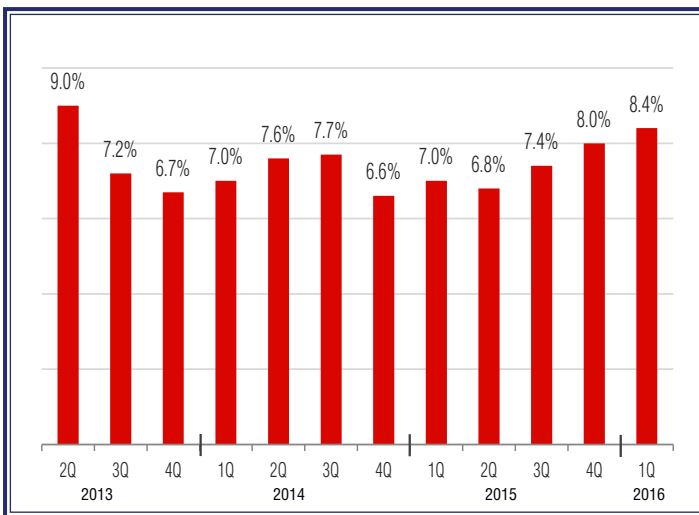
Public Storage



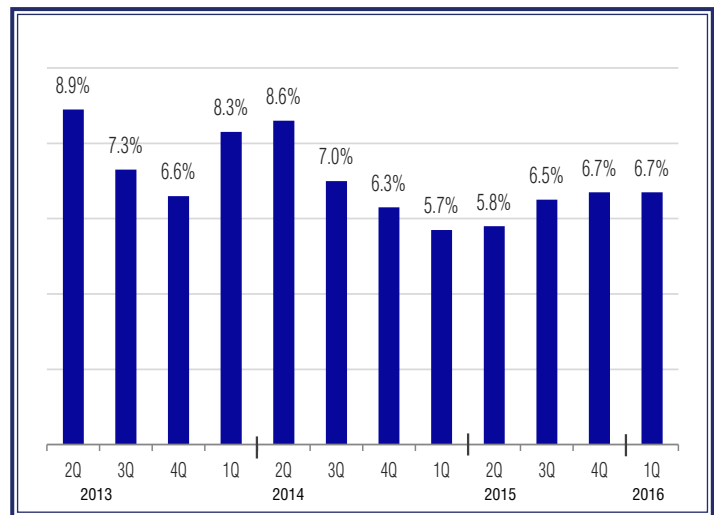
Extra Space Storage



CubeSmart



Sovran

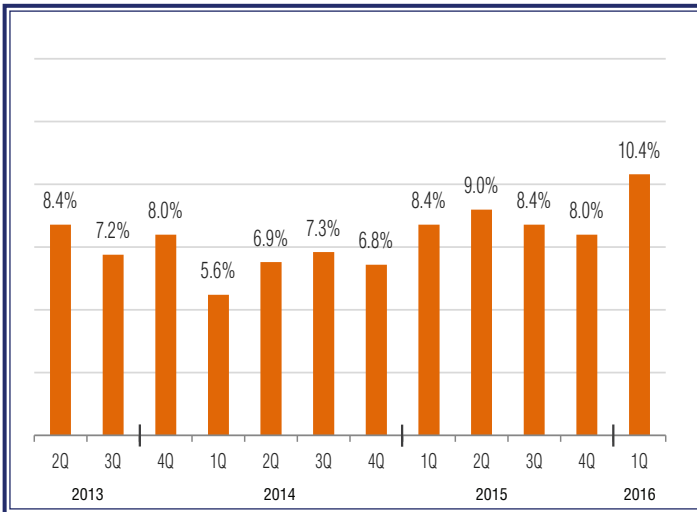




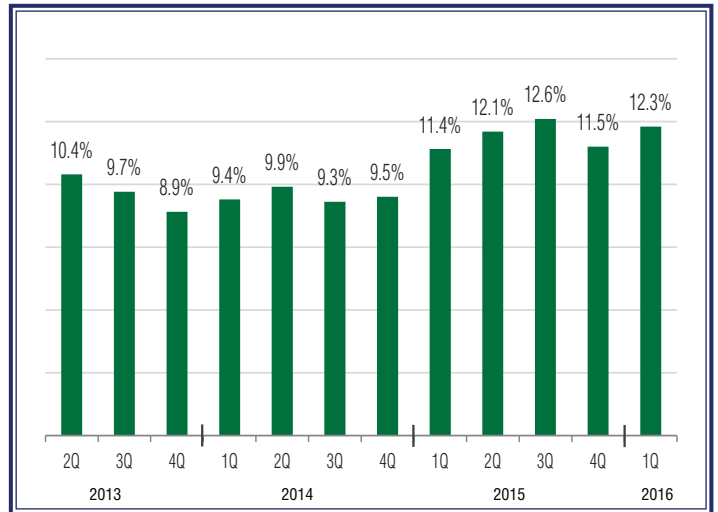
# Portfolio Net Operating Income

Changes from Same Quarter a Year Earlier

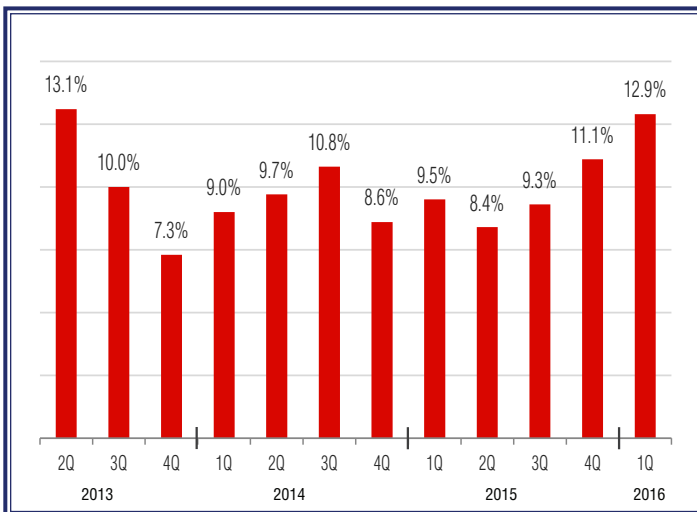
**Public Storage**



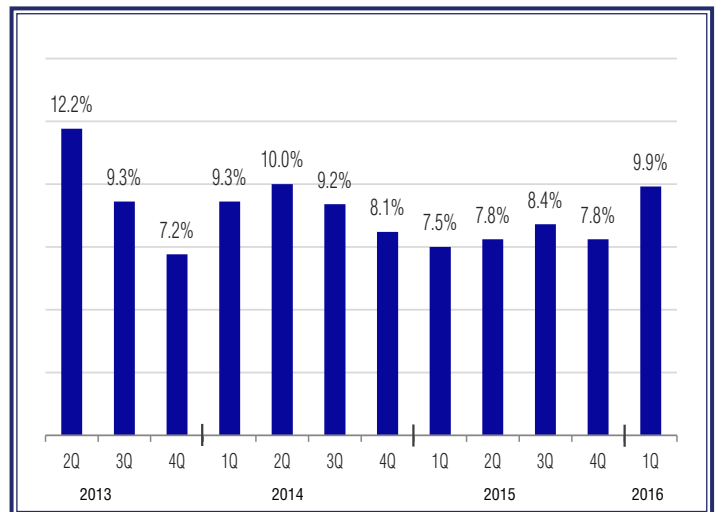
**Extra Space Storage**



**CubeSmart**



**Sovran**



## Summary

### Macroeconomic Trends Impacting Self Storage

- There were 2.8 million more people working in March than compared to one year ago.  
*–U.S. Labor Department*
- U.S. job market displayed weakest monthly gain in more than five years, adding only 38,000 jobs in May. Unemployment rate fell to 4.7% from 5.0% in April, due to nearly 500,000 decline in labor-force participation. Share of Americans participating in labor-force dropped by 0.2% point to 62.6% *–U.S. Labor Department*
- Average monthly job growth in past three months of 116,000, a decline from the average growth of 219,000 over the prior 12 months. *–U.S. Labor Department*
- Economic growth in Q1 2016 revised upward to 0.8% seasonally adjusted annual rate, up from initial estimate of 0.5%.
- The number of newly formed households eclipsed one million in 2015, first time since 2006. *–Goldman Sachs*
- Household formation estimated to increase to 1.6 million a year between 2015 and 2024, compared with recent increase of approximately 1.2 million per year. Millennials and minorities to drive the boom with two-thirds of new household formations coming from minorities. *– David Stevens, Mortgage Bankers Association*
- Mortgage applicants for purchasing a home up to 24% from a year earlier.  
*– Mortgage Bankers Association*
- Last year, a combined 5.1 million new and used homes were sold in the U.S. still less than 1998. *– U.S. Commerce Department*
- Existing home sales rose 5.1% in March, after a decline in February, according to National Association of Realtors. Prices rose nationwide 5.3% in the year through February, according to S&P/Case Shiller Index.
- The U.S. apartment vacancy rate has edged up over the past year to 4.5% in the first quarter from 4.2% in the same period last year. Trend is likely to persist for at least next five years.  
*– Ryan Severino, Reis Senior Economist*
- Over the past year effective rents are up 4.5% nationally. But, average rents in 79 U.S. metro markets rose only 0.5% from preceding quarter – the slowest increase since 2011.  
*– Reis*
- Renters now account for 37% of all households, the highest level since the mid-1960s. More people renting extended periods of time, perhaps decades even a lifetime.  
*–Harvard University Joint Center for Housing Studies*



## Summary

### Flood of Foreign Buyers

- Foreigners purchased \$57 billion of U.S. real estate in 2015, compared with an average of only \$3 billion a year the previous five years. – *Green Street Advisors*
- Real Estate Investment Trusts scheduled to become its own separate sector expected to take place on August 31, 2016.
- Total market capitalization of publicly traded REITs was \$875 billion as of last year, up from \$350 billion in early 2006, according to Green Street Advisors. Self-storage REITs collective market capitalization of five public companies (excluding U-Haul) total approximately \$64 billion.

## Investment Activity

## Public Storage (NYSE: PSA)

*Acquired twelve facilities for \$98 million consisting of about 800,000 rentable square feet. Locations include seven in Florida, three in Ohio, and one each in South Carolina and Tennessee.*

- Subsequent to quarter's end, acquired or under contract to acquire 13 facilities totaling \$115 million - surpassing 2015 company acquisition volume of \$169 million. Locations include six in Ohio (represented by MJ Partners in one portfolio sale of five properties), two in Texas, two in Utah, two in South Carolina and one in North Carolina. These acquisitions total approximately one million rentable square feet.

### Development Activity

- Overall development in various stages could be between 800 and 1,000 nationwide.
- As of March 31, 2016, various facilities in development consisting of 3.9 million rentable square feet estimated to cost \$506 million. Additionally, various expansion projects estimated to cost \$101 million adding about 700,000 rentable square feet. A record amount in development pipeline.
- Construction costs accelerating in some markets mostly due to labor shortage or subcontractor coverage. Markets include Bay Area, Miami, Phoenix, and Denver. Redevelopment focus where land availability in markets are more difficult.

### Acquisition

- Looking for more one-off, and off-market properties in markets trying to build scale. Cap rates may have declined 50 basis points to 75 basis points in past year. Pricing in certain markets equates to 1.5 times to 2 times replacement costs.
- Seeing more product for sale, but lower quality at higher prices.
- Cautious regarding certain markets regarding new development. Hearing 40 to 50 properties on board or about to be developed in Denver. Dallas also has a lot of new development planned, but not seeing a lot new competition in North Dallas where Public Storage is developing. Boroughs of New York seem to have above average level of development.
- Absorption remains ahead of pro forma, facilities across the board are leasing faster.

### Excellent Business Fundamentals Continue

- Customer acquisition costs down again past quarter.

## Investment Activity

## Extra Space Storage

(NYSE: EXR)

*Since 2012, acquisition volume totals about \$4 billion. Year to date, \$520 million closed or under contract as wholly owned acquisitions. Additionally, \$191 million in joint venture acquisitions, Extra Space investing \$50 million in joint ventures in 2016.*

- Acquired 21 operating stores and two stores at completion of construction during the first quarter for a total of about \$225.2 million. Six acquired through an off-market transaction through the buyout of a partner.
- Subsequent to end of the quarter, sold seven non-core assets for total of \$18 million (represented by MJ Partners), and company will manage for new owner.
- Acquired two stores at completion of construction with joint venture partners for a total of about \$34.5 million.
- Strategic Storage Trust (SmartStop) acquisition last year of 122 facilities plus 43 third-party managed stores, projected yield of 5.5% in year one. At or above projections, getting a little higher rates with occupancy increases a bit lower than expected, although April had good occupancy growth.
- Certificate-of-occupancy transactions underwriting between 150 basis points to 200 basis points above stabilized cap rates. 7.5% to 8% yields. Deals selling recently closer to 150 basis points over stabilization.

“The one constant is prices are high, really high. There is a lot of appetite for self-storage. It’s not a secret that it’s probably the best performing asset class year in and year out.”  
– Spencer Kirk, CEO, Extra Space Storage

## Investment Activity

### Extra Space Storage (NYSE: EXR)

#### Certificate-Of-Occupancy Stores - Under Contract

Location	Estimated Opening	Estimated Rentable Sq.Ft.	Total Cost	Cost Per Sq.Ft.
<b>2016 Projected Openings</b>				
New York, NY**	2Q 2016	64,379	\$52,000,000	\$807.72
Glendale, CA*	2Q 2016	80,000	\$16,500,000	\$206.25
Mesa, AZ	2Q 2016	62,500	\$5,000,000	\$80.00
Roswell, GA	2Q 2016	76,900	\$7,900,000	\$102.73
Murray, UT	3Q 2016	65,250	\$3,750,000	\$57.47
Ladera Ranch, CA	3Q 2016	32,600	\$8,500,000	\$260.74
Lake Worth, FL*	3Q 2016	78,225	\$8,200,000	\$104.83
Orlando, FL	4Q 2016	67,800	\$7,300,000	\$107.67
Suwanee, GA*	4Q 2016	78,750	\$8,500,000	\$107.94
Cohasset, MA*	4Q 2016	52,475	\$8,800,000	\$167.70
New York, NY**	4Q 2016	62,385	\$33,000,000	\$528.97
New York, NY**	4Q 2016	65,188	\$30,000,000	\$460.21
Total	12 Facilities	786,452	\$189,450,000	

#### 2017 Projected Openings

New York, NY**	1Q 2017	140,659	\$80,000,000	\$568.75
Jamaica Plain, MA	2Q 2017	97,500	\$21,333,000	\$218.80
New York, NY**	3Q 2017	128,095	\$57,000,000	\$444.98
Ft. Meyers, FL	4Q 2017	80,000	\$9,345,000	\$116.81
Palm Beach Gardens, FL	4Q 2017	80,000	\$14,500,000	\$181.25
Total	5 Facilities	526,254	\$182,178,000	

#### 2018 Projected Openings

Raleigh, NC*	1Q 2018	75,000	\$8,800,000	\$117.33
Charlotte, NC	2Q 2018	74,800	\$9,300,000	\$124.33
Total	2 Facilities	149,800	\$18,100,000	

\* 10% interest in a joint venture

\*\* 25% interest in a joint venture



## Investment Activity

## Extra Space Storage (NYSE: EXR)

### Certificate-Of-Occupancy Stores - Operating

Site Location	Opened	Rentable Sq. Ft.	Purchase Price	Cost Per SF	Occupancy 3/31/16
Katy, TX	1Q 2014	93,345	\$14,150,000	\$151.59	87.1%
Thousand Oaks, CA <sup>1</sup>	1Q 2015	59,529	\$12,325,000	\$207.04	88.3%
Dedham, MA	2Q 2015	67,431	\$12,500,000	\$185.37	84.9%
Berwyn, IL	2Q 2015	80,092	\$9,900,000	\$123.61	86.9%
Gilbert, AZ <sup>2</sup>	3Q 2015	62,200	\$5,429,000	\$87.28	53.6%
Bloomfield, NJ <sup>3</sup>	3Q 2015	74,511	\$16,100,000	\$216.08	59.4%
Bronx, NY <sup>4</sup>	3Q 2015	66,950	\$23,000,000	\$343.54	41.8%
San Antonio, TX	4Q 2015	82,578	\$8,700,000	\$105.35	32.9%
Charlotte, NC	4Q 2015	69,183	\$5,300,000	\$76.61	40.6%
San Diego, CA	4Q 2015	73,317	\$9,708,000	\$132.41	31.2%
Quincy, MA	1Q 2016	85,284	\$16,150,000	\$189.37	4.8%
Chicago, IL	1Q 2016	82,043	\$16,500,000	\$201.11	3.2%
Aurora, CO <sup>2</sup>	1Q 2016	85,043	\$11,300,000	\$132.87	0.7%
Total	12	981,506	\$161,062,000		

<sup>1</sup>96.7% interest in a joint venture

<sup>2</sup>10.0% interest in a joint venture

<sup>3</sup>50.0% interest in a joint venture

<sup>4</sup>44.4% interest in a joint venture

## Investment Activity

### CubeSmart (NYSE: CUBE)

*Acquired nine operating properties through six separate transactions in first quarter for \$135.9 million. Locations include four in Texas, three in Florida, one each in Connecticut and Washington D.C.*

- Pricing overall continues to grind downwards as cap rates lower by 25 to 50 basis points from last year.
- Blended yield on closed acquisitions and under contract is approximately 4.1%, not all fully stabilized yet.
- Subsequent to the end of the quarter, acquired one facility in Colorado and one in Texas for total of \$23 million.
- Four additional properties under contract for \$58.5 Million.
- Purchased 62 properties from third-party management platform for \$562 million since 2010.

#### Joint Venture Acquisitions

- On December 8, 2015 joint venture formed with Heitman acquired 37 property portfolio for an aggregate price of \$242.5 Million. CubeSmart total contribution of \$10.5 million, for 10% interest.
- On March 30, 2016 joint venture with Heitman agreed to acquire a 31 property portfolio for an aggregate price of \$115.5 million. Facilities were previously managed by CubeSmart. Locations include 21 in South Carolina, five in Georgia, four in North Carolina and one in Michigan. Cubesmart total contribution of \$5.4 million. Assets were about 87% occupied due to recent expansions.

#### New Supply

- New York boroughs customers for a store about a one mile radius. Queens maybe 1.5 miles. In comparison, Dallas and Houston markets ranges 1.5 miles to 3 miles.

#### New York Strength, Limited Supply Impact

- The 23 assets in the boroughs of New York including Brooklyn, Bronx, Queens and Staten Island posted revenue growth of 8.4% in the first quarter with 13.2% NOI growth.
- Some of the new competition planned will be dropped due to permitting denials.
- The 28 new competing stores opened in CubeSmart's seven major markets including New York, Northern New Jersey, Long Island, Chicago, Baltimore to Northern Virginia, Dallas/Fort Worth, Houston, Miami, and Fort Lauderdale. Only eight compete with an existing CubeSmart asset in these seven markets. 96 non-CubeSmart assets received approvals.
- Primary market for supply in Dallas/Fort Worth with eight new stores, three that compete. One competitor with six projects in Dallas, Fresno, Plano, and Louisville. In New York, 14 assets non-CubeSmart in the boroughs - two in Queens, eight in Brooklyn, one in the Bronx and three in Staten Island. Only four will directly compete.

## Investment Activity

### CubeSmart (NYSE: CUBE)

- Square foot per capita remains very low - Bronx 2.2 square feet, Brooklyn 1.47 square feet, and Queens 1.6 square feet. National average is about 7 to 8 square feet per capita.
- Households in the Bronx one unit for every 82 households. Brooklyn one for every 97 households, and Queens one for every 57 households. Continues to be under supplied market.
- Dallas up to 7.9 square feet per capita, and Houston 7.6 square feet.
- CubeSmart generally underwriting a three year lease up to first level of stabilization for newly developed and certificate-of-occupancy assets. Rent incentives depend on whether there is nearby new competition.

#### New Development Facilities

Location	Expected Opening	Contract Price
Bronx, NY	Q3 2016	\$32.0 million
Washington, DC	Q3 2016	\$25.4 million
North Palm Beach, FL	Q4 2016	\$9.1 million
Brooklyn, NY	Q4 2017	\$49.8 million
Bronx, NY	Q2 2018	\$90.0 million
Total		\$206.6 million

#### Facilities Acquired at Certificate of Occupancy

Location	Expected Opening	Contract Price
Fort Worth, TX	Q2 2016	\$10.1 million
Grapevine, TX	Q2 2016	\$10.8 million
Miami, FL	Q1 2017	\$20.8 million
Riverwoods, IL	Q1 2017	\$11.2 million
Chicago, IL	Q1 2017	\$11.3 million
Total		\$64.2 million

## Investment Activity

CubeSmart  
(NYSE: CUBE)

### New Development Facilities - Operating

Location	Date Completed	Rentable Square Feet	Total Cost	Cost Per Square Foot	Occupancy 3/31/2016
Bronx, NY	Q1 2014	46,477	\$17.2 million	\$370.08	69.7%
Arlington, TX	Q2 2015	96,382	\$17.1 million	\$177.42	54.3%
Queens, NY	Q4 2015	74,163	\$17.4 million	\$234.62	13.0%
Brooklyn, NY	Q4 2015	56,563	\$14.8 million	\$261.66	10.4%
Queens, NY	Q1 2016	84,498	\$31.8 million	\$376.34	11.7%
Total		358,081	\$98.3 million		

### Facilities Acquired At Certificate-of-Occupancy

Location	Date Completed	Rentable Square Feet	Total Cost	Cost Per Square Foot	Occupancy 3/31/2016
Long Island City	Q4 2014	88,925	\$38.0 million	\$427.33	43.3%
Dallas, TX	Q2 2015	114,590	\$15.8 million	\$137.42	37.1%
Brooklyn NY	Q4 2015	109,796	\$48.5 million	\$441.73	16.6%
Total		313,311	\$102.3 million		



## Investment Activity

### Sovran (NYSE: SSS)

*Entered into agreement to acquire LifeStorage portfolio of 84 properties for \$1.3 billion.*

- LifeStorage portfolio includes 73 stabilized properties and 11 facilities in lease-up including three certificate-of-occupancy deals to be acquired in 2016 and 2017. Weighted averaged occupancy of 92.2% in first quarter 2016 for stabilized properties; and 64.1% for lease-up properties. Overall, 87.1% occupancy.
- Valuation of about \$207 per square foot for stabilized properties, and \$154 per square foot for lease-up. Overall, \$199 per rentable square foot.
- Average in-place rents of \$13.53 per square foot.
- Sovran entering two new markets- Sacramento and Las Vegas.
- In conjunction with acquisition, Sovran announced offering of 6 million shares of its common stock at \$100 per share.

#### LifeStorage Markets

Market	Stores
Chicago, IL	25
Las Vegas, NV	17
Sacramento, CA	10
Austin, TX	8
Dallas, TX	5
Houston, TX	5
Denver, CO	4
Los Angeles, CA	3
Orlando, FL	3
San Antonio, TX	1
Milwaukee, WI	1
Salt Lake City, UT	1
Jackson, MS	1
Total	84



## Investment Activity

### Sovran (NYSE: SSS)

*Busiest quarter ever for acquisition volume. Entered into contracts to acquire 30 facilities in ten states for total purchase price of approximately \$398 million.*

- Cap rates dropped from last year about 50 basis points due to competition for assets.
- Acquired one store in Los Angeles for approximately \$17 million, ninth store in California. Recent acquisitions leasing up well in California.
- Purchased one facility in Miami for \$11 million upon issuance of a certificate-of-occupancy.
- Under contract to acquire seven additional facilities for approximately \$60 million. Three of the properties costing \$20 million are stabilized - two in Buffalo and one in Dallas.

#### Certificate-of-Occupancy Acquisitions

- Four others totalling \$40 million will be acquired upon issuance of certificates-of-occupancy at various dates from Q2 2016 to early 2017. Two in Chicago and one each in Charleston, SC and Charlotte, NC.
- At the of 2015, operated six facilities acquired during 2014 and 2015 upon issuance of certificate-of-occupancy or in early stages of lease up. Also acquired one in Phoenix and one in Miami in February 2016, and one in Los Angeles in March 2016.
- Underwriting new certificate-of-occupancy transactions at 7.5% to 8% yields at stabilization in 3 to 3.5 years. Faster lease up on some, but with discounts.
- Cap rate compression for some certificate-of-occupancy deals have dropped to a point that does not make sense for Sovran to pursue.

#### Certificate-of-Occupancy Properties Currently Under Contract

Market	Expected Aquisition Date	Expected Cost	Rentable Sq. Ft.	Cost Per SF
Charleston, SC	June 2016	\$8,843,000	70,735	\$119.18
Chicago, IL	July 2016	\$9,000,000	71,520	\$125.84
Chicago, IL	Dec. 2016	\$9,800,000	79,670	\$123.01
Charlotte, NC	May 2017	\$12,425,000	71,780	\$173.10
Totals		\$39,655,000	293,705	

## Investment Activity

Sovran  
(NYSE: SSS)

### Certificate-of-Occupancy Operating Properties

Site Location	Acquired	Cost	Rentable Sq. Ft.	Cost Per SF	Occupancy 3/31/2016
Chicago, IL	May 2014	\$5,500,000	52,168	\$105.43	79.6%
Chattanooga, TN	Sept. 2014	\$6,550,000	57,260	\$114.39	94.5%
Chicago, IL	Nov. 2014	\$5,750,000	97,611	\$58.91	78.4%
Chicago, IL	March 2015	\$8,690,000	64,780	\$134.17	48.1%
Phoenix, AZ	June 2015	\$7,904,000	64,401	\$122.73	61.1%
Boston, MA	June 2015	\$10,291,000	63,475	\$162.22	29.7%
Phoenix, AZ	Feb. 2016	\$9,275,000	67,825	\$136.75	49.9%
Miami, FL	Feb. 2016	\$11,274,000	69,361	\$162.54	12.5%
Los Angeles, CA	March 2016	\$18,600,000	79,385	\$232.98	9.4%
Total		\$83,834,000	616,716		

### New Supply, Little Impact

- Of 108 new projects in planning or construction, only half in immediate trade areas of major Sovran markets that includes Raleigh, Phoenix, Dallas, Houston and, Chicago. Some newly planned projects may have delays or issues with entitlement processes.
- Maybe 600 to 750 new stores coming this year, mostly in markets where it's needed.
- Most new competing projects planned 65,000 rentable square feet up to 80,000 rentable square feet.
- National average of self storage demand according to Self Storage Association is 7.5 to 8 square feet per capita.

## Investment Activity

## National Storage Affiliates

(NYSE: NSA)

*Acquired 17 self storage properties during the first quarter for approximately \$89 million. Acquisitions encompass about 1.1 million rentable square feet in over 7,600 storage units. Year-to-date, over \$260 million in acquisitions.*

- Subsequent to March 31, 2016, acquired additional 22 properties totaling about \$174 million. Acquisitions total about 1.7 million rentable square feet in about 15,600 storage units. These acquisitions included a portfolio of 14 self storage properties from Hide-Away Storage of Sarasota, Florida, culminating in the addition of Hide-Away as the company's seventh Participating Regional Operator ("PRO").
- Year-to-date, added over 2.7 million rentable square feet through acquisitions - equating to 17% increase in NSA geographic footprint.
- Issued OP Units (Operating Partnership Units) and SP Units (Subordinating Partnership Units) as currency to fund acquisitions, \$100 million of new units offered year to date. Smaller portfolio acquisitions anticipated.
- Captive PRO acquisition pipeline of over 100 properties valued over \$700 million. NSA acquired \$260 million of captive PRO properties thus far.

## Operations

### Public Storage (NYSE: PSA)

*The same -store facilities represent facilities owned and operated on stabilized basis since January 2014, providing meaningful comparisons for 2015 and 2016.*

- The same-store pool increased from 1,990 facilities at end of 2015 to 2,007 facilities at end of Q1 2016. The same store pool represents 86% of net rentable square feet of U.S. portfolio.

#### Select Markets Same Store Performance

Market	Facilities	Revenue Growth
Los Angeles	204	8.2%
Chicago	129	2.4%
San Francisco	127	7.8%
Dallas	98	8.9%
Atlanta	91	7.8%
New York	86	4.6%
Seattle	82	8.4%
Houston	78	5.2%
Washington D.C.	78	2.6%
Miami	65	6.0%
Philadelphia	56	5.7%
Minneapolis	41	4.1%
Portland	40	11.2%

- Chicago NOI increased about 11%.
- Move-ins up 1% in quarter, at 4% higher rental rate. Move outs up 5.6%.
- Street rates in Q1 2016 up about 5%.

#### Negative Roll Over

- Average move-in rate per unit about \$124, versus average move-out rate of \$135.
- Last year, average move-in rate of \$119, versus average move-out rate of \$128.
- Record low delinquencies, increased administrative fees.

## Operations

### Public Storage (NYSE: PSA)

- End of April occupancy up about 11 basis points since end of March.
- By far, largest ancillary business is tenant reinsurance. Revenues increased 16% in 2015 following 12% in 2014, and 9% in 2013.
- U.S. self storage business generated 94% of revenues.

#### Public Storage Select Market Share Estimate

MSA	Market Share	Next Largest Competitor's Share
Los Angeles	21.0%	6.6%
Miami	24.7%	7.2%
New York	10.9%	7.3%
San Francisco	22.8%	5.2%
Washington D.C.	21.0%	9.5%
Seattle	18.8%	1.2%
Dallas- Ft. Worth	12.2%	6.1%
Houston	13.0%	6.7%
Atlanta	15.6%	6.7%
San Jose	28.1%	5.2%
Denver	20.9%	7.2%
Minneapolis	20.9%	0.4%
Charlotte	18.0%	2.6%
Orlando	21.9%	4.1%
Austin	11.3%	6.0%

## Operations

### Public Storage (NYSE: PSA)

#### Europe

- Every market up in NOI, led by Sweden at 16.2%. Germany the laggard up 0.8% Occupancies for the quarter 89.8% versus 88.1% last year.
- Realized rents up 3.1%, revenue growth 5.2%
- NOI growth 6.7%, as expenses only up 2.8%.
- Opened up three new facilities at the end of 2015 in London, with two more undertaking this year. Trying to develop in Berlin. No acquisitions currently.
- Development difficult in Central London and Paris due to zoning restrictions and incredibly expensive land.
- In all of Western Europe there are between 1,500 and 1,800 facilities with over half located in Great Britain, maybe 10 to 12 facilities in all of Berlin. Not a lot to purchase, much lower quality than the U.S. Most facilities are not purpose built, but converted office, garages, industrial buildings, with a variety of shapes and sizes. In Great Britain much of the inventory outside of London.

#### Shurgard Europe

Country	Number of Properties
Netherlands	61
France	55
Sweden	30
United Kingdom	24
Belgium	21
Germany	16
Denmark	10
France	55
Total	217

## Operations

### Extra Space Storage (NYSE: EXR)

*Extra Space Storage generated 24.9% FFO growth in Q1 2016, coupled with last quarter 21% FFO growth. It represents over 50% FFO growth in two years.*

#### Same-Store Facilities Definition

- Same-store pool of 564 stores. Company considers a store to be stabilized once open for three years, or sustained average square foot occupancy of 80% or more for one calendar year.
- 22 consecutive quarters of double-digit Funds From Operation growth.
- Portfolio occupancy of 92.8% of end of first quarter represents all-time high point for Extra Space at end of the first quarter.
- Existing customer rate increases consistently 9% to 10% each quarter.
- Rate increase pattern remains the same: first increase after 5 months, then every nine months thereafter.
- Mobile devices leading to rentals continue to grow at double-digit percentage pace.
- Move-out only in low single digit percentage when implementing rate increase. In 2006, 2007 15%-20% move-outs after rate increase.
- Discounts in first quarter about 75% to 85% of customers moving in. Higher than last year. Rates up 5% to 10%.
- Third-party management program past 8.5 years; contracts are month-to-month. Extra Space Storage advances money to rebrand asset, and if owner opts out before 36 months, then return some rebranding costs on pro-rated basis. Do not require right-of-first refusal for sale consideration.



## Operations

Extra Space  
Storage  
(NYSE: EXR)

### Select Markets Same-Store Performance First Quarter

MSA	Stores	Rent Per Sq. Ft.	Average Occupancy	Revenue Growth
Los Angeles-Riverside-Orange County	72	\$16.07	94.8%	11.3%
New York-N. New Jersey-Long Island	61	\$21.44	92.6%	8.3%
Boston-Worcester-Lawrence-MA,NH,ME,CT	38	\$19.18	91.7%	7.6%
Washington DC-Baltimore	35	\$18.64	90.8%	4.6%
San Francisco-Oakland-San Jose	32	\$23.35	95.0%	11.4%
Miami-Fort Lauderdale	22	\$17.21	93.7%	8.6%
Atlanta	22	\$13.05	93.2%	12.4%
Dallas-Fort Worth	20	\$14.29	93.0%	9.6%
Chicago-Gary-Kenosha	18	\$14.23	90.6%	2.6%
Philadelphia-Wilmington-Atlantic City	17	\$13.37	92.3%	8.1%
Tampa-St.Petersberg-Clearwater	15	\$14.04	94.5%	14.3%
Norfolk-Virginia Beach-Newport News	13	\$11.16	91.1%	8.1%
Memphis	11	\$9.21	90.2%	1.4%
Phoenix-Mesa	11	\$11.21	94.0%	8.9%
Sacramento-Yolo	10	\$11.65	95.5%	13.1%
Cincinnati-N. Kentucky	9	\$9.44	92.1%	8.2%
Houston-Galveston-Brazoria	8	\$13.98	91.9%	5.3%
West Palm Beach-Boca Raton	8	\$12.89	93.3%	12.7%
Salt Lake City-Ogden	7	\$11.25	94.7%	12.0%
Orlando	7	\$12.04	94.0%	12.8%
Indianapolis	5	\$11.11	91.6%	3.6%
Columbus	4	\$10.01	90.5%	4.3%

## Operations

### CubeSmart (NYSE: CUBE)

*Added 28 properties to third-party management platform. As of March 21, 2016, total of 252 facilities under third-party management program.*

- Eco-friendly initiatives include energy efficient lighting - \$1.9 million budgeted for upgrades this year in Austin, Texas. CubeSmart is proud to manage Texas' first "net- zero-energy" self-storage facility.
- Rate increases on existing customers in low double-digits.
- 6% to 7% of total customers vacate every month.
- Newly developed assets in Bronx and two in Queens leasing up very quickly in April, growing 470 to 500 basis points.
- Portfolio occupancy of 92.6% as of April 29, 2016 up 30 basis points from March 2016. Rent is up 1.6% in April 2016.
- Revenue growth driven primarily by growth in net effective rents, as well as a 150 basis point increase in occupancy.
- Average length of stay increasing, only by a few days, not months.
- Valet storage is a small niche business in densely urban areas.

#### Upgraded Guidance for Full Year 2016 - Same-Store Pool 407 Assets

Revenue Growth	6.25% to 7.0%
Net Operating Income	7.75% to 8.75%
General and Administrative Expenses	\$30 million to \$31 million
Adjusted FFO	\$1.36 to \$1.40
Diluted Per Share Due to Development	\$0.03 per share
Acquisition Activity	\$250 million to \$300 million

## Operations

### CubeSmart (NYSE: CUBE)

#### Select Markets Same-Store Performance

MSA	Facilities	Rent Per Occupied Square Feet	Average Occupancy	Revenue Growth
New York-N. New Jersey-Long Island	48	\$25.47	91.6%	7.7%
Chicago-Naperville-Joliet	34	\$13.58	90.8%	3.3%
Miami-Fort Lauderdale-Pompano	33	\$16.35	93.7%	8.6%
Dallas-Fort Worth-Arlington	25	\$12.98	91.9%	7.0%
Washington D.C.-Arlington-Alexan-	20	\$19.13	90.7%	6.2%
Atlanta-Sandy Springs-Marietta	16	\$11.57	92.7%	9.9%
Riverside-San Bernadino-Ontario	16	\$10.61	93.9%	12.7%
Tuscon, AZ	15	\$9.90	91.3%	7.8%
Philadelphia-Camden-Wilmington	13	\$14.99	90.9%	8.6%
Phoenix-Mesa-Scottsdale	12	\$10.68	92.5%	8.9%
Houston-Sugarland-Baytown	12	\$12.97	91.1%	6.6%
Columbus, OH	10	\$9.91	88.1%	9.9%
Orlando-Kissimmee	10	\$11.47	93.2%	16.4%
Sacramento-Arden-Arcade-Roseville	9	\$11.38	94.2%	13.3%
Austin-Round Rock	6	\$13.90	91.9%	9.3%
Cape Coral-Fort Meyers	12	\$15.23	90.5%	19.9%

*"We have always under promised, and over performed." -Chris Marr, CEO, CubeSmart*

## Operations

### Sovran (NYSE: SSS)

#### Rent Increase Sensitivity Down

- Average rate increased to 13.2% in Q1 2016 from 9.7% in Q1 2015 with strong retention. Move-outs for customers receiving increases dropped to 9.3%-down 200 basis points. In comparison, 2 to 2.5 years ago, move-out rate was 14% to 16%

#### Net Rentable Square Feet at March 31, 2016

Wholly Owned Properties	32,454,124 sq.ft.
Joint Venture Properties	5,194,291 sq.ft.
Third Party Managed Properties	880,321 sq.ft.
Total	38,528,786 sq.ft.

- Plans to complete \$25 million to \$30 million of expansions. Also, budgeted \$22 million to provide for recurring capitalized expenditures including roofing, paving, office renovations, and select aesthetic improvements. Recurring CapEx expected to be \$0.45 to \$0.50 per square foot.
- Ended quarter with street rates up 5.9% over last year, with an average up 5.6%.

#### Guidance For Full Year 2016

Revenue Growth	6.0% to 7.0%
Operating Costs	2.5% to 3.5%
Property Taxes	6.0% to 7.0%
Total Operating Expenses	3.5% to 4.5%
Net Operating Income	7.5% to 8.5%

- FFO dilution of \$0.07 to \$0.08 for certificate of occupancy deals completed to date and in 2016.

## Operations

Sovran  
(NYSE: SSS)

### Same-Store Facilities Definition

- Same-store pool consists of 428 stabilized stores owned since December 31, 2014. The pool does not include stores in early stages of lease-up purchased in 2014 at certificate-of-occupancy. Same-store pool includes stores in the first year after achieving 80% sustained occupancy using market rates and incentives.

### Select Markets Same-Store Performance

Market	Stores	Average Rent Per Sq. Ft.	Average Occupancy	Revenue Growth
Houston-The Woodlands-Sugarland	41	\$13.38	90.7%	5.4%
New England-CT, MA, RI, NH, ME	33	\$16.66	89.9%	7.5%
New York-Newark-Jersey City	24	\$21.20	90.3%	7.9%
Atlanta-Sandy Springs-Roswell	21	\$12.11	90.9%	10.3%
Dallas-Fort Worth-Arlington	20	\$11.55	93.3%	6.0%
Buffalo-Upstate	19	\$12.73	87.4%	5.6%
Austin-Round Rock	17	\$12.38	86.4%	5.2%
Miami-Ft. Lauderdale-West Palm Beach	15	\$17.81	91.5%	7.3%
San Antonio-New Braunfels	15	\$12.73	90.9%	10.1%
New Orleans-Lafayette	15	\$11.66	90.5%	0.9%
St. Louis	14	\$12.98	89.4%	8.3%
Tampa-St.Petersburg-Clearwater	13	\$13.67	93.8%	7.5%
Virginia Beach-Norfolk-Newport News	12	\$10.25	90.4%	3.0%
Chicago-Naperville-Elgin	10	\$13.76	90.4%	8.1%
Phoenix-Scottsdale-Mesa	10	\$10.52	90.2%	7.5%
Cleveland-Elyria	9	\$11.32	87.7%	4.3%
Raleigh-Durham	8	\$11.77	93.5%	4.8%
Pensacola-Ferry Pass-Brent	8	\$8.06	90.6%	3.4%
Jacksonville, FL	8	\$10.47	94.2%	8.9%

## Operations

### Sovran

(NYSE: SSS)

- Some store occupancy 91% at March 31, 2016. Revenue growth driven by 90 basis point occupancy gain, and 5.4% increase in rates.
- Utilizing SpareFoot rentals, up 4% year-over-year, percentage of all move-ins less than 10% from SpareFoot.
- Chicago assets performing well, proving self storage is a micro-market business, especially in densely populated urban markets such as Chicago.
- Corporate Alliance Program driven by technology. Serves corporate customers in multiple states managing storage from a central location.
- When and if rising tide goes out, company revenue management systems may have a bigger impact on maintaining revenues.



## Operations

### National Storage Affiliates (NYSE: NSA)

*Added seventh Participating Regional Operate (“PRO”), Hide-Away Storage Services, Inc. on April 1, 2016. Average PRO self storage experience over 30 years.*

- At end of first quarter, NSA's total portfolio included 293 self storage properties.
- On year anniversary as a public company.
- Portfolio occupancy at end of quarter of 89.4%.
- About 60% of leads originating from internet.
- Believe 80% of customer residential versus commercial use.

#### Select Markets Same-Store Performance

State	Stores	Rent Per Occupied Sq. Ft.	Occupancy 3/31/16	Revenue Growth
Oregon	49	\$12.62	92.9%	12.9%
Texas	45	\$9.02	87.4%	4.8%
California	27	\$13.56	91.3%	11.6%
Oklahoma	25	\$8.39	88.3%	4.0%
North Carolina	19	\$9.61	83.4%	2.4%
Georgia	16	\$8.19	93.5%	11.1%
Washington	13	\$11.82	92.2%	12.2%
Arizona	10	\$12.22	84.6%	9.8%
Colorado	8	\$11.24	94.2%	7.2%
Other	10	\$9.19	91.9%	12.0%
Total/Weighted Avg.	222	\$10.80	89.8%	9.1%

\*Other states in same store pool include Mississippi, New Hampshire, Nevada & South Carolina

#### 2016 Guidance Update

Same Store NOI Growth	7.5% to 9.5%
Acquisitions	\$400 million to \$550 million
Core FFO Per Share	\$1.04 to \$1.08

## Capital Activities

### Public Storage (NYSE: PSA)

- Issued 5.40% Preferred Shares Series B for gross proceeds of \$300 million, on January 20, 2016.
- Called for redemption 6.50% preferred shares series April 15, 2016.
- Issued €100 Million (\$113.6 million) of Euro-denominated Senior Unsecured Notes, bearing interest at a fixed rate of 1.54%, maturing in eight years.



## Capital Activities

## Extra Space Storage (NYSE: EXR)

- Sold 831,300 shares of common stock using “at the market” (ATM) equity program at an average sales price of \$88.63 per share, resulting in net proceeds of \$73.6 million. Company has \$294.6 million available for future issuance.

### Total Debt Structure

Type of Debt	% of Debt	Weighted Avg. Interest Rate
Fixed-Rate Debt	77.8%	3.5%
Variable-Rate Debt	22.2%	2.2%

Weighted Average Maturity of 4.8 Years



## Capital Activities

### CubeSmart (NYSE: CUBE)

- Sold two million common shares through “At The Market” (ATM) program at an average sales price of \$31.47 per share, resulting in net proceeds of \$63 million
- As of March 31, 2016 8.2 million shares available for issuance under existing equity distribution agreements.

#### Total Debt Structure

Type of Debt	Amount	Rate	Weighted Avg. Maturity
Floating Rate Debt	\$54.3 million	1.68%	4.1 years
Fixed Rate Debt	\$1.252 billion	4.05%	6.0 years
Total Debt	\$1.306 billion	3.95%	5.9 years

#### Investment Grade Rating

Moody's Baa2 (Stable)

Standard & Poor's BBB (Stable)

## Capital Activities

### Sovran (NYSE: SSS)

#### Equity and Debt

- On January 4th increased line of credit facility from \$300 million to \$500 million.
- Issued 2,645,000 shares of common stock at a price of \$105.75 per share, resulting in net proceeds of approximately \$270 million, part used to fund acquisition's.
- Issued in January 44,018 shares at a prices of \$105.32 through Dividend Reinvestment plan.

#### Key Financial Ratios

Debt to Enterprise Value (@ \$117.95/share)	16.0%
Debt to Book Cost of Facilities	31.5%
Debt to EBITDA	4.1x
Debt Service Coverage (DSC)	6.2x

#### Additional Capital Activities

- 39,399,691 common shares outstanding.
- 209,638 Operating Partnership Units (OP Units) outstanding.

## Capital Activities

## National Storage Affiliates (NYSE: NSA)

- On May 6, 2016 entered into amendment to modify credit facility increasing total capacity to \$675 million, extending maturities, and bringing terms to market. Reallocated \$325 million of borrowings to five and six-year term loan tranches with \$182 million remaining outstanding under revolving line of credit.

### Debt Balances and Characteristics

	Interest Rate	Maturity Average Years	Balance
Revolving Line of Credit	2.04%	1	\$259 million
Term Loan	2.74%	2	\$200 million
Fixed Rate Mortgages	3.97%	5.75	\$172 million
Weighted Average	2.80%	2.64	
Total Debt			\$634 million

### Debt Ratios

Net Debt to Annualized Adjusted EBITDA	6.9x
Trailing 12 Month Fixed Charge Coverage Ratio	3.7x
Total Leverage Ratio	42.8%

### Equity Interests

Common Shares	23,004,751
Restricted Shares	19,090
Operating Partnership Units	22,528,274
DownREIT Operating Partnership Unit Equivalents	1,834,786
Long-Term Incentive Plan Units	2,550,237
Subordinated Performance Units	12,368,637
DownREIT Subordinated Performance Unit Equivalents	5,746,969
Total Shares and Units Outstanding	68,052,744



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