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SELF STORAGE GROUP

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SELF STORAGE MARKET OVERVIEW

Third Quarter 2018 Results

Analysis of the Public Self Storage Companies

Marc A. Boorstein, Principal
mboorstein@mjpartners.com

Jeffrey L. Jacobson, Principal
jjacobson@mjpartners.com

David E. Kohn, Vice President
dkohn@mjpartners.com

Matthew E. Duda, Vice President
mduda@mjpartners.com

Dennis Nyren, Principal
dnyren@mjpartners.com

Greg Owens, Sr. Vice President
gowens@mjpartners.com

Steven Schwartz, Vice President
sschwartz@mjpartners.com

Claire Compennolle
ccompennolle@mjpartners.com

312.726.5800 T www.mjpartners.com

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Summary

Third Quarter 2018 Results

- The self storage REITs posted decelerating but still positive growth in same-store revenues and net operating income in the third quarter versus the same period last year. New supply is impacting operating performance in markets with the most recently opened new developments.
- The self storage REITs generated same-store revenue growth in the third quarter ranging from 1.2% to 4.0%.
- Net operating income of same-store pools range from 0.6% to 5.0%.
- Same-store portfolio occupancies range from 89.5% to 93.9% at the end of the third quarter.
- The self storage REIT sector reported total returns above the REIT Index during the first nine months of 2018. While the overall REIT sector generated -1.8% total returns during the period, the self storage sector generated -0.5% total returns. Self Storage REITs fell to the middle of the pack, trailing manufactured homes, healthcare, industrial, apartments, residential housing, and regional malls.

National Storage Affiliates Completes \$1.325 Billion Portfolio Acquisition

- National Storage Affiliates finalized the acquisition of 112 properties for \$1.325 billion from Simply Self Storage, owned by an investment fund managed by Brookfield Asset Management. A new joint venture formed between Heitman with 75% interest and NSA the remaining 25%. The year-one forward cap rate projected at 5.6%.

New Supply

- The consensus from the self storage REITs is that new deliveries in 2019 may be about the same as 2018. While there may be slight declines in the major markets, the secondary and tertiary markets may see continued acceleration in construction.
- Overall new deliveries in 2019 project similar to 2018 at about \$4 billion nationwide, an increase from \$2 billion in 2016 when supply started to meaningfully increase, estimated by Public Storage.
- The pace of development may slow as development yields are pressured by the deceleration in revenue growth projections and rising labor and material costs.
- “Impact of new supply not appearing to have a draconian impact on overall same-store revenue as some feared.” —Chris Marr, CubeSmart CEO

Implied Cap Rates

	Public Storage (NYSE: PSA)	5.5%
	Extra Space Storage (NYSE: EXR)	5.3%
	CubeSmart (NYSE: CUBE)	5.8%
	Life Storage (NYSE: LSI)	5.9%
	National Storage Affiliates (NYSE: NSA)	6.0%

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

Summary

New Supply Update

Under Construction & Planned
Percent of Existing Inventory

Metro Area	Oct-2018
NATIONAL	9.5%
Portland	29.1%
Nashville	24.6%
Orlando	18.0%
Boston	18.0%
Seattle	17.8%
San Jose	17.2%
Miami	15.7%
Raleigh–Durham	15.7%
New York	15.5%
Phoenix	15.4%
Pittsburgh	15.3%
Austin	14.2%
Denver	14.2%
Minneapolis	13.6%
Washington DC	12.4%
Charleston (SC)	12.4%
Atlanta	11.8%
Charlotte	11.8%
San Diego	10.4%
Tampa	9.1%
Las Vegas	8.2%
Columbus (OH)	7.8%
Sacramento	7.8%
Philadelphia	7.4%
Dallas–Ft Worth	7.0%
San Antonio	6.0%
Houston	5.1%
San Francisco Penin. & East Bay	5.0%
Chicago	4.9%
Los Angeles	4.9%
Inland Empire	4.4%

*Source Yardi Matrix

- Yardi Matrix's October 2018 National Self Storage Report highlights near-term new supply pipeline of units under construction and in the planning stage totals 9.5% of the existing national inventory.
- The estimated percentage of new units in the pipeline increased 20 basis points sequentially, driven by the final wave of late-summer starts.
- Markets with the largest supply pipeline as a percentage of existing supply include Portland (29.1%), Nashville (24.6%), Orlando (18.0%), Boston (18.0%), and Seattle (17.8%).
- Markets with the smallest supply pipeline include the high barrier-to-entry California markets of Inland Empire (4.4%), Los Angeles (4.9%) and San Francisco/East Bay (5.0%). Texas markets are experiencing a continued pause in development activity with new supply pipelines decreasing below the national average in Houston (5.1%), San Antonio (6.0%), and Dallas (7.0%). Chicago, in later stages of the development cycle, reported new supply of only 4.9% of existing inventory.



Earnings Results

Same-Store Comparisons

	Total Properties Operating	Revenue Growth	Net Operating Income Growth	Occupancy End of Quarter	Rent Per Occupied Square Foot
Public Storage	2,418 U.S. 228 Europe	1.2%	0.6%	92.1%	\$17.83
Extra Space Storage	1,606	3.2%	3.3%	93.9%	\$16.51
CubeSmart	~1,021	3.0%	3.9%	92.7%	\$16.81
Life Storage	725	3.6%	4.2%	91.3%	\$14.16
National Storage Affiliates	669	4.0%	5.0%	89.5%	\$12.15

Capital Markets

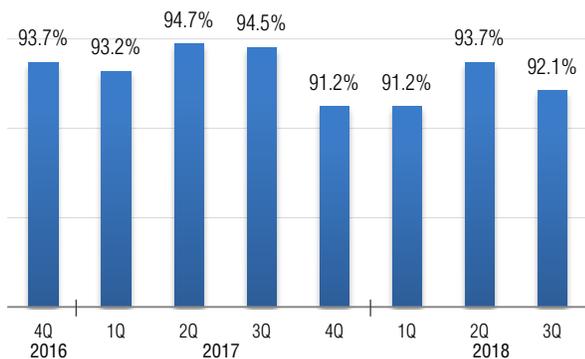
	Market Capitalization	Core Funds From Operations	Annual Dividend Yield	Common Stock Price (11.05.2018)	52-Week High/Low
Public Storage	\$35.2 billion	\$2.70/share (+3.4%)	4.02%	\$201.60	\$234.90 \$180.48
Extra Space Storage	\$11.7 billion	\$1.20/share (+6.2%)	3.94%	\$88.87	\$101.96 \$77.53
CubeSmart	\$5.4 billion	\$0.43/share (+2.4%)	4.14%	\$28.61	\$33.18 \$25.22
Life Storage	\$4.4 billion	\$1.45/share (+4.1%)	4.38%	\$94.24	\$102.91 \$76.42
National Storage Affiliates	\$2.3 billion	\$0.36/share (+9.1%)	4.34%	\$26.40	\$32.28 \$23.10



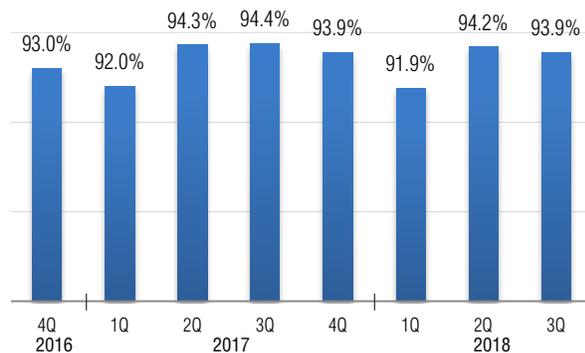
Portfolio Occupancies

Same-Store
Year-Over-Year Change

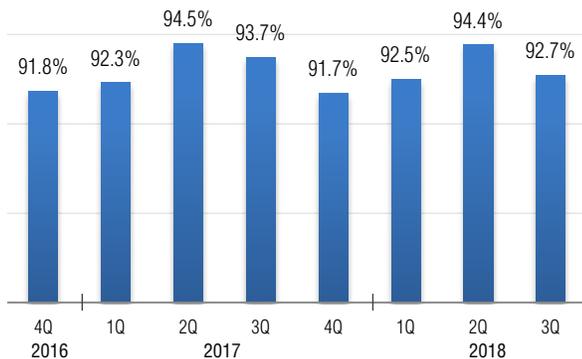
Public Storage



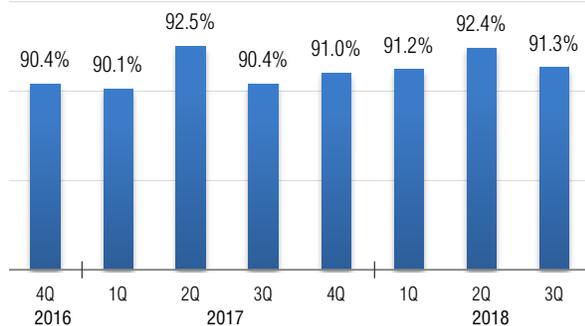
Extra Space Storage



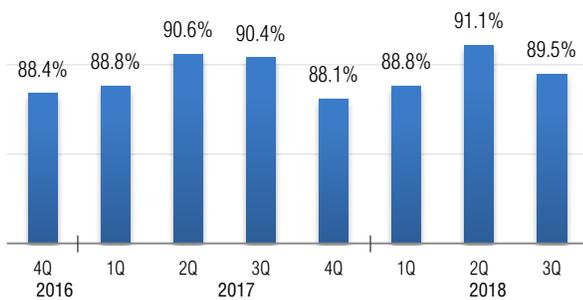
CubeSmart



Life Storage



National Storage Affiliates

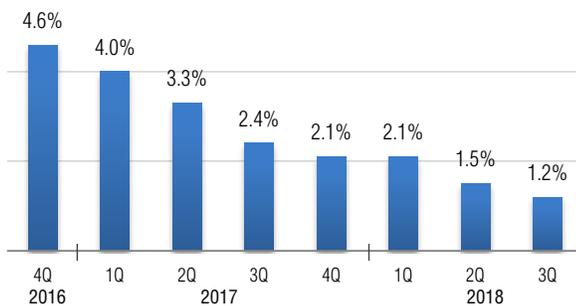




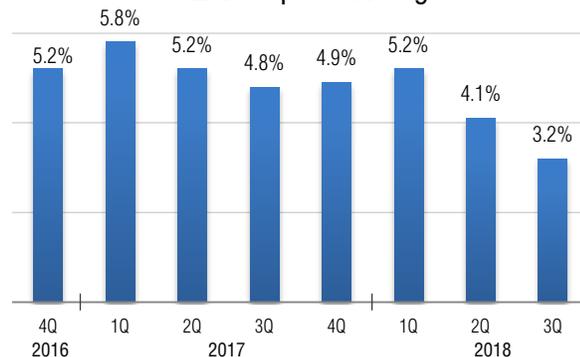
Portfolio Revenues

Same-Store Year-Over-Year Change

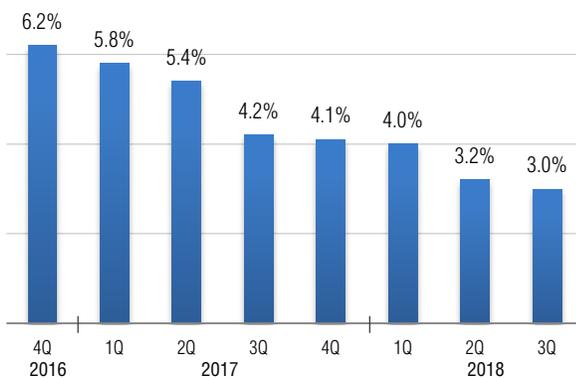
Public Storage



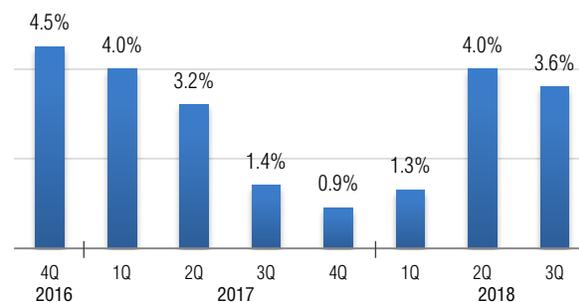
Extra Space Storage



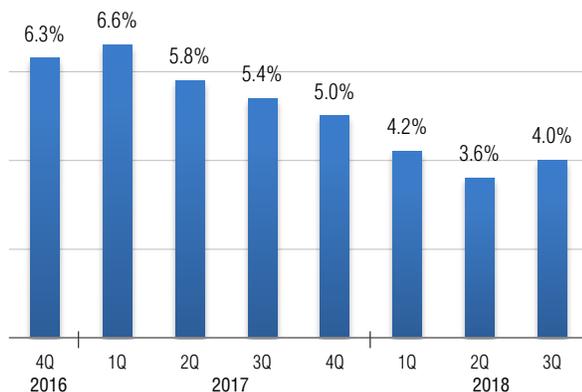
CubeSmart



Life Storage



National Storage Affiliates

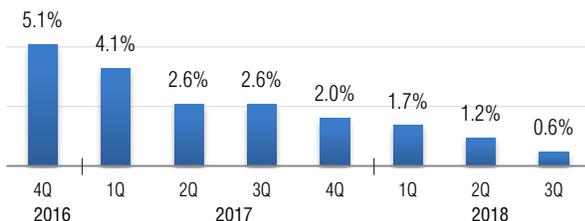




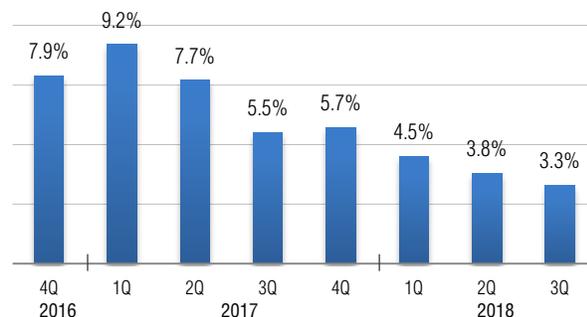
**Portfolio
Net Operating
Income**

Same-Store
Year-Over-Year Change

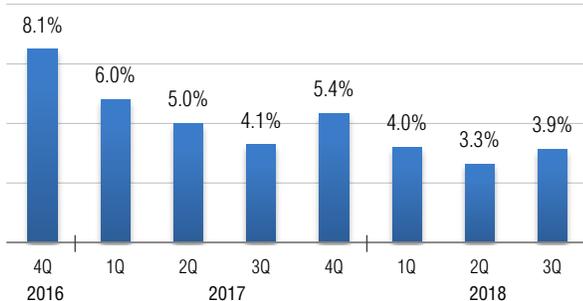
Public Storage



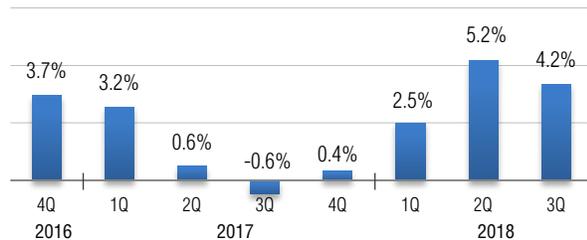
Extra Space Storage



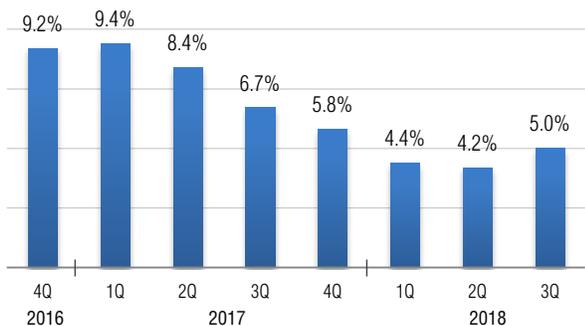
CubeSmart



Life Storage



National Storage Affiliates





Investment Activity

Public Storage (NYSE: PSA)

During the third quarter, Public Storage acquired eleven facilities for \$73.8 million comprising about 700,000 rentable square feet. Locations include six in greater Minneapolis, two in Texas, and one each in Ohio, South Carolina and Tennessee

Investment Activity

- Subsequent to quarter end, Public Storage acquired or is under contract to acquire nine facilities for \$79.7 million comprising about 600,000 rentable square feet
- Year-to-date, acquired 16 properties for \$107.8 million consisting of about one million rentable square feet. Locations include six in Minnesota, two each in South Carolina, Tennessee and Texas, one each in Indiana, Kentucky, Nebraska and Ohio.

Development Pipeline

- Year-to-date, completed 16 newly developed facilities and various expansion projects.
- As of September 30, 2018, new facilities in development totaling 1.6 million rentable square feet estimated to cost \$251 million, and various expansion projects totaling about 3.8 rentable square feet estimated to cost \$346 million.
- Public Storage continues to focus on development and expansion opportunities in Dallas and Houston, but in a more balanced way. Developments currently under construction include Florida, Washington, Minnesota and other markets.

New Supply

- Public Storage estimates that overall market new deliveries in 2019 in the top 30 markets will be consistent with new deliveries in 2018.
- Development yields continue to be attractive to prospective developers. Despite a downward shift in yield in some markets, building at an 8% yield and selling at a 5% or 6% cap rate generates about a 33% margin.
- Public Storage sees statistically fewer new deliveries in 2019 in some of the nation's most oversupplied markets including Denver, Charlotte, Austin, Dallas, Houston and Tampa. High growth cities including Portland, New York, Miami, Boston, West Palm Beach, and Raleigh may see elevated deliveries in 2019.

Shurgard Europe

- On October 15, 2018, Shurgard Europe completed an initial global offering and shares began trading on Euronext Brussels under the "SHUR" symbol. The company's equity interest in 31.3 million shares, decreased from 49% to 36.6% as a result of the offering.
- Shurgard is the largest owner and operator of self storage facilities in Europe with 228 properties and approximately 12 million net rentable square feet in seven countries, including the Netherlands, France, Sweden, the United Kingdom, Belgium, Germany and Denmark.
- On October 18, 2018, Public Storage sold a property in West London to Shurgard Europe for €36.5 million in cash.

Investment Activity

Extra Space Storage
(NYSE: EXR)

Extra Space anticipates nearly \$1 billion in property acquisitions in 2018 of which Extra Space will contribute \$600 million. A little over 80% of the gross acquisitions this year will originate from either joint venture partners or third-party management relationships. Less than 20% of acquisitions originate from brokered deals in a competitive process.

Investment Activity

- In the third, quarter, acquired five operating stores and one store at certificate of occupancy for a total of \$74.3 million. The acquisitions included a stabilized store in Fort Lauderdale and five stores in various stages of stabilization. The Fort Lauderdale store traded at a stabilized yield of about 6.5%. The average initial yield was in the low 5% range and stabilized yields in the mid 6% range when averaging the stabilized and non-stabilized stores together.
- Extra Space is not witnessing a material change in cap rates. Continued rising interest rates into 2019 may put pressure on cap rates.

Year-to-Date 2018 Investment Activity

- During the first three quarters of 2018, Extra Space transacted wholly-owned acquisitions of 11 operating stores, two certificate of occupancy stores, and purchased joint venture partner's interest in 15 stores for a total investment of \$382.7 million.
- In conjunction with joint venture partners, acquired 13 operating stores, 11 certificate of occupancy stores, and completed three developments for total cost of \$351.1 million, of which Extra Space invested \$84.8 million.

Joint Venture Acquisitions/New Development

- In conjunction with the joint venture partners in the third quarter, Extra Space acquired eight operating stores, three certificate of occupancy stores, and completed one development for a total cost of approximately \$127.1 million, of which Extra Space invested \$34.6 million.
- Joint venture acquisition activity has increased generating outsized returns. Extra Space is not investing 100% of the capital but generating management fees, insurance proceeds and an opportunity to earn a promoted interest.

New Supply

- About one-third of Extra Space's portfolio is facing new supply in 2018. Almost half of proposed new supply not yet delivered. Some construction delays may push deliveries into 2019 and others will not be delivered, dropping impact to about 14% of the company's portfolio next year.
- Extra Space anticipates the three-year rolling trend of new deliveries to impact about 50% of Extra Space stores for the three years ending in 2018 and about 60% in 2019.
- New supply impact increasing in Florida, Dallas, Portland and Washington D.C. Chicago seeing improvement with less new supply coming to market.

Investment Activity

Extra Space
Storage
(NYSE: EXR)

Disposition

- Extra Space sold a store on August 16, 2018 in Menlo Park, California for an alternative corporate use for \$40.7 million representing about a 3% cap rate. Extra Space recognized a gain of \$30.7 million. The sale was part of a reverse 1031 exchange for stores previously acquired by Extra Space.

Certificate of Occupancy Underwriting and Acquisition Yields

- Extra Space underwrites prospective certificate of occupancy deals on an unleveraged basis and does not add leverage in its underwriting to reach its desired yield.
- Extra Space targets an 8% stabilized yield on certificate of occupancy acquisitions. Core markets with high barriers-to-entry may command a lower stabilized yield.
- Typical underwriting targets 90% economic occupancy with 36 to 42 months lease-up to reach economic stabilization, depending on the size of property and market, and 3% rental rate growth.
- Current Extra Space certificate of occupancy transactions are performing slightly better with 30 to 36 months lease-up to reach economic stabilization.

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
2018 Projected Openings					
St. Petersburg, FL	4Q 2018	69,740	\$12,200,000	\$ 174.94	10%
Decatur, GA	4Q 2018	79,160	\$14,250,000	\$ 180.02	10%
Atlanta, GA	4Q 2018	77,060	\$13,500,000	\$ 175.19	10%
Jamaica Plain, MA	4Q 2018	97,500	\$21,333,000	\$ 218.80	100%
Charlotte, NC	4Q 2018	76,900	\$9,250,000	\$ 120.29	10%
Lawrenceville, GA	4Q 2018	80,000	\$7,500,000	\$ 93.75	100%
Brooklyn, NY	4Q 2018	140,659	\$79,901,000	\$ 568.05	25%
Brooklyn Park, MN	4Q 2018	79,600	\$8,100,000	\$ 101.76	100%
Manayunk, PA	4Q 2018	57,675	\$17,100,000	\$ 296.49	100%
Queens, NY	4Q 2018	128,095	\$52,321,000	\$ 408.45	25%
Chicago, IL	4Q 2018	98,625	\$14,840,000	\$ 150.47	10%
Brooklyn, NY	4Q 2018	45,725	\$20,750,000	\$ 453.80	10%
Chicago, IL	4Q 2018	98,965	\$14,500,000	\$ 146.52	10%
Tampa, FL	4Q 2018	77,725	\$10,000,000	\$ 128.66	10%
Plantation, FL *	4Q 2018	75,750	\$11,800,000	\$ 155.78	10%
Total	15	1,283,179	\$307,345,000		

*development

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
2019 Projected Openings					
Newton, MA	1Q 2019	80,000	\$20,000,000	\$ 250.00	10%
Louisville, KY	1Q 2019	91,785	\$12,750,000	\$ 138.91	100%
Brooklyn, NY	2Q 2019	62,385	\$32,980,000	\$ 528.65	25%
New Hyde Park, NY	2Q 2019	70,000	\$7,945,000	\$ 113.50	100%
Brooklyn Center, MN	2Q 2019	83,000	\$8,400,000	\$ 101.20	100%
Alexandria, VA	3Q 2019	79,500	\$17,500,000	\$ 220.13	10%
Wakefield, MA	3Q 2019	84,075	\$16,800,000	\$ 199.82	100%
Vista, CA	3Q 2019	104,400	\$16,000,000	\$ 153.26	10%
Broomfield, CO*	3Q 2019	65,475	\$9,083,000	\$ 138.72	100%
Belleville, NJ*	4Q 2019	75,000	\$10,944,000	\$ 145.92	95%
San Jose, CA	4Q 2019	76,000	\$13,500,000	\$ 177.63	100%
Miramar, FL	4Q 2019	78,750	\$14,800,000	\$ 187.94	10%
West Palm Beach, FL	4Q 2019	79,075	\$14,500,000	\$ 183.37	10%
Total	13	1,029,445	\$ 195,202,000		
2020 Projected Openings					
Aurora, CO	1Q 2020	79,900	\$10,528,000	\$131.76	100%

*development



Investment Activity

Extra Space Storage
(NYSE: EXR)

Certificate of Occupancy and Development Stores - Operating

Location	Date Opened	Rentable Square Feet	Purchase Price/Cost	Price/Cost Per Square Foot	Occupancy 9/30/18	Ownership
Quincy, MA	1Q 2016	85,024	\$16,150,000	\$189.95	94.6%	100%
Chicago, IL	1Q 2016	81,658	\$16,500,000	\$202.06	93.6%	100%
Aurora, CO	1Q 2016	84,345	\$11,470,000	\$135.99	85.8%	10%
Mesa, AZ	2Q 2016	63,395	\$5,000,000	\$78.87	98.0%	100%
Roswell, GA	2Q 2016	76,990	\$7,900,000	\$102.61	90.5%	100%
New York, NY	2Q 2016	62,549	\$52,000,000	\$831.35	81.6%	25%
San Antonio, TX	2Q 2016	104,955	\$10,500,000	\$100.04	68.2%	100%
Elmont, NY	3Q 2016	80,098	\$29,000,000	\$362.06	84.1%	100%
Glendale, CA	3Q 2016	66,590	\$13,800,000	\$207.24	95.7%	100%
Vancouver, WA	3Q 2016	82,301	\$11,700,000	\$142.16	89.3%	100%
Murray, UT	4Q 2016	77,585	\$3,750,000	\$48.33	89.4%	100%
Smyrna, GA (4)	2Q 2016	59,068	\$8,000,000	\$135.44	90.5%	100%
Portland, OR	3Q 2016	44,215	\$9,000,000	\$203.55	87.2%	100%
Sarasota, FL	4Q 2016	66,803	\$10,340,000	\$154.78	80.3%	20%
Lake Worth, FL	1Q 2017	78,615	\$8,455,000	\$107.55	86.3%	10%
Clearwater, FL	1Q 2017	59,176	\$7,750,000	\$130.97	91.2%	20%
Philadelphia, PA	2Q 2017	77,186	\$17,800,000	\$230.61	68.8%	100%
Warrington, PA	2Q 2017	65,747	\$12,000,000	\$182.52	71.2%	100%
Orlando, FL	2Q 2017	66,288	\$7,343,000	\$110.77	83.5%	100%
Ft Myers, FL	3Q 2017	77,469	\$8,970,000	\$115.79	61.3%	100%
Cohasset, MA	3Q 2017	50,780	\$8,800,000	\$173.30	85.1%	10%
Venice, FL	4Q 2017	58,254	\$7,830,000	\$134.41	82.5%	20%
Portland, OR	4Q 2017	73,280	\$12,800,000	\$174.67	65.4%	25%



Investment Activity

Extra Space Storage
(NYSE: EXR)

Certificate of Occupancy and Development Stores - Operating (continued)

Location	Date Opened	Rentable Square Feet	Purchase Price/Cost	Price/Cost Per Square Foot	Occupancy 9/30/18	Ownership
Suwanee, GA	4Q 2017	78,447	\$9,600,000	\$122.38	49.4%	100%
Buford, GA	4Q 2017	78,955	\$7,500,000	\$94.99	56.2%	100%
Philadelphia, PA	4Q 2017	73,156	\$17,700,000	\$241.95	76.8%	100%
Westwood, NJ	4Q 2017	70,873	\$21,000,000	\$296.30	40.0%	100%
New York, NY	4Q 2017	52,672	\$25,924,000	\$492.18	54.3%	25%
Charlotte, NC	4Q 2017	70,945	\$10,900,000	\$153.64	52.2%	100%
Bradenton, FL	4Q 2017	86,605	\$10,400,000	\$120.09	56.9%	100%
Milwaukee, WI	4Q 2017	84,891	\$13,040,000	\$153.61	28.5%	10%
Franklin, WI	4Q 2017	92,596	\$12,520,000	\$135.21	40.9%	10%
Raleigh, NC	1Q 2018	68,265	\$8,800,000	\$128.91	40.5%	10%
Cherry Creek, CO	1Q 2018	88,333	\$14,000,000	\$158.49	34.3%	100%
Totowa, NJ	1Q 2018	84,205	\$19,541,000	\$232.06	44.4%	100%
Elmhurst, IL	2Q 2018	83,067	\$9,960,000	\$119.90	45.6%	25%
St. Petersburg, FL	2Q 2018	99,043	\$9,750,000	\$98.44	55.7%	20%
Vancouver, WA	2Q 2018	57,170	\$8,250,000	\$144.31	65.0%	25%
Houston, TX	2Q 2018	79,692	\$9,000,000	\$112.93	42.5%	100%
Hollywood, FL	2Q 2018	58,045	\$11,800,000	\$203.29	22.6%	10%
Portland, OR	2Q 2018	78,591	\$22,500,000	\$286.29	21.4%	25%
Largo, FL	3Q 2018	86,720	\$11,500,000	\$132.61	14.6%	25%
Minnetonka, MN	3Q 2018	84,500	\$12,025,000	\$142.31	87.6%	100%
Milwaukie, OR	3Q 2018	64,552	\$11,700,000	\$181.25	23.9%	25%
Riverview, FL	3Q 2018	79,610	\$10,400,000	\$130.64	37.5%	10%
Total	46	3,029,074	\$539,043,000			

Investment Activity

CubeSmart
(NYSE: CUBE)

Year-to-date through the third quarter, CubeSmart acquired seven properties for \$167.2 million and two addition properties under contract for \$41.3 million.

Investment Activity

- During the third quarter, acquired wholly-owned stores in lease-up in Washington, D.C. and Charlotte, and one stabilized property in Nevada for \$59.6 million.
- Subsequent to quarter-end, acquired two wholly-owned stores in Los Angeles and Houston for \$76.4 million.

Joint Venture Activity

- The joint venture, HVP IV (Heitman) acquired two properties in lease-up located in Florida and Georgia for \$20.5 million.
- Year-to-date, HVP IV has acquired ten properties for \$114.4 million of which CubeSmart contributed \$14.1 million. Additionally, HVP IV has two properties under contract for \$15.1 million, expected to close in the fourth quarter of 2018.

Certificate of Occupancy and Development Pipeline

- As of September 30, 2018, CubeSmart had one property in California under contract to purchase at certificate of occupancy for a total acquisition price of \$19.2 million. The transaction is expected to close in the fourth quarter of 2018.
- As of September 30, 2018, CubeSmart had six joint venture development properties under construction with an anticipated total investment of \$160 million related to these projects. The locations include three in New York, two in Massachusetts, and one in New Jersey. The six facilities are expected to open at various times between the first quarter of 2019 and the fourth quarter of 2019.
- New York continues to be a desirable long-term target for CubeSmart. The current opportunity to grow through acquisitions in New York may be in a bit of a hiatus.

New Supply Impact – CubeSmart Top 12 MSAs

- CubeSmart's internal supply data review see fewer deliveries for 2019 than projecting for 2018 or 2017. Top 12 company MSAs, specifically Chicago and Dallas, expected to see more significant declines in 2019 new store openings, compared to anticipated 2018 openings.
- Three-year rolling trend of new store openings observed a 30% increase from the three-year period ending in 2016 to the period ending in 2017. Project a 44% increase from 2015-2017 compared to 2016-2018 rolling three-year period.
- CubeSmart expects 45% of the portfolio to be impacted by new competition in 2019. Anticipating only about 5% increase in the rolling three-year supply comparing 2016-2018 to 2017-2019.
- In Chicago and Dallas, two cities that experienced new development early in the development cycle, expecting a modest decline in the rolling three-year totals comparing 2016-2018 periods to 2017-2019.



Investment Activity

CubeSmart (NYSE: CUBE)

New Supply Impact – CubeSmart Top 12 MSAs (continued)

- New supply in Dallas includes 28 new openings in 2016, 29 openings in 2017, and 35 openings expected in 2019. New supply has been a compounding effect which has impacted negatively rental rates and subsequently returns. Stabilized projections in year three or four, may be in year five or year six. Not expecting distress in self storage, just a little disappointment in outcomes versus projections.
- New supply has been a compounding effect which has impacted negatively rental rates and subsequently returns. Stabilized projections in year three or four, may be in year five or year six. Not expecting distress in self storage, just a little disappointment in outcomes versus projections.
- Washington D.C. absolute levels of rolling three-year new supply have been growing, but the new store openings directly impacting an existing CubeSmart store have not been increasing. The combination of a slowdown in development activity in Chicago and lower impact of new store openings in Washington D.C. helped CubeSmart realize sequential same-store revenue growth in both markets.

New York

- The New York MSA also experienced sequential same-store revenue growth acceleration, driven in part by strong reacceleration in the Bronx, an example of demographically strong sub-market absorbing the impact of new supply.
- While the development cycle is in its later stages in the Bronx, the cycle is reaching its peak in Brooklyn. CubeSmart expects headwinds from new supply in CubeSmart's Brooklyn properties in 2019 as development accelerates. New openings may impact performance to a lesser extent in Queens and Bronx, with no impact in Staten Island.
- Expect a total of 38 new openings throughout all New York boroughs on a rolling three-year basis 2016-2018. And, on a rolling basis 2017-2019 a total of 50 new openings. Expect a peak in 2019.

Four Observations on the Impact of New Supply

- Impact of new supply not appearing to have a draconian impact on same-store revenue as some feared.
- Peak impact of new supply in major markets may be reaching an inflection point.
- Markets with higher supply per capita heading into current development cycle relying on population growth to balance out supply and demand, will likely recover more slowly.
- Well-located assets in strong demographic markets will be able to more smoothly navigate through the impact of new supply.

Investment
Activity

CubeSmart
(NYSE: CUBE)

Store Acquisitions at Certificate of Occupancy

Location	Expected Opening	Contract Price
San Diego, CA	4Q 2018	\$19,200,000

New Development Properties

Location	Expected Opening	CUBE's Anticipated Investment
Queens, NY	1Q 2019	\$45,700,000
Waltham, MA	1Q 2019	\$16,000,000
Bayonne, NJ	1Q 2019	\$24,700,000
Brooklyn, NY	3Q 2019	\$43,000,000
Newton, MA	4Q 2019	\$18,800,000
New York, NY	4Q 2019	\$11,800,000
Total		\$160,000,000

Acquisitions at Certificate of Occupancy - Operating

Location	Date Completed	Rentable Square Feet	Purchase Price	Price Per Square Foot	Occupancy 9/30/2018
Brooklyn, NY	1Q 2016	110,240	\$48,500,000	\$439.95	61.2%
Fort Worth, TX	2Q 2016	78,579	\$10,100,000	\$128.53	67.8%
Grapevine, TX	2Q 2016	78,769	\$10,800,000	\$137.11	76.9%
Riverwoods, IL	2Q 2017	73,915	\$11,200,000	\$151.53	59.9%
Chicago, IL	4Q 2017	90,947	\$11,300,000	\$124.25	58.1%
Delray Beach, FL	4Q 2017	97,970	\$17,750,000	\$181.18	34.9%

New Development Properties - Operating

Location	Date Completed	Rentable Square Feet	Total Cost	Cost Per Square Foot	Occupancy 9/30/2018
Queens, NY	1Q 2016	90,728	\$31,800,000	\$350.50	83.9%
Bronx, NY	2Q 2016	101,168	\$32,200,000	\$318.28	54.1%
North Palm Beach, FL	1Q 2017	45,825	\$9,700,000	\$211.67	70.8%
New York, NY*	3Q 2017	94,912	\$81,200,000	\$855.53	39.9%
Washington, D.C.	3Q 2017	72,323	\$27,800,000	\$384.39	46.8%
Brooklyn, NY	4Q 2017	131,913	\$49,300,000	\$373.73	18.8%
Bronx, NY	3Q 2018	201,195	\$91,500,000	\$454.78	0.3%
Total		525,654	\$232,000,000		

*The company owns a 90% interest in this property.

Investment Activity

Life Storage
(NYSE: LSI)

Life Storage acquired two properties for \$19.5 million. Locations include Sacramento, California and the greater Boston metro area, both markets with previous Life Storage presence. The Boston property was previously managed by Life Storage.

Investment Activity

- At September 30, 2018, Life Storage is under contract to acquire three facilities for \$29.3 million. Locations include two in New York and one in Atlanta.
- Subsequent to quarter-end, Life Storage acquired one property in New York, and two additional stores for \$19.2 million. Locations include Orlando, Florida and Sacramento, California.
- Life Storage is not seeing any changes in pricing yet, even as interest rates rise. Ample private capital, especially for stabilized assets, helping to maintain the low cap rate environment.
- Life Storage is not focusing on certificate of occupancy acquisitions, but they are still acquiring properties in 30% to 60% occupancy range.

Expansion and Capital Improvement Program

- Plans to complete \$40 million to \$45 million of expansions in 2018. The expansions may generate approximately 30 to 40 basis point positive impact on revenue. Life Storage budgeted \$22 million to \$25 million for recurring capitalized expenditures including roofing, paving, and office renovations.

Joint Venture Development

- Life Storage opened three new development properties owned by joint ventures with locations in Phoenix, Brooklyn, New York; and Miami. The properties have a total development cost of \$40.6 million, of which Life Storage has contributed \$8.6 million.

Disposition

- In July 2018, sold one property in Austin, Texas for \$9.6 million, and recorded a gain of about \$900,000. Life Storage continues to manage the location. Separately, sold land parcels for a gain of about \$700,000.

Dispositions to Joint Venture Partners

- As part of its strategy to monetize non-core assets, Life Storage is selling properties totaling about \$100 million into a joint venture by year end. Life Storage will continue to manage these assets. The proceeds are targeted for acquisitions in core markets where Life Storage has a presence.
- Life Storage intends to offer a fairly large second pool soon. The intent is to sell to a joint venture partner and maintain the third-party management.



Investment
Activity

Life Storage
(NYSE: LSI)

Certificate of Occupancy Operating Properties

Market	Date Acquired	Net Rentable Square Feet	Price	Price Per Square Foot	Occupancy 9/30/2018
Chicago, IL	Mar-2015	64,775	\$8,690,000	\$134.16	86.7%
Phoenix, AZ	Jun-2015	64,038	\$7,904,000	\$123.43	91.9%
Boston, MA	Jun-2015	63,183	\$10,291,000	\$162.88	92.1%
Phoenix, AZ	Feb-2016	67,795	\$9,275,000	\$136.81	91.2%
Miami, FL	Feb-2016	69,900	\$11,274,000	\$161.29	91.0%
Los Angeles, CA	Mar-2015	79,287	\$18,600,000	\$234.59	88.7%
Charleston, SC	Jul-2016	70,165	\$8,620,000	\$122.85	58.9%
Austin, TX	Jul-2016	87,965	\$12,477,000	\$141.84	94.0%
Chicago, IL	Jul-2016	130,019	\$31,440,000	\$241.81	91.6%
Chicago, IL	Jul-2016	74,235	\$11,545,000	\$155.52	91.9%
Chicago, IL	Jul-2016	71,198	\$14,953,000	\$210.02	94.4%
Chicago, IL	Jul-2016	76,175	\$11,357,000	\$149.09	95.6%
Chicago, IL	Jul-2016	59,659	\$14,249,000	\$238.84	94.0%
Chicago, IL	Jul-2016	86,282	\$11,959,000	\$138.60	94.0%
Dallas, TX	Jul-2016	70,355	\$9,451,000	\$134.33	86.1%
Dallas, TX	Jul-2016	56,342	\$12,239,000	\$217.23	86.0%
Boulder, CO	Jul-2016	44,616	\$8,373,000	\$187.67	77.6%
San Marco, TX	Jul-2016	59,066	\$8,353,000	\$141.42	78.9%
Chicago, IL	Nov-2016	68,235	\$8,884,000	\$130.20	92.9%
Chicago, IL	Feb-2017	78,023	\$10,089,000	\$129.31	59.3%
Austin, TX	Apr-2017	58,600	Lease	-	84.2%
Charlotte, NC	Dec-2017	70,118	\$12,549,000	\$178.97	40.3%
Total	22	1,570,031	\$252,572,000		

Investment Activity

National Storage Affiliates
(NYSE: NSA)

Subsequent to quarter end, added Southern Self Storage of Palm Beach Gardens, Florida as National Storage Affiliates ninth Participating Regional Operator (“PRO”). Southern Self Storage, led by Bob McIntosh and Peter Cowie, are active self storage operators with more than 30 years of experience. By January 2019, approximately \$110 million value of properties to be added into the platform. This PRO plans to focus on adding to markets including New Orleans, Southern Georgia, Florida’s panhandle and Puerto Rico.

Investment Activity

- During the third quarter, National Storage Affiliates formed a new joint venture with an affiliate of Heitman America Real Estate REIT LLC, (“2018 Joint Venture”). The 2018 Joint Venture was capitalized with approximately \$639.7 million in equity (approximately \$159.9 million from NSA for a 25% ownership interest and approximately \$479.8 million from Heitman for a 75% ownership interest). Also, the joint venture secured a 10-year \$643 million interest-only secured loan with an interest rate of 4.34% per annual.
- In September, the 2018 Joint Venture completed the acquisition of the Simply Self Storage portfolio of 112 self storage properties for \$1.325 billion. The properties are located across 17 states and Puerto Rico, consisting of over 8 million rentable square feet in over 68,000 storage units. Immediately following the closing, six properties in Puerto Rico and one property in Ohio were distributed to NSA for \$64 million. The properties are operated by NSA’s management platform under the iStorage brand name.
- National Storage Affiliates also acquired in the third quarter, six wholly-owned properties in six states for approximately \$41.7 million.
- Through the same 2018 Joint Venture also acquired two properties in the third quarter and an expansion project adjacent to an existing property for \$19 million. National Storage Affiliates contributed \$4.9 million for its 25% proportionate share.

New PRO – Southern Self Storage

- National Storage Affiliates and South Self Storage able to create the scale necessary to become a PRO by combining the existing Southern Self Storage portfolio with jointly underwritten properties in the acquisition pipeline. Southern Self Storage will include its nine-property portfolio and jointly close on an additional 11 in New Orleans in 2019. In addition, with Southern Self Storage’s management platform in South Florida, National Storage Affiliates is now comfortable co-investing in the six Puerto Rico assets brought over from the Simply Self Storage transaction.

Pipeline of Property Acquisitions

- National Storage Affiliates benefits from a captive pipeline of potential acquisitions through its PROs and third-party management relationships. Future pipeline of acquisitions from its PROs and relationships is over 100 properties valued at nearly \$1 billion.
- National Storage Affiliates goal is to grow portfolio asset base by 10% per year.

New Supply

- Yardi estimates the top 130 markets with experience a 22% decrease in new openings in 2019 as compared to 2018. National Storage Affiliates projects that most of the decline will be in the top 50 MSAs. Development in the next tier of MSAs may stay consistent with 2018 deliveries.
- National Storage Affiliates is seeing an increase in offerings for early lease-up properties that are 1% to 40% occupied. Market conditions have changed and original pro-forma projections are not being met.

Operations

Public Storage (NYSE: PSA)

During the first nine months of 2018, same-store net operating income increased 1.1%, driven by a 1.6% increase revenues and 2.9% increase in operating expenses.

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, 2016. The same-store pool consists of 2,046 facilities (131.2 million net rentable square feet) representing 82% of the aggregate net rentable square feet of Public Storage' U.S. consolidated self storage portfolio).

3Q 2018 RESULTS

- Same-store revenues increased 1.2% during the quarter, a decline of 120 basis points year-over-year. The increase was driven by a 1.9% increase in realized annual rental income per occupied square foot. Annual contract rent per square foot increased 1.4% during the third quarter, primarily driven by annual rate increases to existing tenants.
- Cost of operations for the same-store pool increased by 2.8% during the third quarter. The increase was impacted by a 5.7% growth in real estate taxes and 12.2% increase in advertising and selling expense. Payroll expense was kept in check with a 7.1% decrease in supervisory payroll expense.
- Same-store net operating income grew 0.6% year-over-year.
- Occupancy during the third quarter declined year-over-year. Same-store occupancy at the end of the first quarter was 92.1%, a 120 basis point decrease year-over-year. Same-store weighted average occupancy during the third quarter was 94.0%, a 60 basis point decline year-over-year and flat sequentially.

Select Market Same-Store Performance

- The majority of Public Storage's top markets reported decelerating revenue growth year-over-year. The company's worst performing market, Dallas, declined same-store revenue 4.0% year-over-year and 140 basis points sequentially. The top three Public Storage markets, Los Angeles, San Francisco, and New York, generated positive revenue growth year-over-year, albeit with decelerating revenue growth sequentially.
- The top performing Public Storage markets during the third quarter by same-store revenues include Orlando/Dayton (4.2%), West Palm Beach (3.2%), Los Angeles (2.8%), Philadelphia (2.8%), Miami (2.6%), Atlanta (2.5%), and Miami (2.4%).
- Markets performing below the portfolio average include Dallas/Ft. Worth (-4.0%), Chicago (-2.6%), Portland (-1.8%), and Washington D.C. (-0.4%).

Web Champ 2 Platform

- Public Storage's new web platform, Web Champ 2, is fully implemented throughout the country. Web Champ 2 acts as an interface from customers to Public Storage and also as an inventory system. Benefits include speed of transactions, knowledge of customer, and additional tools to help management trace movement activity.

Third-Party Management

- Added 12 new third-party management contracts during the quarter and expecting the platform to continue its growth.

Operations

Public Storage (NYSE: PSA)

Operating Fundamentals

- Move-in rates were down 2.1% during the quarter on a square foot basis compared to 4.2% during the second quarter, an improvement sequentially.
- Demand was consistent with previous quarters. The robust job market, increasing wages, and growing GDP support continued positive macroeconomic demand.
- Move-in discounts totaled \$18.5 million during the third quarter compared to \$21.7 million year-over-year. The decrease in move-in discounts was due primarily to lower average move-in contractual rates and reduced volume of move-ins during the quarter.
- Negative rent rollover, replacing vacating tenants with new tenants at lower contract rates, contributed to a reduction in year-over-year growth in annual contract rent per occupied square foot. The spread widened as annual contract rent for new tenants averaged \$14.76 per square foot compared to \$15.08 per square foot for vacating tenants.
- Public Storage continues its strategy of sending out rental rate increases to existing customers during the summer months when rates are high and ability to backfill vacates is good. Rental rate increases to existing customers continues to average in the high single-digits.
- Rate increases to existing tenants differs within high demand pockets in the overall market. Los Angeles, one of Public Storage's best markets, highlights the differential with strong increases in the San Fernando Valley and Eastern Inland Empire compared to other parts of Los Angeles.

Operations

Public Storage
(NYSE: PSA)

Top Market Same-Store Performance - Quarter End September 30, 2018

Market	Facilities	Rent Per Occupied Square Foot	Weighted Avg. Occupancy	Revenue Growth
Los Angeles	197	\$26.18	95.4%	2.8%
San Francisco	124	\$26.74	94.8%	2.0%
New York	82	\$25.58	95.1%	2.4%
Seattle-Tacoma	81	\$20.40	94.5%	0.9%
Washington DC	82	\$21.75	93.6%	(0.4%)
Miami	73	\$20.05	93.0%	2.6%
Chicago	129	\$15.36	92.0%	(2.6%)
Atlanta	98	\$13.41	94.2%	2.5%
Houston	70	\$14.49	90.6%	1.7%
Dallas-Ft. Worth	77	\$13.45	92.0%	(4.0%)
Philadelphia	57	\$16.48	95.4%	2.8%
Orlando-Daytona	64	\$14.18	94.8%	4.2%
West Palm Beach	38	\$18.91	94.3%	3.2%
Tampa	47	\$14.44	93.7%	1.6%
Portland	41	\$19.02	94.3%	(1.8%)
All other markets	786	\$14.53	94.5%	0.6%
Total	2,046			

Operations

Extra Space
Storage
(NYSE: EXR)

Year-to-date, Extra Space generated same-store net operating income of 3.9%, driven by a 4.2% increase in revenues and 4.9% increase in operating expenses.

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 783 facilities.

Q3 2018 RESULTS

- Same-store revenues increased 3.2% during the third quarter, a 90 basis point deceleration sequentially. The increase was driven by higher rental rates for both new and existing customers, and was partially offset by increased discounts during the quarter.
- Cost of operations for the same-store pool increased by 3.0% during the third quarter. The increase was impacted by a 12.3% increase in marketing expenses, 28.2% increase in insurance expenses, and 4.8% increase in real estate taxes. While real estate taxes were in-line with expectations, the rise in insurance premium costs was elevated due to an increased level of property claims due to last year's hurricanes.
- Same-store net operating income grew 3.3% year-over-year during the third quarter, driven by a 3.2% gain in same-store revenue and 3.0% gain in operating expenses.
- Occupancy during the third quarter was relatively flat year-over-year. Same-store occupancy at the end of the third quarter was 93.9%, compared to 93.7% a year earlier, a 20 basis point increase. Same-store weighted average occupancy during the third quarter was 94.2%, a 30 basis point increase from a year earlier.

Operating Fundamentals

- Increased discounts during the third quarter partially offset the 3% to 4% increase in achieved rental rates. The increase in discounts, year-over-year, was attributed to utilizing discounts during the summer months this year versus minimal discounts during the summer last year. The impact on same-store revenues from discounting was about 80 basis points during the third quarter.
- Extra Space experienced a decline in net tenant insurance revenue primarily due to water-related claims during last winter that were processed during the third quarter.
- Real estate taxes remain the biggest potential risk on operating expenses. Texas and Florida reassess frequently and aggressive in increasing assessments. The year-over-year comparisons may improve as assessed values approach market value.

Operations

Extra Space
Storage
(NYSE: EXR)

Major Market Revenue Growth

- Major markets with revenue growth above the portfolio average for the quarter and first nine months of 2018 include Atlanta, Hawaii, Indianapolis, Las Vegas, Phoenix, Philadelphia, Sacramento, and Los Angeles.
- Major markets performing below the Extra Space portfolio average include Charleston, Dallas, Miami, Norfolk/Virginia Beach, Washington D.C. and West Palm Beach/Boca Raton.
- 33 of the 38 Extra Space markets achieved positive same-store revenue growth during the third quarter. The exceptions were Richmond (-3.6%), Charleston (-3.0%), Portland (-2.1%), Dallas/Ft. Worth (-0.5%), and West Palm Beach (-0.1%).

Third Party Management

- Extra Space added 36 properties to its third-party management platform during the third quarter and 119 year-to-date, resulting in 507 third-party managed properties. When including an additional 227 facilities in joint ventures, Extra Space managed properties total 734 as of the end of the quarter.

Full Year 2018 Guidance

Same-store revenue growth	3.75% to 4.25%
Same-store expense growth	4.25% to 4.75%
Same-store net operating growth	3.5% to 4.25%
Net tenant reinsurance income	\$89.5 million to \$90.5 million
Acquisitions of operating stores wholly-owned	\$390 million
Development and C of O stores, wholly-owned	\$100 million
Acquisitions of operating stores, joint ventures, company investment	\$30 million
Development and C of O stores, joint ventures, company investment	\$100 million
Core FFO	\$4.62 to \$4.60
Dilution per share from C of O and value-added acquisitions	\$0.20 per share



Operations

Extra Space
Storage
(NYSE: EXR)

Select Markets Same-Store Performance

MSA	Number of Stores	Rent Per Occupied Square Foot	Average Occupancy	Revenue Growth
Los Angeles-Riverside-Orange County, CA	76	\$19.92	95.2%	5.3%
New York-Northern New Jersey-Long Island, NY-NJ-PA	65	\$23.62	94.9%	2.9%
Dallas-Fort Worth, TX	45	\$12.96	92.7%	(0.5%)
Washington-Baltimore, DC-MD-VA-WV	46	\$20.04	94.4%	1.2%
Atlanta, GA	45	\$12.69	94.7%	5.4%
San Francisco-Oakland-San Jose, CA	38	\$26.71	95.1%	3.8%
Boston-Worcester-Lawrence, MA-NH-ME-CT	37	\$21.74	95.4%	3.3%
Miami-Fort Lauderdale, FL	27	\$18.84	92.9%	1.3%
Chicago-Gary-Kenosha, IL-IN-WI	27	\$14.74	94.2%	3.4%
Phoenix-Mesa, AZ	20	\$12.00	95.1%	4.7%
Houston-Galveston-Brazoria, TX	18	\$13.07	90.3%	4.7%
Norfolk-Virginia Beach-Newport News, VA-NC	16	\$12.03	94.2%	1.0%
Cincinnati-Northern Kentucky	14	\$10.20	95.0%	1.9%
Tampa-St. Petersburg-Clearwater, FL	13	\$17.23	94.1%	2.0%
Indianapolis, IN	14	\$10.57	95.9%	5.8%
Philadelphia-Wilmington-Atlantic City, PA-DE-NJ	13	\$14.87	95.7%	6.5%
Las Vegas, NV-AZ	13	\$10.63	96.6%	10.8%
Sacramento-Yolo, CA	11	\$16.13	95.2%	3.6%
Charleston-North Charleston, SC	11	\$12.82	90.9%	(3.0%)
Orlando, FL	11	\$13.45	95.6%	2.1%
Memphis, TN-AR-MS	11	\$9.85	93.7%	4.2%
Austin-San Marcos, TX	11	\$13.44	93.2%	0.8%
West Palm Beach-Boca Raton, FL	9	\$14.22	90.1%	(0.1%)
Hawaii, HI	9	\$32.93	94.2%	5.7%
Richmond-Petersburg, VA	8	\$13.72	91.8%	(3.6%)



Operations

Extra Space
Storage
(NYSE: EXR)

Select Markets Same-Store Performance (continued)

MSA	Number of Stores	Rent Per Occupied Square Foot	Average Occupancy	Revenue Growth
Albuquerque, NM	8	\$12.49	94.9%	3.3%
Denver-Boulder-Greeley, CO	7	\$14.79	91.5%	3.6%
Salt Lake City-Ogden, UT	7	\$13.70	93.7%	2.5%
San Diego, CA	7	\$17.99	93.9%	3.7%
Columbia, SC	6	\$11.38	95.4%	2.9%
Seattle-Tacoma-Bremerton, WA	6	\$17.73	92.5%	3.8%
Colorado Springs, CO	6	\$13.52	95.6%	5.4%
Midland-Odessa, TX	6	\$11.46	97.9%	14.8%
Portland-Salem, OR-WA	5	\$15.53	92.6%	(2.1%)
El Paso, TX	5	\$7.80	91.0%	0.7%
Pittsburgh, PA	5	\$12.43	89.1%	0.5%
Stockton-Lodi, CA	5	\$15.76	93.6%	5.7%
San Antonio, TX	5	\$12.92	93.7%	2.5%
Other MSAs	97	\$12.93	94.2%	3.5%
TOTALS	783	\$16.51	94.2%	3.2%

Operations

CubeSmart
(NYSE: CUBE)

CubeSmart's top 10 MSAs all generated positive same-store revenue growth during the third quarter. Philadelphia led the way with 6.2% growth followed by Tucson (6.0%), Inland Empire (5.0%) and Phoenix (3.3%).

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 September 30, 2018, the same-store pool includes 458 stores totaling approximately 31.6 million square feet.

Q3 2018 RESULTS

- Same-store revenues increased 3.0% during Q3 2018, a 20 basis point deceleration from the second quarter 2018. The increase was primarily driven by a 3.4% increase in annual rent per occupied square foot as a result of higher rates for new and existing customers. The average rent per occupied square foot rose to \$16.81 during the quarter.
- Cost of operations for the same-store pool increased by 0.6% during Q3 2018. The increase was impacted by a 5.4% growth in real estate taxes and 12.9% increase in advertising, offset by a 16.4% decline in repairs and maintenance and 6.9% decline in utility costs.
- Same-store net operating income grew 3.9%, driven by 3.0% revenue growth and a 0.6% increase in operating expenses.
- Same-store occupancy at the end of the third quarter was 92.7%, compared to 93.5% year-over-year. The Q3 2017 occupancy was positively impacted by rentals from hurricanes Harvey and Irma. The third quarter same-store average occupancy was 93.3%, a 50 basis point decline year-over-year.

Select Market Same-Store Performance

- CubeSmart's top five MSAs, representing 49% of the company's total revenue, generated a 2.4% increase in same-store revenues during the quarter, a sequential increase from last quarter.
- The New York market, representing 20% of same-store revenues, generated 3.1% same-store revenue growth during the quarter, a 40 basis point increase sequentially from the previous quarter. Improved fundamentals in the Bronx and continued solid performance in Northern New Jersey contributed to the increase.
- Philadelphia, Tucson, Phoenix, Las Vegas, Southern California, Jacksonville, and Fort Myers generated above portfolio average revenue growth for the quarter. Chicago and Washington D.C. showed signs of improvement with 70 basis point and 50 basis point gains, respectively, in sequential same-store revenue growth.
- Supply concerns in Denver contributed to a 4.2% decline in same-store revenues. The Texas markets continued to lag with Houston (-0.9%) and Austin (-1.2%) generating negative growth. Orlando, Tampa-St. Petersburg, and Miami reported below portfolio average growth.

Operations

CubeSmart
(NYSE: CUBE)

Operating Fundamentals

- Street rates, after adjusting for the impact of hurricane activity in Houston and Florida during last year's third quarter, remained flat.
- Discounts remained consistent at 3.2% of projected in-place rent, a 20 basis point increase versus previous year's third quarter.
- Periodic rate increases to existing customers remained consistent with previous quarters. CubeSmart continues to pass along rate increases to its customers as they reach their six-month anniversary and every 12-month period thereafter. The range of increase remains in the high single-digit range.

Third-Party Management

- CubeSmart added 60 stores to its third-party management program during the quarter, and 148 new stores during the first three quarters of 2018.
- The company now manages 582 third-party facilities, 127 of which CubeSmart retains some ownership interest.

2018 Full Year Guidance Update

Same-store revenue growth	3.0% to 3.25%
Same-store expense growth	3.0% to 3.5%
Same-store net operating income growth	2.75% to 3.25%
Acquisition of wholly-owned properties	\$167 million to \$172 million
Acquisition of properties at C/O	\$19.2 million
New development openings	\$91.5 million
Dispositions	\$0 to \$25 million
Dilution from properties in lease-up	(\$0.06) to (\$0.07)
FFO per diluted share, as adjusted	\$1.63 to \$1.64



Operations

CubeSmart
(NYSE: CUBE)

Same-Store Operating Performance by MSA

MSA	Facilities	Rent Per Occupied Square Foot	Average Occupancy	Revenue Growth
New York-Northern New Jersey-Long Island, NY-NJ-PA	53	\$28.23	94.3%	3.1%
Chicago-Naperville-Joliet, IL-IN-WI	40	\$14.35	93.4%	1.8%
Miami-Fort Lauderdale-Pompano Beach, FL	35	\$18.68	92.1%	2.8%
Dallas-Fort Worth-Arlington, TX	32	\$13.91	92.5%	1.4%
Washington-Arlington-Alexandria, DC-VA-MD-WV	23	\$21.16	94.1%	1.5%
Phoenix-Mesa-Scottsdale, AZ	18	\$12.27	93.3%	3.3%
Atlanta-Sandy Springs-Marietta, GA	18	\$13.25	93.5%	3.2%
Riverside-San Bernardino-Ontario, CA	16	\$13.42	93.5%	5.0%
Tucson, AZ	15	\$11.73	93.9%	6.0%
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	13	\$17.18	95.0%	6.2%
Houston-Sugar Land-Baytown, TX	13	\$13.14	90.5%	(0.9%)
Hartford-West Hartford-East Hartford, CT	12	\$12.97	92.5%	3.2%
Orlando-Kissimmee, FL	10	\$13.17	93.3%	1.9%
Columbus, OH	10	\$10.95	93.3%	2.6%
Cleveland-Elyria-Mentor, OH	10	\$13.64	94.5%	2.8%
Boston-Cambridge-Quincy, MA-NH	9	\$21.57	93.1%	2.2%
Denver-Aurora, CO	8	\$14.69	92.8%	(4.2%)
Sacramento-Arden-Arcade-Roseville, CA	8	\$14.77	91.8%	3.2%
Nashville-Davidson-Murfreesboro-Franklin, TN	7	\$12.75	93.6%	3.2%
Las Vegas-Paradise, NV	7	\$13.08	95.1%	12.1%
Jacksonville, FL	7	\$16.70	93.5%	6.8%
Austin-Round Rock, TX	7	\$14.59	92.9%	(1.2%)
San Diego-Carlsbad-San Marcos, CA	6	\$17.23	95.3%	4.6%
Los Angeles-Long Beach-Santa Ana, CA	6	\$17.76	94.1%	4.1%
Tampa-St. Petersburg-Clearwater, FL	6	\$16.45	93.6%	1.3%
Bridgeport-Stamford-Norwalk, CT	6	\$23.24	93.5%	3.6%
Cape Coral-Fort Myers, FL	5	\$16.04	94.3%	5.0%
Charlotte-Gastonia-Concord, NC-SC	5	\$13.62	91.8%	1.0%
San Antonio, TX	4	\$13.20	92.4%	0.6%
Salt Lake City, UT	4	\$12.77	91.7%	4.6%
Providence-New Bedford-Fall River, RI-MA	4	\$15.41	95.4%	8.4%
Naples-Marco Island, FL	4	\$16.86	90.4%	1.2%
Other	37	\$14.99	93.1%	4.5%
Total	458	\$16.81	93.3%	3.0%

Operations

LifeStorage
(NYSE: LSI)

Life Storage achieved same-store revenue growth in 30 of the 33 major markets in the same-store pool. All 33 markets maintained an average occupancy greater than 90%.

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, 2016. The stores purchased between 2016 and 2017 at certificate of occupancy or that were in early stages of lease-up 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 535 facilities in Life Storage's same-store pool.

Q3 2018 RESULTS

- Same-storer revenues increased 3.6% during the third quarter, a 40 basis point decline sequentially. The increase in revenues was driven by a 3.9% increase in realized revenue per occupied square foot.
- Cost of operations for the same-store pool increased by 2.4% during the third quarter. The increase was impacted by a 6.2% growth in real estate taxes. The gain was offset by a 9.6% reduction in internet spending due to strengthening of the Life Storage brand on the web.
- Same-store net operating income grew 4.2% year-over-year during the quarter, driven by a 3.6% increase in same-store revenues and 2.4% increase in operating expenses.
- Same-store occupancy at the end of the third quarter was 91.3%, a 110 basis point decrease from a year earlier. 70 basis points of the 110 basis point drop were related to the tougher comparison to the hurricane-impacted stores at end of September occupancy last year. Same-store average occupancy during the third quarter was 91.8%, flat sequentially but a 50 basis point decrease compared to the same period in 2017.

Major Markets Revenue Growth

- Markets with the strongest positive same-store revenue impact included New York/New Jersey, New England, Northern and Southern California, Las Vegas, Buffalo/Upstate New York, Boston, Phoenix, and Orlando. Las Vegas led the strong performers with 13.3% same-store revenue growth.
- Major markets forecasted less than portfolio-wide same-store revenue growth includes Texas, Chicago, Miami, and New Orleans.

Operating Fundamentals

- Life Storage continues to be aggressive with rent increases to existing customers. The company sent 149,000 rent increase notices to existing customers during the third quarter versus 63,000 a year ago.
- Rate increases on existing customers in the third quarter averaging about 9.6%, similar to last year's 9.8% increase.
- Markets experiencing the biggest impact from new supply include San Antonio, Dallas, Charlotte, Raleigh, Miami, Phoenix and Austin.

Operations

LifeStorage
(NYSE: LSI)

Third-Party Management Platform

- During the third quarter added five stores to its third-party management platform.
- Entered into an agreement to manage 42 stabilized properties effective November 1, 2018. Locations include 29 in Louisiana, ten in Texas, and three in Mississippi. The additions bring the total third-party and joint venture-managed stores to 203 for Life Storage, a 110% increase from year-end 2016.
- Under contract to manage 19 properties in 2018 and 2019, three of which came subsequent to quarter end. Fifteen of the remaining 16 contracts are for new developments.

Warehouse Anywhere Expansion

- Other income during the quarter increased 10.6%, driven by an increase in Warehouse Anywhere sales to commercial customers.
- Life Storage rents about 4 million square feet through its Warehouse Anywhere program. The company generates retail sales and equipment sales, ATM fees and rent generating about \$11.5 million in revenue from the program .

Full Year Guidance for 2018

Revenue growth	3.0% to 3.5%
Operating costs (excluding property taxes)	0.5% to 1.25%
Property taxes	5.5% to 6.5%
Total operating income	2.0% to 2.75%
Net operating income	3.25% to 4.0%

*535 same store pool



Operations

Life Storage
(NYSE: LSI)

Select Markets Same-Store Performance

Market	Stores	Rent Per Occupied Square Foot	Occupancy 9/30/2018	Revenue Growth
Houston-The Woodlands-Sugar Land, TX	43	\$13.36	92.0%	1.4%
Chicago-Naperville-Elgin, IL	31	\$15.03	91.9%	2.2%
New York-Newark-Jersey City, NY-NJ-PA	26	\$23.29	91.7%	4.9%
New England-Other	26	\$17.84	91.6%	4.0%
Dallas-Fort Worth-Arlington, TX	26	\$12.90	92.3%	0.8%
Buffalo-Upstate, NY	25	\$13.60	89.9%	6.8%
Austin-Round Rock, TX	21	\$12.17	92.1%	0.6%
Atlanta-Sandy Springs-Roswell, GA	21	\$13.59	92.6%	4.3%
Las Vegas-Henderson-Paradise, NV	17	\$13.40	94.5%	13.3%
Miami-Fort Lauderdale-West Palm Beach, FL	16	\$18.96	92.7%	2.5%
San Antonio-New Braunfels, TX	16	\$13.05	91.8%	0.9%
Boston-Cambridge-Newton, MA-NH	14	\$16.64	89.7%	4.4%
Tampa-St. Petersburg-Clearwater, FL	13	\$15.71	92.0%	4.0%
St. Louis, MO	13	\$13.29	91.1%	3.4%
Virginia Beach-Norfolk-Newport News, VA	12	\$11.03	91.1%	2.8%
New Orleans-Lafayette, LA	12	\$11.51	92.9%	0.3%
Orlando-Kissimmee-Sanford, FL	11	\$12.88	91.1%	6.9%
Sacramento--Roseville--Arden-Arcade, CA	10	\$15.15	92.6%	3.9%
Phoenix-Mesa-Scottsdale, AZ	10	\$11.71	92.3%	6.1%
Los Angeles-Long Beach-Anaheim, CA	9	\$22.65	90.4%	5.5%
Cleveland-Elyria, OH	9	\$12.21	92.9%	9.1%
Space Coast, FL	8	\$14.45	92.2%	2.2%
Jacksonville, FL	8	\$14.32	92.1%	7.3%
Raleigh-Durham, NC	8	\$12.23	92.0%	(0.3%)
Charlotte-Concord-Gastonia, NC	8	\$12.55	93.2%	0.1%
Cape Coral-Fort Myers, FL	8	\$13.29	92.1%	3.0%
Pensacola-Ferry Pass-Brent, FL	8	\$9.89	92.9%	6.6%
Beaumont-Port Arthur, TX	7	\$14.36	90.1%	10.6%
Jackson, MS	7	\$10.98	92.7%	2.4%
Montgomery, AL	7	\$9.84	90.6%	(1.6%)
Chattanooga, TN-GA	6	\$12.66	92.8%	2.3%
Columbia, SC	6	\$11.13	91.9%	(1.7%)
Youngstown-Warren-Boardman, OH-PA	5	\$9.72	90.3%	3.8%
Other markets	66	\$12.97	91.2%	3.3%

Operations

National
Storage Affiliates
(NYSE: NSA)

National Storage Affiliates generated same-store revenue growth in all of its major markets except for Oregon and Louisiana. Strongest revenue gains were generated in Indiana (7.2%), Georgia (6.5%) and California (6.0%), Florida (5.3%), and Texas (4.5%).

Same-Store Comparison

- Same-store facilities for NSA 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 September 30, 2018, the same-store portfolio consisted of 376 self storage properties. The same-store pool represents nearly 80% of the NSA's wholly-owned portfolio.

Q3 2018 RESULTS

- Same-store revenues increased 4.0% during the third quarter, a 40 basis point increase sequentially. The increase was driven by a 3.8% increase in average annual revenue per occupied square foot partially offset by a 10 basis point decline in average occupancy.
- Cost of operations for the same-store pool increased by 2.0% during the quarter year-over-year. The increase was impacted by growth in real estate taxes and personnel costs.
- Same-store net operating income grew 5.0% as compared to last year's third quarter.
- Same-store occupancy at the end of the third quarter was 89.5%, a 70 basis point decrease year-over-year and 60 basis point decrease sequentially. Average occupancy during the third quarter was 90.3%, a 20 basis point decrease year-over-year although a 50 basis point increase sequentially.

Operating Fundamentals

- Street rates trending down 1% to 2% offset partially by rate increases of the high single-digits on about one-third of existing customers.
- NSA continues to focus on maintaining street rates and passing along reasonable rate increases to existing customers while accepting modest declines in occupancy as a preferred approach to dealing with the short-term impact of new supply.
- Almost 20% of National Storage Affiliates portfolio was impacted by new supply. Most challenged market by new supply is Portland. Other markets of concern include Oklahoma, Charlotte and Raleigh.
- National Storage Affiliates is focused on the long-term goal to increase local market share as a way to increase occupancy. For comparison, Public Storage and Extra Space currently benefit from market saturation that prevents losing a customer to a competitor if they do not have a particular space size at a specific property. They can direct them to their property nearby that satisfies the customer's space need.

Operations

National
Storage Affiliates
(NYSE: NSA)

Same Store Performance Summary

State	Stores	Rent Per Occupied Square Foot	Occupancy Sept. 30, 2018	Revenue Growth
California	77	\$13.38	90.4%	6.0 %
Oregon	55	\$15.04	86.1%	(0.2)%
Texas	51	\$9.89	90.1%	4.5 %
Oklahoma	30	\$8.81	86.2%	0.8 %
North Carolina	28	\$10.97	93.3%	3.8 %
Florida	20	\$15.06	88.5%	5.3 %
Georgia	20	\$9.82	89.6%	6.5 %
Arizona	15	\$13.53	88.5%	2.8 %
Indiana	14	\$9.41	92.4%	7.2 %
Washington	13	\$14.80	88.0%	2.9 %
Colorado	10	\$12.93	91.4%	3.0 %
Louisiana	10	\$10.62	83.8%	(0.3)%
Other	33	\$10.77	92.7%	6.7 %
Total	376	\$12.15	89.5%	4.0 %

*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)

- On October 15, 2018, Shurgard Europe completed an initial global offering and shares began trading on Euronext Brussels under the “SHUR” symbol. Shurgard Europe issued 21.7 million common shares at a price of €23 per share. The company’s equity interest in 31.3 million shares decreased from 49% to 36.3% as result of the offering.

Extra Space Storage (NYSE: EXR)

- During the third quarter, sold 343,251 shares of common stock using its ATM equity program at an average of \$99.75 per share resulting in net proceeds of \$33.8 million. The company had \$351.1 million available for future issuance.
- As of September 30, 2018, the percentage of fixed-rate debt to total debt is 74.4%.
- The weighted average interest rate for fixed rate debt is 3.4%, and variable rate is 3.8%. The combined weighted average maturity of approximately 4.9 years, with a combined weighted average interest rate of 3.5%.

CubeSmart (NYSE: CUBE)

- Total outstanding debt balance of \$68.1 million for the HVP IV joint venture. On August 15, 2018, HVP IV received a second advance of \$24.4 million on its \$107 million loan facility. The loan bears interest at LIBOR plus 1.70% and matures on May 16, 2021 with options to extend through 2023.
- During the third quarter, CubeSmart sold 420,000 common shares of beneficial interest through its “ATM” equity program at an average sales price of \$31.38 per share, resulting in net proceeds of \$12.9 million. Additional 11.2 million shares available for future issuance.
- Exchanged 58,400 preferred OP units originally issued on April 12, 2017 for 46,322 common units of the Operating Partnership.

Capital Activities

Life Storage (NYSE: LSI)

- At September 30, 2018, approximately \$13.3 million of cash on hand, and \$371 million available on its line of credit.
- Revolving line of credit reduced 15 basis points to 100 basis points over LIBOR, and interest rate on the term loan reduced 15 basis points to 95 basis points over LIBOR, based on the current investment grade rating of Baa2/BBB.

Key Financial Ratios

Debt to Enterprise Value @ \$95.16/share	28.4%
Debt to Book Cost of Facilities	40.4%
Debt to Recurring Annualized EBITDA	5.2x
Debt Service Coverage (DSC)	4.9x

National Storage Affiliates (NYSE: NSA)

- Completed an offering of 5.9 common shares in July 2018. The shares were issued at a price of \$29.86 per share, resulting in net proceeds of approximately \$176 million.



Marc A. Boorstein
Principal
312.726.5800 Ext. 013
mboorstein@mjpartners.com

Jeff Jacobson
Principal
312.726.5800 Ext. 014
jjacobson@mjpartners.com

David E. Kohn
Vice President
312.726.5800 Ext. 018
dkohn@mjpartners.com

Matthew E. Duda
Vice President
312.726.5800 Ext. 034
mduda@mjpartners.com

Dennis Nyren
Principal
312.726.5800 Ext. 017
dnyren@mjpartners.com

Greg Owens
Senior Vice President
312.726.5800 Ext. 019
gowens@mjpartners.com

Steven Schwartz
Vice President
312.726.5800 Ext. 016
sschwartz@mjpartners.com

Claire Compennolle
Associate
312.726.5800
ccompennolle@mjpartners.com

MJ PARTNERS

SELF STORAGE GROUP

150 S. Wacker Drive
Suite 2100
Chicago, Illinois 60606
312.726.5800 T
312.726.2905 F
www.mjpartners.com

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