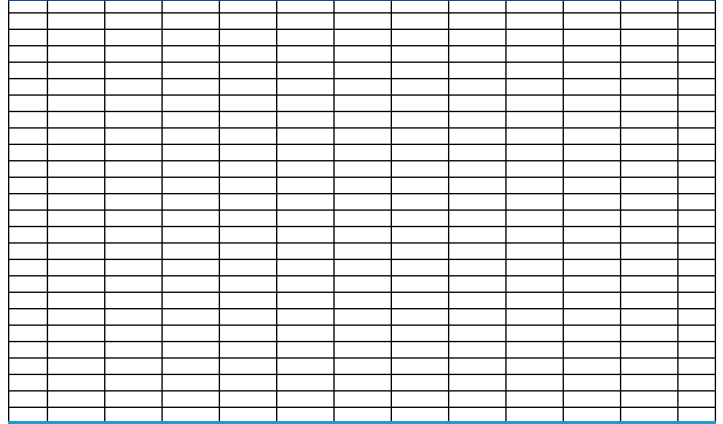




CAPITAL MARKETS

Self Storage Group

1Q 2021 REIT Report



NEWMARK

Self Storage 1Q21 Reit Report

Same store operating performance for the self storage sector achieved significant growth in the first quarter of 2021, as non-weighted same store revenue increased an average 6.02% while non-weighted same store NOI grew 8.4% year-over-year. This marked the second consecutive quarter of above 300 basis point year-over-year growth, resulting from unseasonably high occupancy at the start of the year. The strong sector fundamental trends led to upward revisions in annual guidance. With record high occupancies leading into the second quarter, and robust customer demand across most markets, the outlook for the sector is extremely buoyant given the traditional peak leasing season begins in the second quarter. Year to date 2021, the Self Storage sector has posted the second-highest total returns among REIT property sectors at 24.85% (NAREIT, YTD as of April 30th).

Excluding joint venture acquisitions and mergers, wholly owned acquisition activity for the quarter totaled 63 properties across the REITs for an aggregate volume of \$783.7 million. The volume is notably elevated compared to the first quarter of the past two years; up 37% from 1Q2020 and up 34% from 1Q2019. Aggressive acquisition activity continued into the second quarter with an additional \$2.79 billion acquired or under contract, including the \$1.8 billion ezStorage portfolio acquisition by Public Storage; making YTD2021 already higher in acquisition volume across the storage REITs than both FY2019 and FY2020. The robust transaction environment led several storage REITs to increase acquisition guidance for FY2021 to between \$4.2 to \$4.5 billion. Additionally, several REITs participated in joint venture activity in the quarter and anticipate significant JV activity to continue throughout the year.

The strength of storage industry fundamentals was prevalent throughout earnings calls with increased customer demand showing no signs of abatement; move-outs have remained muted and use cases continue to drive customers in the door, including work-from-home, school-from-home, a booming housing market as well as traditional demand drivers. Benefitting from record occupancy at the start of the year, occupancy levels have again reached new seasonal records through the first quarter and leading into the second. Non-weighted average occupancy across the five REITs ended 1Q at 94.78%, a sequential increase of 140 bps over the previous quarter and a 454 bps improvement over 1Q2020. As occupancies continued to increase through April and into May the consensus REIT view is that occupancy levels will remain historically high through the summer followed by more traditional seasonal trends in the back half of the year; likely ending at levels still above historical norms but below the record-high at the end of 2020. High occupancies have led to pricing power for the REITs as evidenced by accelerated street rate growth through the quarter resulting in the superior levels of revenue and NOI growth achieved.

The operating factors noted previously led to marked outperformance of earlier expectations for the quarter and the REITs have increased their full year 2021 guidance ranges; and in one case issued inaugural annual guidance. Upward revisions to same store revenue growth guidance increased by 138 bps at the unweighted average midpoint with a range of 4% to 6.5%, while same store NOI growth ranges 4.8% to 8%, an increase of 228 bps over the previous unweighted midpoint. Projecting forward, several REITs noted that 2Q2021 would be an atypical comparison given they all experienced negative year-over-year revenue and NOI growth due to the pandemic and the ensuing decrease in rental rates; and that outsized revenue and rental rate growth would not be a surprise but would moderate through the back half of the year as the YoY comp is against a less-restricted 3Q and 4Q 2020.



As a result of the elevated occupancy levels, and likely easing of customer acquisition costs, some REITs noted savings in marketing spend for the quarter with expected continued easing of marketing costs for the year, a welcome shift from the levels of marketing spend in recent years. Decreased or moderated payroll expense was also noted due to optimization of staffing levels and hours with support from online digital leasing platforms freeing up staff.

The growth of complementary revenue streams across the REITs continues to materialize through expanding solutions such as last-mile e-commerce and micro-fulfillment centers, bridge lending, and third-party management. Life Storage's Warehouse Anywhere platform was recently awarded a new multi-year commercial contract and growing demand for the micro-fulfillment side of the business has the REIT planning to open three additional sites in the coming year. The continued expansion of third-party management platforms was noted to be shifting more towards newly developed properties and with growing opportunities and interest from proposed new developments in the Top 26-100 MSAs, a gradual shift from the volume of inquiries in the Top 25 MSAs.

New supply remains a primary headwind for the sector with analysts eager to press the REITs on impacts and projections for future supply. With deliveries having peaked in 2019 and supply volume tapering down around 15% in 2020, deliveries for 2021 are predicted to decline an additional 10% to 15%. While some submarkets are more affected than others, the recent surge in demand has resulted in lease-up stores' performance outpacing projections, and some operators seemingly less worried by new supply due to healthy sector fundamentals. The sector's outperformance raised questions about whether developers' interest could lead to a new surge in supply; however, increasing construction costs, lengthening entitlement periods, tightened construction financing, and catch-up from project delays experienced in 2020 are all seen as impediments for outsized new supply growth. Overall, the REITs do not expect a new supply wave is imminent.

Transaction activity remains elevated and acquisition teams have been actively evaluating a plethora of deals from single-assets to multi-state portfolios across stabilized and lease-up opportunities. As the diversity of capital sources deploying into the sector continues to increase, the REITs are noting fierce competition in bidding from private equity, smaller operators, and other institutional capital. Lease-up properties are again seeing strong interest with several REITs having acquired a mix of stabilized and lease-up assets this year and indicating they are now more open to lease-up acquisitions to support growth objectives. Many of the REIT acquisitions this year were sourced through off-market deals and captive pipeline sources as the broader deal market has led to continued cap rate compression across both primary and secondary markets. Cap rates could continue to compress another 15-30 bps throughout the year as interest in the sector continues to increase. The sector's acceptance by sophisticated capital along with low ongoing capital requirements make it extremely attractive when compared to office, retail, and multi-family. Strong acquisition activity is expected to continue and with remarkably robust operating fundamentals self storage is extremely well positioned to continue to deliver strong operating metrics on both a relative basis as well as on an actual basis.

The following pages summarize the information for the first quarter of 2021, reported by the five publicly traded self storage REITs, along with some comparisons between the industry and macro-market benchmarks. Links to the investor relations page of each REIT's website are also included.

In addition to this quarterly REIT summary, a weekly email from Newmark Group, Inc.'s Self Storage Group delineates key benchmark rates for the capital markets, near-term expectations for transactions, and interpretive opinions of broader market questions.

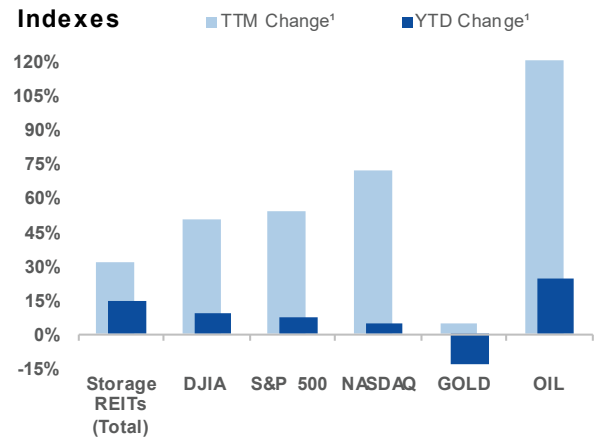
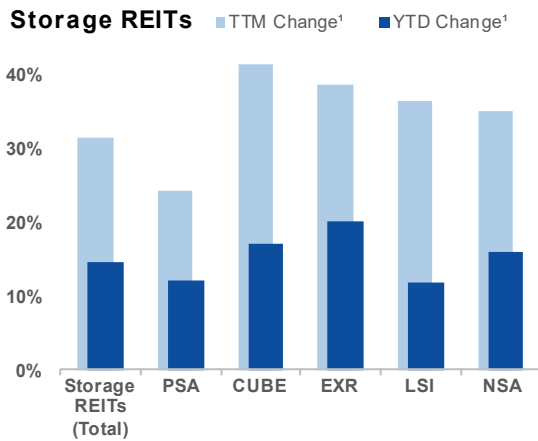
[Thank you for taking the time to review the Quarterly REIT Report. We trust you will find it valuable.](#)

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SELF STORAGE 1Q21 REIT REPORT HIGHLIGHTS

Market Index

	3/31/19	1/4/21	3/31/21	YTD Change ¹	TTM Change ¹
Storage REITs (Total)	\$413.79	\$474.02	\$543.02	14.56%	31.23%
PSA	198.61	220.20	246.76	12.06%	24.24%
CUBE	26.79	32.33	37.83	17.01%	41.21%
EXR	95.76	110.29	132.55	20.18%	38.42%
LSI	63.03	76.78	85.95	11.94%	36.36%
NSA	29.60	34.42	39.93	16.01%	34.90%
DJIA	21,917.16	30,223.89	32,981.55	9.12%	50.48%
S&P 500	2,584.59	3,700.65	3,972.89	7.36%	53.71%
NASDAQ	7,700.10	12,698.45	13,246.87	4.32%	72.04%
GOLD	1,608.95	1,943.20	1,691.05	-12.98%	5.10%
OIL	20.51	47.47	59.19	24.69%	188.59%
U.S. 10 YEAR	0.70%	0.93%	1.74%	87.10%	148.57%
10 YEAR SWAP	0.69%	0.92%	1.75%	90.22%	153.62%



¹ Excludes dividends

Sources: Yahoo! Finance, U.S. Department of the Treasury, U.S. Energy Information Administration, Barchart (SWAADY10.RT), Bloomberg, World Gold Council

PUBLIC STORAGE (NYSE: PSA)

- Reported net income allocable to common shareholders of \$2.21 per diluted share.
- Reported core FFO allocable to common shareholders (Core FFO) of \$2.82 per diluted share, an increase of 9.3% relative to the same period in 2020.
- Increased same store direct net operating income by 6.5%, resulting from a 3.4% increase in same store revenues and a 5.7% decrease in same store direct cost of operations. Same store cost of operations was positively impacted by the timing of property tax expense.
- Acquired 15 self-storage facilities with 1.1 million net rentable square feet for \$203.1 million. Subsequent to March 31, 2021, acquired or were under contract to acquire 87 self-storage facilities with 76 million net rentable square feet, for \$2.3 billion.
- Opened one newly developed facility with 0.2 million net rentable square feet costing \$45.4 million. At March 31, 2021, had various facilities in development and expansion with 3.4 million net rentable square feet estimated to cost \$510.3 million.
- Issued \$500 million of unsecured senior notes bearing an annual rate of 0.875% and redeemed \$300 million of preferred equity bearing an annual rate of 5.4%. In April 2021, issued \$2.0 billion of unsecured senior notes in 3, 7, and 10 year tranches bearing annual rates of Compounded Secured Overnight Financing Rate (SOFR) plus 47 basis points, 1.85%, and 2.3%, respectively.
- Named top three for Best Operations Department among large companies, top five for Best Places to Work in Los Angeles, and top 25 for Best Company Outlook by Comparably.
- Achieved a 76.5% same store direct net operating income margin.

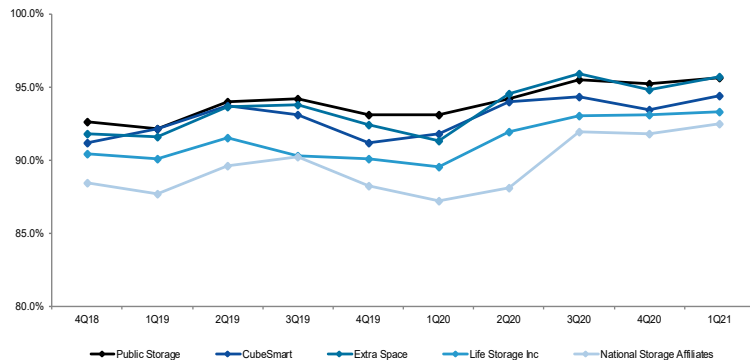
[CLICK HERE TO VIEW PUBLIC STORAGE INVESTOR RELATIONS](#)

CUBESMART (NYSE: CUBE)

- Reported earnings per share (EPS) attributable to the Company's common shareholders of \$0.21.
- Increased same-store (511 stores) net operating income (NOI) 8.9% year over year, driven by 6.7% revenue growth and a 2.0% increase in property operating expenses.
- Established a 20% ownership position in a newly formed joint venture that acquired its initial store during the quarter for a purchase price of \$14.0 million.
- Same-store occupancy during the quarter averaged 93.8% and ended the quarter at 94.4%.
- Opened for operation a development project for a total cost of \$26.4 million.
- Added 31 stores to third-party management platform during the quarter.
- Reported funds from operations (FFO) per share, as adjusted, of \$0.47.

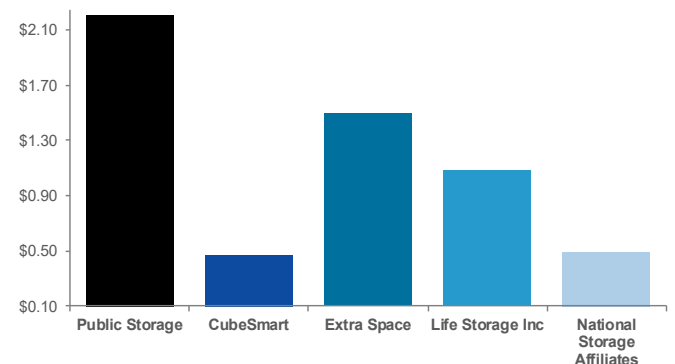
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HISTORICAL QUARTERLY OCCUPANCY



Note: PSA, Cube, LSI and NSA are based on period-average occupancy. EXR is based on period end.
Note: Historical occupancy is based on original occupancy reported each quarter.
Source: PSA, LSI, Cube, EXR and NSA Investor Relations

ADJUSTED FUNDS FROM OPERATIONS PER DILUTED SHARE



Source: PSA, Cube, EXR, LSI and NSA Investor Relations

EXTRA SPACE (NYSE: EXR)

- Achieved net income attributable to common stockholders of \$1.53 per diluted share, representing a 84.3% increase compared to the same period in 2020.
- FFO, excluding adjustments for non-cash interest (Core FFO), was \$1.50 per diluted share, representing a 21.0% increase compared to the same period in 2020.
- Increased same-store revenue by 4.6% and same-store net operating income (NOI) by 6.5% compared to the same period in 2020.
- Reported same-store occupancy of 95.7% as of March 31, 2021, compared to 90.9% as of March 31, 2020.
- Acquired nine operating stores for a total cost of approximately \$148.4 million.
- Closed \$27.1 million in mortgage and mezzanine bridge loans and sold \$81.8 million in mortgage bridge loans.
- Sold 16 wholly-owned stores into a new joint venture for a total sales price of \$168.9 million, resulting in a gain on real estate transactions of \$64.5 million.
- Sold 1,600,000 shares of common stock through an overnight offering and an additional 585,685 shares of common stock using the Company's at the market (ATM) program resulting in total net proceeds of approximately \$273.7 million.
- Received a Baa2 issuer credit rating with a stable outlook from Moody's Investors Service.
- Added 61 stores (gross) to the Company's third-party management platform. As of March 31, 2021, the Company managed 763 stores for third parties and 269 stores in joint ventures, for a total of 1,032 managed stores.
- Paid a quarterly dividend of \$1.00 per share.

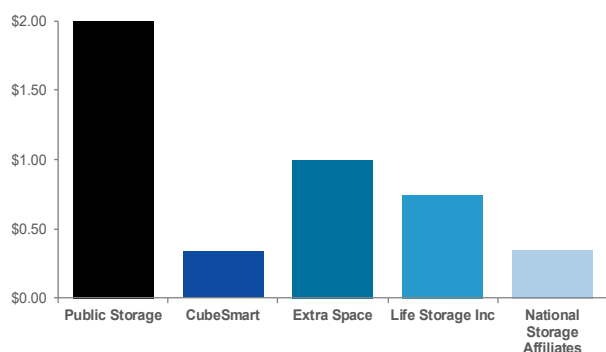
[CLICK HERE TO VIEW EXTRA SPACE INVESTOR RELATIONS](#)

LIFE STORAGE INC. (NYSE: LSI)

- Generated net income attributable to common shareholders of \$47.4 million, or \$0.63 per fully diluted common share.
- Acquired 16 stores for \$266.2 million, including one store from an unconsolidated joint venture for \$47.9 million (net).
- Increased same store revenue by 7.3% and same store net operating income (NOI) by 8.6%, year-over-year.
- Achieved adjusted funds from operations (FFO) per fully diluted common share of \$1.08, a 16.1% increase over the same period in 2020.
- Added 18 stores (gross) to the Company's third-party management platform.

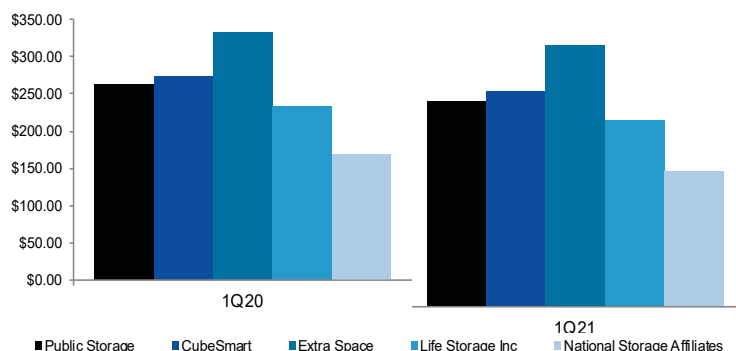
[CLICK HERE TO VIEW LIFE STORAGE INC. INVESTOR RELATIONS](#)

DIVIDEND PER SHARE



Source: PSA, Cube, EXR, LSI and NSA Investor Relations

SAME-STORE REVENUE PER STORE



Note: EXR includes tenant reinsurance revenue. Source: PSA, Cube, EXR, LSI and NSA Investor Relations

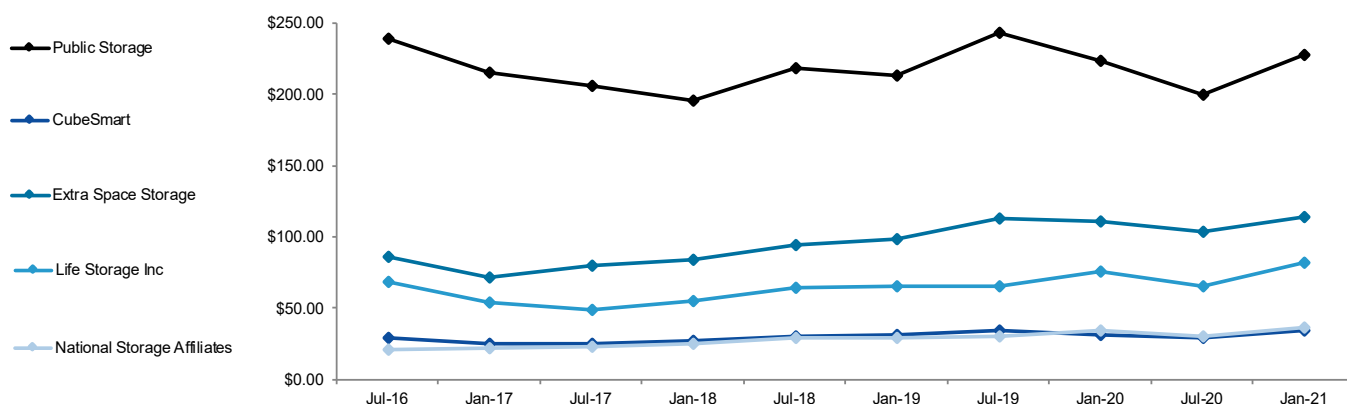
NATIONAL STORAGE AFFILIATES (NYSE: NSA)

- Reported net income of \$27.6 million for the first quarter of 2021, an increase of 75.3% compared to the first quarter of 2020. Reported diluted earnings per share of \$0.19 for the first quarter of 2021 compared to \$0.06 for the first quarter of 2020.
- Reported core funds from operations (Core FFO) of \$51.2 million, or \$0.49 per share for the first quarter of 2021, an increase of 22.5% per share compared to the first quarter of 2020.
- Reported an increase in same store net operating income (NOI) of 11.5% for the first quarter of 2021 compared to the same period in 2020, driven by an 8.1% increase in same store total revenues partially offset by an increase of 0.6% in same store property operating expenses.
- Reported same store period-end occupancy of 93.8% as of March 31, 2021, an increase of 690 basis points compared to March 31, 2020.
- Settled the remaining portion of the previously announced underwritten public offering completed under forward sale agreements (the forward offering) by physically delivering 3,049,490 common shares of beneficial interest (common shares) to the forward purchasers on March 22, 2021 for net proceeds of approximately \$97.3 million.
- Acquired 23 wholly-owned self storage properties for \$166.0 million during the first quarter of 2021. Consideration for these acquisitions included the issuance of \$22.9 million of OP equity

[CLICK HERE TO VIEW NATIONAL STORAGE AFFILIATES INVESTOR RELATIONS](#)

SELF STORAGE REIT HISTORICAL STOCK PRICE

	Jul 16	Jan 17	Jul 17	Jan 18	Jul 18	Jan 19	Jul 19	Jan 20	Jul 20	Jan 21
Public Storage	\$238.92	\$215.00	\$205.57	\$195.76	\$217.83	\$212.52	\$242.76	\$223.76	\$199.88	\$227.62
CubeSmart	\$29.71	\$25.13	\$24.66	\$27.53	\$30.36	\$30.95	\$33.95	\$31.67	\$29.67	\$34.84
Extra Space Storage	\$86.02	\$72.05	\$79.50	\$83.48	\$93.97	\$98.61	\$112.39	\$110.68	\$103.34	\$113.79
Life Storage Inc	\$68.25	\$54.30	\$48.69	\$55.40	\$63.97	\$65.51	\$64.99	\$75.45	\$65.42	\$81.58
National Storage Affiliates	\$21.37	\$22.25	\$22.96	\$25.37	\$28.83	\$29.10	\$30.29	\$34.15	\$30.82	\$36.54



Source: Yahoo! Finance

NORTH AMERICA

Canada
United States

LATIN AMERICA

Argentina
Brazil
Chile
Colombia
Costa Rica
Mexico
Panama
Peru
Puerto Rico

EUROPE

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Germany
Hungary
Ireland
Italy
Netherlands
Poland
Romania
Russia
Spain
Switzerland
United Kingdom

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