

SELF STORAGE GROUP

NEWMARK

3Q20 SELF STORAGE REIT REPORT

INTRODUCTION

Same store operating performance for the self storage sector improved noticeably in the third quarter of 2020 driven by continued strong customer demand and the sector's persistent resiliency through multiple recessionary environments; including the ongoing COVID pandemic. Non-weighted average same store revenue declined by 58-basis points (-.58%) year-over-year while non-weighted average NOI declined by 148-basis points (-1.48%), an improvement of 236 bps and 170 bps respectively over the second quarter of 2020. Perhaps more importantly for investors, several REITs reported continued positive FFO per share growth in the quarter. The storage sector continued its impressive defiance of recessionary impacts with operations fully returning to normal in the third quarter, except for limited jurisdictions where "State-of-Emergency" declarations still restrict rate increases or late fees. Outperforming the broader REIT universe the storage sector ended the quarter with total returns at 5.83% (as of September 30th, NAREIT); behind only Data Center, Infrastructure, and Industrial REIT sectors. Through October 30th the five public storage REITs were up 8.2% year-to-date on combined stock price while the MSCI US REIT Index was down -19.3%.

Excluding joint venture acquisitions and mergers, wholly-owned acquisition activity for the quarter was robust reaching an aggregate volume of \$467 million across 41 properties, approaching third quarter 2019 levels. Several REITs mentioned during Q2 reporting a desire to be acquisitive in the second half of the year. Q3-2020 volume was down just 2.9% in value, and only one less property, than the same period last year. Following the drop off in Q2 transactions, the resurgence in storage acquisition activity by the REITs is further evidenced by the high volume of reported pending acquisitions expected to close by year-end. If all the pending storage REIT transactions close in 2020 this would result in a 40% annual increase over full-year 2019 volume; more than \$2.7 billion. With two of the storage REITs announcing high-value portfolio acquisitions in the final quarter, Q4 volume alone will likely surpass the full-year 2018 wholly owned acquisition volume of \$1.3 billion.

While growth through acquisitions will endure if favorable return metrics are met, the REITs are having to compete with an increasing volume and diversity of capital and investor interest in the sector which is leading some REITs to diversify their income streams through programs such as bridge loan lending, business-to-business last-mile delivery and micro-fulfillment solutions. Continued expansion of third-party management platforms is also a regular theme for the REITs. Third-party management platforms yield multiple benefits including further supplementing income, providing additional data for revenue management systems, access to online contactless rental technology, all while adding potential off-market targets to the REITs' acquisitions pipelines.

Operating metrics have rebounded sharply for the sector with occupancy levels at all-time highs, move-in levels increasing and move-out activity remaining at below historical levels, even through October. Non-weighted average same store occupancy reached 94% at quarter-end for the five storage REITs; over 200 bps higher year-over-year with minimal inflation due to delayed auctions. Street rates are likewise starting to show an increase and the high occupancies are benefiting operators as new tenant rental rates are surpassing vacating tenant rates, reducing the rent roll-down levels experienced in prior quarters. The sector resumed normal operations including existing customer rate increases in the third quarter which have been implemented across nearly



SELF STORAGE GROUP

NEWMARK

all markets, but for a few limited jurisdictions with rental rate increase restrictions. The delayed peak leasing season, amid increasing rental velocity, has the potential to yield additional ECRLs in the fourth quarter, another atypical operating practice for this atypical year. Customer behavior is continuing to trend positively with average lengths of stay elongating while collections, a concern early in the pandemic, have now returned to historical levels.

Though the sector-wide muted levels of move-outs was a common theme of the earnings calls this quarter the main headwind for the industry remains new supply. Though some projects were delayed earlier in the pandemic, very few are being canceled, and new deliveries continue to hit the market which will maintain downward pressure on rate growth in certain high supply pockets. With the development cycle slowing, new deliveries are expected to moderate in the years ahead but will certainly not stop. As for tailwinds, the sector continues to see strong customer demand for storage from the various pandemic and recession- related use cases in addition to the typical life events driving demand. As many companies have instituted work-from-home policies well into 2021, schooling remains a mix of virtual and socially distanced forms, and small businesses store inventory, the additional demand for storage in these times is not expected to evaporate quickly even if a medical solution to the pandemic were readily available. Storage customers have shown to be extremely sticky while the sector continues to show its resilience.

Transactions have resumed with a flurry of activity across single-assets and portfolios in both widely marketed and off-market deals. Many sellers also see this as an opportune time to transact due to the low interest rate environment. As more diverse sources of capital seek to enter the sector, cap rates remain low with signs of further compression observed in reported metrics on pending transactions. The announced Blackstone acquisition of Simply Self Storage is symbolic of the institutional investor appetite for what used to be an alternative asset class. The added competition for acquisitions will undoubtedly continue to put pressure on yields and return expectations. While stabilized properties continue to command the most aggressive pricing, interest in high-quality lease-up properties in key markets certainly exists as evidenced by the Storage Deluxe transaction; a portfolio of assets in New York's outer boroughs, reported to be a 4.5% cap rate on stabilized NOI. Given the sector's phenomenal operating performance through the pandemic, coupled with extremely low ongoing capital requirements, the self storage sector continues to benefit against other real estate investment sectors and transaction activity is expected to remain elevated into 2021.

Self storage remains among the best-performing asset classes within commercial real estate. Based on recent performance and past recession resilience, the self storage sector remains extremely well positioned to continue to deliver strong operating metrics on both a relative basis as well as on an actual basis.

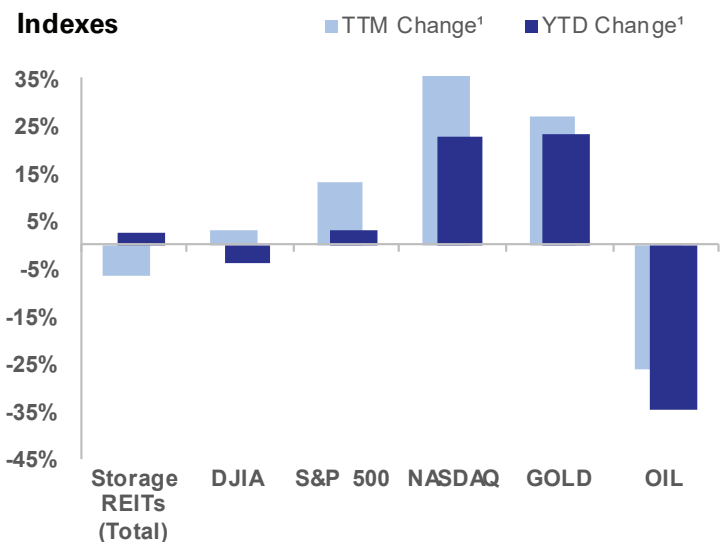
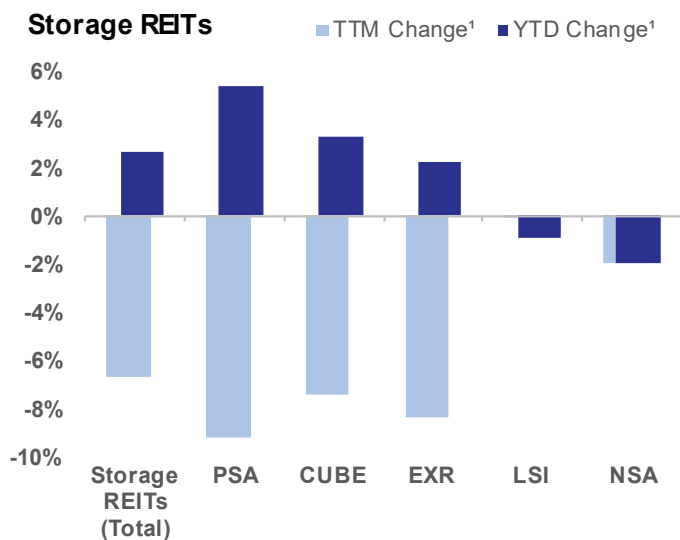
The following pages summarize the information for the third quarter of 2020, reported by the five publicly traded self storage REITs, along with some comparisons between the industry and macro-market benchmarks. Links to the investor relations page of each REIT's website are also included.

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

3Q20 SELF STORAGE REIT HIGHLIGHTS

MARKET INDEX

	9/30/19	1/2/20	9/30/20	YTD Change ¹	TTM Change ¹
Storage REITs (Total)	\$535.77	\$487.06	\$500.00	2.66%	-6.68%
PSA	245.27	211.42	222.72	5.34%	-9.19%
CUBE	34.90	31.28	32.31	3.29%	-7.42%
EXR	116.82	104.73	106.99	2.16%	-8.41%
LSI	105.41	106.26	105.27	-0.93%	-0.13%
NSA	33.37	33.37	32.71	-1.98%	-1.98%
DJIA	26,916.83	28,868.80	27,781.70	-3.77%	3.21%
S&P 500	2,976.74	3,257.85	3,363.00	3.23%	12.98%
NASDAQ	7,999.34	9,092.19	11,167.51	22.83%	39.61%
GOLD	1,485.30	1,528.10	1,886.90	23.48%	27.04%
OIL	54.09	61.18	40.05	-34.54%	-25.96%
U.S. 10 YEAR	1.68%	1.88%	0.69%	-63.30%	-58.93%
10 YEAR SWAP	1.58%	1.85%	0.73%	-60.54%	-53.80%



¹ Excludes dividends

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

3Q20 SELF STORAGE REIT HIGHLIGHTS

CUBESMART (NYSE: CUBE)

- Reported earnings per share (EPS) attributable to the company's common shareholders of \$0.24.
- Reported funds from operations (FFO) per share, as adjusted, of \$0.44.
- Same-store (477 stores) net operating income (NOI) decreased 1.6% year over year, driven by 0.1% revenue growth and a 4.2% increase in property operating expenses.
- Same-store occupancy during the quarter averaged 94.4% and ended the quarter at 94.3%.
- Added 37 stores to the company's third-party management platform during the quarter, bringing our total third-party managed store count to 733.

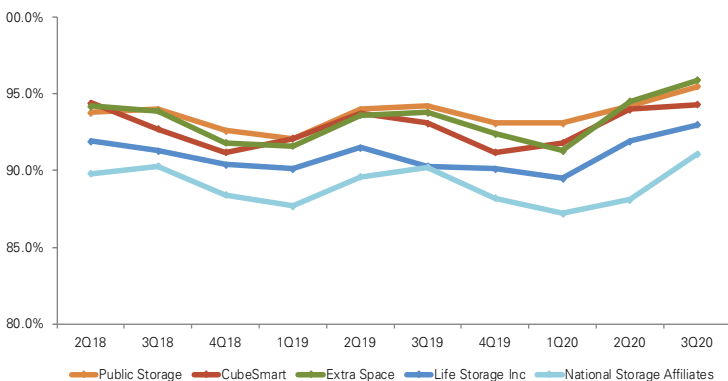
[CLICK HERE](#) TO VIEW CUBESMART INVESTOR RELATIONS

EXTRA SPACE (NYSE: EXR)

- Achieved net income attributable to common stockholders of \$0.88 per diluted share, representing a 6.0% increase compared with the same period in 2019.
- Achieved funds from operations attributable to common stockholders and unit holders (FFO) of \$1.30 per diluted share. FFO, excluding acceleration of share-based compensation expense due to retirement of an executive officer and adjustments for non-cash interest (Core FFO), was \$1.31 per diluted share, representing a 5.6% increase compared with the same period in 2019.
- Experienced decreases in same-store revenue of 1.5% and same-store net operating income (NOI) of 2.7% compared with the same period in 2019.
- Reported same-store occupancy of 95.9% as of September 30, 2020, compared with 93.8% as of September 30, 2019.
- Acquired eight operating stores for a total cost of approximately \$87.4 million.
- In conjunction with joint venture partners, acquired two stores at completion of construction (a Certificate of Occupancy store or C of O store) for a total cost of approximately \$19.6 million, of which the company invested \$9.8 million.
- Purchased a senior mezzanine note at 98.0% of the \$103.0 million principal balance.
- Added 42 stores (gross) to the company's third-party management platform. As of September 30, 2020, the company managed 718 stores for third parties and 253 stores in joint ventures, for a total of 971 managed store.
- Paid a quarterly dividend of \$0.90 per share.

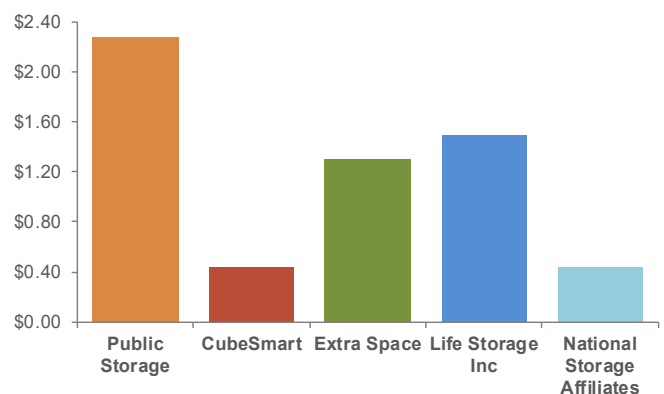
[CLICK HERE](#) TO VIEW EXTRA SPACE INVESTOR RELATIONS

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

3Q20 SELF STORAGE REIT HIGHLIGHTS

PUBLIC STORAGE (NYSE: PSA)

- For the three months ended September 30, 2020, net income allocable to our common shareholders was \$246.9 million or \$1.41 per diluted common share, compared with \$337.4 million or \$1.93 per diluted common share in 2019 representing a decrease of \$90.5 million or \$0.52 per diluted common share.
- Revenues for same-store facilities decreased 2.7%, or \$17.0 million, in the three months ended September 30, 2020, as compared with 2019, primarily because of lower realized annual rent per occupied square foot and reduced late charges and administrative fees.
- For the three months ended September 30, 2020, funds from operations (FFO) was \$2.28 per diluted common share.
- Acquired 4 self-storage facilities (two in Minnesota and one in Colorado and Utah) with 0.2 million net rentable square feet for \$29.1 million.
- Declared a regular common quarterly dividend of \$2.00 per common share.

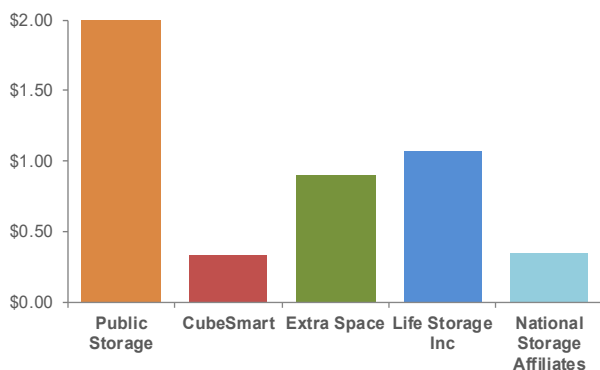
[CLICK HERE](#) TO VIEW PUBLIC STORAGE INVESTOR RELATIONS

LIFE STORAGE INC. (NYSE: LSI)

- Generated net income attributable to common shareholders of \$37.1 million, or \$0.78 per fully diluted common share.
- Achieved adjusted funds from operations (FFO) per fully diluted common share of \$1.52, a 4.1% increase over the same period in 2019.
- Increased same-store revenue by 1.2% and same-store net operating income (NOI) by 0.4%, year over year.
- Achieved 11th straight quarter of less than 1% year over year growth of same-store operating expense (excluding property taxes).
- Acquired 25 stabilized stores from two of our joint ventures for a total valuation of \$326.7 million.
- Added 30 stores to the company's third-party management platform.
- Completed a \$400 million offering of 2.2% Senior Unsecured Notes due 2030.
- Bolstered Warehouse Anywhere's ecommerce solution through a partnership with Deliverr, a leading technology-enabled fulfillment organization, with the build-out of a micro-fulfillment center in Las Vegas and a second planned in Chicago.

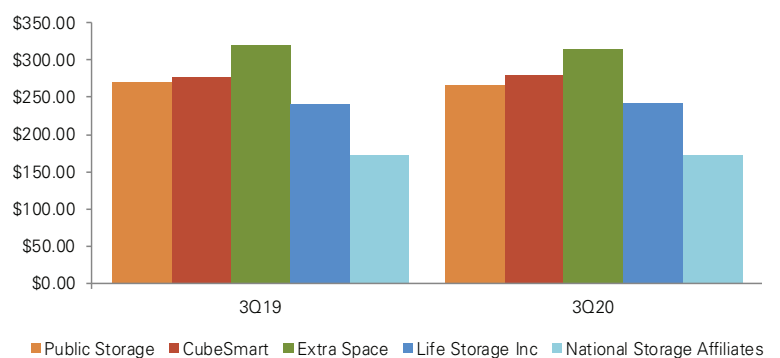
[CLICK HERE](#) TO VIEW LIFE STORAGE INC. INVESTOR RELATIONS

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

3Q20 SELF STORAGE REIT HIGHLIGHTS

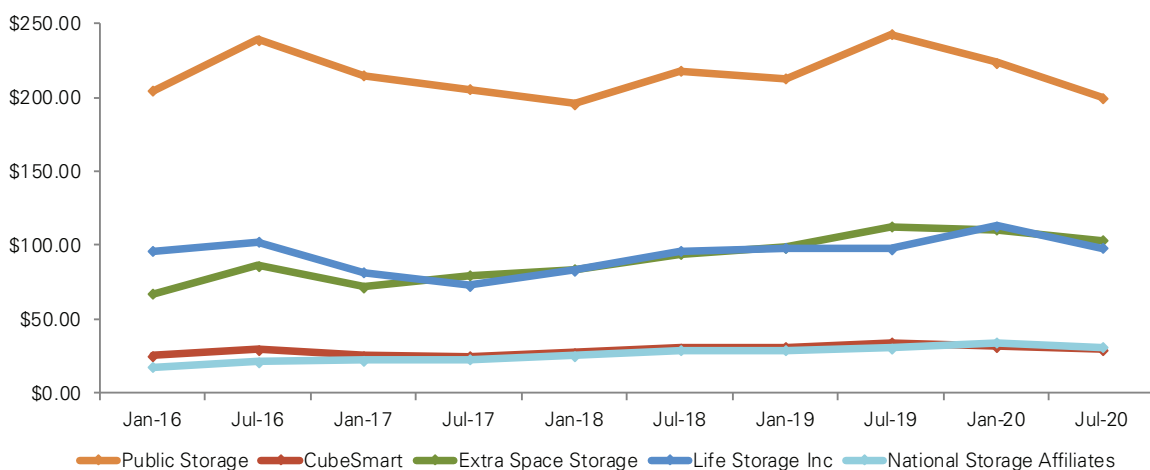
NATIONAL STORAGE AFFILIATES (NYSE: NSA)

- Reported net income of \$21.4 million for the third quarter of 2020, an increase of 29.7% compared with the third quarter of 2019. Reported diluted earnings per share of \$0.15 for the third quarter of 2020, primarily relating to the HLBV method for allocating net income among the various classes of equity.
- Reported core funds from operations (Core FFO) of \$44.0 million, or \$0.44 per share for the third quarter of 2020, an increase of 10.0% per share compared with the third quarter of 2019.
- Reported an increase in same-store net operating income (NOI) of 0.2% for the third quarter of 2020 compared with the same period in 2019, driven by a 0.4% decrease in same-store property operating expenses while same-store total revenues were unchanged.
- Reported same-store period-end occupancy of 91.9% as of September 30, 2020, an increase of 260 basis points compared with September 30, 2019.
- Acquired 4 wholly owned self storage properties for \$23.8 million during the third quarter of 2020. Capital sources for the acquisition activity included the issuance of approximately \$3.4 million of OP equity to sellers and \$6.3 million of common equity raised under the company's at the market, or ATM, program at a combined weighted average price of \$33.71 per share/unit, as well as borrowings under the company's revolving line of credit.
- Completed an underwritten public offering of 4,500,000 common shares of beneficial interest under forward sale agreements at a public offering price of \$33.15 per share. Subsequent to quarter end, the underwriters exercised a portion of their option to purchase an additional 400,000 of the company's common shares for a total offering of 4,900,000 common shares that the company expects to result in proceeds of approximately \$160 million, assuming full physical settlement of the forward sale agreements.

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

SELF STORAGE REIT HISTORICAL STOCK PRICE

	Jan 16	Jul 16	Jan 17	Jul 17	Jan 18	Jul 18	Jan 19	Jul 19	Jan 20	Jul 20
Public Storage	\$204.19	\$238.92	\$215.00	\$205.57	\$195.76	\$217.83	\$212.52	\$242.76	\$223.76	\$199.88
CubeSmart	\$25.26	\$29.71	\$25.13	\$24.66	\$27.53	\$30.36	\$30.95	\$33.95	\$31.67	\$29.67
Extra Space Storage	\$67.39	\$86.02	\$72.05	\$79.50	\$83.48	\$93.97	\$98.61	\$112.39	\$110.68	\$103.34
Life Storage Inc	\$96.28	\$102.37	\$81.45	\$73.04	\$83.10	\$95.96	\$98.27	\$97.49	\$113.18	\$98.13
National Storage Affiliates	\$17.39	\$21.37	\$22.25	\$22.96	\$25.37	\$28.83	\$29.10	\$30.29	\$34.15	\$30.82



Source: Yahoo! Finance

NORTH AMERICA

Canada
United States

LATIN AMERICA

Argentina
Brazil
Chile
Colombia
Costa Rica
Mexico
Peru
Puerto Rico

EUROPE

Austria
Belgium
Czech Republic
France
Germany
Ireland
Italy
Netherlands
Poland
Portugal
Romania
Russia
Spain
Switzerland
United Kingdom

ASIA-PACIFIC

Australia
Cambodia
China
India
Indonesia
Japan
Malaysia
New Zealand
Philippines
Singapore
South Korea
Taiwan
Thailand

AFRICA

Botswana
Kenya
Malawi
Nigeria
South Africa
Tanzania
Uganda
Zambia
Zimbabwe

MIDDLE EAST

Saudi Arabia
United Arab Emirates

For more information:

Houston Headquarters

1700 Post Oak Blvd
2BLVD Place, Suite 250
Houston, TX 77056

nmrkstorage.com

Aaron Swerdlin

Vice Chairman

t 713-599-5122
aswerdlin@ngkf.com

Kenneth Cox

Executive Managing Director

t 901-302-4312
kcox@ngkf.com

Taucha Hogue

Director

t 713-599-5191
thogue@ngkf.com

Alexander Beszterda

Financial Analyst

t 713-599-5130
alex.beszterda@ngkf.com

If you would like to be added to our distribution list, please contact Alex Fernandez at afernandez@ngkf.com. If there are topics you would like to see covered, or if you would like to work with us on survey or white paper idea, please contact Alexander Beszterda at alex.beszterda@ngkf.com.

Newmark Research Reports are also available at nmrk.com/research

All information contained in this publication is derived from sources that are deemed to be reliable. However, Newmark has not verified any such information, and the same constitutes the statements and representations only of the source thereof, and not of Newmark. Any recipient of this publication should independently verify such information and all other information that may be material to any decision that recipient may make in response to this publication, and should consult with professionals of the recipient's choice with regard to all aspects of that decision, including its legal, financial, and tax aspects and implications.

Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains.