



3Q18 SELF STORAGE REIT REPORT

INTRODUCTION

Same store operating performance for the self storage sector remained positive in the third quarter of 2018, with non-weighted NOI growth at just over 3.4%, while non-weighted same store revenue grew at 3.0%. The self storage sector continues to outperform the broader REIT industry average. The storage REITs also projected optimism through a tightening of guidance ranges along with several guidance increases for the balance of 2018. Although occupancy in self storage facilities drifted lower, the relative strength in NOI and revenue has buoyed overall confidence in the sector. So has the sustained management of rental revenue optimization despite the multi-year period of supply expansion. The sector ended third-quarter 2018 at a non-weighted average occupancy of 92%.

Excluding joint venture acquisitions and mergers, wholly owned acquisition activity for the quarter totaled 35 properties across the five REITs for an aggregate volume of \$334.2 million. Compared with the \$202 million reported for the third quarter of 2017, the latest aggregate maintains the elevated pace for 2018 that supports the expectation that a higher volume of annual acquisitions in 2018 is coming to fruition. The self storage sector also continues to attract a high volume of new capital in 2018, as indicated by hundreds of millions of dollars of joint venture activity reported by the self storage REITs as well as major institutional capital sources. These joint venture acquisitions will enable the REITs to leverage their equity into more deals and to continue to grow their respective brands within existing markets as well as expand into select new markets.

New development remains extremely difficult to accurately identify, much less quantify, because of the fragmented nature of information reporting and sourcing. Likewise, it is difficult to identify a consistent run-rate of new supply delivery and even more difficult to accurately predict where the deliveries are taking place. Identifying precisely where the new supply is being delivered is critical to putting the total property counts into context, as neither a nationwide total nor totals per metropolitan area is of much relevance if the three- to five-mile radius surrounding each delivery is unknown. The finite locale of the new supply numbers is the only way to measure the impact upon the supply/demand equilibrium.

Revenue fundamentals show signs of supply pressure, although the consensus remains tilted toward the current quantity of new property deliveries coming online at a pace that will maintain the supply/demand equilibrium without industrywide negative impacts to occupancy. However, as properties are delivered within submarkets that have a negative bias to supply, either rental rate softness or increased discounting can still be observed. Our position, which dates to early 2016, remains that new deliveries in 2018 will range between 500 and 650, and that fourth-quarter 2018 will represent the peak for new deliveries in this development cycle. This peak delivery does not necessarily represent peak impact, however. Given the compounding nature of a multi-year supply growth cycle, our projection is that the fourth quarter of 2019 will represent the peak impact to the supply/demand equilibrium.

Transaction cap rates remained stable through the third quarter of 2018, as the more diverse universe of capital continued to deploy into the self storage sector. Although cap rates remain a very difficult data point to define in the context of self storage, our position is that the more important metric is stabilized return on cost, which ranges from 5% to 6.25% depending upon asset quality, market fundamentals and demographics. For perspective, this range is 25 to 40 basis points higher than it was at the market peak in spring 2016. Overall, our position is that return expectations will remain flat through 2018. With the interest rate environment drifting upward, barring a rise in interest rates that exceeds the current expectation for measured expansion, it is reasonable to expect that return expectations going into 2019 will also drift upward, though not materially. Private equity, life insurance companies, pension funds and other sources of private capital have dominated overall transaction volume throughout the second half of 2018, and this trend will continue into 2019.

The self storage sector remains well-positioned to continue to outperform the broader REIT market on operating metrics. Headline risk remains centered on new supply, but interest rates and economic growth are really driving any surprises to the downside.

The following pages summarize the information for the third quarter of 2018, 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 Knight Frank's Self Storage Group delineates key benchmark rates for the capital markets, near-term expectations for transactions and interpretive opinions of broader market questions.

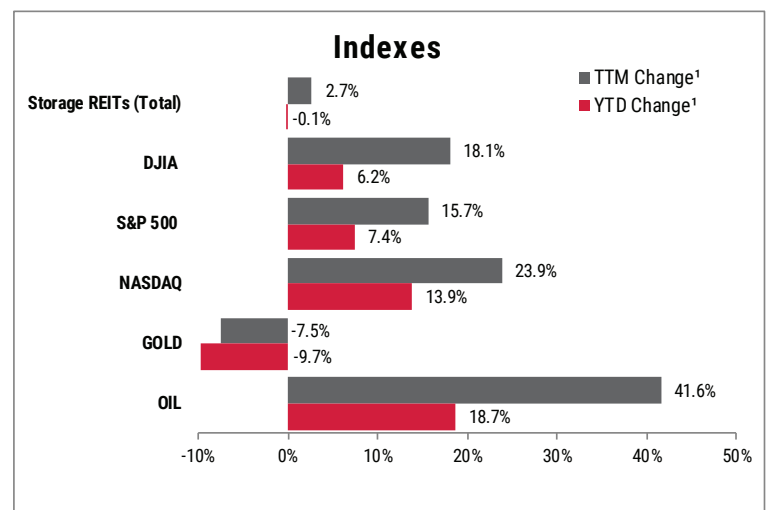
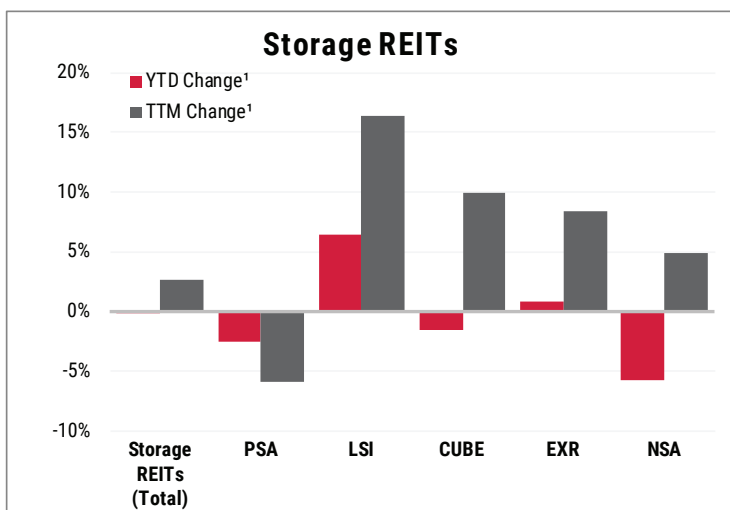
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Self Storage REIT Highlights



MARKET INDEX

	9/29/17	1/3/18	9/28/18	YTD Change ¹	TTM Change ¹
Storage REITs (Total)	\$425.92	\$437.93	\$437.40	-0.12%	2.70%
PSA	213.99	206.77	201.63	-2.49%	-5.78%
LSI	81.81	89.37	95.16	6.48%	16.32%
CUBE	25.96	28.97	28.53	-1.52%	9.90%
EXR	79.92	85.86	86.64	0.91%	8.41%
NSA	24.24	26.96	25.44	-5.64%	4.95%
DJIA	22,405.09	24,922.68	26,458.31	6.16%	18.09%
S&P 500	2,519.36	2,713.06	2,913.98	7.41%	15.66%
NASDAQ	6,495.96	7,065.53	8,046.35	13.88%	23.87%
GOLD	1,283.10	1,314.90	1,187.25	-9.71%	-7.47%
OIL	51.67	61.63	73.16	18.71%	41.59%
U.S. 10 YEAR	2.33%	2.44%	3.05%	25.00%	30.90%
10 YEAR SWAP	2.30%	2.44%	3.12%	27.87%	35.65%



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)

- ◆ For the three months ended September 30, 2018, net income allocable to our common shareholders was \$322.7 million, or \$1.85 per diluted common share, compared with \$279.7 million, or \$1.61 per diluted common share.
- ◆ Increased same-store revenues 1.2% or \$6.6 million in the three months ended September 30, 2018 as compared to 2017, due primarily to higher realized annual rent per occupied square foot.
- ◆ Acquired 11 self storage facilities (six in Minnesota, two in Texas and one each in Ohio, South Carolina and Tennessee) with 0.7 million net rentable square feet for \$73.8 million.
- ◆ Declared a regular common quarterly dividend of \$2.00 per common share.

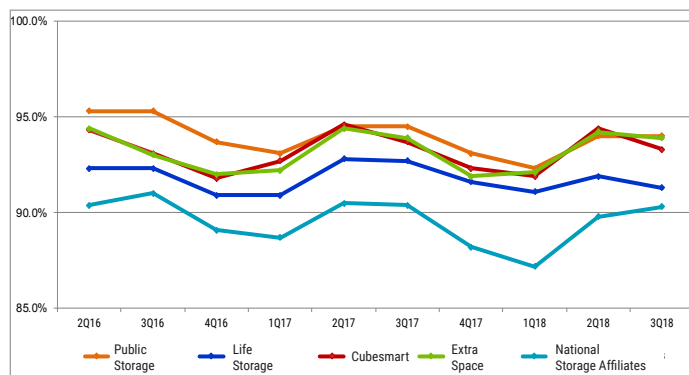
[CLICK HERE TO VIEW PUBLIC STORAGE INVESTOR RELATIONS](#)

LIFE STORAGE INC. (NYSE:LSI)

- ◆ Increased same-store revenue by 3.6% and same-store net operating income (“NOI”) by 4.2% as compared with the third quarter of 2017.
- ◆ Added five stores to its third-party management platform and entered into agreements to add 42 stabilized properties effective November 1, 2018; upon conversion of those stabilized properties, the Company will manage 203 properties through its joint venture and third-party management agreements.
- ◆ Acquired two high-quality properties for its owned portfolio located in Greater Boston, Massachusetts, and Sacramento, California.
- ◆ Opened three high-quality joint venture development properties in Phoenix, Arizona, Brooklyn, New York, and Miami, Florida.
- ◆ Sold one property in Austin, Texas, for a gain of \$0.9 million (the property remains under Life Storage management); recorded another gain of \$0.7 million on land sale.
- ◆ Announced the expansion of its Warehouse Anywhere “Last Mile” delivery solution for corporate customers.
- ◆ Replaced its current credit facility on more favorable terms and extended the maturity date to March 2023 from December 2019.
- ◆ Paid a quarterly dividend of \$1.00 per share of common stock.

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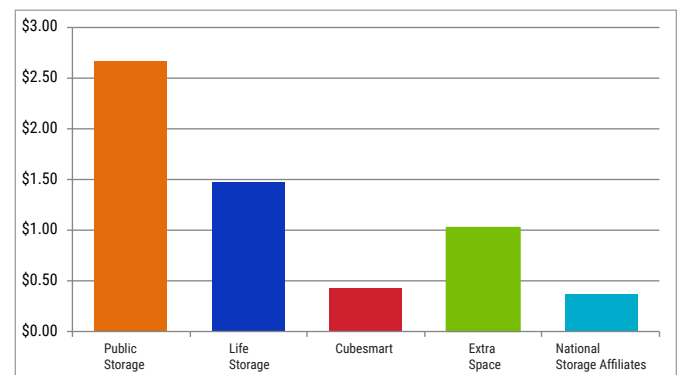
HISTORICAL QUARTERLY OCCUPANCY



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

3Q18 Self Storage REIT Highlights



CUBESMART (NYSE:CUBE)

- ◆ Reported earnings per share (“EPS”) attributable to the Company’s common shareholders of \$0.23.
- ◆ Reported funds from operations (“FFO”) per share, as adjusted, of \$0.43, representing a year-over-year increase of 2.4%.
- ◆ Increased same-store (458 stores) net operating income (“NOI”) 3.9% year over year, driven by 3.0% revenue growth and a 0.6% increase in property operating expenses.
- ◆ Same-store occupancy during the quarter averaged 93.3% and ended the quarter at 92.7%.
- ◆ Closed on three property acquisitions totaling \$59.6 million; opened for operation one development property for a total cost of \$91.5 million.
- ◆ Sold 0.4 million common shares at an average sales price of \$31.38 per share, resulting in net proceeds of \$12.9 million.
- ◆ Added 60 stores to our third-party management platform during the quarter, bringing our total third-party managed store count to 582.

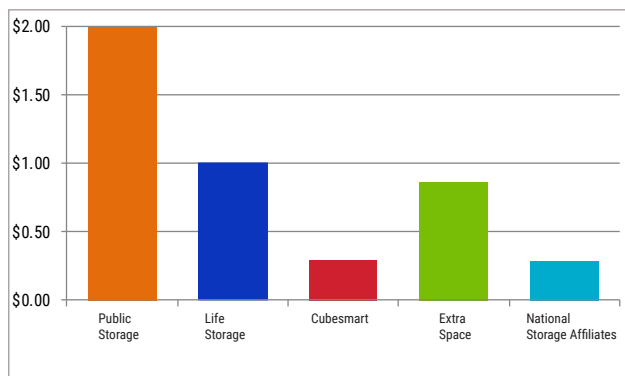
[CLICK HERE TO VIEW CUBESMART INVESTOR RELATIONS](#)

EXTRA SPACE (NYSE:EXR)

- ◆ Achieved net income attributable to common stockholders of \$1.02 per diluted share, representing a 37.8% increase compared with the same period in 2017.
- ◆ Achieved funds from operations attributable to common stockholders and unit holders (“FFO”) of \$1.19 per diluted share. FFO, excluding adjustments for non-cash interest and hurricane losses (“Core FFO”), was \$1.20 per diluted share, representing a 6.2% increase compared with the same period in 2017.
- ◆ Increased same-store revenue by 3.2% and same-store net operating income (“NOI”) by 3.3% compared with the same period in 2017.
- ◆ Reported same-store occupancy of 93.9% as of September 30, 2018, compared with 93.7% as of September 30, 2017.
- ◆ Acquired five operating stores and one store at completion of construction (a “Certificate of Occupancy store,” or “C of O store”) for a total investment of approximately \$74.3 million.
- ◆ In conjunction with joint venture partners, acquired eight operating stores and three Certificate of Occupancy stores and completed one development for a total cost of approximately \$127.1 million, of which the Company invested \$34.6 million.
- ◆ Added 36 stores to the Company’s third-party management platform. As of September 30, 2018, the Company managed 507 stores for third parties and 227 stores in joint ventures, for a total of 734 managed stores.
- ◆ Disposed of one store for \$40.7 million.
- ◆ Paid a quarterly dividend of \$0.86 per share.

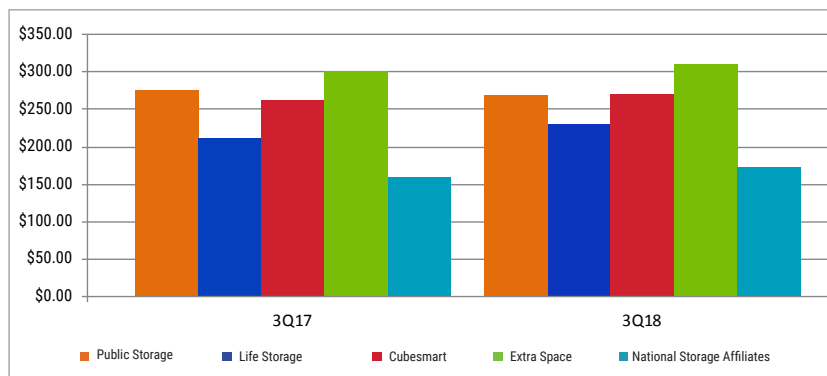
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DIVIDEND PER SHARE



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

SAME STORE REVENUE PER STORE



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

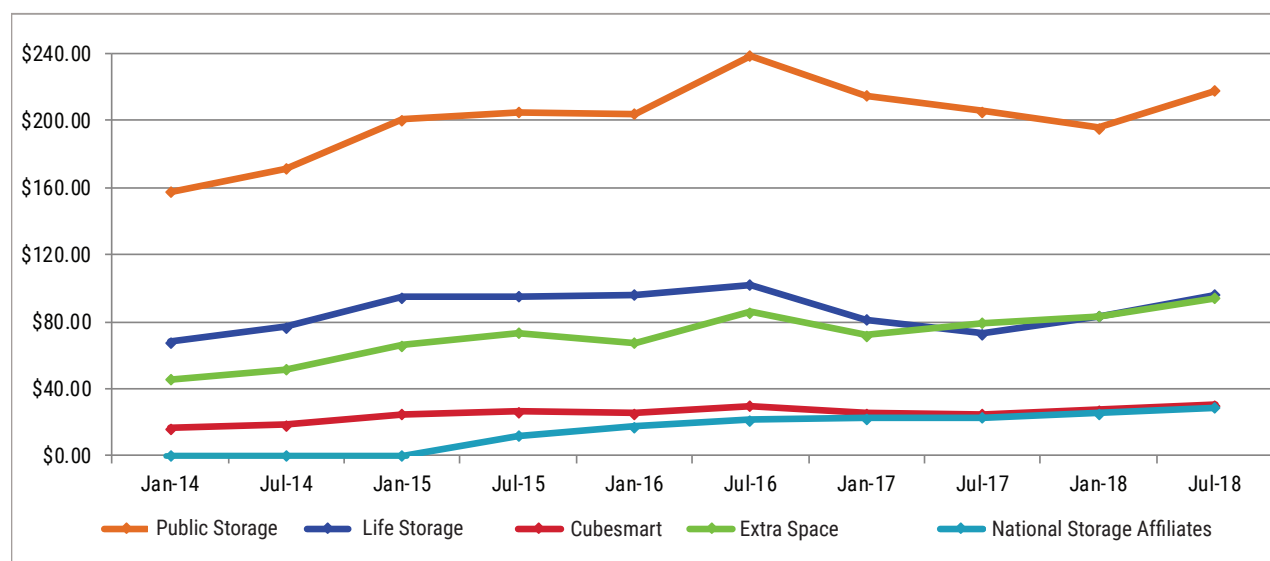
NATIONAL STORAGE AFFILIATES (NYSE:NSA)

- ◆ Earnings per share was \$0.03 for the third quarter of 2018.
- ◆ Core funds from operations ("Core FFO") was \$0.36 per share for the third quarter of 2018, an increase of 9.1% compared with the third quarter of 2017.
- ◆ Same-store net operating income ("NOI") was \$44.4 million for the third quarter of 2018, an increase of 5.0% compared with \$42.3 million for the third quarter of 2017, driven by a 4.0% increase in same-store total revenues and a 2.0% increase in same-store property operating expenses.
- ◆ Completed an offering of 5.9 million common shares, resulting in net proceeds of approximately \$176 million.
- ◆ Formed a new joint venture (the "2018 Joint Venture") with NSA as a 25% owner, which acquired a \$1.3 billion portfolio of self storage properties from Simply Self Storage, a portfolio company of a private real estate fund managed by Brookfield Asset Management.
- ◆ Subsequent to quarter-end, added Southern Self Storage of Palm Beach Gardens, Florida, as NSA's ninth Participating Regional Operator ("PRO").

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

SELF STORAGE REIT HISTORICAL STOCK PRICE

	Jan 14	Jul 14	Jan 15	Jul 15	Jan 16	Jul 16	Jan 17	Jul 17	Jan 18	Jul 18
Public Storage	\$157.59	\$171.61	\$200.84	\$205.18	\$204.19	\$238.92	\$215.00	\$205.57	\$195.76	\$217.83
Life Storage Inc	\$67.91	\$76.72	\$94.75	\$95.21	\$96.28	\$102.37	\$81.45	\$73.04	\$83.10	\$95.96
CubeSmart	\$16.48	\$18.21	\$24.64	\$26.16	\$25.26	\$29.71	\$25.13	\$24.66	\$27.53	\$30.36
Extra Space Storage	\$45.66	\$51.73	\$66.00	\$73.52	\$67.39	\$86.02	\$72.05	\$79.50	\$83.48	\$93.97
National Storage Affiliates	-	-	-	\$11.83	\$17.39	\$21.37	\$22.25	\$22.96	\$25.37	\$28.83



Source: Yahoo! Finance

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