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September 19, 2016

Industry Update

Weekly Self Storage REIT Comp Sheets 09/16/16

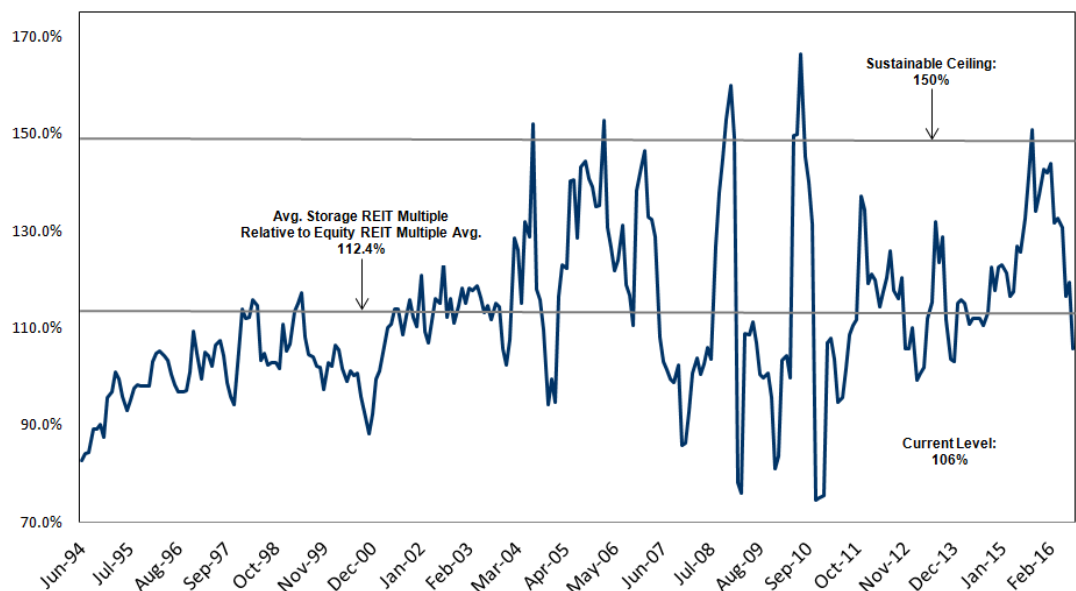
Summary and Recommendation

Storage REITs underperforming year to date. Storage REITs have posted a total return of -11.15% year to date, underperforming the RMS REIT Index by 2,072 bps. Last week, storage REITs were -1.30%, underperforming the RMS REIT Index by 65 bps.

Key Points

- **Storage REITs trade at a 5.3% implied cap rate, at a 4.4% premium to NAV, and at \$186/sq. ft.** Storage REITs trade at a 19.0x forward FFO multiple while REITs trade at an 17.9x multiple, implying a 6.1% premium, below the 10-year historical average premium of 12.4%. The peak premium in the last cycle before the downturn was in February 2006, at 52.7%. At the end of April 2016, that premium stood at 61.6%, the second highest it has ever been. We do not believe investors are willing to pay more than a 50% premium for storage over REITs, especially at this point in the cycle.

Storage REIT Relative FFO Multiple Premium



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Performance & Capital Structure Analysis

Company	Ticker	Price		Total Return (%)			2016 FAD			Shs. & Eq. Units Outstnd. (\$million)	Mkt. Cap. (\$million)	Pfd. Equity	Total Debt			Net Debt & Pref/TEV Ratio	Net Debt & Pref/Forward EBITDA
		9/16/2016	Rating	3-Mo ¹	TTM ¹	YTD ¹	Div. Yld. (%)	Annual. Div.(\$)	Payout. Ratio				(\$million)	Cash	EV		
CubeSmart	CUBE	\$26.63	OP	-10.4%	6.4%	-11.9%	3.2%	\$0.84	63.2%	180.5	\$4,806	0	\$1,503	\$3.4	\$6,306	23.8%	4.5
Extra Space Storage	EXR	\$77.20	-	-11.3%	7.7%	-10.2%	4.0%	\$3.12	87.9%	133.4	\$10,301	0	\$3,940	\$41.1	\$14,200	27.5%	5.6
National Storage	NSA	\$19.64	MP	-4.6%	50.4%	18.4%	4.5%	\$0.88	86.9%	64.4	\$1,265	314	\$748	\$47.5	\$2,280	44.5%	7.2
Public Storage	PSA	\$214.96	MP	-11.3%	7.7%	-11.3%	3.3%	\$7.20	76.7%	174.0	\$37,403	4,018	\$437	\$86.2	\$41,771	10.5%	2.3
Life Storage	LSI	\$89.00	MP	-12.1%	0.8%	-15.0%	4.3%	\$3.80	78.4%	46.6	\$4,144	0	\$1,252	\$0.0	\$5,397	23.2%	3.8
Storage Total/Avg.				-11.1%	8.1%	-10.7%	3.5%		77.9%		\$57,919				\$69,953	16.2%	3.3
Jernigan Capital	JCAP	\$18.29	OP	33.6%	12.7%	28.3%	7.7%	\$1.40	NA	5.9	\$109	0	\$5	\$15.0	\$99	NA	NA

¹ Period as of close 09/16/2016**Cash Flow Analysis**

Company	Ticker	Price ¹ 9/16/2016	FFO			Price/FFO			2016E 2017E		FAD			Price/ FAD			2016E 2016E		Sq. Ft. (000s)
			2015A	2016E	2017E	2015A	2016E	2017E	Growth	Growth	2015A	2016E	2017E	2015A	2016E	2017E	Payout	Yield	
CubeSmart	CUBE	\$26.63	\$1.25	\$1.43	\$1.61	21.3	18.6	16.5	14.4%	12.6%	\$1.14	\$1.33	\$1.50	23.3	20.0	17.8	63.2%	5.0%	33,479
Extra Space Storage	EXR	\$77.20	\$2.58	\$3.69	\$4.15	29.9	20.9	18.6	43.2%	12.3%	\$2.95	\$3.55	\$4.03	26.2	21.7	19.2	87.9%	4.6%	61,488
National Storage	NSA	\$19.64	\$0.92	\$1.08	\$1.25	21.3	18.2	15.7	17.4%	15.7%	\$0.78	\$1.01	\$1.19	25.2	19.4	16.6	86.9%	5.2%	20,845
Public Storage	PSA	\$214.96	\$8.90	\$9.86	\$10.77	24.2	21.8	20.0	10.8%	9.2%	\$8.66	\$9.38	\$9.82	24.8	22.9	21.9	76.7%	4.4%	156,880
Life Storage	LSI	\$89.00	\$4.94	\$5.33	\$5.94	18.0	16.7	15.0	7.9%	11.4%	\$4.44	\$4.85	\$5.48	20.1	18.4	16.2	78.4%	5.4%	40,004
Storage Total/Avg.						22.9	19.2	17.2	18.7%	12.2%				23.9	20.5	18.3	79%	4.9%	
Weighted Average						24.4	20.9	19.0	16.8%	10.3%				24.6	22.1	20.5	78%	4.6%	

Company	Ticker	Price ¹ 9/16/2016	Adjusted NI			Price/Adj NI			2016E 2017E		Adjusted Cash NI			Price/ ACNI			2016E 2016E		Sq. Ft. (000s)
			2015A	2016E	2017E	2015A	2016E	2017E	Growth	Growth	2015A	2016E	2017E	2015A	2016E	2017E	Payout	Yield	
Jernigan Capital	JCAP	\$18.29	-\$0.50	\$2.74	\$2.23	NA	6.7	8.2	NA	-18.4%	-\$0.54	\$0.09	\$0.23	NA	NA	79.5	NA	0.5%	NA

¹ Period as of close 09/16/2016

FRB estimates for CUBE, PSA, NSA, SSS and JCAP, EXR is consensus estimates from Factset

Valuation Analysis

Company	Ticker	Price ¹ 9/16/2016	Implied Cap Rate	2Q16 NAV	Premium (Discount) Cap Rate	NAV Cap Rate	Down 25 BPS	Up 25 BPS	Sq. Ft. (000s)	NAV per Sq. Ft.	Implied EV per Sq. Ft.	2015 RevPOF	Implied EV/ RevPOF
CubeSmart	CUBE	\$26.63	5.1%	\$27	-1.7%	5.3%	\$29	\$26	33,479	\$146.0	\$188.3	\$14.8	12.8
Extra Space Storage	EXR	\$77.20	4.8%	\$73	6.5%	4.9%	\$76	\$69	61,488	\$157.3	\$230.9	\$15.4	15.0
National Storage	NSA	\$19.64	5.7%	\$18	7.9%	6.0%	\$19	\$17	20,845	\$56.2	\$109.4	\$10.6	10.3
Public Storage	PSA	\$214.96	4.7%	\$202	6.5%	5.0%	\$212	\$191	156,880	\$223.9	\$266.3	\$16.8	15.9
Life Storage	LSI	\$89.00	6.1%	\$104	-14.2%	5.6%	\$111	\$98	40,004	\$120.8	\$134.9	\$12.3	10.9
Average			5.3%		4.4%	5.1%				\$140.84	\$185.96	\$13.98	12.97

Company	Ticker	Price ¹ 9/16/2016	2Q16			Premium / (Discount) %			Forward		
			Book Value	Fair Value	Potential FV	Book Value	Fair Value	Potential FV	Book Value	Fair Value	Potential FV
Jernigan Capital	JCAP	\$18.29	\$15.8	\$17.1	\$20.8	15.7%	7.1%	-12.2%	\$17.6	\$19.3	\$20.8

¹ Period as of close 09/16/2016

Development and C/O Deals

Company	Ticker	Price ¹ 9/16/2016	Enterprise Value	Gross Book Value	C/O and Development Under Construction	C/O and Development as a % of EV	C/O and Development as a % of GBV	Stabilized Yields	Market Cap Rates	Potential Value Creation	PCV as a % of NAV
CubeSmart	CUBE	\$26.63	\$ 6,306	\$ 3,861	\$ 262	4.1%	6.8%	7.0%	5.0%	\$ 104.6	2.3%
Extra Space Storage	EXR	\$77.20	\$ 14,200	\$ 6,479	\$ 252	1.8%	3.9%	7.0%	5.0%	\$ 100.7	1.0%
National Storage	NSA	\$19.64	\$ 2,280	\$ 1,345	\$ -	0.0%	0.0%	NA	NA	\$ -	0.0%
Public Storage	PSA	\$214.96	\$ 41,771	\$ 13,571	\$ 510	1.2%	3.8%	7.0%	5.0%	\$ 204.0	0.6%
Life Storage	LSI	\$89.00	\$ 5,397	\$ 2,922	\$ 40	0.7%	1.4%	7.5%	5.5%	\$ 14.4	0.3%
Average			\$ 13,991	\$ 5,636	\$ 399	1.6%	3.2%				

¹ Period as of close 09/16/2016

Source: Estimates, Company Reports

FRB estimates for CUBE, PSA, NSA, SSS and JCAP, EXR is consensus estimates from Factset

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Selling Call or Put Vertical Spreads (Calls--short call and long call with higher strike; Puts--short put and long put with a lower strike, same expiration month for both options.) Investors risk the loss of the difference between the strike prices, reduced by the premium received.

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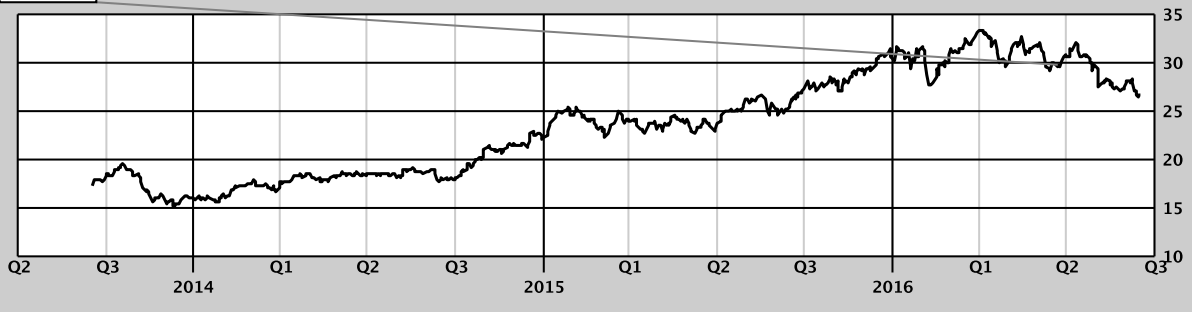
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Rating and Price Target History for: CubeSmart (CUBE) as of 09-16-2016

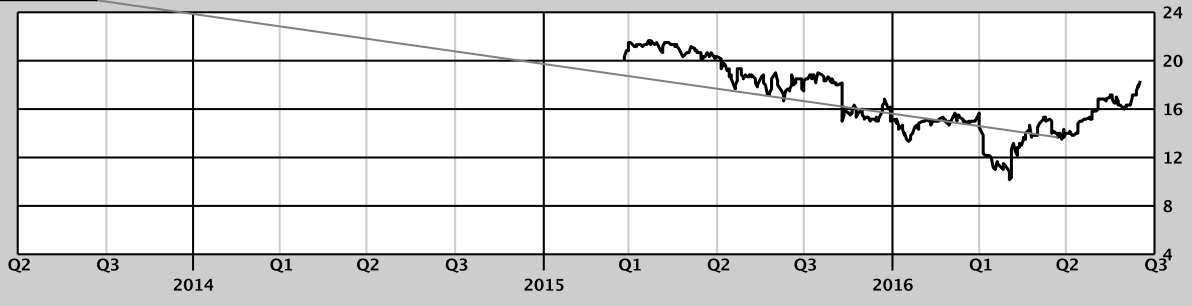
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Rating and Price Target History for: Jernigan Capital, Inc. (JCAP) as of 09-16-2016

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