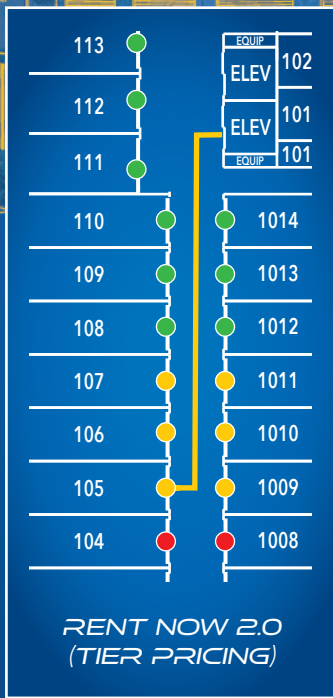


LED  
LIGHTING

SOLAR  
PANELS

HEAT REFLECTIVE



BLUETOOTH  
ACCESS

**ANNUAL REPORT**  
2020

## **DEAR FELLOW SHAREHOLDERS:**

Last year at this time, the onset of the COVID-19 pandemic presented all businesses with unprecedented disruption. We ended last year's shareholder letter with a reminder that self-storage has proven to be a stalwart, recession-resistant performer in times of economic duress. Twelve months later, we could not be more proud of how our team adapted and performed to both protect and drive shareholder value in 2020 while growing adjusted funds from operations per share by 5.9% despite the pandemic and achieving self-storage sector leading total shareholder return of 14.9%.

Our performance in 2020 was buoyed by our strategic emphasis on customer self-service that began in 2018 with the roll-out of Rent Now, our proprietary fully digital online rental platform. Rent Now proved to be a game changer for us in the early days of the pandemic and contributed significantly to our ability to create a safe environment for our teammates and customers to conduct business. During the first half of 2020, we augmented this sales channel by incorporating dynamic pricing functionality to allow customers to select a storage unit from one of three convenience and pricing-based tiers according to their individual needs and preferences. This platform contributed to both (i) record same store occupancy of 92.9% at the end of 2020, up 330 basis points year-over-year and (ii) self-storage sector-leading same store net operating income growth of 2.3% in 2020.

Our portfolio is broadly diversified across more than 925 stores in 32 states and the province of Ontario, Canada. Despite the pandemic, we expanded the Company's footprint and grew our store count 8.5% in 2020. Specifically, we invested more than \$530 million to acquire 40 high quality stores in existing key markets, such as the greater NYC area, Philadelphia, Los Angeles, Tampa, Miami, Atlanta and Dallas, among others. Additionally, our third-party management business continues to gain significant traction as owners are attracted to our operating performance and technology platforms. On a net basis, we added 66 non-joint venture stores to our management platform, representing 38% growth for the year.

We also expanded our differentiated commercial strategy, Warehouse Anywhere, a tech-enabled forward stocking location (FSL) and micro-fulfillment center (MFC) solution that combines storage assets with our proprietary technology to help businesses solve their final mile challenges. To capitalize on the significant consumer shift toward ecommerce, we launched MFCs in Atlanta, Chicago and Las Vegas and are actively considering additional locations to serve the storage and fulfillment needs of small and medium-sized online retailers.

At Life Storage, we believe that doing right by our stakeholders can and should mean doing good for our world. Our company's core values of teamwork, respect, accountability, integrity and innovation are not only meant to serve as guiding principles for our conduct in business and operations, but to also ensure we consistently deliver long-term value to all of our stakeholders, including our employees, customers, communities and shareholders. Highlights include:

- Established a five-year solar development initiative to reduce our energy consumption by 10% and realize a 200% increase in our renewable energy generation.
- Created a diversity, equality and inclusiveness program to enhance our commitment to a work environment that values differences, fosters inclusion and promotes collaboration.
- Started "Life in our Communities," a formal program that includes thoughtful community outreach, organized volunteer efforts and charitable support activities to enhance our community engagement.

Additionally, the Company was honored with the "Newsweek Best Customer Service Award" for the third straight year, which is particularly gratifying considering the challenging operating environment of the past year.

Finally, for more than 35 years, we have been keenly focused on protecting our balance sheet and maintaining our liquidity, which again served us well in 2020. The Company's financial position is excellent with a BBB/Baa2 debt rating, modest debt to EBITDA and leverage ratios, healthy fixed charge and dividend coverage, and no significant near-term debt maturities. Our \$500 million line of credit facility (largely untapped) and our free cash flow (after dividends) provide considerable flexibility and funding for potential new growth opportunities.

We believe that we have the portfolio, the operating platforms, the financial strength, the leadership and the personnel to continue growing our Company and our shareholder's value in the years to come.

As always, we thank you for your continued support and confidence in us.

**Joe Saffire • CEO**

**Andy Gregoire • CFO**

**Ed Killeen • COO**

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2020

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_ to \_\_\_\_

Commission File Number:  
1-13820 (Life Storage, Inc.)  
0-24071 (Life Storage LP)

**LIFE STORAGE, INC.**  
**LIFE STORAGE LP**

(Exact name of Registrant as specified in its charter)

Maryland (Life Storage, Inc.)  
Delaware (Life Storage LP)  
(State of incorporation  
or organization)

16-1194043 (Life Storage, Inc.)  
16-1481551 (Life Storage LP)  
(I.R.S. Employer  
Identification No.)

6467 Main Street  
Williamsville, NY 14221  
(Address of principal executive offices) (Zip code)

(716) 633-1850  
(Registrant's telephone number including area code)

Securities registered pursuant to Section 12(b) of the Act:

Life Storage, Inc.:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$.01 Par Value	LSI	New York Stock Exchange

Life Storage LP:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Life Storage, Inc. Yes  No   
Life Storage LP Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Life Storage, Inc. Yes  No   
Life Storage LP Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Life Storage, Inc. Yes  No   
Life Storage LP Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Life Storage, Inc. Yes  No   
Life Storage LP Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Life Storage, Inc.:

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

Life Storage LP:

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Life Storage, Inc.	<input type="checkbox"/>
Life Storage LP	<input type="checkbox"/>

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Life Storage, Inc.	<input checked="" type="checkbox"/>
Life Storage LP	<input checked="" type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Life Storage, Inc.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Life Storage LP	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

As of June 30, 2020, the aggregate market value of the Common Stock held by non-affiliates of Life Storage, Inc. was approximately \$4,454,906,353 (based on the closing price of the Common Stock on the New York Stock Exchange on June 30, 2020). As of February 17, 2021, 75,462,246 shares of Common Stock, \$.01 par value per share, were outstanding.

As of June 30, 2020, the aggregate market value of the limited partnership units (the "OP Units") held by non-affiliates of Life Storage LP was \$23,164,572 (based on the closing price of the Common Stock of Life Storage, Inc. on the New York Stock Exchange on June 30, 2020). (For this calculation, the market value of all OP Units beneficially owned by Life Storage, Inc. has been excluded.)

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the 2021 Annual Meeting of Shareholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of the registrants' fiscal year ended December 31, 2020.

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## EXPLANATORY NOTE

This report combines the annual reports on Form 10-K for the year ended December 31, 2020 of Life Storage, Inc. (the “Parent Company”) and Life Storage LP (the “Operating Partnership”). The Parent Company is a real estate investment trust, or REIT, that owns its assets and conducts its operations through the Operating Partnership, a Delaware limited partnership, and subsidiaries of the Operating Partnership. The Parent Company, the Operating Partnership and their consolidated subsidiaries are collectively referred to in this report as the “Company.” In addition, terms such as “we,” “us,” or “our” used in this report may refer to the Company, the Parent Company and/or the Operating Partnership.

Life Storage Holdings, Inc., a wholly-owned subsidiary of the Parent Company (“Holdings”), is the sole general partner of the Operating Partnership; the Parent Company is a limited partner of the Operating Partnership, and through its ownership of Holdings and its limited partnership interest, controls the operations of the Operating Partnership, holding a 99.6% ownership interest therein as of December 31, 2020. The remaining ownership interests in the Operating Partnership are held by certain former owners of assets acquired by the Operating Partnership. As the owner of the sole general partner of the Operating Partnership, the Parent Company has full and complete authority over the Operating Partnership’s day-to-day operations and management.

Management operates the Parent Company and the Operating Partnership as one enterprise. The management teams of the Parent Company and the Operating Partnership are identical.

There are few differences between the Parent Company and the Operating Partnership, which are reflected in the note disclosures in this report. The Company believes it is important to understand the differences between the Parent Company and the Operating Partnership in the context of how these entities operate as a consolidated enterprise. The Parent Company is a REIT, whose only material asset is its ownership of the partnership interests of the Operating Partnership. As a result, the Parent Company does not conduct business itself, other than acting as the owner of the sole general partner of the Operating Partnership, issuing public equity from time to time and guaranteeing the debt obligations of the Operating Partnership. The Operating Partnership holds substantially all the assets of the Company and, directly or indirectly, holds the ownership interests in the Company’s real estate ventures. The Operating Partnership conducts the operations of the Company’s business and is structured as a partnership with no publicly traded equity. Except for net proceeds from equity issuances by the Parent Company, which are contributed to the Operating Partnership in exchange for partnership units, the Operating Partnership generates the capital required by the Company’s business through the Operating Partnership’s operations, by the Operating Partnership’s direct or indirect incurrence of indebtedness or through the issuance of partnership units of the Operating Partnership.

The substantive difference between the Parent Company’s filings and the Operating Partnership’s filings is the fact that the Parent Company is a REIT with public equity, while the Operating Partnership is a partnership with no publicly traded equity. In the financial statements, this difference is primarily reflected in the equity (or capital for the Operating Partnership) section of the consolidated balance sheets and in the consolidated statements of shareholders’ equity (or partners’ capital). Apart from the different equity treatment, the consolidated financial statements of the Parent Company and the Operating Partnership are nearly identical.

The Company believes that combining the annual reports on Form 10-K of the Parent Company and the Operating Partnership into a single report will:

- facilitate a better understanding by the investors of the Parent Company and the Operating Partnership by enabling them to view the business as a whole in the same manner as management views and operates the business;
- remove duplicative disclosures and provide a more straightforward presentation in light of the fact that a substantial portion of the disclosure applies to both the Parent Company and the Operating Partnership; and
- create time and cost efficiencies through the preparation of one combined report instead of two separate reports.

In order to highlight the differences between the Parent Company and the Operating Partnership, the separate sections in this report for the Parent Company and the Operating Partnership specifically refer to the Parent Company and the Operating Partnership. In the sections that combine disclosures of the Parent Company and the Operating Partnership, this report refers to such disclosures as those of the Company. Although the Operating Partnership is generally the entity that directly or indirectly enters into contracts and real estate ventures and holds assets and debt, reference to the Company is appropriate because the business is one enterprise and the Parent Company operates the business through the Operating Partnership.

As the owner of the general partner with control of the Operating Partnership, the Parent Company consolidates the Operating Partnership for financial reporting purposes, and the Parent Company does not have significant assets other than its investment in the Operating Partnership. Therefore, the assets and liabilities of the Parent Company and the Operating Partnership are the same on their respective financial statements. The separate discussions of the Parent Company and the Operating Partnership in this report should be read in conjunction with each other to understand the results of the Company’s operations on a consolidated basis and how management operates the Company.

All share and per share amounts and unit and per unit amounts for all years presented herein have been adjusted to reflect the impact of the three-for-two distribution of common stock announced by the Company on January 4, 2021 and distributed on January 27, 2021 to shareholders and unitholders of record on January 15, 2021.

This report also includes separate Item 9A - Controls and Procedures sections, signature pages and Exhibit 31 and 32 certifications for each of the Parent Company and the Operating Partnership in order to establish that the Chief Executive Officer and the Chief Financial Officer of the Parent Company and the Chief Executive Officer and the Chief Financial Officer of the Operating Partnership have made the requisite certifications and that the Parent Company and the Operating Partnership are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934, as amended and 18 U.S.C. §1350.

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## Part I

When used in this discussion and elsewhere in this document, the words “intends,” “believes,” “expects,” “anticipates,” and similar expressions are intended to identify “forward-looking statements” within the meaning of that term in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the effect of competition from new self-storage facilities, which would cause rents and occupancy rates to decline; risks associated with the COVID-19 global health crisis or similar events, including but not limited to (i) the impact to the health of our employees and/or customers, (ii) the negative impacts to the economy and to self-storage customers which could reduce the demand for self-storage or reduce our ability to collect rent, (iii) reducing or eliminating our ability to increase rents charged to our current or future customers, (iv) limiting our ability to collect rent from or evict past due customers, (v) we could see an increase in move-outs of longer-term customers due to the economic uncertainty and significant rise in unemployment resulting from the COVID-19 global health crisis which could lead to lower occupancies and reduced average rental rates as longer-term customers are replaced with new customers at lower rates, and (vi) potential negative impacts on cost and availability of debt and equity which could have a negative impact on our capital and growth plans; the Company’s ability to evaluate, finance and integrate acquired self-storage facilities into the Company’s existing business and operations; the Company’s ability to effectively compete in the industry in which it does business; the Company’s existing indebtedness may mature in an unfavorable credit environment, preventing refinancing or forcing refinancing of the indebtedness on terms that are not as favorable as the existing terms; interest rates may fluctuate, impacting costs associated with the Company’s outstanding floating rate debt; the Company’s ability to comply with debt covenants; any future ratings on the Company’s debt instruments; the regional concentration of the Company’s business may subject it to economic downturns in the states of Texas and Florida; the Company’s reliance on its call center; the Company’s cash flow may be insufficient to meet required payments of operating expenses, principal, interest and dividends; and tax law changes that may change the taxability of future income.

### Item 1. Business

The Company is a self-administered and self-managed real estate company that acquires, owns and manages self-storage properties. We refer to the self-storage properties in which we have an ownership interest, lease, and/or are managed by us as “Properties.” We began operations on June 26, 1995. We were formed to continue the business of our predecessor company, which had engaged in the self-storage business since 1985. At December 31, 2020, we had an ownership interest in and/or managed 927 self-storage properties in 31 states and Ontario, Canada. Among our 927 self-storage properties are 92 properties that we manage for unconsolidated joint ventures, 238 properties that we manage and have no ownership interest, and five properties that we lease. We believe we are the fifth largest operator of self-storage properties in the United States based on square feet owned and managed. Our Properties in the United States conduct business under the customer-friendly name Life Storage ®. In 2019, we began managing certain properties located in the province of Ontario, Canada, under the Bluebird Self Storage brand.

At December 31, 2020, the Parent Company owned a direct or indirect interest in 689 of the Properties through the Operating Partnership, which includes 597 wholly-owned properties and 92 properties owned by unconsolidated joint ventures. In total, we own a 99.6% economic interest in the Operating Partnership and unaffiliated third parties collectively own a 0.4% limited partnership interest at December 31, 2020. We believe that this structure, commonly known as an umbrella partnership real estate investment trust (“UPREIT”), facilitates our ability to acquire properties by using units of the Operating Partnership as currency. By utilizing interests in the Operating Partnership as currency in self-storage facility acquisitions, we may partially defer the seller’s income tax liability which in turn may allow us to obtain more favorable pricing.

The Parent Company was incorporated on April 19, 1995 under Maryland law. The Operating Partnership was formed on June 1, 1995 as a Delaware limited partnership and has engaged in virtually all aspects of the self-storage business, including the development, acquisition, management, ownership and operation of self-storage facilities. Our principal executive offices are located at 6467 Main Street, Williamsville, New York 14221, our telephone number is (716) 633-1850 and our website is [www.lifestorage.com](http://www.lifestorage.com).

We seek to enhance shareholder value through internal growth, acquisition of additional storage properties, expansion and enhancement of existing self-storage properties, expansion of our third-party management platform, select new development, and advances in innovative technology. Internal growth is achieved through aggressive property management: optimizing rental rates, increasing occupancy levels, controlling costs, maximizing collections, and strategically expanding and enhancing the Properties. Should demographic and economic conditions warrant, we may develop new properties. We believe that there continues to be opportunity for growth through acquisitions, including acquisitions through unconsolidated joint ventures of the Company. We seek to acquire self-storage properties that are susceptible to realization of increased economies of scale and improved performance through application of our expertise.

### Industry Overview

We believe that self-storage facilities offer affordable storage space to residential and commercial users. In addition to fully enclosed and secure storage space, many facilities also offer outside storage for automobiles, recreational vehicles and boats. Modern facilities, such as those owned and/or managed by the Company, are usually fenced and well lighted with automated access systems, surveillance cameras, offer temperature and humidity control features, and have a full-time manager. Our customers rent space on a month-to-month basis and typically have access to their storage space up to 15 hours a day, with 24-hour access in certain circumstances. Individual storage spaces are secured by the customer’s lock, and the customer has control of access to the space.



According to the 2021 Self-Storage Almanac, of the estimated 49,000 core self-storage facilities in the United States (those properties identified as having self-storage operated as the core business at the address), approximately 21.4% are owned and/or managed by the 10 largest operators. This results in a highly fragmented industry as the remainder of the industry is characterized by numerous small, local operators. The scarcity of capital available to small operators for acquisitions and expansions, internet marketing, call centers, and the potential for savings through economies of scale are factors that are leading to consolidation in the industry. We believe that, as a result of this trend, significant growth opportunities exist for operators with proven management systems and sufficient capital resources to grow through acquisitions and/or third-party management platforms.

## **Property Management**

We have over 35 years of experience acquiring, building, expanding and managing self-storage facilities, and the combined experience of our key personnel makes us one of the leaders in the industry. We employ the following strategies with respect to our property management:

### Our People:

We recognize the importance of quality people to the success of an organization. Accordingly, we hire and train to ensure that associates can reach their full potential. We conduct annual anonymous surveys of all employees to proactively identify areas for improvement. We strive to ensure that all associates conduct themselves in accordance with our core values: Teamwork, Respect, Accountability, Integrity, and Innovation. In turn, we support them with state-of-the-art training tools including an online learning management system, a company intranet and a network of certified training personnel. Every store team also has frequent, and sometimes daily, interaction with an Area Manager, a Regional Vice President, an Accounting Representative, and other support personnel. As such, our store associates are held to high standards for customer service, store appearance, financial performance, and overall operations.

### Training & Development:

Our employees benefit from a wide array of training and development opportunities. New store employees undergo a comprehensive, proprietary training program designed to drive sales and operational results while ensuring the delivery of quality customer service. To supplement their initial training, employees enjoy continuing edification, coaching, and performance feedback, including customer satisfaction surveying, throughout their tenure.

All learning and development activities are facilitated through our online training and development portal. This portal delivers and tracks hundreds of computer-based training and compliance courses; it also administers tests, surveys, and the employee appraisal process. The Company's training and development program encompasses the tools and support we deem essential to the success of our employees and business.

### Marketing and Advertising:

The digital age has changed consumer behavior – the way people shop, their expectations, and the way we communicate with them. As such, we utilize the following strategies to market our properties and products:

- We created, developed and implemented Rent Now, our proprietary fully-digital rental platform for customers who prefer to self-serve and complete the rental process online. Customers can now “skip the counter” by selecting a storage unit, completing the rental agreement and making their rental payment online. The customer receives their property access code and step-by-step directions to their specific rental unit on a digital map sent to their mobile device. Rent Now is fully-integrated with Life Storage's operating, security and revenue management systems, allowing for real-time and efficient inventory and sales management.
- We employ a Customer Care Center (call center) that services an average of 48,000 rental related inquiries per month. Our Sales Representatives answer incoming sales calls for all of our locations, 364 days a year, 24 hours a day. In addition, they respond to email inquiries and serve as overnight customer service agents to assist customers outside of regular office hours. The team undergoes continuous training and coaching in effective storage sales techniques and best practices in customer service, which we believe results in higher conversions of inquiries to rentals.
- We maintain a website and involve internal and external expertise to manage our internet presence and leverage a search engine and social media marketing strategy to attract customers and gain rentals online, through our call center and at our stores. Precise targeting and tracking through campaign management and analysis allows us to attract the right customers, at the right time, for reasonable costs of acquisition.
- Since demand for storage is largely based on timing, the goal is to create positive brand recognition through a variety of channels, both digital and traditional. When the time comes for a customer to select a storage company, we want the Life Storage brand to be recognized as the most trusted and respected provider. We employ a variety of different strategies to create brand awareness; this includes our Life Storage rental trucks, branded merchandise such as moving and packing supplies, regional marketing in the communities in which we operate, and digital targeting using search, social media and remarketing campaigns. We strive to introduce storage solutions early and often to gain the most exposure as possible for the longest duration.

- Approximately 54.3% of our self-storage space is comprised of units with temperature and/or humidity control capabilities which we market to corporate, retail and residential customers seeking storage solutions for valuable, sentimental, or otherwise sensitive items.
- We also have a fleet of rental trucks that serve as an added incentive to choose our storage facilities. We believe the availability of our trucks provides a valuable service and added incentive to choose Life Storage. Further, the prominent display of our logo turns each truck into a moving billboard.

#### Third-Party Management:

We seek to add third-party managed stores to our portfolio in order to help drive fee revenue, brand awareness, cost efficiencies and customer data to make more informed revenue management decisions. The portfolio also may, in certain circumstances, serve to supplement our acquisition pipeline.

#### Corporate Customer Value Proposition:

We offer a differentiated corporate customer value proposition through Warehouse Anywhere. Warehouse Anywhere is Life Storage's proprietary intelligent and technologically advanced warehousing solution that provides third-party logistics (3PL) through a forward deployed, unmanned model combining storage asset management with a proprietary inventory management application across a network of more than 12,000 Life Storage or partner facilities. Warehouse Anywhere also retrofits storage units in select Life Storage facilities to create micro-fulfillment centers that are equipped with needed infrastructure and technology to place e-commerce customers' inventory and fulfillment orders from numerous online marketplaces and platforms. As a final mile delivery solution, Warehouse Anywhere gets our customers' products closer to their customers, reduces logistics costs, increases inventory tracking accuracy and improves delivery time.

#### Ancillary Income:

We know that our over 500,000 customers require more than just a storage space. Knowing this, we offer a wide range of other products and services that fulfill their needs while providing us with ancillary income. Our Life Storage trucks are available for rent to our new and existing customers, as well as to non-customers. We also rent moving dollies and blankets, in addition to carrying a wide assortment of moving and packing supplies including boxes, tape, locks, and other essential items. For those customers who do not carry storage insurance, we make available renters insurance on which we earn income by providing reinsurance through a wholly owned subsidiary of the Company. We also receive incidental income from billboards and cell towers.

#### Information Systems:

Each of our primary business functions is linked to our customized computer applications, many of which are proprietary. These systems provide for consistent, timely and accurate flow of information throughout our critical platforms:

- Our proprietary operating software ("LifeOS") is installed at all locations and performs the functions necessary for field personnel to efficiently and effectively run a property. This includes customer account management, automatic imposition of late fees, move-in and move-out analysis, generation of essential legal notices, and marketing reports to aid in regional marketing efforts. Financial reports are automatically transmitted to our Corporate Offices overnight to allow for strict accounting oversight.
- LifeOS is linked with each of our primary sales channels (customer care center, internet, store) allowing for real-time access to space type and inventory, pricing, promotions, and other pertinent store information. This robust flow of information facilitates our commitment to capturing prospective customers from all channels.
- LifeOS provides our revenue management team with raw data on historical pricing, move-in and move-out activity, specials and occupancies, etc. This data is utilized in the various algorithms that form the foundation of our revenue management program. Changes to pricing and specials are "pushed out" to all sales channels instantaneously.
- LifeOS generates financial reports for each property that provide our accounting and audit departments with the necessary oversight of transactions; this allows us to maintain proper control of cash receipts.

#### Revenue Management:

Our proprietary revenue management system is constantly evolving through the efforts of our dedicated data science and revenue management team. We have the ability to change pricing instantaneously for any single unit type, at any single location, based on the occupancy, competition, and forecasted changes in demand. By analyzing current customer rent tenures, we can implement rental rate increases at optimal times to increase revenues. Advanced pricing analytics enable us to reduce the amount of concessions, attracting a more stable customer base and discouraging short-term price shoppers. This system continues to drive revenue stability and/or growth throughout our portfolio.

## Property Maintenance:

We take great pride in the appearance and structural integrity of our Properties. All of our Properties go through a thorough annual inspection performed by experienced project managers. These inspections provide the basis for short and long term planned projects that are all performed under a standardized set of specifications. Routine maintenance such as landscaping, pest control, and snowplowing is contracted to local providers to whom we clearly communicate our standards. Further, our software tracks repairs, monitors contractor performance and measures the useful life of assets. As with many other aspects of our Company, our size has allowed us to enjoy relatively low maintenance costs because we have the benefit of economies of scale in purchasing, travel, and overhead absorption. In addition, we continually look to green alternatives and implement energy saving alternatives as new technology becomes available. This includes the installation of solar panels, LED lighting, energy efficient air conditioning units, and cool roofs which are all environmentally friendly solutions that have the potential to reduce energy consumption (thereby reducing costs) in the buildings in which they are installed. We continue to implement and expand the Company's solar panel initiative which has reduced energy consumption and costs at those installed locations.

## **Environmental and Other Regulations**

We are subject to federal, state, and local environmental regulations that apply generally to the ownership of real property. We have not received notice from any governmental authority or private party of any material environmental noncompliance, claim, or liability in connection with any of the Properties, and are not aware of any environmental condition with respect to any of the Properties that could have a material adverse effect on our financial condition or results of operations.

The Properties are also generally subject to the same types of local regulations governing other real property, including zoning ordinances. We believe that the Properties are in substantial compliance with all such regulations.

## **Insurance**

Each of the Properties is covered by fire and property insurance (including comprehensive liability and business interruption), and all-risk property insurance policies, which are provided by reputable companies and on commercially reasonable terms. In addition, we maintain a policy insuring against environmental liabilities resulting from tenant storage on terms customary for the industry, and title insurance insuring fee title to the Company-owned Properties in an amount that we believe to be adequate.

## **Federal Income Tax**

We operate, and we intend to continue to operate, in such a manner as to continue to qualify as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), but no assurance can be given that we will at all times so qualify. To the extent that we continue to qualify as a REIT, we will not be taxed, with certain limited exceptions, on the taxable income that is distributed to our shareholders. We have elected to treat certain of our subsidiaries as taxable REIT subsidiaries. In general, our taxable REIT subsidiaries may perform additional services for customers and generally may engage in certain real estate or non-real estate related business. Our taxable REIT subsidiaries are subject to federal and state corporate income taxes. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - REIT Qualification and Distribution Requirements."

## **Competition**

The primary factors upon which competition in the self-storage industry is based are location, appearance, rental rates, suitability of the property's design to prospective customers' needs, and how the property is operated and marketed. We believe we compete successfully on these factors. The extent of competition depends significantly on local market conditions. We seek to locate where we can increase market share while not adversely affecting any of our existing locations in that market. However, the number of self-storage facilities in a particular area could have a material adverse effect on the performance of any of the Properties.

Several of our competitors are larger and have substantially greater financial resources than we do. These larger operators may, among other possible advantages, be capable of greater leverage and the payment of higher prices for acquisitions. However, we believe that we are well positioned to compete for acquisitions.

## **Investment Policy**

While we emphasize equity real estate investments, we may, at our discretion, invest in mortgage and other real estate interests related to self-storage properties in a manner consistent with our qualification as a REIT. We may also retain a purchase money mortgage for a portion of the sale price in connection with the disposition of Properties from time to time. Should investment opportunities become available, we may look to acquire additional self-storage properties via new or existing joint-venture partnerships or similar entities. We may or may not elect to have a significant investment in such a venture, but would use such an opportunity to expand our portfolio of branded and managed properties. We also invest in innovative, and sometimes proprietary, new technology that we believe provides us with a competitive advantage.

Subject to the percentage of ownership limitations and gross income tests necessary for REIT qualification, we also may invest in securities of entities engaged in real estate activities or securities of other issuers, including for the purpose of exercising control over such entities.

### **Disposition Policy**

Any disposition decision of our Properties is based on a variety of factors, including, but not limited to, (i) the potential to continue to increase cash flow and value, (ii) the sale price, (iii) the strategic fit with the rest of our portfolio, (iv) the potential for, or existence of, environmental or regulatory issues, (v) alternative uses of capital, and (vi) maintaining qualification as a REIT.

The Company did not sell any self-storage facilities in 2020. The Company had entered into an agreement on January 26, 2020 to sell one of its self-storage facilities for \$19.0 million. The sale of this facility did not occur, and the Company is no longer under contract to sell this self-storage facility. During 2020, the Company's unconsolidated joint ventures sold a total of 36 self-storage facilities, 32 of which were acquired by the Company.

During 2019, the Company sold 32 non-strategic self-storage facilities in Louisiana (9), Mississippi (8), North Carolina (4), South Carolina (5), and Texas (6) to an unrelated third-party for net proceeds of \$207.6 million, resulting in a \$100.2 million gain on sale. The Company is continuing to manage these properties subsequent to sale.

During 2018, the Company sold 13 non-strategic self-storage facilities in Arizona (2), Florida (1), North Carolina (1), Texas (8), and Virginia (1) for net proceeds of \$100.5 million, which includes a \$9.1 million investment retained in an unconsolidated joint venture, resulting in a \$56.4 million gain on sale. Twelve of these self-storage facilities were sold to an unconsolidated joint venture in which the Company has a 20% ownership interest.

### **Distribution Policy**

We intend to pay regular quarterly distributions to our shareholders. However, future distributions by us will be at the discretion of the Board of Directors and will depend on the actual cash available for distribution, our financial condition and capital requirements, the annual distribution requirements under the REIT provisions of the Code and such other factors as the Board of Directors deems relevant. In order to maintain our qualification as a REIT, we must make annual distributions to shareholders of at least 90% of our REIT taxable income (which does not include capital gains or losses). Under certain circumstances, we may be required to make distributions in excess of cash available for distribution in order to meet the minimum requirements.

### **Financing Policy**

Our Board of Directors currently limits the amount of debt that may be incurred by us to less than 50% of the sum of the market value of our issued and outstanding common and preferred stock plus our debt. We, however, may from time to time re-evaluate and modify our borrowing policy considering current economic conditions, relative costs of debt and equity capital, market values of properties, growth and acquisition opportunities and other factors. In addition to our Board of Directors' debt limits, our most restrictive debt covenants limit our leverage. However, we believe cash flow from operations, access to the capital markets and access to our credit facility, as described below, are adequate to execute our current business plan and remain in compliance with our debt covenants.

The following sets forth certain financing activities during the year ended December 31, 2020:

On September 23, 2020, the Operating Partnership issued \$400 million in aggregate principal amount of 2.200% unsecured senior notes due October 15, 2030 (the "2030 Senior Notes"). The 2030 Senior Notes were issued at 0.476% discount to par value. Interest on the 2030 Senior Notes is payable semi-annually in arrears on each April 15 and October 15, commencing with April 15, 2021. The 2030 Senior Notes are fully and unconditionally guaranteed by the Parent Company.

On October 9, 2020, the Company paid off a \$100 million term note which was originally due in 2021. In connection with this repayment, the Company was required to make a make-whole payment of \$4.0 million as a result of paying off this term note prior to its maturity.

There were no amounts outstanding on the Company's line of credit at December 31, 2020.

During 2020, the Company issued 4,091,666 shares of common stock under the Company's continuous equity offering program at a weighted average issue price of \$73.16, generating net proceeds of \$296.0 million.

To the extent that we desire to obtain additional capital to pay distributions, to provide working capital, to pay existing indebtedness or to finance acquisitions, expansions or development of new properties, we may utilize amounts available under our line of credit, common or preferred stock offerings, floating or fixed rate debt financing, retention of cash flow (subject to satisfying our distribution requirements under the REIT rules) or a combination of these methods. Additional debt financing may also be obtained through mortgages on our Properties, which may be recourse, non-recourse, or cross-collateralized and may contain cross-default provisions. We have not established any limit on

the number or amount of mortgages that may be placed on any single Property or on our portfolio as a whole, although certain of our existing term loans contain limits on overall mortgage indebtedness. For additional information regarding borrowings and equity activities, see Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” and Notes 5 and 6 to the Consolidated Financial Statements filed herewith.

## Employees

We currently employ a total of 2,078 employees, including 832 property managers, 52 area managers, and 898 associate managers and part-time employees. At our headquarters, in addition to our three senior executive officers, we employ 293 people engaged in various support activities, including accounting, human resources, customer care, and management information systems. None of our employees are covered by a collective bargaining agreement. We consider our employee relations to be excellent.

## Available Information

We file with the U.S. Securities and Exchange Commission quarterly and annual reports on Forms 10-Q and 10-K, respectively, current reports on Form 8-K, and proxy statements pursuant to the Securities Exchange Act of 1934, in addition to other information as required. We file this information with the SEC electronically, and the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports are available free of charge on our web site at <http://www.lifestorage.com> as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. In addition, our Codes of Ethics and Charters of our Nominating, Governance and Corporate Responsibility Committee, Audit and Risk Management Committee, and Compensation and Human Capital Committee are available free of charge on our website at <http://www.lifestorage.com>.

Also, copies of our annual report and Charters of our committees will be made available, free of charge, upon written request to Life Storage, Inc., Attn: Investor Relations, 6467 Main Street, Williamsville, NY 14221.

## Item 1A. Risk Factors

*You should carefully consider the risks described below, together with all of the other information included in or incorporated by reference into our Form 10-K, as part of your evaluation of the Company. If any of the following risks actually occur, our business could be harmed. In such case, the trading price of our securities could decline, and you may lose all or part of your investment.*

### Our Acquisitions May Not Perform as Anticipated

We have completed hundreds of acquisitions of self-storage facilities since our initial public offering of common stock in June 1995. One of our strategies is to continue to grow by acquiring additional self-storage facilities. Acquisitions entail risks that investments will fail to perform in accordance with our expectations. Our judgments with respect to the prices paid for acquired self-storage facilities and the costs of any improvements required to bring an acquired property up to our standards may prove to be inaccurate. Acquisitions also involve general investment risks associated with any new real estate investment.

### We May Incur Problems with Our Real Estate Financing

*Unsecured Credit Facility, Term Notes and Senior Notes.* We have a line of credit and term note agreements with a syndicate of financial institutions and other lenders, along with senior debt of \$1,800 million. This indebtedness is recourse to us and the required payments are not reduced if the economic performance of any of the properties declines. The facilities limit our ability to make distributions to our shareholders, except in limited circumstances.

*Rising Interest Rates.* Indebtedness that we incur under the unsecured credit facility bears interest at a variable rate. Accordingly, increases in interest rates could increase our interest expense, which would reduce our cash available for distribution and our ability to pay expected distributions to our shareholders. We manage our exposure to rising interest rates by entering into fixed rate financing agreements for a portion of our outstanding indebtedness and through other available mechanisms, including interest rate swaps, as deemed necessary. If the amount of our indebtedness bearing interest at a variable rate increases, our unsecured credit facility may require us to enter into interest rate swaps.

*Refinancing May Not Be Available.* It may be necessary for us to refinance our indebtedness through additional debt financing or equity offerings. If we were unable to refinance this indebtedness on acceptable terms, we might be forced to dispose of some of our self-storage facilities upon disadvantageous terms, which might result in losses to us and might adversely affect the cash available for distribution. If prevailing interest rates or other factors at the time of refinancing result in higher interest rates on any refinancings, our interest expense would increase, which would adversely affect our cash available for distribution and our ability to pay expected distributions to shareholders.

*Covenants and Risk of Default.* Our loan instruments require us to operate within certain covenants, including financial covenants with respect to leverage, fixed charge coverage, minimum net worth, limitations on additional indebtedness and dividend limitations. If we violate

any of these covenants or otherwise default under these instruments, then our lenders could declare all indebtedness under these facilities to be immediately due and payable which would have a material adverse effect on our business and could require us to sell self-storage facilities under distressed conditions and seek replacement financing on substantially more expensive terms.

*Reduction in or Loss of Credit Rating.* Certain of our debt instruments require us to maintain an investment grade rating from at least one, and in some cases two, debt ratings agencies. Should we receive a reduction in our credit rating from the agencies, the interest rate on our line of credit would increase by up to 0.50% and the interest rate on any bank term notes under our revolving credit facility (no principal outstanding at December 31, 2020) would increase by up to 0.65%. Should we fail to attain an investment grade rating from the agencies, the interest rate on our \$175 million term note due 2024 would increase by 1.750%.

### **Our Debt Levels May Increase**

Our Board of Directors currently has a policy of limiting the amount of our debt at the time of incurrence to less than 50% of the sum of the market value of our issued and outstanding common stock and preferred stock plus the amount of our debt at the time that debt is incurred. However, our organizational documents do not contain any limitation on the amount of indebtedness we might incur. Accordingly, our Board of Directors could alter or eliminate the current policy limitation on borrowing without a vote of our shareholders. We could become highly leveraged if this policy were changed. However, our ability to incur debt is limited by covenants in our debt instruments.

### **We Are Subject to the Risks Posed by Fluctuating Demand and Significant Competition in the Self-Storage Industry**

Our self-storage facilities are subject to all operating risks common to the self-storage industry. These risks include but are not limited to the following:

- Decreases in demand for rental spaces in a particular locale;
- Changes in supply of similar or competing self-storage facilities in an area;
- Changes in market rental rates; and
- Inability to collect rents from customers.

Our current strategy is to acquire interests only in self-storage facilities. Consequently, we are subject to risks inherent in investments in a single industry. Our self-storage facilities compete with other self-storage facilities in their geographic markets. Due to competition, the self-storage facilities could experience a decrease in occupancy levels and rental rates, which would decrease our cash available for distribution. We compete in operations and for acquisition opportunities with companies that have substantial financial resources. Competition may reduce the number of suitable acquisition opportunities offered to us and increase the bargaining power of property owners seeking to sell. The self-storage industry has at times experienced overbuilding in response to perceived increases in demand. A recurrence of overbuilding might cause us to experience a decrease in occupancy levels, limit our ability to increase rents, and compel us to offer discounted rents.

### **The Extent to Which the COVID-19 Global Health Crisis Will Adversely Affect Our Business, Results of Operations and Financial Condition is Uncertain**

The COVID-19 global health crisis has affected many industries, including real estate, throughout the United States and worldwide, creating significant uncertainty and economic disruption. We have modified, and may further modify, our business practices in response to the COVID-19 global health crisis in an effort to protect our people and our customers. We may experience continued volatility in customer demand, constriction on our ability to increase rental rates, and/or restrictions on our ability to evict delinquent customers or to execute auctions related to delinquent customers. Additionally, the high unemployment and other adverse economic effects of the pandemic is having and likely will continue to have an adverse impact on many of our customers' ability to afford their rent obligations. We may also experience a change in the move-out patterns of our longer-term customers resulting in reduced occupancy and/or reduced average rental rates as longer-term customers are replaced by new customers at lower rates.

We may experience a negative impact on our operations should the ability of our store-level employees to report to work be significantly impacted by the COVID-19 global health crisis. However, we believe that this risk is partially mitigated by the availability and capabilities of our "Rent Now" online rental platform.

Additionally, the COVID-19 global health crisis resulted in stay-at-home and social distancing requirements. Although such restrictions have begun to ease in many jurisdictions, we expect that various restrictions related to COVID-19 will continue to apply in many jurisdictions.

The extent to which COVID-19 will continue to affect our business and the magnitude of the impact on our results of operation and financial condition is difficult to predict, and will be driven primarily by the duration, spread and severity of the COVID-19 global health crisis itself, as well as the duration of the indirect economic impacts, all of which are uncertain. As a result, we are not able at this time to estimate the effect these factors will have on our business, but the adverse impact on our business could be material.

### **Our Real Estate Investments Are Illiquid and Are Subject to Uninsurable Risks and Government Regulation**

*General Risks.* Our investments are subject to varying degrees of risk generally related to the ownership of real property. The underlying value of our real estate investments and our income and ability to make distributions to our shareholders are dependent upon our ability to operate the self-storage facilities in a manner sufficient to maintain or increase cash available for distribution. Income from our self-storage facilities may be adversely affected by the following factors:

- Changes in national economic conditions;
- Changes in general or local economic conditions and neighborhood characteristics;
- Competition from other self-storage facilities;
- Changes in interest rates and in the availability, cost and terms of financing;
- The impact of present or future environmental legislation and compliance with environmental laws;
- The ongoing need for capital improvements, particularly in older facilities;
- Changes in real estate tax rates and other operating expenses;
- Adverse changes in governmental rules and fiscal policies;
- Uninsured losses resulting from casualties associated with civil unrest, acts of God, including natural disasters, and acts of war;
- Adverse changes in zoning laws; and
- Other factors that are beyond our control.

*Illiquidity of Real Estate May Limit its Value.* Real estate investments are relatively illiquid. Our ability to vary our portfolio of self-storage facilities in response to changes in economic and other conditions is limited. In addition, provisions of the Code may limit our ability to profit on the sale of self-storage facilities held for fewer than two years. We may be unable to dispose of a facility when we find disposition advantageous or necessary and the sale price of any disposition may not equal or exceed the amount of our investment.

*Uninsured and Underinsured Losses Could Reduce the Value of our Self Storage Facilities.* Some losses, generally of a catastrophic nature, that we potentially face with respect to our self-storage facilities may be uninsurable or not insurable at an acceptable cost. Our management uses its discretion in determining amounts, coverage limits and deductibility provisions of insurance, with a view to acquiring appropriate insurance on our investments at a reasonable cost and on suitable terms. These decisions may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full current market value or current replacement cost of our lost investment. Inflation, changes in building codes and ordinances, environmental considerations, and other factors also might make it infeasible to use insurance proceeds to replace a property after it has been damaged or destroyed. Under those circumstances, the insurance proceeds received by us might not be adequate to restore our economic position with respect to a particular property.

*Possible Liability Relating to Environmental Matters.* Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real property may be liable for the costs of removal or remediation of hazardous or toxic substances on, under, or in that property. Those laws often impose liability even if the owner or operator did not cause or know of the presence of hazardous or toxic substances and even if the storage of those substances was in violation of a customer's lease. In addition, the presence of hazardous or toxic substances, or the failure of the owner to address their presence on the property, may adversely affect the owner's ability to borrow using that real property as collateral. In connection with the ownership of the self-storage facilities, we may be potentially liable for any of those costs.

*Americans with Disabilities Act.* The Americans with Disabilities Act of 1990, or ADA, generally requires that buildings be made accessible to persons with disabilities. A determination that we are not in compliance with the ADA could result in imposition of fines or an award of damages to private litigants. If we were required to make modifications to comply with the ADA, our results of operations and ability to make expected distributions to our shareholders could be adversely affected.

### **There Are Limitations on the Ability to Change Control of the Company**

*Limitation on Ownership and Transfer of Shares.* To maintain our qualification as a REIT, not more than 50% in value of our outstanding shares of stock may be owned, directly or indirectly, by five or fewer individuals, as defined in the Code. To limit the possibility that we will fail to qualify as a REIT under this test, our Amended and Restated Articles of Incorporation ("Articles of Incorporation") include ownership limits and transfer restrictions on shares of our stock. Our Articles of Incorporation limit ownership of our issued and outstanding stock by any single shareholder to 9.8% of the aggregate value of our outstanding stock, except that the ownership by some of our shareholders is limited to 15%.

These ownership limits may:

- Have the effect of precluding an acquisition of control of the Company by a third-party without consent of our Board of Directors even if the change in control would be in the interest of shareholders; and
- Limit the opportunity for shareholders to receive a premium for shares of our common stock they hold that might otherwise exist if an investor were attempting to assemble a block of common stock in excess of 9.8% or 15%, as the case may be, of the outstanding shares of our stock or to otherwise effect a change in control of the Company.

Our Board of Directors may waive the ownership limits if it is satisfied that ownership by those shareholders in excess of those limits will not jeopardize our status as a REIT under the Code or in the event it determines that it is no longer in our best interests to be a REIT. Waivers have been granted to the former holders of our Series C preferred stock, FMR Corporation, Cohen & Steers, Inc. and Invesco Advisers, Inc. A transfer of our common stock and/or preferred stock to a person who, as a result of the transfer, violates the ownership limits may not be effective under some circumstances.

*Other Limitations.* Other limitations could have the effect of discouraging a takeover or other transaction in which holders of some, or a majority, of our outstanding common stock might receive a premium for their shares of our common stock that exceeds the then prevailing market price or that those holders might believe to be otherwise in their best interest. The issuance of shares of preferred stock could have the effect of delaying or preventing a change in control of the Company even if a change in control were in the shareholders' interest. In addition, the Maryland General Corporation Law, or MGCL, imposes restrictions and requires specific procedures with respect to the acquisition of stated levels of share ownership and business combinations, including combinations with interested shareholders. These provisions of the MGCL could have the effect of delaying or preventing a change in control of Life Storage even if a change in control were in the shareholders' interest. Our bylaws contain a provision exempting from the MGCL control share acquisition statute any and all acquisitions by any person of shares of our stock. However, this provision may be amended or eliminated at any time. In addition, under the Operating Partnership's agreement of limited partnership, in general, we may not merge, consolidate or engage in any combination with another person or sell all or substantially all of our assets unless that transaction includes the merger or sale of all or substantially all of the assets of the Operating Partnership, which requires the approval of the holders of 75% of the limited partnership interests thereof. If we were to own less than 75% of the limited partnership interests in the Operating Partnership, this provision of the limited partnership agreement could have the effect of delaying or preventing us from engaging in some change of control transactions.

### **Legal Disputes, Settlement and Defense Costs Could Have an Adverse Effect on our Operating Results**

We may have to make monetary settlements or defend actions or arbitration (including class actions) to resolve tenant-related, employee-related or other claims and disputes. Settling any such claims and disputes could negatively impact our operating results and cash available for distribution to shareholders, and could also adversely affect our ability to sell, lease, operate or encumber affected self-storage facilities.

### **Our Tenant Reinsurance Program is Subject to Significant Governmental Regulation Which May Adversely Affect our Operating Results**

Our tenant reinsurance program, which commenced April 1, 2019, is subject to significant government regulation. The regulatory authorities generally have broad discretion to grant, renew and revoke licenses and approvals; to promulgate, interpret, and implement regulations; and to evaluate compliance with regulations through periodic examinations, audits and investigations of the affairs of insurance providers. As a result of regulation or private action in any jurisdiction, we may be temporarily or permanently suspended from continuing some or all of our reinsurance activities, or otherwise fined, penalized and/or suffer an adverse judgment, which could all adversely affect our business and results of operations.

### **Our Failure to Qualify as a REIT Would Have Adverse Consequences**

We intend to continue to operate in a manner that will permit us to qualify as a REIT under the Code. We have not requested and do not plan to request a ruling from the Internal Revenue Service ("IRS") that we qualify as a REIT, and the statements in this Annual Report on Form 10-K are not binding on the IRS or any court. Qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. Continued qualification as a REIT depends upon our continuing ability to meet various requirements concerning, among other things, the ownership of our outstanding stock, the nature of our assets, the sources of our income and the amount of our distributions to our shareholders. The fact that we hold substantially all of our assets through our Operating Partnership and its subsidiaries and joint ventures further complicates the application of the REIT requirements for us. Even a technical or inadvertent mistake could jeopardize our REIT status and, given the highly complex nature of the rules governing REITs and the ongoing importance of factual determinations, we cannot provide any assurance that we will continue to qualify as a REIT. Furthermore, Congress and the IRS might make changes to the tax laws and regulations, and the courts and the IRS might issue new rulings, that make it more difficult, or impossible, for us to remain qualified as a REIT.

If we were to fail to qualify as a REIT in any taxable year and are unable to avail ourselves of certain savings provisions set forth in the Code, we would not be allowed a deduction for distributions to shareholders in computing our taxable income and would be subject to federal income tax (including possibly increased state and local taxes) on our taxable income at the regular corporate rate of 21%. Unless entitled to relief under certain Code provisions, we also would be ineligible for qualification as a REIT for the four taxable years following the year during



which our qualification was lost. As a result, distributions to the shareholders would be reduced for each of the years involved. Although we currently intend to continue to operate in a manner designed to qualify as a REIT, it is possible that future economic, market, legal, tax or other considerations may cause our Board of Directors to revoke our REIT election. If we fail to qualify as a REIT for federal income tax purposes and are able to avail ourselves of one or more of the statutory savings provisions in order to maintain our REIT status, we would nevertheless be required to pay penalty taxes of \$50,000 or more for each such failure.

### **We Will Pay Some Taxes Even if We Qualify as a REIT, Reducing Cash Available for Shareholders**

Even if we qualify as a REIT for federal income tax purposes, we are required to pay some federal, state and local taxes on our income and property. For example, we will be subject to income tax to the extent we distribute less than 100% of our REIT taxable income (including capital gains). Additionally, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which dividends paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. Moreover, if we have net income from “prohibited transactions,” that income will be subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of property held primarily for sale to customers in the ordinary course of business. The determination as to whether a particular sale is a prohibited transaction depends on the facts and circumstances related to that sale. While we will undertake sales of assets if those assets become inconsistent with our long-term strategic or return objectives, we do not believe that those sales should be considered prohibited transactions, but there can be no assurance that the IRS would not contend otherwise. The need to avoid prohibited transactions could cause us to forego or defer sales of properties that might otherwise be in our best interest to sell.

Certain of our subsidiaries have elected to be treated as “taxable REIT subsidiaries” of the Company for federal income tax purposes. A taxable REIT subsidiary is taxed as a regular corporation and is limited in its ability to deduct interest payments made to us in excess of a certain amount, in addition to other limitations imposed on the deductibility of interest under the applicable tax law. In addition, if we receive or accrue certain amounts and the underlying economic arrangements between our taxable REIT subsidiaries and us are not comparable to similar arrangements among unrelated parties, we will be subject to a 100% penalty tax on those payments in excess of amounts deemed reasonable between unrelated parties.

Finally, some state and local jurisdictions may tax some of our income even though as a REIT we are not subject to federal income tax on that income because not all states and localities follow the federal income tax treatment of REITs. To the extent that we are, or any taxable REIT subsidiary is, required to pay federal, foreign, state or local taxes, we will have less cash available for distribution to shareholders.

### **Complying with REIT Requirements May Limit Our Ability to Hedge Effectively and May Cause Us to Incur Tax Liabilities**

The REIT provisions of the Code may limit our ability to hedge our assets and operations. Under these provisions, any income that we generate from transactions intended to hedge our interest rate risk will be excluded from gross income for purposes of the REIT 75% and 95% gross income tests if the instrument hedges interest rate risk on liabilities used to carry or acquire real estate assets or manages the risk of certain currency fluctuations, and such instrument is properly identified under applicable Treasury Regulations. Income from hedging transactions that do not meet these requirements will generally constitute non-qualifying income for purposes of both the REIT 75% and 95% gross income tests. As a result of these rules, we may have to limit our use of hedging techniques that might otherwise be advantageous or implement those hedges through a taxable REIT subsidiary. This could increase the cost of our hedging activities because our taxable REIT subsidiaries would be subject to tax on gains or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, any losses in the taxable REIT subsidiary will generally not provide any tax benefit, except for being carried forward against future taxable income in the taxable REIT subsidiary.

### **Complying with the REIT Requirements May Cause Us to Forgo and/or Liquidate Otherwise Attractive Investments**

To qualify as a REIT, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts that we distribute to our shareholders and the ownership of our shares. To meet these tests, we may be required to take or forgo taking actions that we would otherwise consider advantageous. For instance, in order to satisfy the gross income or asset tests applicable to REITs under the Code, we may be required to forgo investments that we otherwise would make. Furthermore, we may be required to liquidate from our portfolio otherwise attractive investments. In addition, we may be required to make distributions to shareholders at disadvantageous times or when we do not have funds readily available for distribution. These actions could reduce our income and amounts available for distribution to our shareholders. Thus, compliance with the REIT requirements may hinder our investment performance.

### **If the Operating Partnership Fails to Qualify as a Partnership for Federal Income Tax Purposes, We Could Fail to Qualify as a REIT and Suffer Other Adverse Consequences**

We believe that the Operating Partnership is organized and operated in a manner so as to be treated as a partnership and not an association or a publicly traded partnership taxable as a corporation, for federal income tax purposes. As a partnership, the Operating Partnership is not subject to federal income tax on its income. Instead, each of the partners is allocated its share of the Operating Partnership’s income. No assurance can be provided, however, that the IRS will not challenge the Operating Partnership’s status as a partnership for federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating the Operating Partnership as an association or publicly traded partnership taxable as a corporation for federal income tax purposes, we would fail to meet the gross income tests

and certain of the asset tests applicable to REITs and, accordingly, would cease to qualify as a REIT. Also, the failure of the Operating Partnership to qualify as a partnership would cause it to become subject to federal corporate income tax, which would reduce significantly the amount of its cash available for distribution to its partners, including us.

### **The Tax Cuts and Jobs Act May Impact the Attractiveness of an Investment in our Stock in Ways Difficult to Anticipate**

The Tax Cuts and Jobs Act (the “TCJA”) as amended by the Coronavirus Aid, Relief, and Economic Security Act, Public Law 116-136, as further amended by the Consolidated Appropriations Act, 2021, Public Law 116-260 (collectively, the “CARES Act”), significantly changed the U.S. federal income tax law applicable, and is generally for taxable years beginning after December 31, 2017. The TCJA reduced corporate and non-corporate income tax rates and changed numerous other provisions of the Code that may affect the taxation of REITs and their shareholders. These changes generally appear favorable to REITs; however, certain changes to the U.S. federal income tax laws pursuant to the TCJA (as amended by the CARES Act) could have a material and adverse effect on us. Some of these changes could reduce the relative competitive advantage of companies operating as REITs as opposed to companies not operating as REITs, including:

- the reduction in tax rates applicable to individuals and C corporations, which could reduce the relative attractiveness of the generally single-level of taxation on REIT distributions;
- the immediate expensing of capital expenditures, which could likewise reduce the relative attractiveness of the REIT structure; and
- the limit on the deductibility of interest expense, which could increase the distribution requirement of REITs.

Many changes applicable to individual taxpayers are temporary – applying to taxable years beginning after December 31, 2017 and before January 1, 2026. The TCJA (as amended by the CARES Act) makes numerous other changes to the tax law that do not affect REITs directly, but these changes could impact our shareholders and, therefore, could indirectly affect us.

To date, the IRS has issued only limited guidance with respect to certain of the new provisions, and there are numerous interpretive issues that will require guidance. It is highly likely that technical corrections legislation will be needed to clarify certain aspects of the new law and give proper effect to legislative intent. There can be no assurance, however, that technical clarifications or changes needed to prevent unintended or unforeseen tax consequences will be enacted by Congress in the near future. It is also possible that future changes to tax law or guidance promulgated thereunder could adversely impact us.

Shareholders are urged to consult with their tax advisors about the TCJA, the Cares Act and any other regulatory or administrative developments and proposals with respect to taxes and their potential effect on investment in our stock.

### **U.S. Federal Income Tax Treatment of REITs and Investments in REITs May Change, Which May Result in the Loss of Our Tax Benefits of Operating as a REIT**

Current U.S. federal income tax treatment of a REIT and an investment in a REIT may be modified by legislative, judicial or administrative action at any time, and we cannot predict when such action may occur. We cannot predict how changes in U.S. federal income tax law will affect us or our investors nor can we predict the long-term impact of tax reforms on REITs.

### **We May Change the Dividend Policy for Our Common Stock in the Future**

In 2020, our Board of Directors authorized and we declared quarterly common stock dividends of \$0.7133 per share in January, April, July and October, for a total 2020 dividend per share annual rate of \$2.85 per share. In addition, our Board of Directors authorized and we declared a quarterly common stock dividend of \$0.74 per share in January 2021. We can provide no assurance that our Board of Directors will not reduce or eliminate entirely dividend distributions on our common stock in the future.

Our Board of Directors will continue to evaluate our distribution policy on a quarterly basis as they monitor the capital markets and the impact of the economy on our operations. The decisions to authorize and pay dividends on our common stock in the future, as well as the timing, amount and composition of any such future dividends, will be at the sole discretion of our Board of Directors given conditions then existing, including our earnings, financial condition, capital requirements, debt maturities, the availability of capital, applicable REIT and legal restrictions and the general overall economic conditions and other factors. Any change in our dividend policy could have a material adverse effect on the market price of our common stock.

### **Market Interest Rates May Influence the Price of Our Common Stock**

One of the factors that may influence the price of our common stock in public trading markets or in private transactions is the annual yield on our common stock as compared to yields on other financial instruments. An increase in market interest rates will result in higher yields on other financial instruments, which could adversely affect the price of our common stock.

## **Regional Concentration of Our Business May Subject Us to Economic Downturns in the States of Texas and Florida**

As of December 31, 2020, 302 of our 927 self-storage facilities are located in the states of Texas and Florida. For the year ended December 31, 2020, the facilities in Texas and Florida accounted for approximately 19% and 12% of store revenues, respectively. This concentration of business in Texas and Florida exposes us to potential losses resulting from a downturn in the economies of those states. If economic conditions in those states deteriorate, we may experience a reduction in existing and new business, which may have an adverse effect on our business, financial condition and results of operations.

## **When We Acquire Properties in New Markets, We Will Be Subject to Increased Operational Risks**

We may acquire self-storage properties in markets where we have little or no operational experience. When we enter into new markets, we will be subject to increased risks resulting from our lack of experience and infrastructure in these markets and may need to incur additional costs, both expected and unexpected, to develop our operating capabilities in these markets. These risks could materially and adversely affect us, including our growth prospects, financial condition and results of operations.

## **Changes in Taxation of Corporate Dividends May Adversely Affect the Value of Our Common Stock**

The maximum marginal rate of tax payable by domestic noncorporate taxpayers on dividends received from a regular “C” corporation under current federal law generally is 20%, as opposed to higher ordinary income rates, plus a 3.8% Medicare tax on net investment income. The reduced tax rate, however, does not apply to distributions paid to domestic noncorporate taxpayers by a REIT on its stock, except for certain limited amounts. However, the TCJA allows domestic noncorporate taxpayers to deduct 20% of their dividends from REITs, excluding capital gain dividends and qualified dividend income (which continue to be subject to the 20% rate). As a result, dividend income received by our domestic non-corporate shareholders is subject to a maximum effective federal income tax rate of 29.6% (plus the 3.8% Medicare tax on net investment income). The cumulative amount that a domestic noncorporate taxpayer may deduct for any taxable year with respect to ordinary REIT dividends from all sources (together with certain other categories of income that are eligible for such 20% deduction) may not exceed 20% of such person’s total taxable income (excluding any net capital gain). The income tax rate changes applicable to domestic noncorporate taxpayers and the 20% deduction for ordinary REIT dividends apply for taxable years beginning after December 31, 2017 and before January 1, 2026.

The earnings of a REIT that are distributed to its stockholders generally remain subject to less federal income taxation than earnings of a non-REIT “C” corporation that are distributed to its stockholders net of corporate-level income tax. However, the lower rate of taxation to dividends paid by regular “C” corporations could cause domestic noncorporate investors to view the stock of regular “C” corporations as more attractive relative to the stock of a REIT, because the dividends from regular “C” corporations continue to be taxed at a lower rate while distributions from REITs (other than distributions designated as capital gain dividends) are generally taxed at the same rate as other ordinary income for domestic noncorporate taxpayers.

## **We are heavily dependent on computer systems, telecommunications and the Internet to process transactions, summarize results and manage our business. Security breaches or a failure of such networks, systems or technology could adversely impact our business and customer relationships.**

We are heavily dependent upon automated information technology and Internet commerce, with many of our new customers coming from the Internet or the telephone, and the nature of our business involves the receipt and retention of personal information about them. We centrally manage significant components of our operations with our computer systems, including our financial information, and we also rely extensively on third-party vendors to retain data, process transactions and provide other systems services. These systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer worms, viruses and other destructive or disruptive security breaches and catastrophic events.

As a result, our operations could be severely impacted by a natural disaster, terrorist attack or other circumstance that resulted in a significant outage of our systems or those of our third-party providers, despite our use of back up and redundancy measures. Further, viruses and other related risks could negatively impact our information technology processes. We could also be subject to a “cyber-attack” or other data security breach which would penetrate our network security, resulting in misappropriation of our confidential information, including customer personal information. Although the Company has insurance for such events, system disruptions and shutdowns could also result in additional costs to repair or replace such networks or information systems and possible legal liability, including government enforcement actions and private litigation. In addition, our customers could lose confidence in our ability to protect their personal information, which could cause them to move out of rented storage spaces. Such events could lead to lost future sales and adversely affect our results of operations.

## **Item 1B. Unresolved Staff Comments**

None.

## Item 2. Properties

At December 31, 2020, we held ownership interests in, leased, and/or managed a total of 927 Properties situated in 31 states and Ontario, Canada. Among our 927 self-storage properties are 92 properties that we manage for unconsolidated joint ventures of which we have varying percentage ownership interests. For additional information regarding unconsolidated joint ventures, see Note 11 to the Consolidated Financial Statements filed herewith.

Our Properties offer inexpensive, easily accessible, enclosed storage space to residential and commercial users on a month-to-month basis. Most of our Properties are fenced and well lighted with automated access systems and surveillance cameras. A majority of the Properties are single-story, thereby providing customers with the convenience of direct vehicle access to their storage spaces. Our Properties range in size from 11,000 to 194,000 net rentable square feet, with an average of approximately 73,000 net rentable square feet. The Properties generally are constructed of masonry or steel walls resting on concrete slabs and have standing seam metal, shingle, or tar and gravel roofs. Most Properties have a property manager on-site during business hours. Generally, customers have access to their storage space up to 15 hours a day, with 24-hour access in certain circumstances. Individual storage spaces are secured by a lock furnished by the customer to provide the customer with control of access to the space.

The following table provides certain information regarding the Properties in which we have an ownership interest, lease, and/or manage as of December 31, 2020:

	Number of Stores at December 31, 2020	Square Feet	Number of Spaces	Percentage of Store Revenue
Alabama	21	1,615,815	12,469	1.92%
Arizona	33	2,478,001	22,645	4.56%
California	35	3,248,983	28,939	5.93%
Colorado	12	848,089	7,540	1.47%
Connecticut	11	833,919	8,702	1.89%
Florida	121	8,448,997	83,879	12.42%
Georgia	51	3,668,323	32,287	5.01%
Illinois	44	3,380,727	32,819	5.85%
Kentucky	3	198,378	1,867	0.06%
Louisiana	56	4,877,353	41,722	5.01%
Maine	8	472,998	4,410	0.82%
Maryland	8	432,035	4,851	0.84%
Massachusetts	19	1,124,472	11,543	1.91%
Michigan	1	71,175	585	0.02%
Mississippi	15	1,119,153	8,462	1.58%
Missouri	21	1,448,592	12,856	1.92%
Nevada	24	1,814,767	15,274	3.41%
New Hampshire	11	789,236	6,995	1.31%
New Jersey	36	2,691,743	27,811	5.21%
New York	67	4,048,216	44,345	7.40%
North Carolina	32	2,060,617	19,656	2.29%
Ohio	27	1,898,397	16,185	2.22%
Oklahoma	1	78,245	1,075	0.00%
Ontario, Canada	9	697,448	7,049	0.67%
Pennsylvania	14	963,876	8,647	1.19%
Rhode Island	5	264,538	2,421	0.46%
South Carolina	20	1,362,809	12,719	1.65%
Tennessee	9	619,424	5,404	0.71%
Texas	181	13,687,705	114,897	18.92%
Virginia	26	1,975,416	18,334	2.60%
Washington	4	328,356	3,600	0.53%
Wisconsin	2	167,627	1,626	0.22%
<b>Total</b>	<b>927</b>	<b>67,715,430</b>	<b>621,614</b>	<b>100.00%</b>

At December 31, 2020, the Properties had an average occupancy of 85.1%, including the Company's wholly owned self-storage facilities which had an average occupancy of 92.2%. For the quarter ended December 31, 2020, the Properties had an annualized rent per occupied square foot of \$14.56, including the Company's wholly owned self-storage facilities which had an annualized rent per occupied square foot of \$14.69.

**Item 3. Legal Proceedings**

Although we are party to various legal proceedings, we believe that the likelihood of these contingencies resulting in a material loss to the Company, either individually or in the aggregate, is remote.

**Item 4. Mine Safety Disclosures**

Not Applicable

## Part II

### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our Common Stock is traded on the New York Stock Exchange under the symbol "LSI". As of February 17, 2021, there were approximately 507 holders of record of our Common Stock. These figures do not include common shares held by brokers and other institutions on behalf of shareholders.

We have paid quarterly dividends to our shareholders since our inception.

For federal income tax purposes, distributions to shareholders are treated as ordinary income, capital gain, return of capital or a combination thereof. Distributions to shareholders for 2020 represent 80% ordinary income and 20% capital gain.

On August 2, 2017, the Company's Board of Directors authorized the repurchase of up to \$200 million of the Company's common stock. We have not made any repurchases under such program since 2017, and up to approximately \$191.8 million of the Company's common stock may yet be purchased under such program. The program does not have an expiration date but may be suspended or discontinued at any time.

## EQUITY COMPENSATION PLAN INFORMATION

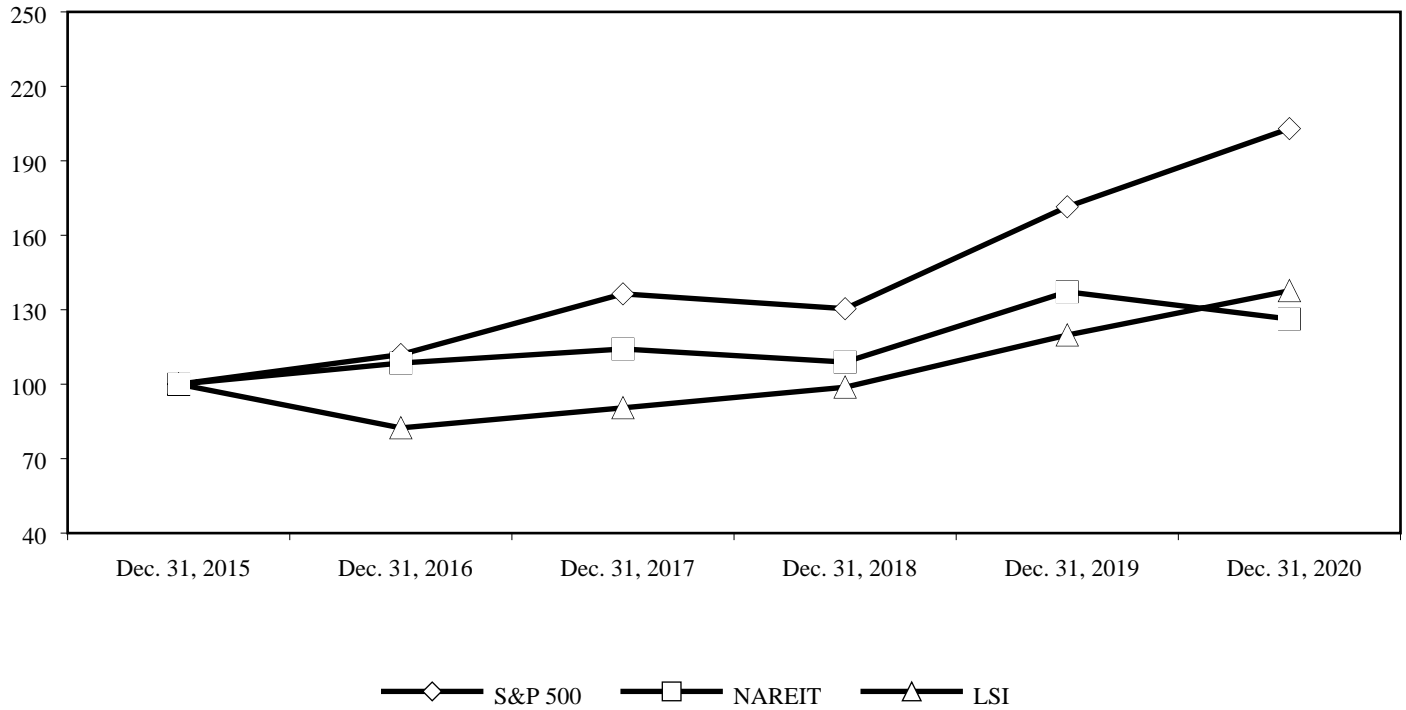
The following table sets forth certain information as of December 31, 2020, with respect to equity compensation plans under which shares of the Company's Common Stock may be issued.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance
Equity compensation plans approved by shareholders:			
2015 Award and Option Plan (1)	225,578	\$ —	269,933
2009 Outside Directors' Stock Option and Award Plan (2)	24,750		
2020 Outside Directors' Stock Award Plan	—	\$ —	139,280
Deferred Compensation Plan for Directors (3)	36,654	N/A	29,553
Equity compensation plans not approved by shareholders:	N/A	N/A	N/A

- (1) Includes the actual number of shares issued in January 2021 related to performance-based awards issued on December 29, 2017 (43,532) and the maximum number of shares (182,046) that could be issued as part of the performance-based awards issued in 2018, 2019 and 2020. The actual number of shares to be issued as part of the performance-based awards issued in 2018, 2019 and 2020 will be determined at the end of the three-year performance periods in 2021, 2022 and 2023, respectively. See Note 9 to our consolidated financial statements filed herewith.
- (2) The 2009 Outside Directors' Stock Option and Award Plan expired on May 21, 2020 and was replaced by the 2020 Outside Directors' Stock Award Plan. Therefore, no securities are available for future issuance under the 2009 Outside Directors' Stock Option and Award Plan at December 31, 2020.
- (3) Under the Deferred Compensation Plan for Directors, non-employee Directors may defer all or part of their Directors' fees that are otherwise payable in cash. Directors' fees that are deferred under the Plan will be credited to each Directors' account under the Plan in the form of Units. The number of Units credited is determined by dividing the amount of Directors' fees deferred by the closing price of the Company's Common Stock on the New York Stock Exchange on the day immediately preceding the day upon which Directors' fees otherwise would be paid by the Company. A Director is credited with additional Units for dividends on the shares of Common Stock represented by Units in such Directors' account. A Director may elect to receive the shares in a lump sum on a date specified by the Director or in quarterly or annual installments over a specified period and commencing on a specified date.

## CORPORATE PERFORMANCE GRAPH

The following chart and line-graph presentation compares (i) the Company's shareholder return on an indexed basis since December 31, 2015 with (ii) the S&P Stock Index and (iii) the National Association of Real Estate Investment Trusts (NAREIT) Equity Index.



### CUMULATIVE TOTAL SHAREHOLDER RETURN LIFE STORAGE, INC. DECEMBER 31, 2015 - DECEMBER 31, 2020

	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020
S&P	\$ 100.00	\$ 111.96	\$ 136.40	\$ 130.42	\$ 171.49	\$ 203.04
NAREIT	\$ 100.00	\$ 108.52	\$ 114.19	\$ 108.91	\$ 137.23	\$ 126.25
LSI	\$ 100.00	\$ 82.39	\$ 90.47	\$ 98.78	\$ 119.79	\$ 137.64

The foregoing item assumes \$100.00 invested on December 31, 2015, with dividends reinvested.



## **Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion and analysis of the consolidated financial condition and results of operations should be read in conjunction with the financial statements and notes thereto included elsewhere in this report.

### **COVID-19 Global Health Crisis**

The emergence of the COVID-19 global health crisis has had a profound impact on human health, the global economy and society at large. Life Storage has been actively addressing COVID-19, with teams working to mitigate the potential impacts to our people and our business. To support its employees and to mitigate the impact of the COVID-19 global health crisis on our operations, the Company has (i) increased paid time off for COVID-19 related reasons; (ii) instituted enhanced health plan changes to cover certain COVID-19 related costs; (iii) installed counter standing acrylic screens (“sneeze guards”) and provided personal protective equipment to employees (e.g. masks, gloves) in certain stores; and (iv) minimized employee contact by mobilizing support teams at our corporate headquarters to work from home and implemented social distancing and precautionary measures in all of the Company’s stores.

Although the COVID-19 global health crisis had an adverse effect on the Company’s financial results in the second quarter of 2020, some of those metrics returned to normal levels or improved beginning in the third quarter of 2020. While same store move-ins decreased in April, same store move-ins from May through December exceeded 2019 levels, although at reduced rental rates for much of such period. Beginning in April 2020, the Company suspended all auction activity in response to the COVID-19 global health crisis. While auctions have been reinstated in virtually all markets, there are still a few markets where the Company is prohibited from resuming normal auction activity. The net impact of this activity resulted in an increase in same store occupancy from 89.6% at December 31, 2019 to 92.9% at December 31, 2020. However, the reduction in move-out volumes may be temporary or even reverse to the extent that our customers are influenced by any governmental restrictions and the delay in our auction process resulting from the COVID-19 global health crisis. Had we not curtailed our auction process, we estimate that same store occupancy would have been approximately 92.7% at December 31, 2020. While the Company experienced a degradation in collections from customers during the second quarter of 2020, the Company’s collections of rental income returned to pre-COVID-19 levels during the second half of 2020. Additionally, earlier in 2020 we curtailed our tenant increase program and experienced a degradation of street rates. Such street rates have improved since the second quarter of 2020 and slightly exceed prior year same store levels as of December 31, 2020. While we reinstated our auction process and tenant rate increase program in the second half of 2020, we are unable to predict the full magnitude and duration of the impact that the COVID-19 global health crisis will have on our business.

In addition to the financial impact, we are currently monitoring the impact on our operations. The self-storage industry currently qualifies as “essential” business under all applicable business closure orders. While our stores generally remain open, the Company had temporarily closed the offices at a few of our self-storage facilities that were most significantly impacted by COVID-19 and we have implemented measures to reduce the exposure of our people and our customers at those offices that remain open. As of the date of this report, all of our facilities that had been temporarily impacted are now open. Additionally, we continue to encourage the use of technologies such as our “Rent Now” online rental platform which allows a customer to select and rent a self-storage unit without any face-to-face interaction.

The COVID-19 global health crisis continues to affect the Company’s operations into the first quarter of 2021 and may continue to do so indefinitely thereafter.

### **Disclosure Regarding Forward-Looking Statements**

When used in this discussion and elsewhere in this document, the words “intends,” “believes,” “expects,” “anticipates,” and similar expressions are intended to identify “forward-looking statements” within the meaning of that term in Section 27A of the Securities Act of 1933 and in Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the effect of competition from new self-storage facilities, which would cause rents and occupancy rates to decline; risks associated with the COVID-19 global health crisis or similar events, including but not limited to (i) the impact to the health of our employees and/or customers, (ii) the negative impacts to the economy and to self-storage customers which could reduce the demand for self-storage or reduce our ability to collect rent, (iii) reducing or eliminating our ability to increase rents charged to our current or future customers, (iv) limiting our ability to collect rent from or evict past due customers, (v) we could see an increase in move-outs of longer-term customers due to the economic uncertainty and significant rise in unemployment resulting from the COVID-19 global health crisis which could lead to lower occupancies and reduced average rental rates as longer-term customers are replaced with new customers at lower rates, and (vi) potential negative impacts on the cost and availability of debt and equity which could have a negative impact on our capital and growth plans; the Company’s ability to evaluate, finance and integrate acquired self-storage facilities into the Company’s existing business and operations; the Company’s ability to effectively compete in the industry in which it does business; the Company’s existing indebtedness may mature in an unfavorable credit environment, preventing refinancing or forcing refinancing of the indebtedness on terms that are not as favorable as the existing terms; interest rates may fluctuate, impacting costs associated with the Company’s outstanding floating rate debt; the Company’s ability to comply with debt covenants; any future ratings on the Company’s debt instruments; the regional concentration of the Company’s business may subject it to economic downturns in the states of Florida and Texas; the Company’s reliance on its call center; the Company’s cash flow may be insufficient to meet required payments of operating expenses, principal, interest and dividends; and tax law changes that may change the taxability of future income.

## Business and Overview

We believe we are the fifth largest operator of self-storage properties in the United States based on square feet owned and managed. All of our stores in the United States conduct business under the customer-friendly name Life Storage®. In 2019, we began managing certain properties located in the province of Ontario, Canada, under the Bluebird Self Storage brand.

### Operating Strategy

Our operating strategy is designed to generate growth and enhance value by:

A. Increasing operating performance and cash flow through aggressive management of our stores:

- We seek to differentiate our self-storage facilities from our competition through innovative marketing and value-added product offerings including:
  - Strategic and efficient Web and Mobile marketing that places Life Storage in front of customers in search engines at the right time for conversion;
  - Regional marketing which creates effective brand awareness in the cities where we do business;
  - Our Customer Care Center answers sales inquiries and makes reservations for all of our Properties on a centralized basis. Further, our call center and customer contact software was developed in-house and is 100% supported by our in-house experts;
  - Our “Rent Now” fully-digital rental platform allows customers to “skip the counter” by selecting a specific storage unit, completing the rental agreement and making their rental payment online;
  - Our truck move-in program, under which, at present, approximately 300 of our stores offer Life Storage trucks to assist our customers moving into their spaces, and also serve as a moving billboard further supporting our branding efforts;
  - Our dehumidification system provides our customers with a better environment to store their goods and improves yields on our Properties;
  - Our Warehouse Anywhere last mile delivery solution provides corporate customers with third-party logistics and related services through a forward deployed, unmanned, decentralized model combining storage asset management with proprietary inventory tracking technology;
- Our customized computer applications link each of our primary sales channels (customer care center, web, and store) allowing for real time access to space type and inventory, pricing, promotions, and other pertinent store information. This also provides us with raw data on historical and current pricing, move-in and move-out activity, specials and occupancies, etc. This data is then used within the advanced pricing analytics programs employed by our revenue management team;
- All of our store employees receive a high level of training. New store associates are assigned a Certified Training Manager as a mentor during their initial training period. In addition, all employees have access to our online training and development portal for initial training as well as continuing education. Finally, we have a company intranet that acts as a communications portal for company policy and procedures, online ordering, incentive rankings, etc.

B. Acquiring additional stores:

- Our objective is to acquire new stores in markets in which we currently operate. This is a proven strategy we have employed over the years as it facilitates our branding efforts, grows market share, and allows us to achieve improved economies of scale through shared advertising, payroll, and other services.
- We also look to enter new markets that are in the top 50 Metropolitan Statistical Areas (MSA) by acquiring established multi-property portfolios. With this strategy we are then able to seek out additional acquisition or third-party management opportunities to continue to grow market share and branding and enhance economies of scale.
- We primarily target stores with higher average rental rates per square foot than our overall portfolio to help improve operating margin.

C. Expanding our management business:

- We see our management business as a source of future acquisitions. We hold a minority interest in multiple joint ventures which hold a total of 92 properties that we manage. In addition, we manage 238 self-storage facilities for which we have no ownership. We may enter into additional management agreements and develop additional joint ventures in the future.

D. Expanding and enhancing our existing stores:

- Over the past five years we have undertaken a program of expanding and enhancing our Properties. In 2016, we added or converted to premium storage 398,000 square feet to existing Properties for a total cost of approximately \$22.4 million; in 2017, we added or converted to premium storage 504,000 square feet to existing Properties for a total cost of approximately \$35.2 million; in 2018, we added or converted to premium storage 390,000 square feet to existing Properties for a total cost

of approximately \$27.8 million; in 2019, we added or converted to premium storage 694,000 square feet to existing Properties for a total cost of approximately \$58.1 million; and in 2020, we added or converted to premium storage 522,000 square feet to existing Properties for a total cost of approximately \$41.4 million.

### Supply and Demand / Operating Trends

We believe the supply and demand model in the self-storage industry is micro-market specific in that a majority of our business comes from within a five-mile radius of our stores. Suppressed economic conditions and a tight credit market environment resulted in a decrease in new supply on a national basis from 2010-2015, but the out-performance of the sector compared to other real estate asset classes has drawn new capital to self-storage. The Company experienced significant new competition in recent years, especially in its Texas markets, and expects moderate growth in new supply at least through 2021. Despite the inflow of additional properties, we have seen capitalization rates on quality stabilized acquisitions in the top 50 major metropolitan markets (expected annual return on investment) compress slightly at approximately 4.75% to 5.25%.

We have experienced annual same store sales increases each year for the past 11 years, subsequent to the economic recession of 2009. We feel our recent performance further supports the notion that the self-storage industry holds up well regardless of the prevailing economic landscape. Our performance in 2020 despite the ongoing affects of the COVID-19 global health crisis further supports this notion.

We believe the increase in same store move-ins in 2020 when compared to 2019 was due to demand from housing transactions, increased demand from customers needing space to work from home, and a reduction in our asking rates and an increase in incentives offered in the second quarter of 2020 as a result of our response to the COVID-19 global health crisis. We believe the decrease in same store move-outs over the same period was a result of customers increasing their length of stay and as a result of the COVID-19 global health crisis.

	2020	2019	Change
Same store move ins	199,200	193,099	6,101
Same store move outs	182,563	192,758	(10,195)
Difference	16,637	341	16,296

Although property taxes were kept in check through assessment challenges in 2020, elevated property tax increases are expected in the coming years. We expect same store expense growth resulting from increases in health costs, property insurance and property taxes in 2021, to be partially offset by operating efficiencies gained from leveraging technology. We believe the same store expense increases will be at manageable levels.

### **Critical Accounting Policies and Estimates**

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the amounts reported in our financial statements and the accompanying notes. On an ongoing basis, we evaluate our estimates and judgments, including those related to carrying values of storage facilities, bad debts, and contingencies and litigation. We base these estimates on experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Assigning purchase price to assets acquired: Upon adoption of Accounting Standards Update 2017-01, most of our self-storage facility acquisitions, including all self-storage facility acquisitions in 2020 and 2019, do not meet the definition of business combinations and are therefore treated as asset acquisitions. As a result, the cost of acquired storage facilities is assigned primarily to land, land improvements, building, equipment, and in-place customer leases based on the relative fair values of these assets as of the date of acquisition. We use significant unobservable inputs in our determination of the fair values of these assets. The determination of these inputs involves judgments and estimates that can vary for each individual property based on various factors specific to the properties and the functional, economic and other factors affecting each property. The fair values of the acquired facilities are determined using financial projections and applicable capitalization rates. To determine the fair value of land, we use prices per acre derived from observed transactions involving comparable land in similar locations. To determine the fair value of buildings, equipment and improvements, we use current replacement cost estimates based on information derived from construction industry data by geographic region as adjusted for age, condition, and turnkey factor, economic profit and economic obsolescence considerations associated with these assets. The fair values of in-place customer leases are based on the rent that would be lost due to the amount of time required to replace existing customers which is based on our historical experience with market demand and turnover in our facilities.

Qualification as a REIT: We operate, and intend to continue to operate, as a REIT under the Code, but no assurance can be given that we will at all times so qualify. To the extent that we continue to qualify as a REIT, we will not be taxed, with certain limited exceptions, on the taxable income that is distributed to our shareholders. If we fail to qualify as a REIT, any requirement to pay federal income taxes could have a material adverse impact on our financial condition and results of operations.

## Recent Accounting Pronouncements

See Note 2 to the financial statements.

### YEAR ENDED DECEMBER 31, 2020 COMPARED TO YEAR ENDED DECEMBER 31, 2019

We recorded rental revenues of \$539.6 million for the year ended December 31, 2020, an increase of \$28.8 million or 5.6% when compared to 2019 rental revenues of \$510.8 million. Of the change in rental revenue, \$8.3 million of the increase resulted from a 1.7% increase in rental revenues at the 515 core properties considered in same store sales (the Company will include stores in its same store pool in the second year after the stores achieve 80% sustained occupancy using market rates and incentives; therefore the 515 core properties considered in same store sales are those included in the consolidated results of operations since January 1, 2019, excluding stores not yet stabilized, the properties we sold in 2019, four stores significantly impacted by flooding, and two stores that the Company began to fully replace in 2017). The increase in same store rental revenues was a result of a 130 basis point increase in average occupancy, partially offset by a 0.6% decrease in rental income per square foot. Also contributing to the overall increase in rental revenues was an increase of \$20.5 million in rental revenues contributed by stores not included in the same store pool, primarily those acquired in 2020 and 2019, partially offset by stores sold in 2019. Other operating income, which includes merchandise sales, revenues related to tenant reinsurance, truck rentals, management fees and acquisition fees, increased by \$13.3 million for the year ended December 31, 2020 compared to 2019 primarily as the result of increased management fees earned as a result of an increase in managed properties and increased revenues related to the Company's tenant reinsurance due primarily to the change in the Company's tenant insurance program effective April 1, 2019.

Property operations and maintenance expenses increased \$8.2 million or 6.3% in 2020 compared to 2019. The 515 core properties considered in the same store pool experienced a \$1.4 million or 1.4% decrease in such expenses as a result of the impact of the Company's investments in technology such as our "Rent Now" online rental platform which has enabled the Company to operate more efficiently. Further, same store payroll, repairs and maintenance, utilities, and other operating expenses all decreased in 2020 as compared to 2019 due to the Company's focus on efficiencies. These same store decreases were offset by an increase in internet marketing costs used to drive move ins during the second and third quarters of 2020. The overall increase in property operations and maintenance expense is the result of the net activity of the stores not included in the same store pool along with \$1.5 million of expenses incurred during 2020 due to damages and customer reinsurance claims resulting from the impact of a hurricane on two of our self-storage facilities, and an increase in expenses related to tenant reinsurance due to the change in the Company's tenant insurance program effective April 1, 2019. Real estate tax expense increased \$5.2 million or 8.1% in 2020 compared to 2019. The 515 core properties considered in the same store pool experienced a \$1.9 million or 3.1% increase which is reflective of a net increase in property tax levies on those properties. In addition to the same store real estate expense increase, real estate taxes increased \$3.3 million from the stores not included in the same store pool.

Our 2020 same store results consist of only those Properties that have been owned by the Company and included in our consolidated results since January 1, 2019, excluding stores not yet stabilized, the properties we sold in 2019, four stores significantly impacted by flooding, and two stores that the Company began to fully replace in 2017. The impact of tenant reinsurance related items is excluded from same store results. We believe that same store results are meaningful measures to investors in evaluating our operating performance because, given the acquisitive nature of the industry, same store results provide information about the overall business after removing the results from those properties that were not consistent from year-to-year. Additionally, same store results are widely used in the real estate industry and the self-storage industry to measure performance. Same store results should be considered in addition to, but not as a substitute for, consolidated results in accordance with GAAP.

The following table sets forth operating data for our 515 same store properties. These results provide information relating to property operating changes without the effects of acquisitions.

#### Same Store Summary

(dollars in thousands)	Year ended December 31,		Percentage Change
	2020	2019	
Same store rental income	\$ 490,343	\$ 482,006	1.7%
Same store other operating income	6,298	6,617	(4.8)%
Total same store operating income	496,641	488,623	1.6%
Payroll and benefits	37,761	38,864	(2.8)%
Real estate taxes	62,958	61,054	3.1%
Utilities	13,894	15,199	(8.6)%
Repairs and maintenance	15,579	16,582	(6.0)%
Office and other operating expenses	14,998	15,529	(3.4)%
Insurance	6,017	5,909	1.8%
Advertising	233	877	(73.4)%
Internet marketing	13,645	10,589	28.9%
Total same store operating expenses	165,085	164,603	0.3%
Same store net operating income	\$ 331,556	\$ 324,020	2.3%

Net operating income increased \$28.6 million or 7.5% as a result of a 2.3% increase in our same store net operating income along with an increase of \$21.1 million related to the Company's tenant insurance program, increased management fees, and the properties not included in the same store pool.

Net operating income or "NOI" is a non-GAAP (generally accepted accounting principles) financial measure that we define as total continuing revenues less continuing property operating expenses. NOI also can be calculated by adding back to net income: interest expense, impairment and casualty losses, operating lease expense, depreciation and amortization expense, any losses on sale of real estate, acquisition related costs, general and administrative expense, and deducting from net income: income from discontinued operations, interest income, any gains on sale of real estate, and equity in income of joint ventures. We believe that NOI is a meaningful measure to investors in evaluating our operating performance because we utilize NOI in making decisions with respect to capital allocations, in determining current property values, and in comparing period-to-period and market-to-market property operating results. Additionally, NOI is widely used in the real estate industry and the self-storage industry to measure the performance and value of real estate assets without regard to various items included in net income that do not relate to or are not indicative of operating performance, such as depreciation and amortization, which can vary depending on accounting methods and the book value of assets. NOI should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with GAAP, such as total revenues, operating income and net income. There are material limitations to using a measure such as NOI, including the difficulty associated with comparing results among more than one company and the inability to analyze certain significant items, including depreciation and interest expense, that directly affect our net income. We compensate for these limitations by considering the economic effect of the excluded expense items independently as well as in connection with our analysis of net income.

The following table reconciles our net income presented in the 2020 and 2019 consolidated financial statements to NOI generated by our self-storage facilities during those years.

(dollars in thousands)	Year ended December 31,	
	2020	2019
Net income	\$ 152,360	\$ 260,077
General and administrative	52,055	46,622
Payments for rent	—	358
Depreciation and amortization	122,925	107,130
Gain on sale of storage facilities	—	(104,353)
Gain on sale of real estate	(302)	(1,781)
Interest expense	86,015	76,430
Interest income	(19)	(342)
Equity in income of joint ventures	(4,838)	(4,566)
Net operating income	<u>\$ 408,196</u>	<u>\$ 379,575</u>
Net operating income		
Same store	331,556	324,020
Other stores, tenant reinsurance related income and management fee income	76,640	55,555
Total net operating income	<u>\$ 408,196</u>	<u>\$ 379,575</u>

General and administrative expenses increased \$5.4 million or 11.7% from 2019 to 2020. This increase was primarily driven by increased personnel costs to support the growth in stores, a \$1.7 million cost reduction in the second quarter of 2019 relating to the finalization of a legal settlement which did not recur in 2020, and \$0.8 million of costs incurred related to a legal settlement in 2020.

Depreciation and amortization expense increased to \$122.9 million in 2020 from \$107.1 million in 2019 as a result of depreciation and amortization related to self-storage facilities acquired in 2020 and 2019, paired with \$5.8 million of additional depreciation expense in 2020 related to self-storage facilities that were identified for replacement.

Interest expense increased from \$76.4 million in 2019 to \$86.0 million in 2020 primarily as a result of increased outstanding debt balances in 2020 as compared to 2019 and a make whole payment of \$4.0 million made in 2020 as part of the early repayment of \$100 million of term notes.

The Company did not sell any properties in 2020. On July 2, 2019, the Company sold 32 non-strategic properties to an unrelated third-party and received net cash proceeds of \$207.6 million, resulting in a gain of \$100.2 million. The Company also recognized a gain of \$4.1 million in 2019 related to a property that was sold during 2017 and subsequently leased by the Company through November 2019. These dispositions were not classified as discontinued operations since they did not meet the criteria for such classification under ASU 2014-08 guidance.

#### YEAR ENDED DECEMBER 31, 2019 COMPARED TO YEAR ENDED DECEMBER 31, 2018

We recorded rental revenues of \$510.8 million for the year ended December 31, 2019, an increase of \$8.3 million or 1.7% when compared to 2018 rental revenues of \$502.5 million. Of the change in rental revenue, a \$10.7 million increase resulted from a 2.3% increase in rental revenues at the 504 core properties considered in same store sales (the Company will include stores in its same store pool in the second year after the stores achieve 80% sustained occupancy using market rates and incentives; therefore the 504 core properties considered in same store sales are those included in the consolidated results of operations since January 1, 2018, excluding stores not yet stabilized, the stores we sold in 2018 and 2019, six stores significantly impacted by flooding, and two stores that the Company began to fully replace in 2017). The increase in same store rental revenues was a result of a 3.0% increase in rental income per square foot, partially offset by a 90 basis point decrease in average occupancy. The increase in same store rental revenues was offset by a decrease in rental revenues of \$2.4 million primarily related to the stores sold in 2018 and 2019. Other operating income, which includes merchandise sales, revenues related to tenant reinsurance, truck rentals, management fees and acquisition fees, increased by \$15.6 million for the year ended December 31, 2019 compared to 2018 primarily as the result of increased management fees earned as a result of an increase in managed properties and increased revenues related to tenant reinsurance due primarily to the change in the Company's tenant insurance program effective April 1, 2019.

Property operations and maintenance expenses increased \$9.0 million or 7.4% in 2019 compared to 2018. The 504 core properties considered in the same store pool experienced a \$2.1 million or 2.0% decrease in such expenses. The overall increase is a result of the net activity of the stores not included in the same store pool and increased expenses related to tenant reinsurance due to the change in the Company's tenant insurance program effective April 1, 2019. Real estate tax expense increased \$3.7 million or 6.0% in 2019 compared to 2018. The 504 core properties considered in the same store pool experienced a \$3.3 million or 5.9% increase which is reflective of a net increase in property tax levies on those properties. In addition to the same store real estate expense increase, real estate taxes increased \$0.4 million from the stores not included in the same store pool.

Our 2019 same store results consist of only those properties that have been owned by the Company and included in our consolidated results since January 1, 2018, excluding stores not yet stabilized, the stores we sold in 2018 and 2019, six stores significantly impacted by flooding, and two stores that the Company began to fully replace in 2017. The impact of tenant reinsurance related items is excluded from same store results.

The following table sets forth operating data for our 504 same store properties. These results provide information relating to property operating changes without the effects of acquisitions.

#### Same Store Summary

(dollars in thousands)	Year ended December 31,		Percentage Change
	2019	2018	
Same store rental income	\$ 473,915	\$ 463,232	2.3%
Same store other operating income	6,514	6,726	(3.2)%
Total same store operating income	480,429	469,958	2.2%
Payroll and benefits	38,062	39,214	(2.9)%
Real estate taxes	59,463	56,142	5.9%
Utilities	14,900	15,135	(1.6)%
Repairs and maintenance	16,289	17,497	(6.9)%
Office and other operating expenses	15,218	15,925	(4.4)%
Insurance	5,771	5,731	0.7%
Advertising	856	1,220	(29.8)%
Internet marketing	10,363	8,811	17.6%
Total same store operating expenses	160,922	159,675	0.8%
Same store net operating income	\$ 319,507	\$ 310,283	3.0%

Net operating income increased \$11.2 million or 3.0% as a result of a 3.0% increase in our same store net operating income along with an increase of \$2.0 million related to the Company's tenant insurance program and the properties not included in the same store pool.

The following table reconciles NOI generated by our self-storage facilities to our net income presented in the 2019 and 2018 consolidated financial statements.

(dollars in thousands)	Year ended December 31,	
	2019	2018
Net income	\$ 260,077	\$ 207,558
General and administrative	46,622	48,322
Payments for Rent	358	565
Depreciation and amortization	107,130	102,530
Gain on sale of storage facilities	(104,353)	(56,398)
Gain on sale of real estate	(1,781)	(718)
Interest expense	76,430	70,672
Interest income	(342)	(13)
Equity in income of joint ventures	(4,566)	(4,122)
Net operating income	\$ 379,575	\$ 368,396
Net operating income		
Same store	319,507	310,283
Other stores, tenant reinsurance related income and management fee income	60,068	58,113
Total net operating income	\$ 379,575	\$ 368,396

General and administrative expenses decreased \$1.7 million or 3.5% from 2018 to 2019. The decrease was primarily due to the finalization of a legal settlement in 2019, partially offset by an increase in technology related expenses and the impact of the accelerated vesting of restricted stock awards and performance-based awards issued to the Company's former Chief Executive Officer, David Rogers, in connection with his retirement from the Company effective March 1, 2019.

Depreciation and amortization expense increased to \$107.1 million in 2019 from \$102.5 million in 2018 as a result of depreciation and amortization related to self-storage facilities acquired in 2018 and 2019.

Interest expense increased from \$70.7 million in 2018 to \$76.4 million in 2019 primarily as a result of increased outstanding debt balances in 2019 as compared to 2018.

On July 2, 2019, the Company sold 32 non-strategic properties to an unrelated third-party and received net cash proceeds of \$207.6 million, resulting in a gain of \$100.2 million. The Company also recognized a gain of \$4.1 million in 2019 related to a property that was sold during 2017 and subsequently leased by the Company through November 2019. During 2018, the Company sold 13 non-strategic properties and received net cash proceeds of \$91.3 million, resulting in a gain of \$56.4 million. Twelve of these properties were sold to an unconsolidated joint venture in which the Company has a 20% ownership interest. These dispositions were not classified as discontinued operations since they did not meet the criteria for such classification under ASU 2014-08 guidance.

## FUNDS FROM OPERATIONS

We believe that Funds from Operations (“FFO”) provides relevant and meaningful information about our operating performance that is necessary, along with net earnings and cash flows, for an understanding of our operating results. FFO adds back historical cost depreciation, which assumes the value of real estate assets diminishes predictably in the future. In fact, real estate asset values increase or decrease with market conditions. Consequently, we believe FFO is a useful supplemental measure in evaluating our operating performance by disregarding (or adding back) historical cost depreciation.

FFO is defined by the National Association of Real Estate Investment Trusts, Inc. (“NAREIT”) as net income available to common shareholders computed in accordance with generally accepted accounting principles (“GAAP”), excluding gains or losses on sales of properties, plus impairment of real estate assets, plus depreciation and amortization and after adjustments to record unconsolidated partnerships and joint ventures on the same basis. We believe that to further understand our performance FFO should be compared with our reported net income and cash flows in accordance with GAAP, as presented in our consolidated financial statements.

Our computation of FFO may not be comparable to FFO reported by other REITs or real estate companies that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently. FFO does not represent cash generated from operating activities determined in accordance with GAAP, and should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of our performance, as an alternative to net cash flows from operating activities (determined in accordance with GAAP) as a measure of our liquidity, or as an indicator of our ability to make cash distributions.

### Reconciliation of Net Income to Funds From Operations

(dollars in thousands)	For Year Ended December 31,				
	2020	2019	2018	2017	2016
Net income attributable to common shareholders	\$ 151,571	\$ 258,699	\$ 206,590	\$ 96,365	\$ 85,225
Net income attributable to noncontrolling interests in the Operating Partnership	789	1,378	968	444	398
Depreciation of real estate and amortization of intangible assets exclusive of debt issuance costs	120,512	105,107	100,528	125,580	115,531
Depreciation and amortization from unconsolidated joint ventures	5,814	6,195	5,107	4,296	2,595
(Gain) loss on sale of storage facilities	—	(104,353)	(56,398)	3,503	(15,270)
Funds from operations allocable to noncontrolling interest in the Operating Partnership	(1,443)	(1,417)	(1,197)	(1,045)	(857)
Funds from operations available to common shareholders	<u>\$ 277,243</u>	<u>\$ 265,609</u>	<u>\$ 255,598</u>	<u>\$ 229,143</u>	<u>\$ 187,622</u>



## LIQUIDITY AND CAPITAL RESOURCES

The COVID-19 global health crisis impacted the cost of our debt and equity for a time during 2020 and may disrupt markets in the future. We expect to be able to maintain adequate liquidity as we manage through the current environment. While significant uncertainty exists as to the full impact of the COVID-19 global health crisis on our liquidity and capital resources, as of the date of this report we believe that the combination of our cash on hand, the cash generated by our operations, and our line of credit will be adequate to fund our operations. We will continue to actively monitor the potential impact of the COVID-19 global health crisis on our liquidity and capital resources.

Our line of credit and term notes require us to meet certain financial covenants measured on a quarterly basis, including prescribed leverage, fixed charge coverage, minimum net worth, limitations on additional indebtedness, and limitations on dividend payouts. At December 31, 2020, the Company was in compliance with all debt covenants. In the event that the Company violates its debt covenants in the future, the amounts due under the agreements could be callable by the lenders and could adversely affect our credit rating requiring us to pay higher interest and other debt-related costs. We believe that if operating results remain consistent with historical levels and levels of other debt and liabilities remain consistent with amounts outstanding at December 31, 2020, the entire availability under our line of credit could be drawn without violating our debt covenants.

Our ability to retain cash flow is limited because we operate as a REIT. To maintain our REIT status, a substantial portion of our operating cash flow must be used to pay dividends to our shareholders. We believe that our internally generated net cash provided by operating activities and the availability on our line of credit will be sufficient to fund ongoing operations, capital improvements, dividends and debt service requirements.

Cash flows from operating activities were \$299.0 million, \$278.8 million, and \$262.3 million for the years ended December 31, 2020, 2019, and 2018, respectively. The increases in operating cash flows from 2019 to 2020 and from 2018 to 2019 were primarily due to an increase in net income as adjusted for non-cash depreciation and amortization expenses, gains on the sale of storage facilities and other non-cash items during these periods.

Cash used in investing activities was \$576.0 million, \$302.5 million, and \$55.7 million for the years ended December 31, 2020, 2019, and 2018, respectively. The increase in cash used from 2019 to 2020 was the result of an increase in self-storage facility acquisition activity, partially offset by a \$28.0 million return of investment in unconsolidated joint ventures and decreases in both capital spending and net proceeds from the sales of storage facilities in 2020. The increase in cash used in investing activities from 2018 to 2019 was the result of an increase in self-storage facility acquisition activity in 2019 as compare to 2018, an increase in capital spending on existing facilities, and an increase in the Company's contributions to joint ventures, all partially offset by increased proceeds from the sales of self-storage facilities in conjunction with the Company's recapitalization plan.

Cash provided by financing activities was \$314.2 million and \$31.2 million in 2020 and 2019, respectively. This increase in cash provided by finance activities was primarily the result of \$296.0 million of net proceeds from the issuance of shares of common stock under the Company's continuous equity offering program in 2020. Cash provided by financing activities was \$31.2 million in 2019 compared to cash used in financing activities of \$202.0 million in 2018. This increase in cash provided by financing activities was the result of the \$350 million senior notes issued by the Company in 2019, partially offset by the repayment of a \$100 million term note in 2019.

For the years 2018, 2019 and 2020, see Note 5 to the consolidated financial statements for details of the Company's unsecured line of credit and term note activity, Note 6 to the consolidated financial statements for the Company's mortgage activity and related details, and Note 12 to the consolidated financial statements for the Company's equity activity.

Our line of credit facility and term notes have an investment grade rating from Standard and Poor's (BBB) and Moody's (Baa2).

Future acquisitions, our expansion and enhancement program, and share repurchases, if any, are expected to be funded with future cash flows from operations, draws on our line of credit, issuance of common and/or preferred stock, the issuance of unsecured term notes, sale of properties, and private placement solicitation of joint venture equity. Should the capital markets deteriorate, we may have to curtail acquisitions, our expansion and enhancement program, and any share repurchases.

## CONTRACTUAL OBLIGATIONS

The following table summarized our contractual obligations:

Contractual obligations	Payments due by period (in thousands)				
	Total	2021	2022-2023	2024-2025	2026 and thereafter
Term notes	2,175,000	—	—	175,000	2,000,000
Mortgages payable	37,777	493	8,052	29,126	106
Interest payments	530,515	78,926	157,097	140,480	154,012
Land leases	10,776	741	1,482	1,487	7,066
Expansion and enhancement contracts	24,033	24,033	—	—	—
Building leases	18,879	2,026	4,051	4,046	8,756
Retail space rent	5,005	2,393	2,612	—	—
Self-storage facility acquisitions	111,300	111,300	—	—	—
<b>Total</b>	<b>\$ 2,913,285</b>	<b>\$ 219,912</b>	<b>\$ 173,294</b>	<b>\$ 350,139</b>	<b>\$ 2,169,940</b>

Interest payments include actual interest on fixed rate debt.

## ACQUISITION OF PROPERTIES

In 2020, we acquired 40 self-storage facilities comprising 3.1 million square feet in California (8), Florida, (6), Georgia (1), Missouri (1), New Jersey (7), New York (1), Ohio (6), Pennsylvania (4), South Carolina (1), and Texas (5) for a total purchase price of \$ 532.6 million. One of these acquired properties resulted from the Company acquiring the remaining 15% of a joint venture. Additionally, one of these facilities was managed by the Company prior for a third-party prior to acquisition. Based on the trailing financial information of the entities from which the properties were acquired, the weighted average capitalization rate was 5.0% on these purchases and capitalization rates ranged from 0.2% on more recently constructed facilities to 6.4% on mature facilities. In 2019, we acquired 30 self-storage facilities comprising 2.2 million square feet in Florida (4), Georgia (1), Maryland (5), Nevada (1), New York (1), New Jersey (2), North Carolina (1), Ohio (3), South Carolina (2), Tennessee (1), Texas (1), Virginia (5), and Washington (3) for a total purchase price of \$429.4 million. One of these acquired properties resulted from the Company acquiring the remaining 60% of a joint venture. Additionally, one of these self-storage facilities was previously leased by the Company prior to acquisition. Based on the trailing financial information of the entities from which the properties were acquired, the weighted average capitalization rate was 2.5% on these purchases and capitalization rates ranged from 0% on recently constructed facilities to 5.6% on mature facilities. In 2018, we acquired eight self-storage facilities comprising 474,500 square feet in California (2), Florida (1), Georgia (1), Missouri (1), New Hampshire (1), and New York (2) for a total purchase price of \$77.7 million. Two of these facilities were managed by the Company for third-parties prior to acquisition. Based on the trailing financial information of the entities from which the properties were acquired, the weighted average capitalization rate was 2.8% on these purchases and capitalization rates ranged from 0.0% on newly constructed facilities to 6.3% on mature facilities.

## FUTURE ACQUISITION AND DEVELOPMENT PLANS

Our external growth strategy is to increase the number of facilities we own by acquiring suitable facilities in markets in which we already have operations, or to expand into new markets by acquiring several facilities at once in those new markets. We are actively pursuing acquisitions in 2021 and at December 31, 2020 we were under contract to acquire ten self-storage facilities for an aggregate purchase price of \$111.3 million. During January 2021, the Company completed the acquisition of two of these self-storage facilities for an aggregate purchase price of \$26.3 million. Also, on January 28, 2021, the Company entered into a contract to acquire two self-storage facilities for an aggregate purchase price of \$39.3 million, and on February 19, 2021, the Company entered into a contract to acquire one self-storage facility from one of the Company's unconsolidated joint ventures for an aggregate purchase price of \$48.6 million. The purchases of these eleven self-storage facilities under contract are subject to customary conditions to closing, and there is no assurance that these facilities will be acquired.

In 2020, we added or converted to premium storage 522,000 square feet to existing Properties for a total cost of approximately \$41.4 million. Although we do not expect to construct any new facilities in 2021, we do plan to complete \$30 million to \$40 million in expansions and enhancements to existing facilities of which \$14.4 million was paid prior to December 31, 2020.

In 2020, the Company spent approximately \$25.8 million for recurring capitalized expenditures including roofing, paving, and office renovations. We expect to spend \$21 million to \$26 million in 2021 on similar capital expenditures.

## DISPOSITION OF PROPERTIES

The Company did not sell or otherwise dispose of any properties during 2020. During 2019, the Company sold 32 non-strategic properties in Louisiana (9), Mississippi (8), North Carolina (4), South Carolina (5), and Texas (6) to an unrelated third-party for net proceeds of \$207.6 million, resulting in a gain on sale of approximately \$100.2 million. During 2018, the Company sold 13 non-strategic properties in Arizona (2), Florida (1), North Carolina (1), Texas (8), and Virginia (1) for net proceeds of \$100.5 million, which includes a \$9.1 million

investment retained in an unconsolidated joint venture, resulting in an aggregate gain on sale of approximately \$56.4 million. Twelve of the self-storage facilities sold in 2018 were sold to an unconsolidated joint venture in which the Company has a 20% ownership interest.

As part of our ongoing strategy to improve overall operating efficiencies and portfolio quality, we may seek to sell additional Properties to third-parties or joint venture partners in 2021.

## **OFF-BALANCE SHEET ARRANGEMENTS**

Our off-balance sheet arrangements consist of our investment in 19 self-storage joint ventures in which we have ownership interests ranging from 5% to 46%, as well as our investment in the entity that owns the building that houses our corporate office in which we have a 49% ownership. We account for our investments in these joint ventures using the equity method. The debt held by these unconsolidated real estate entities is secured by the real estate owned by these entities and is non-recourse to us. See Note 11 to our consolidated financial statements for additional details.

## **REIT QUALIFICATION AND DISTRIBUTION REQUIREMENTS**

As a REIT, we are not required to pay federal income tax on income that we distribute to our shareholders, provided that we satisfy certain requirements, including distributing at least 90% of our REIT taxable income for a taxable year. These distributions must be made in the year to which they relate, or in the following year if declared before we file our federal income tax return, and if they are paid not later than the date of the first regular dividend of the following year.

As a REIT, we must derive at least 95% of our total gross income from income related to real property, interest and dividends. In 2020, our percentage of revenue from such sources was approximately 97%, thereby passing the 95% test, and no special measures are expected to be required to enable us to maintain our REIT designation. Although we currently intend to operate in a manner designed to qualify as a REIT, it is possible that future economic, market, legal, tax or other considerations may cause our Board of Directors to revoke our REIT election.

## **INTEREST RATE RISK**

The primary market risk to which we believe we are exposed is interest rate risk, which may result from many factors, including government monetary and tax policies, domestic and international economic and political considerations, and other factors that are beyond our control.

We do not carry any floating rate debt at December 31, 2020. Therefore, a 100 basis point increase in interest rates would not have an effect on our annual interest expense. This analysis does not consider the effects of the reduced level of overall economic activity that could exist in such an environment. Further, in the event of a change of such magnitude, we would consider taking actions to further mitigate our exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, the sensitivity analysis assumes no changes in our capital structure.

## **INFLATION**

We do not believe that inflation has had or will have a direct effect on our operations. Substantially all of the leases at the facilities are on a month-to-month basis which provides us with the opportunity to increase rental rates in a timely manner in response to any potential future inflationary pressures.

## **SEASONALITY**

Our revenues typically have been higher in the third and fourth quarters, primarily because self-storage facilities tend to experience greater occupancy during the late spring, summer and early fall months due to the greater incidence of residential moves and college student activity during these periods. However, we believe that our customer mix, diverse geographic locations, rental structure and expense structure provide adequate protection against undue fluctuations in cash flows and net revenues during off-peak seasons. Thus, we do not expect seasonality to materially affect distributions to shareholders.

### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

The information required is incorporated by reference to the information appearing under the caption “Interest Rate Risk” in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” above.

### **Item 8. Financial Statements and Supplementary Data**

## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Life Storage, Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Life Storage, Inc. (the Parent Company) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Parent Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Parent Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 23, 2021 expressed an unqualified opinion thereon.

### Basis for Opinion

These financial statements are the responsibility of the Parent Company's management. Our responsibility is to express an opinion on the Parent Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Parent Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### *Accounting for the Acquisition of Storage Facilities*

##### *Description of the Matter*

As described in Note 4 to the consolidated financial statements, during fiscal 2020, the Parent Company acquired 40 storage facilities for an aggregate purchase price of \$532.6 million. The acquisitions of these facilities were accounted for as asset acquisitions.

Auditing the Parent Company's accounting for its storage facility acquisitions involved a high degree of subjectivity due to the significant estimation required to determine the fair values of the assets acquired and liabilities assumed used to allocate costs of the storage facility acquisitions on a relative fair value basis. In particular, the fair value estimates were sensitive to assumptions such as prices per acre, capitalization rates and current replacement cost estimates, including adjustments for the age, condition, turnkey factor, economic profit, and economic obsolescence associated with the acquired assets.

*How We Addressed  
the Matter in Our  
Audit*

We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Parent Company's controls over the storage facility acquisition process. This included testing controls over management's evaluation of the significant assumptions used to determine the fair values of the assets acquired and liabilities assumed.

To test the allocation of costs to the assets acquired and liabilities assumed, we involved our valuation specialists and performed audit procedures that included, among others, evaluating the Parent Company's valuation methodologies and testing the significant assumptions used to determine the fair value of the assets acquired and liabilities assumed. We tested the completeness and accuracy of the underlying data by, among other things, recalculating the current replacement cost and comparing the adjustments for the age, condition, turnkey factor, economic profit, and economic obsolescence associated with the acquired assets to third-party sources on a test basis. We also compared significant assumptions, including prices per acre and capitalization rates to third-party sources such as recent land sales and industry publications. In addition, we compared the fair value for individual storage facilities acquired in portfolio acquisitions to recent comparable sales transactions.

/s/ Ernst & Young LLP

We have served as the Parent Company's auditor since 1994.

Buffalo, New York  
February 23, 2021

## Report of Independent Registered Public Accounting Firm

To the Partners and the Board of Directors of Life Storage LP

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Life Storage LP (the Operating Partnership) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, partners' capital and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Operating Partnership at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Operating Partnership's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 23, 2021 expressed an unqualified opinion thereon.

### Basis for Opinion

These financial statements are the responsibility of the Operating Partnership's management. Our responsibility is to express an opinion on the Operating Partnership's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Operating Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### *Accounting for the Acquisition of Storage Facilities*

##### *Description of the Matter*

As described in Note 4 to the consolidated financial statements, during fiscal 2020, the Operating Partnership acquired 40 storage facilities for an aggregate purchase price of \$532.6 million. The acquisitions of these facilities were accounted for as asset acquisitions.

Auditing the Operating Partnership's accounting for its storage facility acquisitions involved a high degree of subjectivity due to the significant estimation required to determine the fair values of the assets acquired and liabilities assumed used to allocate costs of the storage facility acquisitions on a relative fair value basis. In particular, the fair value estimates were sensitive to assumptions such as prices per acre, capitalization rates and current replacement cost estimates, including adjustments for the age, condition, turnkey factor, economic profit, and economic obsolescence associated with the acquired assets.

*How We Addressed  
the Matter in Our  
Audit*

We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Operating Partnership's controls over the storage facility acquisition process. This included testing controls over management's evaluation of the significant assumptions used to determine the fair values of the assets acquired and liabilities assumed.

To test the allocation of costs to the assets acquired and liabilities assumed, we involved our valuation specialists and performed audit procedures that included, among others, evaluating the Operating Partnership's valuation methodologies and testing the significant assumptions used to determine the fair value of the assets acquired and liabilities assumed. We tested the completeness and accuracy of the underlying data by, among other things, recalculating the current replacement cost and comparing the adjustments for the age, condition, turnkey factor, economic profit, and economic obsolescence associated with the acquired assets to third-party sources on a test basis. We also compared significant assumptions, including prices per acre and capitalization rates to third-party sources such as recent land sales and industry publications. In addition, we compared the fair value for individual storage facilities acquired in portfolio acquisitions to recent comparable sales transactions.

/s/ Ernst & Young LLP

We have served as the Operating Partnership's auditor since 2016.

Buffalo, New York  
February 23, 2021

**LIFE STORAGE, INC.**  
**CONSOLIDATED BALANCE SHEETS**

(dollars in thousands, except share data)	December 31,	
	2020	2019
<b>Assets</b>		
Investment in storage facilities:		
Land	\$ 951,813	\$ 884,235
Building, equipment, and construction in progress	4,378,510	3,865,238
	5,330,323	4,749,473
Less: accumulated depreciation	(873,178)	(756,333)
Investment in storage facilities, net	4,457,145	3,993,140
Cash and cash equivalents	54,400	17,458
Accounts receivable	15,464	12,218
Receivable from unconsolidated joint ventures	1,064	1,302
Investment in unconsolidated joint ventures	143,042	154,984
Prepaid expenses	8,326	7,771
Trade name	16,500	16,500
Other assets	31,907	29,591
Total Assets	\$ 4,727,848	\$ 4,232,964
<b>Liabilities</b>		
Line of credit	\$ —	\$ 65,000
Term notes, net	2,155,457	1,858,271
Accounts payable and accrued liabilities	112,654	103,942
Deferred revenue	17,416	11,699
Mortgages payable	37,777	34,851
Total Liabilities	2,323,304	2,073,763
Noncontrolling redeemable Operating Partnership Units at redemption value	26,446	26,307
<b>Shareholders' Equity</b>		
Common stock \$.01 par value, 100,000,000 shares authorized, 74,211,920 shares outstanding at December 31, 2020 (70,013,899 at December 31, 2019)	495	467
Additional paid-in capital	2,671,311	2,376,723
Dividends in excess of net income	(288,667)	(238,338)
Accumulated other comprehensive loss	(5,041)	(5,958)
Total Shareholders' Equity	2,378,098	2,132,894
Noncontrolling interest in consolidated subsidiary	—	—
Total Equity	2,378,098	2,132,894
Total Liabilities and Shareholders' Equity	\$ 4,727,848	\$ 4,232,964

See notes to consolidated financial statements.



**LIFE STORAGE, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(dollars in thousands, except per share data)	Year Ended December 31,		
	2020	2019	2018
<b>Revenues</b>			
Rental income	\$ 539,554	\$ 510,774	\$ 502,474
Other operating income	77,217	63,965	48,376
Total operating revenues	616,771	574,739	550,850
<b>Expenses</b>			
Property operations and maintenance	138,273	130,103	121,098
Real estate taxes	70,302	65,061	61,356
General and administrative	52,055	46,622	48,322
Payments for rent	—	358	565
Depreciation and amortization	122,925	107,130	102,530
Total operating expenses	383,555	349,274	333,871
Gain on sale of storage facilities	—	104,353	56,398
Gain on sale of real estate	302	1,781	718
Income from operations	233,518	331,599	274,095
<b>Other income (expenses)</b>			
Interest expense	(86,015)	(76,430)	(70,672)
Interest income	19	342	13
Equity in income of joint ventures	4,838	4,566	4,122
<b>Net income</b>	152,360	260,077	207,558
Net income attributable to noncontrolling interest in the Operating Partnership	(789)	(1,378)	(968)
Net income attributable to common shareholders	\$ 151,571	\$ 258,699	\$ 206,590
<b>Earnings per common share attributable to common shareholders - basic</b>	\$ 2.13	\$ 3.70	\$ 2.96
<b>Earnings per common share attributable to common shareholders - diluted</b>	\$ 2.13	\$ 3.70	\$ 2.96

See notes to consolidated financial statements.

**LIFE STORAGE, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(dollars in thousands)	Year Ended December 31,		
	2020	2019	2018
Net income	\$ 152,360	\$ 260,077	\$ 207,558
Other comprehensive income:			
Effective portion of gain on derivatives net of reclassification to interest expense	917	917	712
Total comprehensive income	153,277	260,994	208,270
Comprehensive income attributable to noncontrolling interest in the Operating Partnership	(794)	(1,383)	(971)
Comprehensive income attributable to common shareholders	\$ 152,483	\$ 259,611	\$ 207,299

See notes to consolidated financial statements.

**LIFE STORAGE, INC.**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

(dollars in thousands, except share data)	Common Stock Shares	Common Stock	Additional Paid-in Capital	Dividends in Excess of Net Income	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance January 1, 2018	69,828,333	\$ 466	\$2,363,171	\$ (327,727)	\$ (7,587)	\$ 2,028,323
Exercise of stock options	107,409	—	2,976	—	—	2,976
Issuance of non-vested stock	47,818	—	—	—	—	—
Forfeiture of non-vested stock	(57,399)	—	—	—	—	—
Earned portion of non-vested stock	—	—	6,035	—	—	6,035
Stock option expense	—	—	7	—	—	7
Carrying value less than redemption value on redeemed noncontrolling interest	—	—	(32)	—	—	(32)
Adjustment to redemption value of noncontrolling redeemable Operating Partnership Units	—	—	—	(1,037)	—	(1,037)
Net income attributable to common shareholders	—	—	—	206,590	—	206,590
Amortization of terminated hedge included in AOCL	—	—	—	—	917	917
Change in fair value of derivatives, net of reclassifications	—	—	—	—	(205)	(205)
Dividends	—	—	—	(185,837)	—	(185,837)
Balance December 31, 2018	69,926,161	466	2,372,157	(308,011)	(6,875)	2,057,737
Exercise of stock options	9,750	—	376	—	—	376
Issuance of non-vested stock	80,180	1	(1)	—	—	—
Forfeiture of non-vested stock	(2,192)	—	—	—	—	—
Earned portion of non-vested stock	—	—	4,192	—	—	4,192
Carrying value less than redemption value on redeemed noncontrolling interest	—	—	(1)	—	—	(1)
Adjustment to redemption value of noncontrolling redeemable Operating Partnership Units	—	—	—	(2,455)	—	(2,455)
Net income attributable to common shareholders	—	—	—	258,699	—	258,699
Amortization of terminated hedge included in AOCL	—	—	—	—	917	917
Dividends	—	—	—	(186,571)	—	(186,571)
Balance December 31, 2019	70,013,899	467	2,376,723	(238,338)	(5,958)	2,132,894
Net proceeds from issuance of common stock	4,091,666	27	295,935	—	—	295,962
Issuance of non-vested stock	113,829	1	(1)	—	—	—
Forfeiture of non-vested stock	(7,474)	—	—	—	—	—
Earned portion of non-vested stock	—	—	4,559	—	—	4,559
Carrying value less than redemption value on redeemed noncontrolling interest	—	—	(264)	—	—	(264)
Adjustment to redemption value of noncontrolling redeemable Operating Partnership Units	—	—	—	(2,884)	—	(2,884)
Purchases of equity in consolidated subsidiary from noncontrolling interests	—	—	(5,641)	3,341	—	(2,300)
Net income attributable to common shareholders	—	—	—	151,571	—	151,571
Amortization of terminated hedge included in AOCL	—	—	—	—	917	917
Dividends	—	—	—	(202,357)	—	(202,357)
Balance December 31, 2020	<u>74,211,920</u>	<u>\$ 495</u>	<u>\$2,671,311</u>	<u>\$ (288,667)</u>	<u>\$ (5,041)</u>	<u>\$ 2,378,098</u>

See notes to consolidated financial statements

**LIFE STORAGE, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(dollars in thousands)	Year Ended December 31,		
	2020	2019	2018
<b>Operating Activities</b>			
Net income	\$ 152,360	\$ 260,077	\$ 207,558
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	122,925	107,130	102,530
Amortization of debt issuance costs and bond discount	4,096	3,900	3,621
Gain on sale of storage facilities	—	(104,353)	(56,398)
Gain on sale of real estate	(302)	(1,781)	(718)
Equity in income of joint ventures	(4,838)	(4,566)	(4,122)
Distributions from unconsolidated joint ventures	14,098	10,165	8,561
Non-vested stock earned	4,559	4,192	6,035
Stock option expense	—	—	7
Deferred income taxes	496	1,328	1,386
Other	(210)	—	—
Changes in assets and liabilities (excluding the effects of acquisitions):			
Accounts receivable	(2,915)	(4,534)	(529)
Prepaid expenses	(247)	(356)	(415)
(Advances to) receipts from joint ventures	(95)	(81)	391
Accounts payable and other liabilities	4,787	5,295	(5,528)
Deferred revenue	4,252	2,426	(81)
Net cash provided by operating activities	298,966	278,842	262,298
<b>Investing Activities</b>			
Acquisition of storage facilities, net of cash and restricted cash acquired	(520,943)	(393,298)	(72,603)
Improvements, equipment additions, and construction in progress	(56,397)	(90,995)	(67,397)
Net proceeds from the sale of storage facilities and other real estate	—	207,568	92,280
Return of investment in unconsolidated joint ventures	28,008	—	—
Investment in unconsolidated joint ventures	(26,383)	(25,659)	(7,718)
Loans to unconsolidated joint ventures	(35,850)	—	—
Loan payments received from unconsolidated joint ventures	35,850	—	—
Property deposits	(280)	(138)	(262)
Net cash used in investing activities	(575,995)	(302,522)	(55,700)
<b>Financing Activities</b>			
Net proceeds from sale of common stock	295,962	376	2,976
Proceeds from line of credit	285,000	305,000	234,000
Repayment of line of credit	(350,000)	(331,000)	(248,000)
Proceeds from term notes, net of discount	398,096	348,166	—
Repayment of term notes	(100,000)	(100,000)	—
Debt issuance costs	(3,490)	(3,099)	(2,126)
Dividends paid - common stock	(202,357)	(186,571)	(185,837)
Distributions to noncontrolling interest holders	(1,047)	(993)	(865)
Payments to acquire equity in consolidated subsidiary from noncontrolling interests	(2,000)	—	—
Redemption of operating partnership units	(2,751)	(250)	(376)
Mortgage principal payments	(3,169)	(458)	(1,764)
Net cash provided by (used in) financing activities	314,244	31,171	(201,992)
Net increase in cash and restricted cash	37,215	7,491	4,606
Cash and restricted cash at beginning of period	21,556	14,065	9,459
Cash and restricted cash at end of period	\$ 58,771	\$ 21,556	\$ 14,065
<b>Supplemental cash flow information</b>			
Cash paid for interest, net of interest capitalized	\$ 79,423	\$ 73,378	\$ 69,201
Cash paid for income taxes, net of refunds	\$ 1,294	\$ 1,625	\$ 1,317

See notes to consolidated financial statements.

**LIFE STORAGE LP**  
**CONSOLIDATED BALANCE SHEETS**

(dollars in thousands, except unit data)	December 31,	
	2020	2019
<b>Assets</b>		
Investment in storage facilities:		
Land	\$ 951,813	\$ 884,235
Building, equipment, and construction in progress	4,378,510	3,865,238
	5,330,323	4,749,473
Less: accumulated depreciation	(873,178)	(756,333)
Investment in storage facilities, net	4,457,145	3,993,140
Cash and cash equivalents	54,400	17,458
Accounts receivable	15,464	12,218
Receivable from unconsolidated joint ventures	1,064	1,302
Investment in unconsolidated joint ventures	143,042	154,984
Prepaid expenses	8,326	7,771
Trade name	16,500	16,500
Other assets	31,907	29,591
Total Assets	\$ 4,727,848	\$ 4,232,964
<b>Liabilities</b>		
Line of credit	\$ —	\$ 65,000
Term notes, net	2,155,457	1,858,271
Accounts payable and accrued liabilities	112,654	103,942
Deferred revenue	17,416	11,699
Mortgages payable	37,777	34,851
Total Liabilities	2,323,304	2,073,763
Limited partners' redeemable capital interest at redemption value (334,149 and 369,699 units outstanding at December 31, 2020 and December 31, 2019, respectively)	26,446	26,307
<b>Partners' Capital</b>		
General partner (745,461 and 703,837 units outstanding at December 31, 2020 and December 31, 2019, respectively)	24,045	21,594
Limited partners (73,466,459 and 69,310,062 units outstanding at December 31, 2020 and December 31, 2019, respectively)	2,359,094	2,117,258
Accumulated other comprehensive loss	(5,041)	(5,958)
Total Controlling Partners' Capital	2,378,098	2,132,894
Noncontrolling interest in consolidated subsidiary	—	—
Total Partners' Capital	2,378,098	2,132,894
Total Liabilities and Partners' Capital	\$ 4,727,848	\$ 4,232,964

See notes to consolidated financial statements.

**LIFE STORAGE LP**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(dollars in thousands, except per unit data)	Year Ended December 31,		
	2020	2019	2018
<b>Revenues</b>			
Rental income	\$ 539,554	\$ 510,774	\$ 502,474
Other operating income	77,217	63,965	48,376
Total operating revenues	616,771	574,739	550,850
<b>Expenses</b>			
Property operations and maintenance	138,273	130,103	121,098
Real estate taxes	70,302	65,061	61,356
General and administrative	52,055	46,622	48,322
Payments for rent	—	358	565
Depreciation and amortization	122,925	107,130	102,530
Total operating expenses	383,555	349,274	333,871
Gain on sale of storage facilities	—	104,353	56,398
Gain on sale of real estate	302	1,781	718
Income from operations	233,518	331,599	274,095
<b>Other income (expenses)</b>			
Interest expense	(86,015)	(76,430)	(70,672)
Interest income		342	13
Equity in income of joint ventures	4,838	4,566	4,122
<b>Net income</b>	152,360	260,077	207,558
Net income attributable to noncontrolling interest in the Operating Partnership	(789)	(1,378)	(968)
Net income attributable to common unitholders	\$ 151,571	\$ 258,699	\$ 206,590
<b>Earnings per common unit attributable to common unitholders - basic</b>	\$ 2.13	\$ 3.70	\$ 2.96
<b>Earnings per common unit attributable to common unitholders - diluted</b>	\$ 2.13	\$ 3.70	\$ 2.96
Net income attributable to general partner	\$ 1,524	\$ 2,601	\$ 2,076
Net income attributable to limited partners	150,047	256,098	204,514

See notes to consolidated financial statements.

**LIFE STORAGE LP**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(dollars in thousands)	Year Ended December 31,		
	2020	2019	2018
Net income	\$ 152,360	\$ 260,077	\$ 207,558
Other comprehensive income:			
Effective portion of gain on derivatives net of reclassification to interest expense	917	917	712
Total comprehensive income	153,277	260,994	208,270
Comprehensive income attributable to noncontrolling interest in the Operating Partnership	(794)	(1,383)	(971)
Comprehensive income attributable to common unitholders	\$ 152,483	\$ 259,611	\$ 207,299

See notes to consolidated financial statements.

**LIFE STORAGE LP**  
**CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL**

(dollars in thousands)	Life Storage Holdings, Inc. General Partner	Life Storage, Inc. Limited Partner	Accumulated Other Comprehensive Income (Loss)	Total Controlling Partners' Capital
Balance January 1, 2018	\$ 20,478	\$ 2,015,432	\$ (7,587)	\$ 2,028,323
Exercise of stock options	29	2,947		2,976
Issuance of non-vested stock	1	(1)	—	—
Forfeiture of non-vested stock	1	(1)	—	—
Issuance of operating partnership units	35	(35)	—	—
Earned portion of non-vested stock	60	5,975	—	6,035
Stock option expense	—	7	—	7
Carrying value less than redemption value on redeemed noncontrolling interest	(4)	(28)	—	(32)
Adjustment to redemption value of noncontrolling redeemable Operating Partnership Units	—	(1,037)	—	(1,037)
Net income attributable to common unitholders	2,076	204,514	—	206,590
Amortization of terminated hedge included in AOCI		(9)	917	917
Change in fair value of derivatives, net of reclassifications	(2)	2	(205)	(205)
Distributions	(1,867)	(183,970)		(185,837)
Balance December 31, 2018	20,816	2,043,796	(6,875)	2,057,737
Exercise of stock options	4	372	—	376
Issuance of non-vested stock	—	—	—	—
Forfeiture of non-vested stock	—	—	—	—
Earned portion of non-vested stock	42	4,150	—	4,192
Carrying value less than redemption value on redeemed noncontrolling interest	(2)	1	—	(1)
Adjustment to redemption value of noncontrolling redeemable Operating Partnership Units	—	(2,455)	—	(2,455)
Net income attributable to common unitholders	2,601	256,098	—	258,699
Amortization of terminated hedge included in AOCI	9	(9)	917	917
Distributions	(1,876)	(184,695)	—	(186,571)
Balance December 31, 2019	21,594	2,117,258	(5,958)	2,132,894
Net proceeds from issuance of common stock	2,960	293,002	—	295,962
Issuance of non-vested stock	—	—	—	—
Forfeiture of non-vested stock	—	—	—	—
Earned portion of non-vested stock	46	4,513	—	4,559
Carrying value less than redemption value on redeemed noncontrolling interest	(28)	(236)	—	(264)
Adjustment to redemption value of noncontrolling redeemable Operating Partnership Units	—	(2,884)	—	(2,884)
Purchases of equity in consolidated subsidiary from noncontrolling interests	(23)	(2,277)	—	(2,300)
Net income attributable to common unitholders	1,521	150,050	—	151,571
Amortization of terminated hedge included in AOCI	9	(9)	917	917
Distributions	(2,034)	(200,323)	—	(202,357)
Balance December 31, 2020	<u>\$ 24,045</u>	<u>\$ 2,359,094</u>	<u>\$ (5,041)</u>	<u>\$ 2,378,098</u>

See notes to consolidated financial statements



**LIFE STORAGE LP**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(dollars in thousands)	Year Ended December 31,		
	2020	2019	2018
<b>Operating Activities</b>			
Net income	\$ 152,360	\$ 260,077	\$ 207,558
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	122,925	107,130	102,530
Amortization of debt issuance costs and bond discount	4,096	3,900	3,621
Gain on sale of storage facilities	—	(104,353)	(56,398)
Gain on sale of real estate	(302)	(1,781)	(718)
Equity in income of joint ventures	(4,838)	(4,566)	(4,122)
Distributions from unconsolidated joint ventures	14,098	10,165	8,561
Non-vested stock earned	4,559	4,192	6,035
Stock option expense	—	—	7
Deferred income taxes	496	1,328	1,386
Other	(210)	—	—
Changes in assets and liabilities (excluding the effects of acquisitions):			
Accounts receivable	(2,915)	(4,534)	(529)
Prepaid expenses	(247)	(356)	(415)
(Advances to) receipts from joint ventures	(95)	(81)	391
Accounts payable and other liabilities	4,787	5,295	(5,528)
Deferred revenue	4,252	2,426	(81)
Net cash provided by operating activities	298,966	278,842	262,298
<b>Investing Activities</b>			
Acquisition of storage facilities, net of cash and restricted cash acquired	(520,943)	(393,298)	(72,603)
Improvements, equipment additions, and construction in progress	(56,397)	(90,995)	(67,397)
Net proceeds from the sale of storage facilities and other real estate	—	207,568	92,280
Return of investment in unconsolidated joint ventures	28,008	—	—
Investment in unconsolidated joint ventures	(26,383)	(25,659)	(7,718)
Loans to unconsolidated joint ventures	(35,850)	—	—
Loan payments received from unconsolidated joint ventures	35,850	—	—
Property deposits	(280)	(138)	(262)
Net cash used in investing activities	(575,995)	(302,522)	(55,700)
<b>Financing Activities</b>			
Net proceeds from sale of partnership units	295,962	376	2,976
Proceeds from line of credit	285,000	305,000	234,000
Repayment of line of credit	(350,000)	(331,000)	(248,000)
Proceeds from term notes, net of discount	398,096	348,166	—
Repayment of term notes	(100,000)	(100,000)	—
Debt issuance costs	(3,490)	(3,099)	(2,126)
Distributions to unitholders	(202,357)	(186,571)	(185,837)
Distributions to noncontrolling interest holders	(1,047)	(993)	(865)
Payments to acquire equity in consolidated subsidiary from noncontrolling interests	(2,000)	—	—
Redemption of operating partnership units	(2,751)	(250)	(376)
Mortgage principal payments	(3,169)	(458)	(1,764)
Net cash provided by (used in) financing activities	314,244	31,171	(201,992)
Net increase in cash and restricted cash	37,215	7,491	4,606
Cash and restricted cash at beginning of period	21,556	14,065	9,459
Cash and restricted cash at end of period	\$ 58,771	\$ 21,556	\$ 14,065
<b>Supplemental cash flow information</b>			
Cash paid for interest, net of interest capitalized	\$ 79,423	\$ 73,378	\$ 69,201
Cash paid for income taxes, net of refunds	\$ 1,294	\$ 1,625	\$ 1,317

See notes to consolidated financial statements.

**LIFE STORAGE, INC. AND LIFE STORAGE LP**  
**DECEMBER 31, 2020**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

## **1. ORGANIZATION**

The Parent Company, which operates as a self-administered and self-managed real estate investment trust (a “REIT”), was formed on April 19, 1995 to own and operate self-storage facilities throughout the United States. On June 26, 1995, the Parent Company commenced operations effective with the completion of its initial public offering. The Parent Company, the Operating Partnership and their consolidated subsidiaries are collectively referred to in this report as the “Company.” In addition, terms such as “we,” “us,” or “our” used in this report may refer to the Company, the Parent Company and/or the Operating Partnership.

At December 31, 2020, we had an ownership interest in, and/or managed 927 self-storage properties in 31 states and Ontario, Canada. Among our 927 self-storage properties are 92 properties that we manage for unconsolidated joint ventures (See Note 11), 238 properties that we manage and have no ownership interest, and five properties that we lease. During 2020, approximately 19% and 12% of the Company’s revenue was derived from stores in the states of Texas and Florida, respectively.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation :** All of the Company’s assets are owned by, and all of its operations are conducted through, the Operating Partnership. Life Storage Holdings, Inc., a wholly-owned subsidiary of the Parent Company (“Holdings”), is the sole general partner of the Operating Partnership; the Parent Company is a limited partner of the Operating Partnership, and, through its ownership of Holdings and its limited partnership interest, controls the operations of the Operating Partnership, holding a 99.6% ownership interest therein as of December 31, 2020. The remaining ownership interests in the Operating Partnership (the “Units”) are held by certain former owners of assets acquired by the Operating Partnership. Share and per share amounts and unit and per unit amounts for all years presented have been adjusted to reflect the impact of the three-for-two distribution of common stock announced by the Company on January 4, 2021 and distributed on January 27, 2021 to shareholders and unitholders of record on January 15, 2021.

We consolidate all wholly owned subsidiaries. Partially owned subsidiaries and joint ventures are consolidated when we control the entity. Our consolidated financial statements include the accounts of the Parent Company, the Operating Partnership, Life Storage Solutions, LLC (one of the Parent Company’s taxable REIT subsidiaries), Warehouse Anywhere LLC, and all other wholly-owned subsidiaries. Prior to July 2, 2020, the Company owned 60% of Warehouse Anywhere LLC. On July 2, 2020, the Company acquired the remaining ownership interest in Warehouse Anywhere LLC for cash payment of \$2.0 million along with potential for the sellers to receive additional future payment based on the 2023 results of Warehouse Anywhere LLC. At the date of acquisition and at December 31, 2020, the Company estimates this potential future payment to be approximately \$0.3 million based on the projected 2023 results of Warehouse Anywhere LLC. All intercompany transactions and balances have been eliminated. Investments in joint ventures that we do not control but for which we have significant influence over are accounted for using the equity method.

Included in the Parent Company’s consolidated balance sheets are noncontrolling redeemable Operating Partnership Units and included in the Operating Partnership’s consolidated balance sheets are limited partners’ redeemable capital interest at redemption value. These interests are presented in the “mezzanine” section of the consolidated balance sheets because they do not meet the functional definition of a liability or equity under current accounting literature. These represent the outside ownership interests of the limited partners in the Operating Partnership. There were 334,149 and 369,699 noncontrolling redeemable Operating Partnership Units outstanding at December 31, 2020 and December 31, 2019, respectively. These unitholders are entitled to receive distributions per unit equivalent to the dividends declared per share on the Parent Company’s common stock. The Operating Partnership is obligated to redeem each of these limited partnership units in the Operating Partnership at the request of the holder thereof for cash equal to the fair market value of a share of the Parent Company’s common stock based on a 10-day average of the daily market price, at the time of such redemption, provided that the Company, at its option, may elect to acquire any such Unit presented for redemption for one common share or cash. The Company accounts for these noncontrolling redeemable Operating Partnership Units under the provisions of Accounting Standards Codification (ASC) Topic 480-10-S99. The application of the ASC Topic 480-10-S99 accounting model requires the noncontrolling interest to follow normal noncontrolling interest accounting and then be marked to redemption value at the end of each reporting period if higher (but never adjusted below that normal noncontrolling interest accounting amount). The offset to the adjustment to the carrying amount of the noncontrolling interests is reflected in the Parent Company’s dividends in excess of net income and in the Operating Partnership’s general partner and limited partners capital balances. Accordingly, in the accompanying consolidated balance sheets, noncontrolling interests are reflected at redemption value at December 31, 2020 and December 31, 2019, equal to the number of noncontrolling interest units outstanding multiplied by the fair market value of the Parent Company’s common stock at that date. Redemption value exceeded the value determined under the Company’s historical basis of accounting at those dates.

The following is a reconciliation of the Parent Company's noncontrolling redeemable Operating Partnership Units and the Operating Partnership's limited partners' redeemable capital interest for the years ending December 31:

(dollars in thousands)	2020	2019
Beginning balance	\$ 26,307	\$ 23,716
Redemption of units	(2,487)	(249)
Net income attributable to noncontrolling interests in the Operating Partnership	789	1,378
Distributions	(1,047)	(993)
Adjustment to redemption value	2,884	2,455
Ending balance	<u>\$ 26,446</u>	<u>\$ 26,307</u>

In 2018, the Operating Partnership issued 53,186 Units with a fair value of \$3.5 million as part of the consideration paid to acquire a self-storage property. The fair value of the Units on the date of issuance was determined based upon the fair market value of the Company's common stock on that date.

In 2020 and 2019, 35,550 and 3,750 Operating Partnership Units, respectively, were redeemed for cash.

**Cash, Cash Equivalents, and Restricted Cash :** The Company considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents. Restricted cash represents those amounts required to be placed in escrow by banks with whom the Company has entered into mortgages and amounts required to be placed into escrow related the Company's tenant reinsurance program which became effective April 1, 2019. Restricted cash is included in other assets in the consolidated balance sheets.

The following table provides a reconciliation of cash and restricted cash reported within the consolidated statements of cash flows for the years ending December 31:

(dollars in thousands)	2020	2019	2018
Cash	\$ 54,400	\$ 17,458	\$ 13,560
Restricted cash	4,371	4,098	505
Total cash and restricted cash	<u>\$ 58,771</u>	<u>\$ 21,556</u>	<u>\$ 14,065</u>

**Accounts Receivable :** Accounts receivable are composed of trade and other receivables recorded at billed amounts and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable uncollectible amounts in the Company's existing accounts receivable. The Company determines the allowance based on a number of factors, including experience, credit worthiness of customers, and current market and economic conditions (see discussion of the impact of the adoption of ASU 2016-13 below). The Company reviews the allowance for doubtful accounts on a regular basis. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The allowance for doubtful accounts is recorded as a reduction of accounts receivable and amounted to \$1.7 million and \$0.7 million at December 31, 2020 and 2019, respectively.

**Revenue and Expense Recognition :** ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)" requires an entity to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. Payment from the Company's revenue streams is due and generally collected upon invoice.

Leases are specifically excluded from the scope of ASU 2014-09 and instead are accounted following the guidance under ASU 2016-20. Rental income is recognized when earned pursuant to the terms of month-to-month leases for storage space. Promotional discounts are recognized as a reduction to rental income over the promotional period, which is generally during the first month of occupancy. Rental income received prior to the start of the rental period is included in deferred revenue.

Management fee income, which relates to managing self-storage facilities for third-parties and unconsolidated joint ventures, is recorded over time each month as the related management services are provided. The total amount of consideration under property management contracts is variable as the Company's management fee is based on monthly revenues. The Company has elected to apply a practical expedient provided in ASC 606-10-55-18 which allows the Company to recognize revenue in the amount of management fees to which the Company has a right to invoice as that amount corresponds directly with the value to the customer of the entity's performance completed to date.

Through March 31, 2019, the Company recognized revenues related to tenant insurance based upon the amount that the Company had the right to invoice following the practical expedient in ASC 606-10-55-18 as such amount corresponds directly with the value to the third-party insurer of the entity's performance completed to date. Beginning April 1, 2019, the Company recognizes revenue related to tenant reinsurance in the period during which premiums are earned and tenant reinsurance is provided.

Equity in earnings of real estate joint ventures that we have significant influence over is recognized based on our ownership interest in the earnings of these entities.

The disaggregated revenues of the Company presented in accordance with ASC Topic 606 “Revenue from Contracts with Customers” are as follows:

(dollars in thousands)	2020	2019	2018
Rental income	\$ 539,554	\$ 510,774	\$ 502,474
Management and acquisition fee income	17,407	14,274	10,571
Revenues related to tenant insurance	44,742	34,902	23,057
Other	15,068	14,789	14,748
<b>Total operating revenues</b>	<b>\$ 616,771</b>	<b>\$ 574,739</b>	<b>\$ 550,850</b>

Cost of operations, general and administrative expense, interest expense and advertising costs are expensed as incurred. For the years ended December 31, 2020, 2019, and 2018, advertising costs were \$15.3 million, \$12.4 million, and \$11.3 million, respectively. The Company accrues property taxes based on actual invoices, estimates and historical trends. If these estimates are incorrect, the timing and amount of expense recognition would be affected.

**Other Operating Income** : Other operating income consists primarily of sales of storage-related merchandise (locks and packing supplies), storage and inventory management services provided by Warehouse Anywhere, and incidental truck rentals.

**Investment in Storage Facilities** : Storage facilities are recorded at cost. The purchase price of acquired facilities is allocated to land, land improvements, building, equipment, and in-place customer leases based on the relative fair value of each component or based on the fair value of each component if accounted for as a business combination. The fair values of the acquired facilities are determined using financial projections and applicable capitalization rates. The fair values of land are determined based upon comparable market sales information using prices per acre derived from observed transactions involving comparable land in similar locations. The fair values of buildings are determined using current replacement cost estimates based on information derived from construction industry data by geographic region as adjusted for age, condition, and the turnkey factor, economic profit and economic obsolescence considerations associated with these assets.

Depreciation is computed using the straight-line method over estimated useful lives of 40 years for buildings and improvements, and five to 20 years for furniture, fixtures and equipment. Estimated useful lives are reevaluated when facts and circumstances indicate that the economic lives of assets do not extend to their currently assigned useful lives. Expenditures for significant renovations or improvements that extend the useful life of assets are capitalized. Depreciation expense was \$117.3 million, \$104.2 million and \$102.3 million for the years ending December 31, 2020, 2019, and 2018, respectively. Interest and other costs incurred during the construction period of major expansions, and on investments in joint ventures with properties under construction, are capitalized. Capitalized interest during the years ended December 31, 2020, 2019, and 2018 was \$0.4 million, \$0.9 million and \$0.6 million, respectively. Repair and maintenance costs are expensed as incurred.

Whenever events or changes in circumstances indicate that the carrying value of the Company’s property may not be recoverable, the Company’s policy is to complete an assessment of impairment. Impairment is evaluated based upon comparing the sum of the property’s expected undiscounted future cash flows to the carrying value of the property. If the sum of the undiscounted cash flows is less than the carrying amount of the property, an impairment loss is recognized for any amount by which the carrying amount of the asset exceeds the fair value of the asset. For the years ended December 31, 2020, 2019, and 2018, no assets have been determined to be impaired under this policy.

In general, sales of real estate and related profits or losses are recognized when control of the underlying assets has transferred.

**Trade Name** : The Company’s trade name, which was acquired in 2016, has an indefinite life and is not amortized but is reviewed for impairment annually or more frequently when facts and circumstances indicate that the carrying value of the Company’s trade name may not be recoverable. We may elect to perform a qualitative assessment that considers economic, industry and company-specific factors as part of our annual test. If, after completing this assessment, it is determined that it is more likely than not that the fair value of the trade name is less than its carrying value, we proceed to a quantitative test. We did not elect to perform a qualitative assessment in 2020.

Quantitative testing requires a comparison of the fair value of the trade name to its carrying value. We use a discounted cash flow analysis under the relief-from-royalty method to estimate the fair value of the trade name. This method incorporates various assumptions, including projected revenue growth rates, the terminal growth rate, the royalty rate to be applied, and the discount rate utilized. If the carrying value of the trade name exceeds the calculated fair value, the trade name is considered impaired to the extent that the carrying value exceeds the fair value. We did not record any impairment in 2020.

**Other Assets** : Included in other assets are restricted cash balances as discussed above, property deposits and the unamortized value placed on in-place customer leases related to self-storage facilities acquired by the Company. Property deposits at December 31, 2020 and 2019 were \$0.6 million and \$0.3 million, respectively.

The Company allocates a portion of the purchase price of acquisitions to in-place customer leases. The methodology used to determine the fair value of in-place customer leases is described in Note 8. The Company amortizes in-place customer leases on a straight-line basis over 12 months (the estimated future benefit period).

**Investment in Unconsolidated Joint Ventures** : The Company’s investment in unconsolidated joint ventures where the Company has significant influence but not control, and joint ventures which are variable interest entities in which the Company is not the primary

beneficiary, are recorded under the equity method of accounting in the accompanying consolidated financial statements. Under the equity method, the Company's investment in unconsolidated joint ventures is stated at cost, adjusted for the Company's share of net earnings or losses, and reduced by distributions. Equity in earnings of unconsolidated joint ventures is generally recognized based on the Company's ownership interest in the earnings of each of the unconsolidated joint ventures. For the purposes of presentation in the statement of cash flows, the Company follows the "look through" approach for classification of distributions from joint ventures. Under this approach, distributions are reported under operating cash flow unless the facts and circumstances of a specific distribution clearly indicate that it is a return of capital (e.g., a liquidating dividend or distribution of the proceeds from the joint venture's sale of assets), in which case it is reported as an investing activity.

**Accounts Payable and Accrued Liabilities :** Accounts payable and accrued liabilities consist primarily of trade payables, accrued interest, property tax accruals, and the Company's lease liability related to operating leases where the Company is the lessee.

**Income Taxes :** The Company qualifies as a REIT under the Internal Revenue Code of 1986, as amended, and will generally not be subject to corporate income taxes to the extent it distributes its taxable income to its shareholders and complies with certain other requirements.

The Company has elected to treat certain of its subsidiaries as taxable REIT subsidiaries. In general, the Company's taxable REIT subsidiaries may perform additional services for tenants and generally may engage in certain real estate or non-real estate related business. A taxable REIT subsidiary is subject to corporate federal and state income taxes. Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities.

The Company recorded federal and state income tax expense of \$1.6 million, \$2.2 million, and \$3.1 million in 2020, 2019, and 2018, respectively, which are included in general and administrative expenses in the consolidated statements of operations. The 2020 income tax expense includes current tax expense of \$1.1 million and deferred tax expense of \$0.5 million. At December 31, 2020 and 2019, there were no material unrecognized tax benefits and as of December 31, 2020 and 2019, the Company had no interest or penalties related to uncertain tax provisions. Interest and penalties relating to uncertain tax positions will be recognized in income tax expense when incurred. Income taxes payable by the Company and the net deferred tax liabilities of our taxable REIT subsidiaries are classified within accounts payable and accrued liabilities in the consolidated balance sheets, while prepaid income taxes are classified within prepaid expenses. As of December 31, 2020, the Company's taxable REIT subsidiaries have deferred tax assets of \$0.4 million and a deferred tax liability of \$1.7 million. As of December 31, 2019, the Company's taxable REIT subsidiaries have deferred tax assets of \$1.6 million and a deferred tax liability of \$2.4 million. The tax years 2017-2020 remain open to examination by the major taxing jurisdictions to which the Company is subject.

The Tax Cuts and Jobs Act (the "TCJA") was enacted on December 20, 2017. The TCJA significantly changed the U.S. federal income tax laws applicable to businesses and their owners, including REITs and their shareholders. Under the TCJA, the corporate income tax rate is reduced from a maximum rate of 35% to a flat 21% rate. The reduced corporate income tax rate, which is effective for taxable years beginning after December 31, 2017, applies to income earned by our taxable REIT subsidiaries.

**Derivative Financial Instruments :** The Company accounts for derivatives in accordance with ASC Topic 815 "*Derivatives and Hedging*," which requires companies to carry all derivatives on the balance sheet at fair value. The Company determines the fair value of derivatives using an income approach. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, if so, the reason for holding it. The Company's use of derivative instruments has been limited to cash flow hedges of certain interest rate risks.

#### **Recent Accounting Pronouncements :**

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*" (ASC 842). This guidance revises existing practice related to accounting for leases under Accounting Standards Codification Topic 840, "*Leases*" (ASC 840) for both lessees and lessors. ASU 2016-02 requires lessees to recognize a right-of-use asset and a lease liability for virtually all leases (other than leases that meet the definition of a short-term lease). The lease liability under this guidance is equal to the present value of lease payments and the right-of-use asset is based on the lease liability, subject to adjustments such as for initial direct costs and prepaid or accrued lease payments. For income statement purposes, the new standard retains a dual model similar to ASC 840, requiring leases to be classified as either operating or finance. For lessees, operating leases result in straight-line expense (similar to previous accounting by lessees for operating leases under ASC 840) while finance leases result in a front-loaded expense pattern (similar to current accounting by lessees for capital leases under ASC 840). While ASC 842 maintains similar accounting for lessors as under ASC 840, the new standard reflects updates to, among other things, align with certain changes to the lessee model. The Company adopted ASU 2016-02 effective as of January 1, 2019. Management determined that the application of ASC 842 did not have a significant impact on the Company's leases existing at the date of adoption where the Company is a lessor. The Company inventoried all leases where the Company is a lessee as of January 1, 2019 and examined certain other contracts to identify whether such contracts contain a lease as defined under the new guidance. The Company's lease population is comprised of leases for land and/or buildings in which certain of the Company's self-storage facilities operate, as well as leases of corporate office space. All leases where the Company is the lessee qualify as operating leases and the Company does not have any financing leases as of the date of adoption of ASU 2016-02 (nor at December 31, 2020 or December 31, 2019). The aggregate right-of-use asset and related lease liability at the initial date of application related to all leases identified by the Company where the Company is a lessee totaled approximately \$16 million. At December 31, 2020 and December 31, 2019, the Company's aggregate right-of-use assets totaled \$20.3 million and \$20.2 million, respectively, and are included in other assets on the consolidated balance sheets. The related lease liabilities total \$19.9 million at December 31, 2020 and December 31, 2019 and are included in

accounts payable and accrued liabilities on the consolidated balance sheets. As discussed further in Note 4, during 2019, the Company exercised its option to purchase a self-storage facility which the Company previously leased under an operating lease. Two of the leases for real estate at which the Company operates self-storage facilities include unilateral options for the Company to extend the terms of these leases. However, those extension periods are not included in the terms of the respective leases under ASC 842 due to the Company's inability to assert that it is reasonably certain to exercise those options based primarily on the length of time before such options would be exercised. Future lease payments which are based on changes to the consumer price index and future common area maintenance charges related to leases of corporate office space have been excluded from the future minimum noncancelable lease payments for the respective leases due to their variable nature. The Company has made the following accounting policy elections and practical expedient elections provided for in ASC 842:

- The package of practical expedients in ASC 842-10-65-1(f) which, if elected, stipulates that for all leases existing at the date of application (1) an entity need not reassess whether any expired or existing contracts contain leases; (2) an entity need not reassess the lease classification for any expired or existing leases; and (3) an entity need not reassess initial direct costs for any existing leases.
- The practical expedient in ASC 842-10-65-1(g) which, if elected, stipulates that an entity may use hindsight at the date of initial application in determining the lease term and in assessing impairment of the entity's right to use assets.
- The practical expedient in ASC 842-10-65-1(gg) which, if elected, stipulates that an entity need not assess whether existing or expired land easements that were not previously accounted for as leases under ASC 840 are or contain a lease under ASC 842.
- The practical expedient in ASC 842-10-15-37 which, if elected, allows a lessee to choose not to separate nonlease components from lease components and instead account for each separate lease component and the nonlease components associated with that lease component as a single lease component.
- The practical expedient in ASC 842-10-15-42A which, if elected, allows a lessor to choose not to separate nonlease components from lease components and, instead, to account for each separate lease component and the nonlease components associated with that lease component as a single lease component if the nonlease components otherwise would be accounted for under ASC 606, "Revenue from Contracts with Customers," and both (1) the timing and pattern of transfer for the lease component and nonlease component(s) associated with the lease component are the same, and (2) the lease component, if accounted for separately, would be classified as an operating lease in accordance with ASC 842-10-25 paragraphs 2 and 3.
- The option in ASC 842-20-25-2 for a lessee to elect, as an accounting policy, not to apply the recognition requirements in ASC 842 to short-term leases and, instead, to recognize the lease payments in profit or loss on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. Leases are considered short-term when they have a term of less than one year.
- The Company has elected to define the term "major part," as referenced in ASC 842-10-25-2 related to the remaining economic life of an asset, as being 75% or more of the remaining economic life of the asset.
- The Company has elected to define the term "substantially all," as referenced in ASC 842-10-25-2 related to the fair value of an asset, as being 90% or more of the fair value of the underlying asset.
- The Company has elected to define the term "at or near the end," as referenced in ASC 842-10-25-2 related to a lease commencement date, as being a date that falls within the last 25% of the total economic life of the underlying asset.

Expenses related to operating leases under ASC 842 totaled \$2.1 million and \$2.4 million in 2020 and 2019, respectively. At December 31, 2020, the weighted average remaining lease term and weighted average discount rate for the Company's operating leases were 11.5 years and 4.7%, respectively.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326)" which makes significant changes to the accounting for credit losses on financial instruments and related disclosures about them. ASU 2016-13 is effective for annual periods beginning after December 15, 2019, and interim periods within those annual periods, and is therefore effective for the Company as of January 1, 2020. The adoption of ASU 2016-13 did not have a material impact on the Company on the date of adoption.

In August 2018, the FASB issued ASU 2018-15, "Intangibles – Goodwill and Other – Internal Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract," which provides guidance to assist entities in accounting for implementation, setup, and other upfront costs (collectively referred to as implementation costs) incurred by entities that are a customer in a hosting arrangement that is a service contract. The amendments in this update are effective for annual periods beginning after December 15, 2019, and interim periods within those annual periods. The adoption of ASU 2018-15 on January 1, 2020 did not have a material impact on the Company, though the treatment of certain costs related to future cloud computing arrangements could be affected.

In August 2020, the FASB issued ASU 2020-06, "Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity," which reduced the number of accounting models for convertible debt instruments and convertible preferred stock, thus simplifying the accounting for convertible instruments. ASU 2020-06 is effective for annual periods beginning after December 31, 2021, and interim periods within those annual periods, and is therefore effective for the Company as of January 1, 2021, with early adoption permitted. Management is

evaluating the impact that the adoption of ASU 2020-06 will have on the Company, including, but not limited to, the accounting for the Company's noncontrolling redeemable Operating Partnership Units.

**Stock-Based Compensation :** The Company accounts for stock-based compensation under the provisions of ASC Topic 718, "Compensation - Stock Compensation." The Company recognizes compensation cost in its financial statements for all share-based payments granted, modified, or settled during the period. For awards with graded vesting, compensation cost is recognized on a straight-line basis over the related vesting period. Forfeitures are recognized when incurred.

The Company recorded compensation expense (included in general and administrative expense) of \$4.6 million, \$4.2 million, and \$6.0 million, respectively, related to amortization of non-vested stock grants for the years ended December 31, 2020, 2019, and 2018. In September 2018, the Company announced that then current Chief Executive Officer David Rogers would be retiring effective March 1, 2019. In conjunction with this announcement, the vesting periods of certain restricted stock awards and performance-based awards previously granted to Mr. Rogers were accelerated to reflect his March 1, 2019 retirement date. As a result of this change, an additional \$0.9 million of compensation expense was recorded in 2018 and an additional \$0.4 million of compensation expense was recorded in 2019.

The Company uses the Black-Scholes Merton option pricing model to estimate the fair value of stock options granted subsequent to the adoption of ASC Topic 718. The application of this pricing model involves assumptions that are judgmental and sensitive in the determination of compensation expense. To determine expected volatility, the Company uses historical volatility based on daily closing prices of its Common Stock over periods that correlate with the expected terms of the options granted. The risk-free rate is based on the United States Treasury yield curve at the time of grant for the expected life of the options granted. Expected dividends are based on the Company's history and expectation of dividend payouts. The expected life of stock options is based on the midpoint between the vesting date and the end of the contractual term. The Company recognizes the impact of any forfeitures as they occur. There were no options granted during the years ended December 31, 2020, 2019 and 2018.

During 2020, 2019, and 2018, the Company issued performance based non-vested stock awards to certain executives. The fair values for the performance-based awards in 2020, 2019 and 2018 were estimated at the time the awards were granted using a Monte Carlo pricing model applying the following weighted-average assumptions:

	2020	2019	2018
Expected life (years)	3.0	3.0	3.0
Risk free interest rate	0.19%	1.64%	2.62%
Expected volatility	28.15%	18.22%	21.36%
Fair value	\$ 78.00	\$ 66.96	\$ 62.17

The Monte Carlo pricing model was not used to value any other non-vested shares granted in 2020, 2019, or 2018 as no market conditions were present in these awards. The value of these other non-vested shares was equal to the stock price of the Company on the date of grant.

**Use of Estimates :** The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### 3. EARNINGS PER SHARE AND EARNINGS PER UNIT

The Company reports earnings per share and earnings per unit data in accordance with ASC Topic 260, "Earnings Per Share." Under ASC Topic 260-10, unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents, whether paid or unpaid, are participating securities and shall be included in the computation of earnings-per-share pursuant to the two-class method. The Parent Company and the Operating Partnership have calculated their basic and diluted earnings per share/unit using the two-class method.

The following table sets forth the computation of basic and diluted earnings per common share of the Parent Company utilizing the two-class method.

(amounts in thousands, except per share data)	Year Ended December 31,		
	2020	2019	2018
<b>Numerator:</b>			
Net income attributable to common shareholders	\$ 151,571	\$ 258,699	\$ 206,590
<b>Denominator:</b>			
Denominator for basic earnings per share - weighted average shares	71,055	69,876	69,752
<b>Effect of Dilutive Securities:</b>			
Stock options and non-vested stock	123	104	144
Denominator for diluted earnings per share - adjusted weighted average shares and assumed conversion	71,178	69,980	69,896
Basic Earnings per common share attributable to common shareholders	\$ 2.13	\$ 3.70	\$ 2.96
Diluted Earnings per common share attributable to common shareholders	\$ 2.13	\$ 3.70	\$ 2.96

The following table sets forth the computation of basic and diluted earnings per common unit of the Operating Partnership utilizing the two-class method.

(amounts in thousands, except per unit data)	Year Ended December 31,		
	2020	2019	2018
<b>Numerator:</b>			
Net income attributable to common unitholders	\$ 151,571	\$ 258,699	\$ 206,590
<b>Denominator:</b>			
Denominator for basic earnings per unit - weighted average units	71,055	69,876	69,752
<b>Effect of Dilutive Securities:</b>			
Stock options and non-vested stock	123	104	144
Denominator for diluted earnings per unit - adjusted weighted average units and assumed conversion	71,178	69,980	69,896
Basic Earnings per common unit attributable to common unitholders	\$ 2.13	\$ 3.70	\$ 2.96
Diluted Earnings per common unit attributable to common unitholders	\$ 2.13	\$ 3.70	\$ 2.96

Not included in the effect of dilutive securities above are 159,228 unvested restricted shares for the year ended December 31, 2020; 120,741 unvested restricted shares for the year ended December 31, 2019; and 8,250 stock options and 152,571 unvested restricted shares for the year ended December 31, 2018. The effects of including these securities would have been anti-dilutive.

#### 4. INVESTMENT IN STORAGE FACILITIES AND INTANGIBLE ASSETS

The following summarizes activity in storage facilities during the years ended December 31, 2020 and December 31, 2019.

(dollars in thousands)	2020	2019
<b>Cost:</b>		
Beginning balance	\$ 4,749,473	\$ 4,398,939
Acquisition of storage facilities	523,922	424,578
Improvements and equipment additions	67,069	91,176
Net (decrease) increase in construction in progress	(9,632)	1,086
Dispositions	(509)	(166,306)
Ending balance	<u>\$ 5,330,323</u>	<u>\$ 4,749,473</u>
<b>Accumulated Depreciation:</b>		
Beginning balance	\$ 756,333	\$ 704,681
Additions during the year	117,168	104,218
Dispositions	(323)	(52,566)
Ending balance	<u>\$ 873,178</u>	<u>\$ 756,333</u>

The Company acquired 40 self-storage facilities during 2020 and 30 self-storage facilities during 2019. The acquisitions of these facilities were accounted for as asset acquisitions. The cost of these facilities, including closing costs, was assigned to land, buildings,



equipment, improvements, construction in progress and in-place customer leases based upon their relative fair values. The operating results of the facilities acquired have been included in the Company's operations since the respective acquisition dates.

The purchase price of the 40 facilities acquired in 2020 and the 30 facilities acquired in 2019 has been assigned as follows:

(dollars in thousands)				Consideration Paid				Acquisition Date Fair Value			
States	Number of Properties	Date of Acquisition	Purchase Price	Cash Paid	Carrying Value of Noncontrolling Interest in Joint Venture	Mortgage Assumed	Net Other Liabilities Assumed (Assets Acquired)	Land	Building, Equipment, and Improvements	Construction in Progress	In-Place Customer Leases
<b>2020</b>											
CA	6	3/9/2020	\$ 124,298	\$ 124,204	\$ —	\$ —	\$ 94	\$ 20,307	\$ 101,734	\$ 582	\$ 1,675
FL, GA, NJ, OH, PA, TX	25	9/29/2020	295,310	293,726	—	—	1,584	32,555	257,844	—	4,911
NJ	1	11/5/2020	13,874	7,521	—	6,353	—	2,158	11,498	—	218
FL	1	11/25/2020	11,492	8,162	3,404	—	(74)	2,032	9,325	—	135
MO	1	12/9/2020	7,499	7,453	—	—	46	1,312	6,070	—	117
FL	1	12/14/2020	10,776	10,744	—	—	32	1,747	8,863	—	166
FL	1	12/14/2020	15,523	15,483	—	—	40	1,240	14,063	—	220
SC	1	12/22/2020	9,583	9,548	—	—	35	671	8,771	—	141
CA	1	12/23/2020	15,857	15,807	—	—	50	3,528	12,127	—	202
NY	1	12/28/2020	16,868	16,873	—	—	(5)	507	16,195	—	166
CA	1	12/30/2020	11,545	11,515	—	—	30	1,588	9,787	—	170
Total acquired 2020	40		\$ 532,625	\$ 521,036	\$ 3,404	\$ 6,353	\$ 1,832	\$ 67,645	\$ 456,277	\$ 582	\$ 8,121

(dollars in thousands)				Consideration Paid				Acquisition Date Fair Value			
States	Number of Properties	Date of Acquisition	Purchase Price	Cash Paid	Carrying Value of Noncontrolling Interest in Joint Venture	Mortgage Assumed	Net Other Liabilities Assumed (Assets Acquired)	Land	Building, Equipment, and Improvements	Construction in Progress	In-Place Customer Leases
<b>2019</b>											
NY	1	1/16/2019	\$ 57,298	\$ 46,531	\$ 10,715	\$ —	\$ 52	\$ 30,094	\$ 26,927	\$ 277	
FL	1	3/8/2019	9,302	—	—	—	80	1,817	7,377	—	108
OH	3	4/30/2019	33,256	32,976	—	—	280	2,105	30,656	—	495
FL	1	6/11/2019	9,955	9,926	—	—	29	662	9,208	—	85
FL, GA, NC, SC, TN, VA	12	7/12/2019	135,330	134,650	—	—	680	20,700	113,368	—	1,262
NV	1	8/29/2019	12,700	12,656	—	—	44	4,586	7,853	—	261
TX	1	9/20/2019	14,399	14,399	—	—	—	1,358	13,041	—	—
WA	3	9/24/2019	56,582	33,959	—	23,007	(384)	20,886	34,878	—	818
MD	5	9/26/2019	63,147	63,270	—	—	(123)	23,768	38,437	—	942
NJ	1	10/23/2019	19,118	19,072	—	—	46	1,875	16,910	—	333
NJ	1	12/12/2019	18,361	18,281	—	—	80	4,058	14,014	—	289
Total acquired 2019	30		\$ 429,448	\$ 394,942	\$ 10,715	\$ 23,007	\$ 784	\$ 111,909	\$ 312,669	\$ 277	\$ 4,870

The six facilities purchased in California during the first quarter of 2020 were acquired from 191 III Life Storage Holdings LLC ("191 III"), an unconsolidated joint venture in which the Company holds a 20% ownership interest. Seventeen of the 25 facilities purchased in the third quarter of 2020 were acquired from Sovran HHF Storage Holdings LLC ("Sovran HHF") and eight of the 25 facilities purchased in the third quarter of 2020 were acquired from Sovran HHF Storage Holdings II LLC ("Sovran HHF II"), unconsolidated joint ventures in which the Company holds 20% and 15% ownership interests, respectively. In accordance with ASC Topic 970, "Real Estate – General," the Company recorded its equity in the profit from the sales of these self-storage facilities as a reduction in the respective purchase price allocated to land and depreciable fixed assets. In addition to the \$124.2 million cash payment for the six self-storage facilities acquired from 191 III, the Company also recognized \$8.4 million as a return on the Company's investment in 191 III as discussed further in Note 11. In addition to the \$293.7 million combined cash payments for the 25 self-storage facilities acquired from Sovran HHF and Sovran HHF II, the Company also recognized \$32.7 million as a return on the Company's investments in Sovran HHF and Sovran HHF II as discussed further in Note 11.

The facility acquired in Florida in November 2020 was acquired as the result of the Company's acquisition of the remaining 15% ownership interest in Urban Box Coralway Storage, LLC ("Urban Box"). Prior to this acquisition, Urban Box was a joint venture between the Company and an otherwise unrelated third-party which had been accounted for by the Company using the equity method of accounting. The purchase price for this acquisition includes the carrying value of the Company's equity investment in Urban Box of \$3.4 million at the time of the acquisition.

One of the facilities acquired in Florida in the fourth quarter of 2020 and the facility acquired in New York in the fourth quarter of 2020 were managed the Company prior to their respective acquisition. The remaining 7 facilities acquired in 2020 were all acquired from unrelated third-parties.

The facility purchased in New York in 2019 was acquired as the result of the Company's acquisition of the remaining 60% ownership interest in Review Avenue Partners, LLC ("RAP"). Prior to this acquisition, RAP was a joint venture between the Company and an otherwise unrelated third-party which had been accounted for by the Company using the equity method of accounting. The purchase price for this acquisition includes the carrying value of the Company's equity investment in RAP of \$10.7 million at the time of the acquisition. The facility acquired in Texas in 2019 was previously leased by the Company from an otherwise unrelated third-party. During 2019, the Company exercised the option to purchase the property for \$14.1 million, inclusive of a \$0.8 million deposit which was made by the Company prior to 2019. The remaining 28 facilities acquired in 2019 were all acquired from unrelated third parties.

Non-cash investing activities during 2020 include the Company's equity investment in Urban Box at carrying value, the assumption of a mortgage with an acquisition-date fair values of \$6.4 million, and the assumption of net other liabilities totaling \$1.8 million. Non-cash investing activities during 2019 include the Company's equity investment in Review Avenue Partners ("RAP") at its carrying value, the assumption of mortgages with acquisition-date fair values totaling \$23.0 million, and the assumption of net other liabilities totaling \$0.8 million. Non-cash investing activities during 2018 include the issuance of \$3.5 million in Operating Partnership Units valued based on the market price of the Company's common stock at the date of acquisition, the assumption of a mortgage with an acquisition-date fair value of \$1.4 million, and the assumption of net other liabilities totaling \$0.2 million.

The Company measures the fair value of in-place customer lease intangible assets based on the Company's experience with customer turnover and the estimated cost to replace the in-place leases. The Company amortizes in-place customer leases on a straight-line basis over 12 months (the estimated future benefit period).

In-place customer leases are included in other assets on the Company's consolidated balance sheets at December 31 as follows:

<u>(dollars in thousands)</u>	<u>2020</u>	<u>2019</u>
In-place customer leases	\$ 86,863	\$ 78,741
Accumulated amortization	(81,455)	(75,832)
Net carrying value at the end of period	<u>\$ 5,408</u>	<u>\$ 2,909</u>

Amortization expense related to in-place customer leases totaled \$5.6 million, \$2.9 million, and \$0.2 million, during the years ended December 31, 2020, 2019, and 2018, respectively. Amortization expense is expected to be \$5.4 million in 2021 based on in-place customer leases at December 31, 2020.

### **Property Dispositions**

No self-storage facilities were sold during 2020. During 2019 the Company sold 32 non-strategic properties and received net cash proceeds of \$207.6 million. The sale resulted in a gain of \$100.2 million, which is reflected within gain on sale of storage facilities in the 2019 consolidated statement of operations. During 2018 the Company sold 13 non-strategic properties and received net cash proceeds of \$91.3 million. Twelve of these properties were sold to Life Storage-HIERS LLC, an unconsolidated joint venture in which the Company maintains a 20% ownership interest, resulting in a gain on sale of \$55.5 million in 2018, which is reflected within gain on sale of storage facilities in the 2018 consolidated statement of operations. Along with the cash proceeds from this sale, the Company received a \$9.1 million equity investment in the joint venture, representing the Company's 20% ownership interest. This represented a non-cash investing activity. The Company subsequently leased a property it had sold during 2017 and continued to operate the property through November 2019. Due to the Company's continuing involvement in this property, the related gain on the sale of this property of \$4.1 million was deferred and recognized by the Company in 2019 upon termination of this lease. This gain is reflected within gain on sale of storage facilities in the 2019 consolidated statement of operations.

### **Change in Useful Life Estimates**

As part of the Company's capital improvement efforts during 2020, 2019, and 2018 buildings at certain self-storage facilities were identified for replacement. As a result of the decision to replace these buildings, the Company reassessed the estimated useful lives of the then existing buildings. This useful life reassessment resulted in increases in depreciation expense of approximately \$5.8 million, \$1.1 million, and \$3.1 million in 2020, 2019, and 2018, respectively. The Company estimates that the change in estimated useful lives of buildings identified for replacement as of December 31, 2020 will not have a significant impact on depreciation expense in 2021.

The accelerated depreciation resulting from the events discussed above reduced both basic and diluted earnings per share/unit by approximately \$0.08, \$0.02, and \$0.04 per share/unit in 2020, 2019, and 2018, respectively.

## 5. UNSECURED LINE OF CREDIT AND TERM NOTES

Borrowings outstanding on our unsecured line of credit and term notes are as follows:

(dollars in thousands)	Dec. 31, 2020	Dec. 31, 2019
Revolving line of credit borrowings	\$ —	\$ 65,000
Term note due August 5, 2021	—	100,000
Term note due April 8, 2024	175,000	175,000
Senior term note due July 1, 2026	600,000	600,000
Senior term note due December 15, 2027	450,000	450,000
Term note due July 21, 2028	200,000	200,000
Senior term note due June 15, 2029	350,000	350,000
Senior term note due October 15, 2030	400,000	—
Total term note principal balance outstanding	2,175,000	1,875,000
Less: unamortized debt issuance costs	(12,833)	(11,146)
Less: unamortized senior term note discount	(6,710)	(5,583)
Term notes payable	<u>\$ 2,155,457</u>	<u>\$ 1,858,271</u>

The Company's unsecured amended and restated credit agreement includes a revolving credit facility with a limit of \$500 million and with a maturity date of March 10, 2023, and initially included a term note in the principal amount of \$100 million with a maturity date of June 4, 2020. Such credit agreement provides for interest on the revolving credit facility at a variable annual rate equal to LIBOR plus a margin based on the Company's credit rating (the margin was 0.95% at December 31, 2020 and December 31, 2019), interest on any term notes at a variable annual rate equal to LIBOR plus a margin based on the Company's credit rating (the margin was 1.00% at December 31, 2020 and December 31, 2019), and requires an annual facility fee on the revolving credit facility which varies based on the Company's credit rating (the facility fee was 0.15% at December 31, 2020 and December 31, 2019). The interest rate on the Company's revolving credit facility at December 31, 2020 was approximately 1.09% (2.75% at December 31, 2019) and the interest rate on any term notes at December 31, 2020 was approximately 1.14% (2.80% at December 31, 2019). The \$100 million of principal on the term note was paid off in 2019 in conjunction with the issuance of the 2029 Senior Notes which are discussed further below. At December 31, 2020, there was \$499.9 million available on the unsecured line of credit. The Company has the option under this credit facility to increase the total aggregate borrowing capacity of the facilities to \$900 million.

On September 23, 2020, the Operating Partnership issued \$400 million in aggregate principal amount of 2.200% unsecured senior notes due October 15, 2030 (the "2030 Senior Notes"). The 2030 Senior Notes were issued at 0.476% discount to par value. Interest on the 2030 Senior Notes is payable semi-annually in arrears on each April 15 and October 15, commencing with April 15, 2021. Proceeds received upon issuance, net of discount to par of \$1.9 million and underwriting and other offering expenses of \$3.5 million, totaled \$394.6 million.

On June 3, 2019, the Operating Partnership issued \$350 million in aggregate principal amount of 4.000% unsecured senior notes due June 15, 2029 (the "2029 Senior Notes"). The 2029 Senior Notes were issued at a 0.524% discount to par value. Interest on the 2029 Senior Notes is payable semi-annually in arrears on each June 15 and December 15. Proceeds received upon issuance, net of discount to par of \$1.8 million and underwriting discount and other offering expenses of \$3.1 million, totaled \$345.1 million.

On December 7, 2017, the Operating Partnership issued \$450 million in aggregate principal amount of 3.875% unsecured senior notes due December 15, 2027 (the "2027 Senior Notes"). The 2027 Senior Notes were issued at a 0.477% discount to par value. Interest on the 2027 Senior Notes is payable semi-annually in arrears on June 15 and December 15. Proceeds received upon issuance, net of discount to par of \$2.1 million and underwriting discount and other offering expenses totaling \$4.0 million, totaled \$443.9 million.

On June 20, 2016, the Operating Partnership issued \$600 million in aggregate principal amount of 3.50% unsecured senior notes due July 1, 2026 (the "2026 Senior Notes"). The 2026 Senior Notes were issued at a 0.553% discount to par value. Interest on the 2026 Senior Notes is payable semi-annually in arrears on January 1 and July 1. Proceeds received upon issuance, net of discount to par of \$3.3 million and underwriting discount and other offering expenses of \$5.5 million, totaled \$591.2 million.

The 2030 Senior Notes, the 2029 Senior Notes, the 2027 Senior Notes and the 2026 Senior Notes are all fully and unconditionally guaranteed by the Parent Company. The indenture under which the 2030 Senior Notes, the 2029 Senior Notes, the 2027 Senior Notes and the 2026 Senior Notes were issued restricts the ability of the Company and its subsidiaries to incur debt unless the Company and its consolidated subsidiaries comply with a leverage ratio not to exceed 60% and an interest coverage ratio of more than 1.5:1 on all outstanding debt, after giving effect to the incurrence of the debt. The indenture also restricts the ability of the Company and its subsidiaries to incur secured debt unless the Company and its consolidated subsidiaries comply with a secured debt leverage ratio not to exceed 40% after giving effect to the incurrence of the debt. The indenture also contains other financial and customary covenants, including a covenant not to own unencumbered assets with a value less than 150% of the unsecured indebtedness of the Company and its consolidated subsidiaries. At December 31, 2020, the Company was in compliance with such covenants.

On July 21, 2016, the Company entered into a \$200 million term note maturing July 21, 2028 bearing interest at a fixed rate of 3.67%.

On April 8, 2014, the Company entered into a \$175 million term note maturing April 8, 2024 bearing interest at a fixed rate of 4.533%. The interest rate on this term note increases to 6.283% if the Company is not rated by at least one rating agency or if the Company's credit rating is downgraded.

In 2011, the Company entered into a \$100 million term note maturing August 5, 2021 bearing interest at a fixed rate of 5.54%. On October 9, 2020, the Company paid off this \$100 million term note in addition to making a make-whole payment of \$4.0 million required as a result of paying off the term note prior to its maturity. Such make-whole payment is included in interest expense in the 2020 consolidated statement of operations.

The line of credit and term notes require the Company to meet certain financial covenants, measured on a quarterly basis, including prescribed leverage, fixed charge coverage, minimum net worth, limitations on additional indebtedness and limitations on dividend payouts. At December 31, 2020, the Company was in compliance with such covenants.

We believe that if operating results remain consistent with historical levels and levels of other debt and liabilities remain consistent with amounts outstanding at December 31, 2020, the entire availability on the line of credit could be drawn without violating our debt covenants.

The Company's fixed rate term notes contain a provision that allows for the noteholders to call the debt upon a change of control of the Company at an amount that includes a make whole premium based on rates in effect on the date of the change of control.

Deferred debt issuance costs and the discount on the outstanding term notes are both presented as reductions of term notes in the accompanying consolidated balance sheets at December 31, 2020 and December 31, 2019. Amortization expense related to these deferred debt issuance costs was \$2.4 million, \$2.3 million and \$2.2 million for the periods ended December 31, 2020, 2019 and 2018, respectively, and is included in interest expense in the consolidated statements of operations.

## 6. MORTGAGES PAYABLE AND DEBT MATURITIES

Mortgages payable at December 31, 2020 and 2019 consist of the following:

(dollars in thousands)	December 31, 2020	December 31, 2019
4.98% mortgage note due January 1, 2021 secured by one self-storage facility with an aggregate net book value of \$9.2 million, principal and interest paid monthly (effective interest rate 5.30%)	\$ —	\$ 2,807
4.065% mortgage note due April 1, 2023, secured by one self-storage facility with an aggregate net book value of \$7.2 million, principal and interest paid monthly (effective interest rate 4.32%)	3,832	3,932
5.26% mortgage note due November 1, 2023, secured by one self-storage facility with an aggregate net book value of \$7.8 million, principal and interest paid monthly (effective interest rate 5.59%)	3,728	3,800
4.4625% mortgage notes due December 6, 2024, secured by three self-storage facilities with an aggregate net book value of \$54.9 million, principal and interest paid monthly (effective interest rate 3.18%)	22,684	22,942
4.44% mortgage note due July 6, 2025, secured by one self-storage facility with an aggregate net book value of \$13.6 million, principal and interest paid monthly (effective interest rate 4.42%)	6,343	—
5.99% mortgage note due May 1, 2026, secured by one self-storage facility with an aggregate net book value of \$6.4 million, principal and interest paid monthly (effective interest rate 6.32%)	1,190	1,370
<b>Total mortgages payable</b>	<b>\$ 37,777</b>	<b>34,851</b>

The table below summarizes the Company's debt obligations at December 31, 2020. The estimated fair value of financial instruments is subjective in nature and is dependent on a number of important assumptions, including discount rates and relevant comparable market information associated with each financial instrument. The fair values of the fixed rate term notes and mortgage notes were estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. These assumptions are considered Level 2 inputs within the fair value hierarchy as described in Note 8. The carrying values of our variable rate debt instruments approximate their fair values as these debt instruments bear interest at current market rates that approximate market participant rates. This is considered a Level 2 input within the fair value hierarchy. The use of different market assumptions and estimation methodologies may have a material effect on the reported estimated fair value amounts. Accordingly, the estimates presented below are not necessarily indicative of the amounts the Company would realize in a current market exchange.

(dollars in thousands)	Expected Maturity Date Including Discount						Total	Fair Value
	2021	2022	2023	2024	2025	Thereafter		
Line of credit—variable rate LIBOR + 0.95% (1.09% at December 31, 2020)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Notes Payable:								
Term note—fixed rate 4.533%	—	—	—	175,000	—	—	175,000	196,728
Term note—fixed rate 3.50%	—	—	—	—	—	600,000	600,000	686,766
Term note—fixed rate 3.875%	—	—	—	—	—	450,000	450,000	519,151
Term note—fixed rate 3.67%	—	—	—	—	—	200,000	200,000	228,550
Term note—fixed rate 4.00%	—	—	—	—	—	350,000	350,000	418,044
Term note—fixed rate 2.20%	—	—	—	—	—	400,000	400,000	402,524
Mortgage note—fixed rate 4.065%	104	108	3,620	—	—	—	3,832	3,806
Mortgage note—fixed rate 5.26%	78	83	3,567	—	—	—	3,728	3,812
Mortgage notes—fixed rate 4.4625%	—	—	—	22,684	—	—	22,684	21,709
Mortgage notes—fixed rate 4.44%	119	125	130	136	5,833	—	6,343	6,301
Mortgage note—fixed rate 5.99%	192	203	216	229	244	106	1,190	1,233
Total	<u>\$ 493</u>	<u>\$ 519</u>	<u>\$ 7,533</u>	<u>\$ 198,049</u>	<u>\$ 6,077</u>	<u>\$ 2,000,106</u>	<u>\$ 2,212,777</u>	

## 7. DERIVATIVE FINANCIAL INSTRUMENTS

In 2018, interest rate swaps were used to adjust the proportion of total debt that is subject to variable interest rates. The interest rate swaps required the Company to pay an amount equal to a specific fixed rate of interest times a notional principal amount and to receive in return an amount equal to a variable rate of interest times the same notional amount. The notional amounts were not exchanged. Forward starting interest rate swaps have also been used by the Company to hedge the risk of changes in the interest-related cash outflows associated with the potential issuance of long-term debt. No other cash payments are made unless the contract is terminated prior to its maturity, in which case the contract would likely be settled for an amount equal to its fair value. The Company has historically entered into interest rate swaps with a number of major financial institutions to minimize counterparty credit risk. There were no interest rate swaps held by the Company at any point during 2020 or 2019.

Interest rate swaps qualify and have been designated as hedges of the amount of future cash flows related to interest payments on variable rate debt. Therefore, interest rate swaps are recorded in the consolidated balance sheets at fair value and the related gains or losses are deferred in shareholders' equity or partners' capital as Accumulated Other Comprehensive Loss ("AOCL"). These deferred gains and losses are recognized in interest expense during the period or periods in which the related interest payments affect earnings. However, to the extent that the interest rate swaps are not perfectly effective in offsetting the change in value of the interest payments being hedged, the ineffective portion of these contracts is recognized in earnings immediately. There was no ineffectiveness in 2020 or 2019, and ineffectiveness was de minimis in 2018.

In 2018, the Company's last remaining interest rate swaps on \$100 million of the Company's variable rate debt expired and were settled by the Company. As a result, no gains or losses related to the expired interest rate swaps are included in AOCL at December 31, 2020, December 31, 2019, or December 31, 2018.

In 2015 and 2016, the Company entered into forward starting interest rate swap agreements to hedge the risk of changes in the interest-related cash flows associated with the potential issuance of fixed rate long-term debt. In conjunction with the issuance of the 2026 Senior Notes (see Note 5), the Company terminated these hedges and settled the forward starting swap agreements for approximately \$9.2 million. The \$9.2 million has been deferred in AOCL and is being amortized as additional interest expense over the 10-year term of the 2026 Senior Notes or until such time as interest payments on the 2026 Senior Notes are no longer probable. The Company expects to record \$0.9 million of interest expense in 2021 as a result of the amortization of the amount deferred in AOCL related to these forward starting interest rate swap agreements.

Payments made or received under the interest rate swap agreements have been reclassified to interest expense as settlements occurred. During 2018, the net reclassification from AOCL to interest expense was (\$0.2 million) based on payments received and made under the swap

agreements. There was no such reclassification in 2020 or 2019 as the Company did not have any interest rate swaps outstanding at any point during those years.

The changes in AOCL for the years ended December 31, 2020, 2019, and 2018 are summarized as follows:

(dollars in thousands)	2020	2019	2018
Accumulated other comprehensive loss beginning of period	\$ (5,958)	\$ (6,875)	\$ (7,587)
Realized loss reclassified from accumulated other comprehensive loss to interest expense	917	917	593
Unrealized gain from changes in the fair value of the effective portion of the interest rate swaps	—	—	119
Amount included in other comprehensive income	917	917	712
Accumulated other comprehensive loss end of period	<u>\$ (5,041)</u>	<u>\$ (5,958)</u>	<u>\$ (6,875)</u>

## 8. FAIR VALUE MEASUREMENTS

The Company applies the provisions of ASC Topic 820 “*Fair Value Measurements and Disclosures*” in determining the fair value of its financial and nonfinancial assets and liabilities. ASC Topic 820 establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration. Level 3 inputs are unobservable inputs based on our own assumptions used to measure assets and liabilities at fair value. A financial asset or liability’s classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Refer to Note 6 for presentation of the fair values of debt obligations which are disclosed at fair value on a recurring basis.

There are no assets or liabilities carried at fair value measured on a recurring basis on the consolidated balance sheets at December 31, 2020 and 2019.

## 9. STOCK BASED COMPENSATION

The Company established the 2015 Award and Option Plan (the “2015 Plan”) for the purpose of attracting and retaining the Company’s executive officers and other key employees. There are 841,500 shares authorized for issuance under the 2015 Plan. The exercise price for qualified incentive stock options must be at least equal to the fair market value of the common shares at the date of grant. As of December 31, 2020, there were no options outstanding under the 2015 Plan and options for 269,933 shares of common stock were available for future issuance. The Company may also grant other stock-based awards under the 2015 Plan, including restricted stock and performance-based awards.

The Company also established the 2009 Outside Directors’ Stock Option and Award Plan (the “2009 Directors’ Plan”) for the purpose of attracting and retaining the services of experienced and knowledgeable outside directors. Prior to April 1, 2016, the 2009 Directors’ Plan provided for the granting of options to purchase shares of common stock to eligible directors. The issuance of stock options to directors was discontinued in 2016. In addition, each outside director received non-vested shares annually equal to 80% of the annual fees paid to them. As of December 31, 2020, options for 24,750 common shares were outstanding under the 2009 Directors’ Plan.

The 2009 Directors’ Plan expired on May 21, 2020 and was replaced by the 2020 Outside Directors’ Stock Award Plan (the “2020 Directors’ Plan”) which provides for the issuance of shares of restricted stock to eligible directors. Such non-vested shares vest over a one-year period. Dividends payable with respect to the restricted stock are accumulated during the vesting period and paid to the respective directors only upon vesting of the restricted stock. There are 150,000 shares authorized for issuance under the 2020 Directors’ Plan. During 2020, 10,720 non-vested shares were issued to outside directors and as of December 31, 2020, 139,280 shares of common stock were available for future issuance. As of December 31, 2020, 10,720 of non-vested shares were outstanding under the 2020 Directors’ Plan.

A summary of the Company's stock option activity and related information for the years ended December 31 follows:

	2020		2019		2018	
	Options	Weighted average exercise price	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding at beginning of year:	24,750	\$ 52.09	34,500	\$ 52.58	141,909	\$ 34.83
Granted	—	—	—	—	—	—
Exercised	—	—	(9,750)	53.83	(107,409)	29.12
Adjusted / (forfeited)	—	—	—	—	—	—
Outstanding at end of year	24,750	\$ 52.09	24,750	\$ 52.09	34,500	\$ 52.58
Exercisable at end of year	24,750	\$ 52.09	24,750	\$ 52.09	34,500	\$ 52.58

A summary of the Company's stock options outstanding at December 31, 2020 follows:

Exercise Price Range	Outstanding		Exercisable	
	Options	Weighted average exercise price	Options	Weighted average exercise price
\$32.95 – \$49.99	8,250	\$ 37.91	8,250	\$ 37.91
\$50.00 – \$61.05	16,500	\$ 59.17	16,500	\$ 59.17
Total	24,750	\$ 52.09	24,750	\$ 52.09
Intrinsic value of outstanding stock options at December 31, 2020				\$ 680,805
Intrinsic value of exercisable stock options at December 31, 2020				\$ 680,805

The intrinsic value of stock options exercised during the years ended December 31, 2019 and 2018 was \$0.1 million, and \$3.5 million, respectively.

Proceeds from stock options exercised during the years ended December 31, 2019 and 2018 totaled \$0.5 million, and \$3.1 million, respectively.

The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the quoted price of the Company's common stock at December 31, 2020, or the price on the date of exercise for those exercised during the year. The weighted average remaining contractual life of all outstanding options, which are all exercisable, is 3.4 years.

#### Non-vested stock

The Company has also issued shares of non-vested stock to employees which vest over one- to eight-year periods. During the restriction period, the non-vested shares may not be sold, transferred, or otherwise encumbered. The holder of the non-vested shares has all rights of a holder of common shares, including the right to vote and receive dividends. For issuances of non-vested stock during the year ended December 31, 2020, the fair market value of the non-vested stock on the date of grant ranged from \$58.39 to \$79.21. During 2020, 60,288 shares of non-vested stock were issued to employees and directors with an aggregate fair value of \$4.3 million. The Company charges the fair value ratably to expense over the vesting period. The Company uses the average of the high and low price of its common stock on the date the award is granted as the fair value for non-vested stock awards that do not have a market condition.

A summary of the status of unvested shares of stock issued to employees and directors as of and during the years ended December 31 follows:

	2020		2019		2018	
	Non-vested Shares	Weighted average grant date fair value	Non-vested Shares	Weighted average grant date fair value	Non-vested Shares	Weighted average grant date fair value
Unvested at beginning of year:	147,723	\$ 63.07	145,004	\$ 60.19	256,214	\$ 47.83
Granted	60,288	71.70	57,849	67.33	47,819	63.55
Vested	(45,767)	63.10	(52,938)	59.89	(101,630)	46.18
Forfeited	(7,474)	59.06	(2,192)	61.84	(57,399)	32.67
Unvested at end of year	154,770	\$ 66.62	147,723	\$ 63.07	145,004	\$ 60.19

Compensation expense of \$4.6 million, \$4.2 million, and \$6.0 million was recognized for the vested portion of non-vested stock grants in 2020, 2019, and 2018, respectively. The fair value of non-vested stock that vested during 2020, 2019, and 2018 was \$2.9 million, \$3.2 million, and \$4.7 million, respectively. The total unrecognized compensation cost related to non-vested stock was \$9.0 million at December 31, 2020, and the remaining weighted-average period over which this expense will be recognized was 4.0 years.

#### Performance-based awards

During 2020, 2019 and 2018, the Company granted performance-based awards that entitle the recipients to earn up to 70,272, 59,634 and 52,140 shares, respectively, if certain performance criteria are achieved over a three-year period. The actual number of shares to be issued will be determined at the end of the three-year period. The Company issued 43,532 and 22,331 performance-based shares in 2020 and 2019, respectively. No performance-based shares were issued in 2018. The performance-based shares issued are based upon the Company's performance over a three-year period depending on the Company's total shareholder return relative to a group of peer companies. Performance-based awards are recognized as compensation expense based on the fair value of the awards on the date of grant, the number of shares ultimately expected to vest and the vesting period of the awards. For accounting purposes, the performance shares are considered to have a market condition. The effect of the market condition is reflected in the grant date fair value of the award and thus, compensation expense is recognized on this type of award provided that the requisite service is rendered (regardless of whether the market condition is achieved). The Company estimated the fair value of each performance-based award granted under the Plans on the date of grant using a Monte Carlo simulation that uses the assumptions noted in Note 2.

During 2020, compensation expense of \$1.6 million (included in the \$4.6 million discussed above) was recognized for performance awards granted in 2020 and prior. The total unrecognized compensation cost related to non-vested performance awards was \$4.3 million at December 31, 2020 and the weighted-average period over which this expense will be recognized is 2.4 years.

#### Deferred compensation plan for Directors

Under the Deferred Compensation Plan for Directors, non-employee Directors may defer all or part of their Directors' fees that are otherwise payable in cash. Directors' fees that are deferred under this plan are credited to each Directors' account under the plan in the form of Units. The number of Units credited is determined by dividing the amount of Directors' fees deferred by the closing price of the Company's Common Stock on the New York Stock Exchange on the day immediately preceding the day upon which Directors' fees otherwise would be paid by the Company. A Director is credited with additional Units for dividends on the shares of Common Stock represented by Units in such Directors' account. A Director may elect to receive the shares in a lump sum on a date specified by the Director or in quarterly or annual installments over a specified period and commencing on a specified date. The Directors may not elect to receive cash in lieu of shares. Under this plan there were a total of 36,654 units outstanding at December 31, 2020. No fees were elected to be deferred by any non-employee Directors in 2020, 2019 or 2018.

## **10. RETIREMENT PLAN**

Employees of the Company qualifying under certain age and service requirements are eligible to be a participant in a 401(k) Plan sponsored by the Company. The Company contributes to the Plan at the rate of 33% of the first 5% of gross wages that the employee contributes. Total expense to the Company was approximately \$926,000, \$842,000, and \$769,000 for the years ended December 31, 2020, 2019, and 2018, respectively.



## 11. INVESTMENT IN JOINT VENTURES

A summary of the Company's unconsolidated joint ventures is as follows:

Venture	Number of Properties at December 31, 2020	Company common ownership interest	Carrying value of investment at December 31, 2020	Carrying value of investment at December 31, 2019
Sovran HHF Storage Holdings LLC ("Sovran HHF") <sup>1</sup>	36	20%	\$60.5 million	\$83.1 million
Sovran HHF Storage Holdings II LLC ("Sovran HHF II") <sup>2</sup>	22	15%	\$27.3 million	\$13.9 million
191 III Holdings LLC ("191 III") <sup>3</sup>	—	20%	—	\$8.9 million
Life Storage-SERS Storage LLC ("SERS")	3	20%	\$3.0 million	\$3.2 million
Life Storage-HIERS Storage LLC ("HIERS") <sup>4</sup>	17	20%	\$14.3 million	\$14.9 million
Iskalo Office Holdings, LLC ("Iskalo") <sup>5</sup>	N/A	49%	(\$2.5 million)	(\$0.4 million)
Bluebird Sanford Storage LP ("Sanford") <sup>6</sup>	1	15.0%	\$0.3 million	\$0.3 million
Bluebird Ingram Storage LP ("Ingram") <sup>7</sup>	1	15.0%	\$1.0 million	\$1.2 million
Life Storage Spacemax, LLC ("Spacemax") <sup>8</sup>	6	40%	\$16.7 million	\$16.1 million
Life Storage Virtus, LLC ("Virtus") <sup>9</sup>	1	20%	\$1.5 million	—
Urban Box Coralway Storage, LLC ("Urban Box") <sup>10</sup>	1	85%	—	\$3.9 million
Joint ventures with properties in development stage <sup>11</sup>	6	Various	\$10.4 million	\$1.3 million
Other unconsolidated joint ventures (5 joint ventures)	5	Various	\$8.0 million	\$8.2 million

<sup>1</sup> In September 2020, the Company acquired 17 self-storage facilities and related assets from Sovran HHF for total consideration of \$175.2 million, which is net of the Company's share of Sovran HHF's gain resulting from the transaction. In connection with this transaction, non-recourse loans with principal balances totaling \$34.0 million were settled. Also in September 2020, Sovran HHF sold four self-storage facilities to an unrelated third-party for total consideration of \$42.3 million, resulting in a gain on sale of \$2.1 million. As of December 31, 2020, the carrying value of the Company's investment in Sovran HHF exceeds its share of the underlying equity in net assets of Sovran HHF by approximately \$1.7 million as a result of the capitalization of certain acquisition related costs in 2008. This difference is included in the carrying value of the investment.

<sup>2</sup> In September 2020, the Company acquired eight self-storage facilities and related assets from Sovran HHF II for total consideration of \$120.2 million, which is net of the Company's share of Sovran HHF II's gain resulting from the transaction. In connection with this transaction, \$35.8 million of cash has been placed into escrow until non-recourse loans related to these properties are able to be paid which is expected to occur in 2021. Also in connection with this transaction, the Company made a \$12.7 million contribution to Sovran HHF II.

<sup>3</sup> 191 III owned six self-storage facilities in California. The Company acquired these six self-storage facilities from 191 III in March 2020 for total contractual consideration of \$124.2 million, which is net of the Company's share of 191 III's gain resulting from the transaction. In connection with this transaction, the non-recourse mortgage loan previously entered into by 191 III was settled. See Note 4 for additional information regarding this transaction. As 191 III no longer operates any self-storage facilities subsequent to the sale of the six self-storage facilities to the Company, the Company received a distribution of \$8.4 million in 2020 as the Company's return of its remaining investment in 191 III. 191 III is expected to be dissolved in 2021.

<sup>4</sup> In 2018, the Company executed a joint venture agreement, Life Storage-HIERS Storage LLC, with an unrelated third-party with the purpose of acquiring and operating self-storage facilities. HIERS acquired 12 self-storage facilities from the Company in 2018 for a total of \$91.3 million. In connection with the acquisition of these self-storage facilities, HIERS entered into \$45.4 million of mortgage debt which is secured by the self-storage facilities acquired. Relating to these transactions, the Company contributed \$9.3 million to the joint venture in 2018, which includes a \$9.1 million equity investment received as a result of the sale of the 12 self-storage facilities to HIERS. In November 2019, HIERS acquired an additional five self-storage facilities for a total of \$56.3 million. In connection with the acquisition of these self-storage facilities, HIERS entered into \$27.6 million of mortgage debt which is secured by the self-storage facilities acquired. During 2019, the Company contributed \$5.7 million as is its share of capital to fund the acquisition of these five self-storage facilities.

<sup>5</sup> Iskalo owns the building that houses the Company's headquarters. The Company paid rent to Iskalo of \$1.3 million during the year ended December 31, 2020 and \$1.2 million during each of the years ended December 31, 2019 and 2018.

<sup>6</sup> In March 2019, the Company executed a joint venture agreement, Bluebird Sanford Storage LP, with an unrelated third-party with the purpose of acquiring and operating a self-storage facility. During 2019, Sanford acquired a self-storage facility for a total of \$4.9 million. In connection with this acquisition, Sanford entered into \$3.2 million of non-recourse mortgage debt. During 2019, the Company contributed \$0.3 million to Sanford as the Company's share of the initial capital investment in the joint venture.

<sup>7</sup> In March 2019, the Company executed a joint venture agreement, Bluebird Ingram Storage, LP, with an unrelated third-party with the purpose of acquiring, further developing, and operating a self-storage facility. During 2019, Ingram acquired a self-storage facility for a total of \$20.7 million. In connection with this acquisition, Ingram entered into \$17.6 million of non-recourse mortgage debt. During 2019, the Company contributed \$1.3 million to Ingram as the Company's share of the initial capital investment in the joint venture.

- <sup>8</sup> In August 2019, the Company executed a joint venture agreement, Life Storage Spacemax, LLC, with an unrelated third-party with the purpose of acquiring and operating self-storage facilities. During 2019, Spacemax acquired six self-storage facilities for a total of \$82.7 million. In connection with this acquisition, Spacemax entered into \$42.0 million of non-recourse mortgage debt. During 2019, the Company contributed \$16.3 million to Spacemax as the Company's share of the initial capital investment in the joint venture.
- <sup>9</sup> In February 2020, the Company executed a joint venture agreement, Life Storage Virtus, LLC, with an unrelated third-party with the purpose of acquiring and operating a self-storage facility. During the first quarter of 2020, Virtus acquired a self-storage facility for a total of \$21.7 million. In connection with this acquisition, Virtus entered into \$14.0 million of non-recourse mortgage debt. During 2020, the Company contributed \$1.7 million to Virtus as the Company's share of the initial capital investment in the joint venture.
- <sup>10</sup> In the fourth quarter of 2020, the Company acquired the remaining 15% ownership of Urban Box for cash payment of \$7.8 million which included the payoff of a \$7.1 million mortgage loan previously entered into by Urban Box. The Company's investment in Urban Box had historically been accounted for by the Company using the equity method of accounting. As a result of this transaction, the Company now owns 100% of Urban Box and has consolidated Urban Box in accordance with ASC 810, "Consolidation" since the date that the remaining 15% ownership interest was acquired. The allocated purchase price of Urban Box also includes the carrying value of the Company's investment in Urban Box which totaled \$3.4 million (see Note 4 for additional information on the accounting for this acquisition).
- <sup>11</sup> The Company has entered into six separate joint ventures, two of which are developing self-storage facilities in Ontario, Canada, and four of which are developing self-storage facilities in the New York City market. The Company has contributed an aggregate total of \$9.1 million, \$0.7 million, and \$0.7 million in 2020, 2019, and 2018, respectively, as its share of capital to fund the development of these self-storage facilities.

Based on the facts and circumstances of each of the Company's joint ventures, the Company has determined that none of the joint ventures at December 31, 2020 are a variable interest entity ("VIE") in accordance with ASC 810, "Consolidation." The Company used the voting model under ASC 810 to determine whether or not to consolidate the joint ventures. Based upon each member's substantive participation rights over the activities as stipulated in the joint venture agreements, none of the joint ventures evaluated under the voting model are consolidated by the Company. Due to the Company's significant influence over the operations of each of the joint ventures, all above joint ventures are accounted for under the equity method of accounting.

During 2019, the Company acquired the remaining 60% ownership in RAP for cash payment of \$46.4 million which included the payoff of a \$30.0 million mortgage loan previously entered into by RAP and \$0.7 million of transfer taxes. The Company's investment in RAP had historically been accounted for by the Company using the equity method of accounting. As a result of this transaction, the Company now owns 100% of RAP and has consolidated RAP in accordance with ASC 810, "Consolidation," since the date that the remaining 60% ownership interest was acquired. The allocated purchase price of RAP also includes the carrying value of the Company's investment in RAP at the date of acquisition which totaled \$10.7 million (see Note 4 for additional information on the accounting for this acquisition).

The carrying values of the Company's investments in joint ventures are assessed for other-than-temporary impairment on a periodic basis and no such impairments have been recorded on any of the Company's investments in joint ventures.

As property manager of the self-storage facilities owned by each of the operational joint ventures, the Company earns management and/or call center fees based on a percentage of joint venture gross revenues. These fees earned from joint ventures, which are included in other operating income in the consolidated statements of operations, totaled \$8.5 million, \$8.9 million and \$7.8 million in 2020, 2019 and 2018, respectively.

The Company's share of the unconsolidated joint ventures' income (loss) is as follows:

(dollars in thousands) Venture	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Sovran HHF	\$ 3,743	\$ 3,747	\$ 3,285
Sovran HHF II	1,884	1,870	1,686
Other unconsolidated joint ventures	(789)	(1,051)	(849)
	<u>\$ 4,838</u>	<u>\$ 4,566</u>	<u>\$ 4,122</u>

A summary of the combined unconsolidated joint ventures' financial statements as of and for the year ended December 31, 2020 is as follows:

<b>(dollars in thousands)</b>	
<b>Balance Sheet Data:</b>	
Investment in storage facilities, net	\$ 1,084,776
Investment in office building, net	4,374
Other assets	61,045
<b>Total Assets</b>	<b>\$ 1,150,195</b>
Due to the Company	\$ 1,064
Mortgages payable	533,361
Other liabilities	17,089
<b>Total Liabilities</b>	<b>\$ 551,514</b>
Unaffiliated partners' equity	458,159
Company equity	140,522
<b>Total Partners' Equity</b>	<b>598,681</b>
<b>Total Liabilities and Partners' Equity</b>	<b>\$ 1,150,195</b>
<b>Income Statement Data:</b>	
Total revenues	\$ 126,847
Property operating expenses	(39,318)
Administrative, management and call center fees	(9,590)
Gain on sale of self-storage facilities	219,694
Depreciation and amortization of customer list	(29,575)
Amortization of financing fees	(962)
Income tax expense	(239)
Interest expense	(22,704)
<b>Net income</b>	<b>\$ 244,153</b>

The Company does not guarantee the debt of any of its equity method investees.

We do not expect to have material future cash outlays relating to these joint ventures outside our share of capital for future acquisitions of properties, our share of capital required for the development of properties under construction, and our share of the payoff of secured debt held by these joint ventures.

A summary of our revenues, expenses and cash flows arising from the off-balance sheet arrangements with unconsolidated joint ventures for the three years ended December 31, 2020 are as follows:

<b>(dollars in thousands)</b>	<b>Year ended December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Operating activities</b>			
Other operating income (management fees and acquisition fee income)	\$ 8,694	\$ 9,298	\$ 7,848
General and administrative expenses (corporate office rent)	1,269	1,198	1,188
Equity in income of joint ventures	4,838	4,566	4,122
Distributions from unconsolidated joint ventures	14,098	10,165	8,561
(Advances to) receipts from joint ventures, net	(95)	(81)	391
<b>Investing activities</b>			
Investment in unconsolidated joint ventures	(26,383)	(25,659)	(7,718)

## 12. SHAREHOLDERS' EQUITY

On June 14, 2018, the Company entered into a continuous equity offering program with multiple sales agents, pursuant to which the Company was permitted to sell up to \$300 million in aggregate offering price of shares of the Company's common stock. This continuous equity offering program was replaced on December 29, 2020, when the Company entered into a new continuous equity offering program with multiple sales agents, pursuant to which the Company may sell up to \$500 million in aggregate offering price of shares of the Company's common stock. Actual sales under this continuous equity offering program will depend on a variety of factors and conditions, including, but not limited to, market conditions, the trading price of the Company's common stock, and determinations of the appropriate sources of funding for the Company. The Company expects to continue to offer, sell and issue shares of common stock under this equity program from time to time based on various factors and conditions, although the Company is under no obligation to sell any shares under this equity program.

During 2020, the Company issued 4,091,666 shares of common stock under these continuous equity offering programs at a weighted average issue price of \$73.16, generating net proceeds of \$296.0 million after deducting \$3.0 million of sales commissions paid to the sales agents, as well as other expenses of \$0.3 million. The Company used such proceeds primarily to fund a portion of the 40 self-storage facilities acquired in 2020. During 2019, and 2018, the Company did not issue any shares of common stock under these equity programs.

On August 2, 2017, the Company's Board of Directors authorized the repurchase of up to \$200 million of the Company's outstanding common shares ("Buyback Program"). The Buyback Program allows the Company to purchase shares of its common stock in accordance with applicable securities laws on the open market, through privately negotiated transactions, or through other methods of acquiring shares. The Buyback Program may be suspended or discontinued at any time. The Company did not repurchase any outstanding common shares under the Buyback Program in 2020, 2019, or 2018.

In 2013, the Company implemented a Dividend Reinvestment Plan. On August 2, 2017, the Company's Board of Directors suspended the Dividend Reinvestment Plan. As a result, the Company did not issue any shares under the Dividend Reinvestment Plan during 2020, 2019, or 2018.

### 13. SUPPLEMENTARY QUARTERLY FINANCIAL DATA (UNAUDITED)

The following is a summary of quarterly results of Life Storage, Inc. operations for the years ended December 31, 2020 and 2019 (dollars in thousands, except per share data):

	2020 Quarter Ended			
	Mar. 31	Jun. 30	Sept. 30	Dec. 31
Operating revenue	\$ 146,943	\$ 147,013	\$ 156,310	\$ 166,505
Net income	36,625	36,648	37,288	41,799
Net income attributable to common shareholders	36,433	36,457	37,095	41,586
Net income per share attributable to common shareholders				
Basic	\$ 0.52	\$ 0.52	\$ 0.52	\$ 0.57
Diluted	\$ 0.52	\$ 0.52	\$ 0.52	\$ 0.57

	2019 Quarter Ended			
	Mar. 31	Jun. 30	Sept. 30	Dec. 31
Operating revenue	\$ 136,522	\$ 145,028	\$ 145,634	\$ 147,555
Net income	34,637	40,964	140,746	43,730
Net income attributable to common shareholders	34,454	40,742	140,002	43,501
Net income per share attributable to common shareholders				
Basic	\$ 0.49	\$ 0.58	\$ 2.00	\$ 0.63
Diluted	\$ 0.49	\$ 0.58	\$ 1.99	\$ 0.63

The following is a summary of quarterly results of Life Storage LP operations for the years ended December 31, 2020 and 2019 (dollars in thousands, except per unit data):

	2020 Quarter Ended			
	Mar. 31	Jun. 30	Sept. 30	Dec. 31
Operating revenue	\$ 146,943	\$ 147,013	\$ 156,310	\$ 166,505
Net income	36,625	36,648	37,288	41,799
Net income attributable to common unitholders	36,433	36,457	37,095	41,586
Net income per unit attributable to common unitholders				
Basic	\$ 0.52	\$ 0.52	\$ 0.52	\$ 0.57
Diluted	\$ 0.52	\$ 0.52	\$ 0.52	\$ 0.57

	2019 Quarter Ended			
	Mar. 31	Jun. 30	Sept. 30	Dec. 31
Operating revenue	\$ 136,522	\$ 145,028	\$ 145,634	\$ 147,555
Net income	34,637	40,964	140,746	43,730
Net income attributable to common unitholders	34,454	40,742	140,002	43,501
Net income per unit attributable to common unitholders				
Basic	\$ 0.49	\$ 0.58	\$ 2.00	\$ 0.63
Diluted	\$ 0.49	\$ 0.58	\$ 1.99	\$ 0.63

See Note 2 for discussion of the Company's three-for-two distribution of common stock announced by the Company on January 4, 2021. See Note 4 for a discussion of the depreciation resulting from the change in estimated useful lives of buildings identified for replacement at certain of the Company's self-storage facilities. See note 5 for financing transactions entered into in 2020 and 2019.

## 14. COMMITMENTS AND CONTINGENCIES

The Company's current practice is to conduct environmental investigations in connection with property acquisitions. At this time, the Company is not aware of any environmental contamination of any of its facilities that individually or in the aggregate would be material to the Company's overall business, financial condition, or results of operations.

At December 31, 2020 the Company has approximately \$26.1 million of operating lease commitments, excluding variable consideration. Future minimum lease payments on land and building leases related to self-storage facilities and the lease of the Company's headquarters are as follows (dollars in thousands):

Year ending December 31:	
2021	\$ 2,388
2022	2,388
2023	2,388
2024	2,374
2025	2,402
Thereafter	14,180
Total	<u>\$ 26,120</u>

At December 31, 2020, the Company was under contract to acquire ten self-storage facilities for an aggregate purchase price of \$111.3 million. During January 2021, the Company completed the acquisition of two of these self-storage facilities for an aggregate purchase price of \$26.3 million. The purchase of the remaining eight self-storage facilities is subject to customary conditions to closing, and there is no assurance that these facilities will be acquired.

At December 31, 2020, the Company has signed contracts in place with third-party contractors for expansion and enhancements at its existing facilities. The Company expects to pay \$24.0 million under these contracts in 2021.

## 15. SUBSEQUENT EVENTS

On January 4, 2021, the Company declared a quarterly dividend of \$0.74 per common share. The dividend was paid on January 27, 2021 to shareholders of record on January 15, 2021. The total dividend paid amounted to \$55.8 million.

Also on January 4, 2021, the Company announced a three-for-two stock split of the Company's common stock, to be made in the form of a 50% stock dividend. Shareholders of record at the close of business on January 15, 2021 received one additional share of Company stock for every two shares owned. These additional shares were distributed on January 27, 2021, with cash distributed in lieu of fractional shares based on the closing price on the record date.

As discussed in Note 14, in January 2021, the Company acquired two self-storage facilities for an aggregate purchase price of \$26.3 million.

During January 2021, the Company issued 1,205,009 shares of common stock under the Company's continuous equity offering program at a weighted average issuance price of \$78.79 per share, generating net proceeds of \$94.0 million.

On January 28, 2021, the Company into a contract to acquire two self-storage facilities for an aggregate purchase price of \$39.3 million. Also, on February 19, 2021, the Company entered into a contract to acquire one self-storage facility from one of the Company's unconsolidated joint ventures for an aggregate purchase price of \$48.6 million. The purchases of these three self-storage facilities are subject to customary conditions to closing, and there is no assurance that these facilities will be acquired.

**Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures****Controls and Procedures (Parent Company)****Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures**

The Parent Company's management conducted an evaluation of the effectiveness of the design and operation of the Parent Company's disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (Exchange Act), under the supervision of and with the participation of the Parent Company's management, including the Chief Executive Officer and Chief Financial Officer. Based on that evaluation, the Parent Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Parent Company's disclosure controls and procedures were effective at December 31, 2020. There have not been changes in the Parent Company's internal controls or in other factors that could significantly affect these controls during the quarter ended December 31, 2020.

**Management's Report on Life Storage, Inc. Internal Control Over Financial Reporting**

Management of Life Storage, Inc. (the "Parent Company") is responsible for establishing and maintaining adequate internal control over financial reporting, and for performing an assessment of the effectiveness of internal control over financial reporting as of December 31, 2020. The Parent Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Parent Company's system of internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Parent Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Parent Company are being made only in accordance with authorizations of management and directors of the Parent Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Parent Company's assets that could have a material effect on the financial statements.

The Parent Company's management performed an assessment of the effectiveness of the Parent Company's internal control over financial reporting as of December 31, 2020 based upon criteria in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) ("COSO"). Based on our assessment, management determined that the Parent Company's internal control over financial reporting was effective as of December 31, 2020 based on the criteria in Internal Control-Integrated Framework issued by COSO.

The effectiveness of the Parent Company's internal control over financial reporting as of December 31, 2020 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included in Item 9A herein.

/S/ Joseph V. Saffire  
Chief Executive Officer

/S/ Andrew J. Gregoire  
Chief Financial Officer

## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Life Storage, Inc.

### Opinion on Internal Control Over Financial Reporting

We have audited Life Storage, Inc.'s internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Life Storage, Inc. (the Parent Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Parent Company as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and financial statement schedule listed in the index at Item 15(a)(2) and our report dated February 23, 2021 expressed an unqualified opinion thereon.

### Basis for Opinion

The Parent Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Life Storage, Inc. Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Parent Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Parent Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Buffalo, New York  
February 23, 2021

## **Controls and Procedures (Operating Partnership)**

### **Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures**

The Operating Partnership's management conducted an evaluation of the effectiveness of the design and operation of the Operating Partnership's disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (Exchange Act), under the supervision of and with the participation of the Operating Partnership's management, including the Chief Executive Officer and Chief Financial Officer. Based on that evaluation, the Operating Partnership's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Operating Partnership's disclosure controls and procedures were effective at December 31, 2020. There have not been changes in the Operating Partnership's internal controls or in other factors that could significantly affect these controls during the quarter ended December 31, 2020.

### **Management's Report on Life Storage LP Internal Control Over Financial Reporting**

Management of Life Storage LP (the "Operating Partnership") is responsible for establishing and maintaining adequate internal control over financial reporting, and for performing an assessment of the effectiveness of internal control over financial reporting as of December 31, 2020. The Operating Partnership's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Operating Partnership's system of internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Operating Partnership; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Operating Partnership are being made only in accordance with authorizations of management and directors of the Operating Partnership; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Operating Partnership's assets that could have a material effect on the financial statements.

The Operating Partnership's management performed an assessment of the effectiveness of the Operating Partnership's internal control over financial reporting as of December 31, 2020 based upon criteria in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) ("COSO"). Based on our assessment, management determined that the Operating Partnership's internal control over financial reporting was effective as of December 31, 2020 based on the criteria in Internal Control-Integrated Framework issued by COSO.

The effectiveness of the Operating Partnership's internal control over financial reporting as of December 31, 2020 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included in Item 9A herein.

/S/ Joseph V. Saffire  
Chief Executive Officer

/S/ Andrew J. Gregoire  
Chief Financial Officer



## Report of Independent Registered Public Accounting Firm

To the Partners and the Board of Directors of Life Storage LP

### Opinion on Internal Control Over Financial Reporting

We have audited Life Storage LP's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Life Storage LP (the Operating Partnership) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Operating Partnership as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, partners' capital and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and financial statement schedule listed in the index at Item 15(a)(2) and our report dated February 23, 2021 expressed an unqualified opinion thereon.

### Basis for Opinion

The Operating Partnership's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Life Storage LP Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Operating Partnership's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Operating Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Buffalo, New York  
February 23, 2021

## Item 9B. Other Information

### Additional Federal Income Tax Considerations

The following supplements, and should be read together with, the general discussion of the tax considerations relating to our qualification as a REIT and the ownership and disposition of our common shares described under the title “Federal Income Tax Considerations” in our prospectus dated June 14, 2018 and prospectus supplement dated December 29, 2020. To the extent any information set forth under the title “Federal Income Tax Considerations” in such prospectus and prospectus supplement is inconsistent with this supplemental information, this supplemental information will apply and supersede the information in the prospectus. This supplemental information is provided on the same basis and subject to the same qualifications as are set forth in the first three paragraphs under the title “Federal Income Tax Considerations” in such prospectus.

The Coronavirus Aid, Relief, and Economic Security Act, Public Law 116-136, as further amended by Consolidated Appropriations Act, 2021, Public Law 116-260 (collectively, the “CARES Act”), made temporary changes to the limitations on the deductibility of business interest and net operating losses (“NOLs”). Prior to enactment of the CARES Act on March 27, 2020, the deductibility of net interest expense paid or accrued on debt properly allocable to a trade or business was limited to 30% of adjusted taxable income (“ATI”). The CARES Act increased the limitation to 50% of ATI for taxable years beginning in 2019 and 2020 unless the taxpayer elects out of the increased limitation rule. For partnerships, including the Operating Partnership, the 50% limitation only applies for the 2020 taxable year. Unless a partner elects otherwise, a special rule applies to allocations of excess business interest for the 2019 taxable year such that 50% of the net interest expense is not subject to any limitation in 2020 at the partner level. We have not made any decisions with respect to electing out of any of these provisions. If we do elect out of these provisions, we may have more REIT taxable income because we remain subject to the lower deductibility limitation.

Prior to enactment of the CARES Act, deductions for NOL carryforwards were limited to 80% of taxable income (before deduction) and NOL carrybacks had been eliminated. The CARES Act temporarily suspends the taxable income limit for NOLs for all taxable years beginning before January 1, 2021, thereby permitting taxpayers to use NOLs to fully offset taxable income (although as a REIT, we will continue to only be able to use NOLs against taxable income remaining after taking into account any dividends-paid deduction). In addition, for taxable years beginning after December 31, 2017 and before January 1, 2021, the CARES Act generally permits taxpayers to carry back their NOLs to each of the five years preceding the taxable year of the loss. Although REITs may not carryback their NOLs, any of our taxable REIT subsidiaries may carryback their NOLs arising in 2018, 2019, and 2020 to the five years preceding the taxable year of the loss.

Under the applicable Treasury Regulations and administrative guidance, withholding under Foreign Account Tax Compliance Act (“FATCA”) generally applies to payments of dividends on our capital stock and interest on our debt securities. While withholding under FATCA would have applied also to payments of gross proceeds from the sale or other disposition of such stock or debt securities on or after January 1, 2019, proposed Treasury Regulations eliminate FATCA withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued. Because we may not know the extent to which a distribution is a dividend for U.S. federal income tax purposes at the time it is made, for purposes of these withholding rules we may treat the entire distribution as a dividend.

Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in our capital stock or our notes.

## Part III

### **Item 10. Directors, Executive Officers and Corporate Governance**

The information contained in the Parent Company's Proxy Statement for the 2021 Annual Meeting of Shareholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2020 ("2021 Proxy Statement"), with respect to directors, executive officers, audit committee, and audit committee financial experts of the Company and Section 16(a) beneficial ownership reporting compliance, is incorporated herein by reference in response to this item.

The Company has adopted a code of ethics that applies to all of its directors, officers, and employees. The Company has made the Code of Ethics available on its website at <http://www.lifestorage.com>.

### **Item 11. Executive Compensation**

The information required is incorporated by reference to "Executive Compensation" and "Director Compensation" in the 2021 Proxy Statement and is incorporated herein by reference.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required herein is incorporated by reference to "Stock Ownership By Directors and Executive Officers" and "Security Ownership of Certain Beneficial Owners" in the 2021 Proxy Statement and is incorporated herein by reference.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required herein is incorporated by reference to "Certain Transactions" and "Election of Directors—Director Independence" in the 2021 Proxy Statement and is incorporated herein by reference.

### **Item 14. Principal Accountant Fees and Services**

The information required herein is incorporated by reference to "Appointment of Independent Registered Public Accounting Firm" in the 2021 Proxy Statement and is incorporated herein by reference.

## Part IV

### Item 15. Exhibits, Financial Statement Schedules

(a) Documents filed as part of this Annual Report on Form 10-K:

1. The following consolidated financial statements of Life Storage, Inc. are included in Item 8.

- (i) Consolidated Balance Sheets as of December 31, 2020 and 2019;
- (ii) Consolidated Statements of Operations for Years Ended December 31, 2020, 2019 and 2018;
- (iii) Consolidated Statements of Comprehensive Income for Years Ended December 31, 2020, 2019 and 2018;
- (iv) Consolidated Statements of Shareholders' Equity for the Years Ended December 31, 2020, 2019 and 2018;
- (v) Consolidated Statements of Cash Flows for Years Ended December 31, 2020, 2019 and 2018; and
- (vi) Notes to Consolidated Financial Statements.

The following consolidated financial statements of Life Storage LP are included in Item 8.

- (i) Consolidated Balance Sheets as of December 31, 2020 and 2019;
- (ii) Consolidated Statements of Operations for Years Ended December 31, 2020, 2019 and 2018;
- (iii) Consolidated Statements of Comprehensive Income for Years Ended December 31, 2020, 2019 and 2018;
- (iv) Consolidated Statements of Partners' Capital for the Years Ended December 31, 2020, 2019 and 2018;
- (v) Consolidated Statements of Cash Flows for Years Ended December 31, 2020, 2019 and 2018; and
- (vi) Notes to Consolidated Financial Statements.

2. The following financial statement Schedule as of the period ended December 31, 2020 is included in this Annual Report on Form 10-K.  
Schedule III Real Estate and Accumulated Depreciation at December 31, 2020.

All other Consolidated financial schedules are omitted because they are inapplicable, not required, or the information is included elsewhere in the consolidated financial statements or the notes thereto.

3. Exhibits

The exhibits required to be filed as part of this Annual Report on Form 10-K have been included as follows:

- 3.1 [Amended and Restated Articles of Incorporation of the Parent Company \(incorporated by reference to Exhibit 3.1 to the Parent Company and the Operating Partnership's Annual Report on Form 10-K filed February 27, 2018\).](#)
- 3.2 [Articles Supplementary to the Amended and Restated Articles of Incorporation of the Parent Company classifying and designating the Series A Junior Participating Cumulative Preferred Stock \(incorporated by reference to Exhibit 3.1 to the Parent Company's Form 8-A filed December 3, 1996\).](#)
- 3.3 [Articles Supplementary to the Amended and Restated Articles of Incorporation of the Parent Company classifying and designating the 9.85% Series B Cumulative Redeemable Preferred Stock \(incorporated by reference to Exhibit 1.6 to the Parent Company's Form 8-A filed July 29, 1999\).](#)
- 3.4 [Articles Supplementary to the Amended and Restated Articles of Incorporation of the Parent Company classifying and designating the 8.375% Series C Convertible Cumulative Preferred Stock \(incorporated by reference to Exhibit 4.1 to the Parent Company's Current Report on Form 8-K filed July 12, 2002\).](#)
- 3.5 [Articles Supplementary to the Amended and Restated Articles of Incorporation of the Parent Company reclassifying shares of Series B Cumulative Redeemable Preferred Stock into Preferred Stock. \(incorporated by reference to Exhibit 3.1 to the Parent Company's Current Report on Form 8-K filed May 31, 2011\).](#)
- 3.6 [Articles of Amendment of the Parent Company \(incorporated by reference to Exhibit 3.1 to the Parent Company and the Operating Partnership's Current Report on Form 8-K filed August 11, 2016\).](#)
- 3.7 [Bylaws, as amended, of the Parent Company \(incorporated by reference to Exhibit 3.2 to the Parent Company and the Operating Partnership's Current Report on Form 8-K filed August 11, 2016\).](#)
- 3.8 [Amendment to Bylaws \(incorporated by reference to Exhibit 3.1 to the Parent Company and the Operating Partnership's Current Report on Form 8-K filed May 19, 2017\).](#)
- 3.9 [Amendment to Bylaws \(incorporated by reference to Exhibit 3.1 to the Parent Company and Operating Partnership's Current Report on Form 8-K filed May 31, 2019\).](#)
- 3.10 [Amended and Restated Certificate of Limited Partnership \(incorporated by reference to Exhibit 3.3 to the Parent Company and the Operating Partnership's Current Report on Form 8-K filed August 11, 2016\).](#)
- 3.11 [Agreement of Limited Partnership of the Operating Partnership \(incorporated by reference to Exhibit 3.1 on Form 10 filed April 22, 1998\).](#)
- 3.12 [Amendments to the Agreement of Limited Partnership of the Operating Partnership dated July 30, 1999 and July 3, 2002 \(incorporated by reference to Exhibit 10.13 to the Parent Company's Annual Report on Form 10-K filed February 27, 2009\).](#)
- 3.13 [Amendment to Agreement of Limited Partnership of the Operating Partnership \(incorporated by reference to Exhibit 3.4 to the Parent Company and the Operating Partnership's Current Report on Form 8-K filed August 11, 2016\).](#)
- 3.14 [Amendment to Agreement of Limited Partnership of the Operating Partnership \(incorporated by reference to Exhibit 3.1 to the Parent Company and the Operating Partnership's Quarterly Report on Form 10-Q filed August 2, 2018\).](#)
- 4.1 Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Parent Company's Registration Statement on Form S-11 (File No. 33-91422) filed June 19, 1995). P
- 4.2 [Base Indenture, dated as of June 20, 2016, among the Company, the Operating Partnership and Wells Fargo Bank, National Association \(incorporated by reference to Exhibit 4.1 to the Parent Company and the Operating Partnership's Current Report on Form 8-K filed June 20, 2016\).](#)
- 4.3 [First Supplemental Indenture, dated as of June 20, 2016, among the Parent Company, the Operating Partnership and Wells Fargo Bank, National Association \(incorporated by reference to Exhibit 4.2 to the Parent Company and the Operating Partnership's Current Report on Form 8-K filed June 20, 2016\).](#)
- 4.4 [Form of Note representing the Notes \(incorporated by reference to Exhibit 4.3 to the Parent Company and the Operating Partnership's Current Report on Form 8-K filed June 20, 2016\).](#)
- 4.5 [Form of Guarantee \(included in Exhibit 4.4\).](#)
- 4.6 [Second Supplemental Indenture, dated as of December 7, 2017, among the Parent Company, the Operating Partnership and Wells Fargo Bank, National Association \(incorporated by reference to Exhibit 4.1 to the Parent Company and the Operating Partnership's Current Report on Form 8-K filed December 7, 2017\).](#)
- 4.7 [Form of Note representing the Notes \(incorporated by reference to Exhibit 4.2 to the Parent Company and the Operating Partnership's Current Report on Form 8-K filed December 7, 2017\).](#)

- 4.8 [Form of Guarantee \(included in Exhibit 4.7\).](#)
- 4.9 [Third Supplemental Indenture, dated as of June 3, 2019, among the Parent Company, the Operating Partnership and Wells Fargo Bank, National Association \(incorporated by reference to Exhibit 4.1 to the Parent Company and the Operating Partnership's Current Report on Form 8-K filed June 3, 2019\).](#)
- 4.10 [Form of Note representing the Notes \(incorporated by reference to Exhibit 4.2 to the Parent Company and the Operating Partnership's Current Report on Form 8-K filed June 3, 2019\).](#)
- 4.11 [Form of Guarantee \(included in Exhibit 4.10\).](#)
- 4.12 [Fourth Supplemental Indenture, dated as of September 23, 2020, among the Company, the Operating Partnership and Wells Fargo Bank, National Association \(incorporated by reference to Exhibit 4.1 to the Parent Company and Operating Partnership's Current Report on Form 8-K filed September 23, 2020\).](#)
- 4.13 [Form of Note representing the Notes \(incorporated by reference to Exhibit 4.2 to the Parent Company and Operating Partnership's Current Report on Form 8-K filed September 23, 2020\).](#)
- 4.14 [Form of Guarantee \(included in Exhibit 4.13\).](#)
- 4.15 [Description of Securities Registered Under Section 12 of the Exchange Act of 1934.\(incorporated by reference to Exhibit 4.12 to the Parent Company and the Operating Partnership Annual Report on 10-K filed February 25, 2020\).](#)
- 10.1+ [2015 Award and Option Plan, as amended \(incorporated by reference to Exhibit 10.1 to the Parent Company and the Operating Partnership's Annual Report on Form 10-K filed February 27, 2017\).](#)
- 10.2+ [Deferred Compensation Plan for Directors \(incorporated by reference to the Parent Company's Schedule 14A Proxy Statement filed April 8, 2015\).](#)
- 10.3+ [Form of Indemnification Agreements with members of the Board of Directors \(incorporated by reference to Exhibit 10.1 to the Parent Company and Operating Partnership's Current Report on Form 8-K filed February 16, 2021\).](#)
- 10.4 [Seventh Amended and Restated Revolving Credit and Term Loan Agreement dated as of October 30, 2018 among the Parent Company, the Operating Partnership, Wells Fargo Bank, National Association, Manufacturers and Traders Trust Company and certain other lending institutions a party thereto or which may become a party thereto \(collectively, the "Lenders"\), Manufacturers and Traders Trust Company, as administrative agent for itself and the other Lenders, Wells Fargo Bank, National Association and Citibank, N.A., as syndication agents, and U.S. Bank National Association, HSBC Bank USA, National Association, PNC Bank, National Association and SunTrust Bank as co-documentation agents \(incorporated by reference to Exhibit 10.2 to the Parent Company and the Operating Partnership's Quarterly Report on Form 10-Q filed November 1, 2018\).](#)
- 10.5 [Note Purchase Agreement dated as of April 8, 2014 among the Parent Company, the Operating Partnership and the institutions named in Schedule A thereto as purchasers of \\$175 million, 4.533% Senior Guaranteed Notes, Series E due April 8, 2024 \(incorporated by reference to Exhibit 10.1 to the Parent Company's Current Report on Form 8-K filed April 9, 2014\).](#)
- 10.6 [Amendment No. 2 to Note Purchase Agreement \(2014\) dated June 29, 2016 by and among the Parent Company and the Operating Partnership and the Required Holders \(incorporated by reference to Exhibit 10.2 to the Parent Company and the Operating Partnership's Current Report on Form 8-K filed July 6, 2016\).](#)
- 10.7 [Amendments to Note Purchase Agreement \(2014\) \(incorporated by reference to Exhibit 10.25 to the Parent Company and the Operating Partnership's Annual Report on Form 10-K filed February 27, 2018\).](#)
- 10.8 [Note Purchase Agreement dated as of July 21, 2016 among the Parent Company and the Operating Partnership and the institutions named in Schedule A thereto as purchasers \(incorporated by reference to Exhibit 10.1 to the Parent Company and the Operating Partnership's Current Report on Form 8-K filed July 26, 2016\).](#)
- 10.9 [Amendment to Note Purchase Agreement \(2016\) \(incorporated by reference to Exhibit 10.27 to the Parent Company and the Operating Partnership's Annual Report on Form 10-K filed February 27, 2018\).](#)
- 10.10+ [Amended and Restated 2009 Outside Directors Stock Option and Award Plan \(incorporated by reference to the Parent Company's Schedule 14A Proxy Statement filed April 16, 2019\).](#)
- 10.11+ [Outside Directors' Stock Award Plan \(incorporated by reference to the Parent Company's Schedule 14A Proxy Statement filed April 17, 2020\).](#)
- 10.12\*+ [Outside Director Fee Schedule.](#)
- 10.13+ [Annual Incentive Compensation Plan for Executive Officers, as amended \(incorporated by reference to Exhibit 10.1 to the Parent Company and the Operating Partnership's Quarterly Report on Form 10-Q filed May 3, 2018\).](#)
- 10.14+ [Amended and Restated Employment Agreement between the Parent Company, the Operating Partnership and Andrew J. Gregoire dated November 1, 2017 \(incorporated by reference to Exhibit 10.5 to the Parent Company and the Operating Partnership's Quarterly Report on Form 10-Q filed November 3, 2017\).](#)

- 10.15+ [Amended and Restated Employment Agreement between the Parent Company, the Operating Partnership and Edward F. Killeen dated November 1, 2017 \(incorporated by reference to Exhibit 10.6 to the Parent Company and the Operating Partnership's Quarterly Report on Form 10-Q filed November 3, 2017\).](#)
- 10.16+ [Employment Agreement between the Parent Company, the Operating Partnership and Joseph Saffire dated November 1, 2017 \(incorporated by reference to Exhibit 10.1 to the Parent Company and the Operating Partnership's Quarterly Report on Form 10-Q filed November 3, 2017\).](#)
- 10.17+ [Form of Long Term Incentive Restricted Stock Award Notice \(incorporated by reference to Exhibit 10.2 to the Parent Company and the Operating Partnership's Quarterly Report on Form 10-Q filed November 3, 2017\).](#)
- 10.18+ [Letter Agreement between the Parent Company and Joseph V. Saffire \(incorporated by reference to Exhibit 10.1 to the Parent Company and the Operating Partnership's Current Report on Form 8-K filed March 1, 2019\).](#)
- 10.19+ [Form of Long Term Incentive Restricted Stock Award Notice \(incorporated by reference to Exhibit 10.1 to the Parent Company and the Operating Partnership's Current Report on Form 8-K filed February 27, 2017\).](#)
- 10.20+ [Form of Performance-Based Award Notice \(incorporated by reference to Exhibit 10.2 to the Parent Company and the Operating Partnership's Current Report on Form 8-K filed February 27, 2017\).](#)
- 10.21+ [Form of Long Term Incentive Restricted Stock Award Notice \(incorporated by reference to Exhibit 10.1 to the Parent Company and the Operating Partnership's Current Report on Form 8-K filed January 4, 2018\).](#)
- 10.22+ [Form of Performance-Based Award Notice \(incorporated by reference to Exhibit 10.2 to the Parent Company and the Operating Partnership's Current Report on Form 8-K filed January 4, 2018\).](#)
- 10.23+ [Form of Long Term Incentive Restricted Stock Award Notice \(incorporated by reference to Exhibit 10.1 to the Parent Company and the Operating Partnership's Current Report on Form 8-K filed May 8, 2018\).](#)
- 10.24+ [Form of Performance-Based Award Notice \(incorporated by reference to Exhibit 10.2 of the Parent Company and the Operating Partnership's Current Report on Form 8-K filed May 8, 2018\).](#)
- 10.25+ [Form of Long Term Incentive Stock Award Notice \(incorporated by reference to Exhibit 10.1 to the Parent Company and the Operating Partnership's Current Report on Form 8-K filed December 21, 2018\).](#)
- 10.26+ [Form of Performance-Based Award Notice \(incorporated by reference to Exhibit 10.2 to the Parent Company and the Operating Partnership's Current Report on Form 8-K filed December 21, 2018\).](#)
- 10.27+ [Form of Long Term Incentive Restricted Stock Award Notice \(incorporated by reference to Exhibit 10.1 to the Parent Company and the Operating Partnership's Current Report on Form 8-K filed December 19, 2019\).](#)
- 10.28+ [Form of Performance-Based Award Notice \(incorporated by reference to Exhibit 10.2 to the Parent Company and the Operating Partnership's Current Report on Form 8-K filed December 19, 2019\).](#)
- 10.29+ [Form of Long Term Restricted Stock Award Notice \(incorporated by reference to Exhibit 10.1 to the Parent Company and Operating Partnership's Current Report on Form 8-K filed December 18, 2020\).](#)
- 10.30+ [Form of Performance-Based Award Notice \(incorporated by reference to Exhibit 10.2 to the Parent Company and Operating Partnership's Current Report on Form 8-K filed December 18, 2020\).](#)
- 10.31 [Form of Equity Distribution Agreement, dated December 29, 2020, by and among the Parent Company, the Operating Partnership, Life Storage Holdings, Inc. and the Sales Agents \(incorporated by reference to Exhibit 1.1 of the Parent Company and Operating Partnership's Current Report on Form 8-K filed December 29, 2020\).](#)
- 21.1\* [Subsidiaries of the Company.](#)
- 23.1\* [Consent of Independent Registered Public Accounting Firm](#)
- 23.2\* [Consent of Independent Registered Public Accounting Firm](#)
- 24.1\* [Powers of Attorney \(included on signature pages\).](#)
- 31.1\* [Certification of Chief Executive Officer of Life Storage, Inc. pursuant to Rule 13a-14\(a\) and Rule 15d-14\(a\) of the Securities Exchange Act, as amended.](#)
- 31.2\* [Certification of Chief Financial Officer of Life Storage, Inc. pursuant to Rule 13a-14\(a\) and Rule 15d-14\(a\) of the Securities Exchange Act, as amended.](#)
- 31.3\* [Certification of Chief Executive Officer of Life Storage LP pursuant to Rule 13a-14\(a\) and Rule 15d-14\(a\) of the Securities Exchange Act, as amended.](#)
- 31.4\* [Certification of Chief Financial Officer of Life Storage LP pursuant to Rule 13a-14\(a\) and Rule 15d-14\(a\) of the Securities Exchange Act, as amended.](#)

- 32.1\* [Certification of Chief Executive Officer and Chief Financial Officer of Life Storage, Inc. Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2\* [Certification of Chief Executive Officer and Chief Financial Officer of Life Storage LP Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101\* The following financial statements from the Life Storage, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2020, formatted in inline XBRL, as follows:
- (i) Consolidated Balance Sheets at December 31, 2020 and 2019;
  - (ii) Consolidated Statements of Operations for Years Ended December 31, 2020, 2019 and 2018;
  - (iii) Consolidated Statements of Comprehensive Income for Years Ended December 31, 2020, 2019 and 2018;
  - (iv) Consolidated Statements of Shareholders' Equity for Years Ended December 31, 2020, 2019 and 2018;
  - (v) Consolidated Statements of Cash Flows for Years Ended December 31, 2020, 2019 and 2018; and
  - (vi) Notes to Consolidated Financial Statements.
- The following financial statements from the Life Storage LP's Annual Report on Form 10-K for the year ended December 31, 2020, formatted in inline XBRL, as follows:
- (i) Consolidated Balance Sheets at December 31, 2020 and 2019;
  - (ii) Consolidated Statements of Operations for Years Ended December 31, 2020, 2019 and 2018;
  - (iii) Consolidated Statements of Comprehensive Income for Years Ended December 31, 2020, 2019 and 2018;
  - (iv) Consolidated Statements of Partners' Capital for Years Ended December 31, 2020, 2019 and 2018;
  - (v) Consolidated Statements of Cash Flows for Years Ended December 31, 2020, 2019 and 2018; and
  - (vi) Notes to Consolidated Financial Statements.
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)
- \* Filed herewith.
- + Management contract or compensatory plan or arrangement.

**Item 16. Form 10-K Summary**

Not applicable.



SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

February 23, 2021

LIFE STORAGE, INC.

By: /s/ Andrew J. Gregoire  
 Andrew J. Gregoire  
 Chief Financial Officer  
 (Principal Accounting Officer)

February 23, 2021

LIFE STORAGE LP

By: /s/ Andrew J. Gregoire  
 Andrew J. Gregoire  
 Chief Financial Officer  
 (Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Mark G. Barberio</u> Mark G. Barberio	Chair of Board and Director of Life Storage, Inc.	February 23, 2021
<u>/s/ Joseph V. Saffire</u> Joseph V. Saffire	Chief Executive Officer (Principal Executive Officer) and Director of Life Storage, Inc. and Life Storage Holdings, Inc., general partner of Life Storage LP	February 23, 2021
<u>/s/ Andrew J. Gregoire</u> Andrew J. Gregoire	Chief Financial Officer (Principal Financial and Accounting Officer) of Life Storage, Inc. and Life Storage Holdings, Inc., general partner of Life Storage LP	February 23, 2021
<u>/s/ Charles E. Lannon</u> Charles E. Lannon	Director of Life Storage, Inc.	February 23, 2021
<u>/s/ Stephen R. Rusmisl</u> Stephen R. Rusmisl	Director of Life Storage, Inc.	February 23, 2021
<u>/s/ Arthur L. Havener, Jr.</u> Arthur L. Havener, Jr.	Director of Life Storage, Inc.	February 23, 2021
<u>/s/ Dana Hamilton</u> Dana Hamilton	Director of Life Storage, Inc.	February 23, 2021
<u>/s/ Edward J. Pettinella</u> Edward J. Pettinella	Director of Life Storage, Inc.	February 23, 2021
<u>/s/ David L. Rogers</u> David L. Rogers	Director of Life Storage, Inc.	February 23, 2021
<u>/s/ Susan S. Harnett</u> Susan S. Harnett	Director of Life Storage, Inc.	February 23, 2021

**Life Storage, Inc. and Life Storage LP**  
**Schedule III**  
**Combined Real Estate and Accumulated Depreciation**  
**(in thousands)**  
**December 31, 2020**

Description	New	ST	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition Building, Equipment and Impvmts.	Gross Amount at Which Carried at Close of Period			Accum. Deprec.	Date of Const.	Date Acquired	Life on which depreciation in latest income statement is computed	
			Encumbrance	Land		Building, Equipment and Impvmts.	Land	Building, Equipment and Impvmts.					Total
Charleston		SC	\$ 416	\$ 1,516	\$ 2,473	\$ 416	\$ 3,989	\$ 4,405	\$ 2,000	1985	6/26/1995	5 to 40 years	
Lakeland		FL	397	1,424	1,761	397	3,185	3,582	1,625	1985	6/26/1995	5 to 40 years	
Charlotte		NC	308	1,102	3,686	747	4,349	5,096	1,705	1986	6/26/1995	5 to 40 years	
Youngstown		OH	239	1,110	2,634	239	3,744	3,983	1,680	1980	6/26/1995	5 to 40 years	
Cleveland		OH	701	1,659	3,838	1,036	5,162	6,198	1,934	1987/15	6/26/1995	5 to 40 years	
Pt. St. Lucie			395	1,501	3,499	779	4,616	5,395	1,543	1985/2019	6/26/1995	5 to 40 years	
Orlando - Deltona		FL	483	1,752	2,472	483	4,224	4,707	2,230	1984	6/26/1995	5 to 40 years	
NY Metro-Middletown		NY	224	808	4,545	224	5,353	5,577	1,404	1988/17	6/26/1995	5 to 40 years	
Buffalo		NY	423	1,531	4,159	497	5,616	6,113	2,501	1981	6/26/1995	5 to 40 years	
Rochester		NY	395	1,404	3,460	395	4,864	5,259	1,062	1981	6/26/1995	5 to 40 years	
Jacksonville		FL	152	728	3,947	687	4,140	4,827	1,488	1985	6/26/1995	5 to 40 years	
Boston			363	1,679	935	363	2,614	2,977	1,549	1980	6/26/1995	5 to 40 years	
Rochester		NY	230	847	2,345	234	3,188	3,422	1,197	1980	6/26/1995	5 to 40 years	
Boston		MA	680	1,616	952	680	2,568	3,248	1,468	1986	6/26/1995	5 to 40 years	
Savannah		GA	463	1,684	4,996	1,445	5,698	7,143	3,008	1981	6/26/1995	5 to 40 years	
Raleigh-Durham		NC	649	2,329	1,657	649	3,986	4,635	2,194	1985	6/26/1995	5 to 40 years	
Hartford-New Haven		CT	387	1,402	4,051	387	5,453	5,840	2,022	1985	6/26/1995	5 to 40 years	
Atlanta		GA	844	2,021	1,074	844	3,095	3,939	1,825	1988	6/26/1995	5 to 40 years	
Atlanta		GA	302	1,103	756	303	1,858	2,161	1,099	1988	6/26/1995	5 to 40 years	
Buffalo		NY	315	745	4,108	517	4,651	5,168	1,804	1984	6/26/1995	5 to 40 years	
Raleigh-Durham		NC	321	1,150	3,534	321	4,684	5,005	1,485	1985	6/26/1995	5 to 40 years	
Columbia		SC	189	719	4,410	189	5,129	5,318	818	1989/2020	6/26/1995	5 to 40 years	
Atlanta		GA	430	1,579	2,439	602	3,846	4,448	1,908	1988	6/26/1995	5 to 40 years	
Orlando		FL	513	1,930	955	513	2,885	3,398	1,764	1988	6/26/1995	5 to 40 years	
Sharon		PA	194	912	715	194	1,627	1,821	946	1975	6/26/1995	5 to 40 years	
Ft. Lauderdale		FL	1,503	3,619	1,597	1,503	5,216	6,719	2,814	1985	6/26/1995	5 to 40 years	
West Palm		FL	398	1,035	706	398	1,741	2,139	992	1985	6/26/1995	5 to 40 years	
Atlanta		GA	423	1,015	3,421	424	4,435	4,859	1,055	1989	6/26/1995	5 to 40 years	
Atlanta		GA	483	1,166	1,355	483	2,521	3,004	1,342	1988	6/26/1995	5 to 40 years	
Atlanta		GA	308	1,116	1,051	308	2,167	2,475	1,235	1986	6/26/1995	5 to 40 years	
Atlanta		GA	170	786	986	174	1,768	1,942	996	1981	6/26/1995	5 to 40 years	
Atlanta		GA	413	999	947	413	1,946	2,359	1,245	1975	6/26/1995	5 to 40 years	
Baltimore		MD	154	555	1,589	306	1,992	2,298	1,035	1984	6/26/1995	5 to 40 years	
Baltimore		MD	479	1,742	3,258	479	5,000	5,479	2,363	1988	6/26/1995	5 to 40 years	
Melbourne		FL	883	2,104	5,387	883	7,491	8,374	2,312	1986/2019	6/26/1995	5 to 40 years	
Newport News		VA	316	1,471	1,183	316	2,654	2,970	1,544	1988	6/26/1995	5 to 40 years	
Pensacola		FL	632	2,962	2,030	651	4,973	5,624	2,950	1983	6/26/1995	5 to 40 years	
Hartford		CT	715	1,695	1,446	715	3,141	3,856	1,804	1988	6/26/1995	5 to 40 years	
Atlanta		GA	304	1,118	3,024	619	3,827	4,446	1,922	1988	6/26/1995	5 to 40 years	
Alexandria		VA	1,375	3,220	3,196	1,376	6,415	7,791	3,598	1984	6/26/1995	5 to 40 years	
Pensacola		FL	244	901	751	244	1,652	1,896	968	1986	6/26/1995	5 to 40 years	
Melbourne		FL	834	2,066	3,590	1,591	4,899	6,490	1,996	1986/15	6/26/1995	5 to 40 years	
Hartford		CT	234	861	3,649	612	4,132	4,744	1,653	1992	6/26/1995	5 to 40 years	
Atlanta		GA	256	1,244	2,469	256	3,713	3,969	1,878	1988	6/26/1995	5 to 40 years	
Norfolk		VA	313	1,462	2,856	313	4,318	4,631	1,907	1984	6/26/1995	5 to 40 years	
Birmingham		AL	307	1,415	1,953	385	3,290	3,675	1,747	1990	6/26/1995	5 to 40 years	

Description	New	ST	Encumbrance	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period			Accum. Deprec.	Date of Const.	Date Acquired	Life on which depreciation in latest income statement is computed
				Land	Building, Equipment and Impvmts.	Building, Equipment and Impvmts.	Land	Building, Equipment and Impvmts.	Total				
Birmingham		AL		730	1,725	3,073	730	4,798	5,528	2,032	1990	6/26/1995	5 to 40 years
Montgomery		AL		863	2,041	1,574	863	3,615	4,478	1,996	1982	6/26/1995	5 to 40 years
Jacksonville		FL		326	1,515	1,471	326	2,986	3,312	1,496	1987	6/26/1995	5 to 40 years
Pensacola		FL		369	1,358	3,550	369	4,908	5,277	2,404	1986	6/26/1995	5 to 40 years
Pensacola		FL		244	1,128	2,959	720	3,611	4,331	1,570	1990	6/26/1995	5 to 40 years
Pensacola		FL		226	1,046	991	226	2,037	2,263	1,164	1990	6/26/1995	5 to 40 years
Tampa		FL		1,088	2,597	1,728	1,088	4,325	5,413	2,443	1989	6/26/1995	5 to 40 years
Clearwater		FL		526	1,958	1,630	526	3,588	4,114	2,007	1985	6/26/1995	5 to 40 years
Clearwater-Largo		FL		672	2,439	1,248	672	3,687	4,359	2,104	1988	6/26/1995	5 to 40 years
Providence		RI		345	1,268	2,148	486	3,275	3,761	1,521	1984	6/26/1995	5 to 40 years
Norfolk - Virginia Beach		VA		1,142	4,998	3,711	1,142	8,709	9,851	4,075	1989/93/95/16	6/26/1995	5 to 40 years
Richmond		VA		443	1,602	1,267	443	2,869	3,312	1,661	1987	8/25/1995	5 to 40 years
Orlando		FL		1,161	2,755	3,035	1,162	5,789	6,951	2,684	1986/15	9/29/1995	5 to 40 years
Syracuse		NY		470	1,712	1,831	472	3,541	4,013	1,896	1987	12/27/1995	5 to 40 years
Ft. Myers		FL		205	912	857	206	1,768	1,974	968	1988	12/28/1995	5 to 40 years
Ft. Myers		FL		412	1,703	958	413	2,660	3,073	1,639	1991/94	12/28/1995	5 to 40 years
Harrisburg		PA		360	1,641	3,399	360	5,040	5,400	1,377	1983	12/29/1995	5 to 40 years
Harrisburg		PA		627	2,224	5,300	692	7,459	8,151	2,709	1985	12/29/1995	5 to 40 years
Newport News		VA		442	1,592	1,572	442	3,164	3,606	1,711	1988/93	1/5/1996	5 to 40 years
Montgomery		AL		353	1,299	1,275	353	2,574	2,927	1,295	1984	1/23/1996	5 to 40 years
Charleston		SC		237	858	1,093	245	1,943	2,188	1,118	1985	3/1/1996	5 to 40 years
Tampa		FL		766	1,800	1,137	766	2,937	3,703	1,628	1985	3/28/1996	5 to 40 years
Dallas-Ft. Worth		TX		442	1,767	476	442	2,243	2,685	1,390	1987	3/29/1996	5 to 40 years
Dallas-Ft. Worth		TX		408	1,662	1,574	408	3,236	3,644	1,767	1986	3/29/1996	5 to 40 years
Dallas-Ft. Worth		TX		328	1,324	4,826	328	6,150	6,478	310	2018	3/29/1996	5 to 40 years
San Antonio		TX		436	1,759	1,746	436	3,505	3,941	1,883	1986	3/29/1996	5 to 40 years
San Antonio		TX		289	1,161	2,526	289	3,687	3,976	746	2012	3/29/1996	5 to 40 years
Montgomery		AL		279	1,014	1,592	433	2,452	2,885	1,273	1988	5/21/1996	5 to 40 years
West Palm		FL		345	1,262	689	345	1,951	2,296	1,101	1986	5/29/1996	5 to 40 years
Ft. Myers		FL		229	884	2,907	383	3,637	4,020	1,221	1986	5/29/1996	5 to 40 years
Syracuse		NY		481	1,559	2,745	671	4,114	4,785	2,214	1983	6/5/1996	5 to 40 years
Lakeland		FL		359	1,287	1,454	359	2,741	3,100	1,593	1988	6/26/1996	5 to 40 years
Boston - Springfield		MA		251	917	2,591	297	3,462	3,759	1,890	1986	6/28/1996	5 to 40 years
Ft. Myers		FL		344	1,254	758	310	2,046	2,356	1,177	1987	6/28/1996	5 to 40 years
Cincinnati		OH		557	1,988	1,040	688	2,897	3,585	1,234	1988	7/23/1996	5 to 40 years
Baltimore		MD		777	2,770	942	777	3,712	4,489	2,159	1990	7/26/1996	5 to 40 years
Jacksonville		FL		568	2,028	1,937	568	3,965	4,533	2,119	1987	8/23/1996	5 to 40 years
Jacksonville		FL		436	1,635	1,211	436	2,846	3,282	1,565	1985	8/26/1996	5 to 40 years
Jacksonville		FL		535	2,033	775	538	2,805	3,343	1,689	1987/92	8/30/1996	5 to 40 years
Charlotte		NC		487	1,754	785	487	2,539	3,026	1,442	1995	9/16/1996	5 to 40 years
Charlotte		NC		315	1,131	635	315	1,766	2,081	1,032	1995	9/16/1996	5 to 40 years
Orlando		FL		314	1,113	1,467	314	2,580	2,894	1,434	1975	10/30/1996	5 to 40 years
Rochester		NY		704	2,496	3,252	707	5,745	6,452	2,566	1990	12/20/1996	5 to 40 years
Youngstown		OH		600	2,142	2,840	693	4,889	5,582	2,283	1988	1/10/1997	5 to 40 years
Cleveland		OH		751	2,676	4,607	751	7,283	8,034	3,158	1986	1/10/1997	5 to 40 years
Cleveland		OH		725	2,586	2,631	725	5,217	5,942	2,704	1978	1/10/1997	5 to 40 years

Description	New	ST	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period			Accum. Deprec.	Date of Const.	Date Acquired	Life on which depreciation in latest income statement is computed		
			Encum brance	Land		Building, Equipment and Impvmts.	Building, Equipment and Impvmts.	Land					Building, Equipment and Impvmts.	Total
Cleveland		OH		637	2,918	2,238	701	5,092	5,793	3,227	1979	1/10/1997	5 to 40 years	
Cleveland		OH		495	1,781	4,236	495	6,017	6,512	2,063	1979/17	1/10/1997	5 to 40 years	
Cleveland		OH		761	2,714	1,982	761	4,696	5,457	2,732	1977	1/10/1997	5 to 40 years	
Cleveland		OH		418	1,921	3,066	418	4,987	5,405	2,452	1970	1/10/1997	5 to 40 years	
Cleveland		OH		606	2,164	1,632	606	3,796	4,402	1,997	1982	1/10/1997	5 to 40 years	
San Antonio		TX		346	1,236	685	346	1,921	2,267	1,097	1985	1/30/1997	5 to 40 years	
San Antonio		TX		432	1,560	2,278	432	3,838	4,270	2,069	1995	1/30/1997	5 to 40 years	
Houston-Beaumont		TX		634	2,565	4,826	634	7,391	8,025	2,699	1993/95/16	3/26/1997	5 to 40 years	
Houston-Beaumont		TX		566	2,279	619	566	2,898	3,464	1,672	1995	3/26/1997	5 to 40 years	
Houston-Beaumont		TX		293	1,357	730	293	2,087	2,380	1,132	1995	3/26/1997	5 to 40 years	
Chesapeake		VA		260	1,043	4,922	260	5,965	6,225	2,148	1988/95	3/31/1997	5 to 40 years	
Orlando-W 25th St		FL		289	1,160	2,659	616	3,492	4,108	1,307	1984	3/31/1997	5 to 40 years	
Savannah		GA		296	1,196	688	296	1,884	2,180	1,053	1988	5/8/1997	5 to 40 years	
Delray		FL		921	3,282	1,297	921	4,579	5,500	2,496	1980	5/21/1997	5 to 40 years	
Cleveland-Avon		OH		301	1,214	2,413	304	3,624	3,928	1,823	1989	6/4/1997	5 to 40 years	
Atlanta-Alpharetta		GA		1,033	3,753	881	1,033	4,634	5,667	2,663	1994	7/24/1997	5 to 40 years	
Atlanta-Marietta		GA		769	2,788	861	825	3,593	4,418	2,017	1996	7/24/1997	5 to 40 years	
Atlanta-Doraville		GA		735	3,429	666	735	4,095	4,830	2,367	1995	8/21/1997	5 to 40 years	
Baton Rouge-Airline		LA		396	1,831	1,319	421	3,125	3,546	1,690	1982	10/9/1997	5 to 40 years	
Baton Rouge-Airline2		LA		282	1,303	670	282	1,973	2,255	1,097	1985	11/21/1997	5 to 40 years	
Harrisburg-Peiffers		PA		635	2,550	866	637	3,414	4,051	1,954	1984	12/3/1997	5 to 40 years	
Tampa-E. Hillsborough		FL		709	3,235	1,198	709	4,433	5,142	2,497	1985	2/4/1998	5 to 40 years	
NY Metro-Middletown		NY		843	3,394	4,757	843	8,151	8,994	2,773	1989/95	2/4/1998	5 to 40 years	
Chesapeake-Military		VA		542	2,210	3,304	542	5,514	6,056	2,054	1996/2019	2/5/1998	5 to 40 years	
Chesapeake-Volvo		VA		620	2,532	1,639	620	4,171	4,791	2,189	1995	2/5/1998	5 to 40 years	
Norfolk-Naval Base		VA		1,243	5,019	1,219	1,243	6,238	7,481	3,481	1975	2/5/1998	5 to 40 years	
Boston-Northbridge		MA		441	1,788	1,234	694	2,769	3,463	1,141	1988	2/9/1998	5 to 40 years	
Titusville		FL		492	1,990	6,053	688	7,847	8,535	1,383	1986/90/2020	2/25/1998	5 to 40 years	
Boston-Salem		MA		733	2,941	2,001	733	4,942	5,675	4,230	1979	3/3/1998	5 to 40 years	
Providence		RI		702	2,821	4,380	702	7,201	7,903	3,033	1984/88	3/26/1998	5 to 40 years	
Chattanooga-Lee Hwy		TN		384	1,371	727	384	2,098	2,482	1,243	1987	3/27/1998	5 to 40 years	
Chattanooga-Hwy 58		TN		296	1,198	2,408	414	3,488	3,902	1,659	1985	3/27/1998	5 to 40 years	
Ft. Oglethorpe		GA		349	1,250	1,922	464	3,057	3,521	1,403	1989	3/27/1998	5 to 40 years	
Birmingham-Walt		AL		544	1,942	1,401	544	3,343	3,887	1,894	1984	3/27/1998	5 to 40 years	
Salem-Policy		NH		742	2,977	734	742	3,711	4,453	2,050	1980	4/7/1998	5 to 40 years	
Raleigh-Durham		NC		775	3,103	4,092	775	7,195	7,970	1,845	1988/91/2019	4/9/1998	5 to 40 years	
Youngstown-Warren		OH		522	1,864	1,669	569	3,486	4,055	1,817	1986	4/22/1998	5 to 40 years	
Youngstown-Warren		OH		512	1,829	2,965	633	4,673	5,306	2,032	1986/16	4/22/1998	5 to 40 years	
Houston-Katy		TX		419	1,524	4,185	419	5,709	6,128	2,217	1994	5/20/1998	5 to 40 years	
Melbourne		FL		662	2,654	3,747	662	6,401	7,063	2,177	1985/07/15	6/2/1998	5 to 40 years	
Vero Beach		FL		489	1,813	1,879	584	3,597	4,181	1,474	1997	6/12/1998	5 to 40 years	
Houston-Humble		TX		447	1,790	2,896	740	4,393	5,133	1,953	1986	6/16/1998	5 to 40 years	
Houston-Webster		TX		635	2,302	664	635	2,966	3,601	1,533	1997	6/19/1998	5 to 40 years	
San Marcos		TX		324	1,493	2,383	324	3,876	4,200	1,761	1994	6/30/1998	5 to 40 years	
Hollywood-Sheridan		FL		1,208	4,854	956	1,208	5,810	7,018	3,202	1988	7/1/1998	5 to 40 years	
Pompano Beach-Atlantic		FL		944	3,803	921	944	4,724	5,668	2,646	1985	7/1/1998	5 to 40 years	

Description	New	ST	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period			Accum. Deprec.	Date of Const.	Date Acquired	Life on which depreciation in latest income statement is computed
			Land	Building, Equipment and Impvmts.	Building, Equipment and Impvmts.	Land	Building, Equipment and Impvmts.	Total				
Pompano Beach-Sample		FL	903	3,643	820	903	4,463	5,366	2,419	1988	7/1/1998	5 to 40 years
Boca Raton-18th St		FL	1,503	6,059	(1,583)	851	5,128	5,979	2,809	1991	7/1/1998	5 to 40 years
Hollywood-N.21st		FL	840	3,373	674	840	4,047	4,887	2,313	1987	8/3/1998	5 to 40 years
Dallas-Fort Worth		TX	550	1,998	967	550	2,965	3,515	1,518	1996	9/29/1998	5 to 40 years
Dallas-Fort Worth		TX	670	2,407	1,889	670	4,296	4,966	2,195	1996	10/9/1998	5 to 40 years
Cincinnati-Batavia		OH	390	1,570	4,186	376	5,770	6,146	1,475	1988/2020	11/19/1998	5 to 40 years
Providence		RI	447	1,776	1,100	447	2,876	3,323	1,538	1986/94	2/2/1999	5 to 40 years
Lafayette-Ambassador		LA	314	1,095	5,951	314	7,046	7,360	283	2019	2/17/1999	5 to 40 years
Phoenix-Glendale		AZ	565	2,596	825	565	3,421	3,986	1,874	1997	5/18/1999	5 to 40 years
Phoenix-Mesa		AZ	330	1,309	2,718	733	3,624	4,357	1,535	1986	5/18/1999	5 to 40 years
Phoenix-Mesa		AZ	339	1,346	957	339	2,303	2,642	1,148	1986	5/18/1999	5 to 40 years
Phoenix-Mesa		AZ	291	1,026	1,415	291	2,441	2,732	1,087	1976	5/18/1999	5 to 40 years
Phoenix-Mesa		AZ	354	1,405	918	354	2,323	2,677	1,120	1986	5/18/1999	5 to 40 years
Phoenix-Bell		AZ	872	3,476	3,760	872	7,236	8,108	3,099	1984	5/18/1999	5 to 40 years
Phoenix-35th Ave		AZ	849	3,401	1,071	849	4,472	5,321	2,462	1996	5/21/1999	5 to 40 years
Portland		ME	410	1,626	2,141	410	3,767	4,177	1,786	1988	8/2/1999	5 to 40 years
Space Coast-Cocoa		FL	667	2,373	1,230	667	3,603	4,270	1,872	1982	9/29/1999	5 to 40 years
Dallas-Fort Worth		TX	335	1,521	983	335	2,504	2,839	1,194	1985	11/9/1999	5 to 40 years
NY Metro-Middletown		NY	276	1,312	4,614	276	5,926	6,202	1,446	1998/2019	2/2/2000	5 to 40 years
Boston-N. Andover		MA	633	2,573	1,142	633	3,715	4,348	1,836	1989	2/15/2000	5 to 40 years
Houston-Seabrook		TX	633	2,617	5,872	583	8,539	9,122	1,318	1996/2020	3/1/2000	5 to 40 years
Ft. Lauderdale		FL	384	1,422	1,012	384	2,434	2,818	1,173	1994	5/2/2000	5 to 40 years
Birmingham-Bessemer		AL	254	1,059	3,495	332	4,476	4,808	1,358	1998	11/15/2000	5 to 40 years
NY Metro-Brewster		NY	1,716	6,920	1,897	1,981	8,552	10,533	3,110	1991/97	12/27/2000	5 to 40 years
Austin-Lamar		TX	837	2,977	3,826	966	6,674	7,640	2,006	1996/99	2/22/2001	5 to 40 years
Houston		TX	733	3,392	1,385	841	4,669	5,510	1,840	1993/97	3/2/2001	5 to 40 years
Ft.Myers		FL	787	3,249	848	902	3,982	4,884	1,718	1997	3/13/2001	5 to 40 years
Boston-Dracut		MA	1,035	3,737	6,043	1,104	9,711	10,815	1,692	1986/2020	12/1/2001	5 to 40 years
Boston-Methuen		MA	1,024	3,649	947	1,091	4,529	5,620	2,125	1984	12/1/2001	5 to 40 years
Myrtle Beach		SC	552	1,970	3,291	589	5,224	5,813	1,471	1984/2019	12/1/2001	5 to 40 years
Maine-Saco		ME	534	1,914	4,999	938	6,509	7,447	1,337	1988/2019	12/3/2001	5 to 40 years
Boston-Plymouth		MA	1,004	4,584	2,486	1,004	7,070	8,074	3,014	1996	12/19/2001	5 to 40 years
Boston-Sandwich		MA	670	3,060	665	714	3,681	4,395	1,731	1984	12/19/2001	5 to 40 years
Syracuse		NY	294	1,203	1,295	327	2,465	2,792	1,025	1987	2/5/2002	5 to 40 years
Dallas-Fort Worth		TX	734	2,956	1,098	784	4,004	4,788	1,805	1984	2/13/2002	5 to 40 years
San Antonio-Hunt		TX	381	1,545	6,737	618	8,045	8,663	2,063	1980/17	2/13/2002	5 to 40 years
Houston-Humble		TX	919	3,696	718	852	4,481	5,333	2,047	1998/02	6/19/2002	5 to 40 years
Houston-Pasadena		TX	612	2,468	514	612	2,982	3,594	1,385	1999	6/19/2002	5 to 40 years
Houston-Montgomery		TX	817	3,286	2,262	1,119	5,246	6,365	2,254	1998	6/19/2002	5 to 40 years
Houston-S. Hwy 6		TX	407	1,650	901	407	2,551	2,958	1,018	1997	6/19/2002	5 to 40 years
Houston-Beaumont		TX	817	3,287	3,571	817	6,858	7,675	2,029	1996/17	6/19/2002	5 to 40 years
The Hamptons		NY	2,207	8,866	968	2,207	9,834	12,041	5,452	1989/95	12/16/2002	5 to 40 years
The Hamptons		NY	1,131	4,564	682	1,131	5,246	6,377	2,366	1998	12/16/2002	5 to 40 years
The Hamptons		NY	635	2,918	461	635	3,379	4,014	1,540	1997	12/16/2002	5 to 40 years
The Hamptons		NY	1,251	5,744	976	1,252	6,719	7,971	2,892	1994/98	12/16/2002	5 to 40 years
Dallas-Fort Worth		TX	1,039	4,201	502	1,039	4,703	5,742	2,002	1995/99	8/26/2003	5 to 40 years

Description	New	ST	Initial Cost to Company		Cost	Gross Amount at Which			Accum. Deprec.	Date of Const.	Date Acquired	Life on which depreciation in latest income statement is computed
			Land	Building, Equipment and Impvmts.	Acquisition	Carried at Close of Period						
						Land	Building, Equipment and Impvmts.	Total				
Dallas-Fort Worth		TX	827	3,776	702	827	4,478	5,305	1,886	1998/01	10/1/2003	5 to 40 years
Stamford		CT	2,713	11,013	903	2,713	11,916	14,629	5,158	1998	3/17/2004	5 to 40 years
Houston-Tomball		TX	773	3,170	1,955	773	5,125	5,898	2,134	2000	5/19/2004	5 to 40 years
Houston-Conroe		TX	1,195	4,877	521	1,195	5,398	6,593	2,260	2001	5/19/2004	5 to 40 years
Houston-Spring		TX	1,103	4,550	1,235	1,103	5,785	6,888	2,286	2001	5/19/2004	5 to 40 years
Houston-Bissonnet		TX	1,061	4,427	3,109	1,061	7,536	8,597	2,977	2003	5/19/2004	5 to 40 years
Houston-Alvin		TX	388	1,640	1,082	388	2,722	3,110	1,112	2003	5/19/2004	5 to 40 years
Clearwater		FL	1,720	6,986	464	1,720	7,450	9,170	3,174	2001	6/3/2004	5 to 40 years
Houston-Missouri City		TX	1,167	4,744	3,701	1,566	8,046	9,612	3,014	1998	6/23/2004	5 to 40 years
Chattanooga-Hixson		TN	1,365	5,569	2,248	1,365	7,817	9,182	3,143	1998/02	8/4/2004	5 to 40 years
Austin-Round Rock		TX	2,047	5,857	1,059	1,976	6,987	8,963	2,914	2000	8/5/2004	5 to 40 years
Long Island-Bayshore		NY	1,131	4,609	301	1,131	4,910	6,041	1,966	2003	3/15/2005	5 to 40 years
Syracuse - Cicero		NY	527	2,121	3,378	527	5,499	6,026	1,596	1988/02/16	3/16/2005	5 to 40 years
Boston-Springfield		MA	612	2,501	979	612	3,480	4,092	1,211	1965/75	4/12/2005	5 to 40 years
Stamford		CT	1,612	6,585	436	1,612	7,021	8,633	2,865	2002	4/14/2005	5 to 40 years
Montgomery-Richard		AL	1,906	7,726	549	1,906	8,275	10,181	3,296	1997	6/1/2005	5 to 40 years
Houston-Jones		TX	1,214	4,949	956	1,215	5,904	7,119	2,212	1997/99	6/6/2005	5 to 40 years
Boston-Oxford		MA	470	1,902	4,577	470	6,479	6,949	1,485	2002	6/23/2005	5 to 40 years
Austin-290E		TX	537	2,183	6,172	491	8,401	8,892	1,415	2003/17	7/12/2005	5 to 40 years
San Antonio-Marbach		TX	556	2,265	809	556	3,074	3,630	1,228	2003	7/12/2005	5 to 40 years
Austin-South 1st		TX	754	3,065	467	754	3,532	4,286	1,410	2003	7/12/2005	5 to 40 years
Atlanta-Marietta		GA	811	3,397	653	811	4,050	4,861	1,614	2003	9/15/2005	5 to 40 years
Baton Rouge		LA	719	2,927	2,743	719	5,670	6,389	1,834	1984/94	11/15/2005	5 to 40 years
San Marcos-Hwy 35S		TX	628	2,532	3,494	982	5,672	6,654	1,377	2001/16	1/10/2006	5 to 40 years
Houston-Baytown		TX	596	2,411	735	596	3,146	3,742	1,078	2002	1/10/2006	5 to 40 years
Houston-Cypress		TX	721	2,994	2,530	721	5,524	6,245	1,904	2003	1/13/2006	5 to 40 years
Rochester		NY	937	3,779	349	937	4,128	5,065	1,565	2002/06	2/1/2006	5 to 40 years
Houston-Jones Rd 2		TX	707	2,933	3,023	707	5,956	6,663	2,148	2000	3/9/2006	5 to 40 years
Manchester		NH	832	3,268	203	832	3,471	4,303	1,332	2000	4/26/2006	5 to 40 years
Clearwater-Largo		FL	1,270	5,037	536	1,270	5,573	6,843	2,092	1998	6/22/2006	5 to 40 years
Clearwater-Pinellas Park		FL	929	3,676	399	929	4,075	5,004	1,501	2000	6/22/2006	5 to 40 years
Clearwater-Tarpon Spring		FL	696	2,739	286	696	3,025	3,721	1,147	1999	6/22/2006	5 to 40 years
New Orleans		LA	1,220	4,805	385	1,220	5,190	6,410	1,949	2000	6/22/2006	5 to 40 years
St Louis-Meramec		MO	1,113	4,359	2,762	1,113	7,121	8,234	1,755	1999/2019	6/22/2006	5 to 40 years
St Louis-Charles Rock		MO	766	3,040	1,547	766	4,587	5,353	1,468	1999	6/22/2006	5 to 40 years
St Louis-Shackelford		MO	828	3,290	318	828	3,608	4,436	1,349	1999	6/22/2006	5 to 40 years
St Louis-W.Washington		MO	734	2,867	2,657	734	5,524	6,258	1,712	1980/01/15	6/22/2006	5 to 40 years
St Louis-Howdershell		MO	899	3,596	393	899	3,989	4,888	1,481	2000	6/22/2006	5 to 40 years
St Louis-Lemay Ferry		MO	890	3,552	559	890	4,111	5,001	1,517	1999	6/22/2006	5 to 40 years
St Louis-Manchester		MO	697	2,711	270	697	2,981	3,678	1,114	2000	6/22/2006	5 to 40 years
Dallas-Fort Worth		TX	1,256	4,946	774	1,256	5,720	6,976	2,082	1998/03	6/22/2006	5 to 40 years
Dallas-Fort Worth		TX	605	2,434	421	605	2,855	3,460	999	2004	6/22/2006	5 to 40 years
Dallas-Fort Worth		TX	607	2,428	387	607	2,815	3,422	1,024	2004	6/22/2006	5 to 40 years
Dallas-Fort Worth		TX	1,073	4,276	210	1,073	4,486	5,559	1,642	2003	6/22/2006	5 to 40 years
Dallas-Fort Worth		TX	549	2,180	1,229	549	3,409	3,958	1,168	1998	6/22/2006	5 to 40 years
Dallas-Fort Worth		TX	644	2,542	428	644	2,970	3,614	1,031	1999	6/22/2006	5 to 40 years

Description	New	ST	Initial Cost to Company		Cost	Gross Amount at Which			Accum. Deprec.	Date of Const.	Date Acquired	Life on which depreciation in latest income statement is computed
			Land	Building, Equipment and Impvmts.	Capitalized	Carried at Close of Period						
					Subsequent to Acquisition	Building, Equipment and Impvmts.	Land	Building, Equipment and Impvmts.				
San Antonio-Blanco		TX	963	3,836	329	963	4,165	5,128	1,577	2004	6/22/2006	5 to 40 years
San Antonio-Broadway		TX	773	3,060	2,362	773	5,422	6,195	1,769	2000	6/22/2006	5 to 40 years
San Antonio-Huebner		TX	1,175	4,624	483	1,175	5,107	6,282	1,878	1998	6/22/2006	5 to 40 years
Nashua		NH	617	2,422	782	617	3,204	3,821	1,152	1989	6/29/2006	5 to 40 years
Chattanooga-Lee Hwy II		TN	619	2,471	309	619	2,780	3,399	1,027	2002	8/7/2006	5 to 40 years
Montgomery-E.S.Blvd		AL	1,158	4,639	1,399	1,158	6,038	7,196	2,190	1996/97	9/28/2006	5 to 40 years
Auburn-Pepperell Pkwy		AL	590	2,361	735	590	3,096	3,686	1,132	1998	9/28/2006	5 to 40 years
Auburn-Gatewood Dr		AL	694	2,758	489	694	3,247	3,941	1,149	2002/03	9/28/2006	5 to 40 years
Columbus-Williams Rd		GA	736	2,905	515	736	3,420	4,156	1,246	2002/04/06	9/28/2006	5 to 40 years
Columbus-Miller Rd		GA	975	3,854	1,501	975	5,355	6,330	1,659	1995	9/28/2006	5 to 40 years
Columbus-Armour Rd		GA	—	3,680	398	—	4,078	4,078	1,493	2004/05	9/28/2006	5 to 40 years
Columbus-Amber Dr		GA	439	1,745	454	439	2,199	2,638	849	1998	9/28/2006	5 to 40 years
Concord		NH	813	3,213	2,119	813	5,332	6,145	1,821	2000	10/31/2006	5 to 40 years
Houston-Beaumont		TX	929	3,647	477	930	4,123	5,053	1,434	2002/04	3/8/2007	5 to 40 years
Houston-Beaumont		TX	1,537	6,018	914	1,537	6,932	8,469	2,430	2003/06	3/8/2007	5 to 40 years
Buffalo-Langner Rd		NY	532	2,119	3,763	532	5,882	6,414	1,531	1993/07/15	3/30/2007	5 to 40 years
Buffalo-Transit Rd		NY	437	1,794	800	437	2,594	3,031	879	1998	3/30/2007	5 to 40 years
Buffalo-Lake Ave		NY	638	2,531	3,030	638	5,561	6,199	1,463	1997/06	3/30/2007	5 to 40 years
Buffalo-Union Rd		NY	348	1,344	3,807	348	5,151	5,499	835	1998/2019	3/30/2007	5 to 40 years
Buffalo-NF Blvd		NY	323	1,331	268	323	1,599	1,922	609	1998	3/30/2007	5 to 40 years
Buffalo-Young St		NY	315	2,185	4,423	881	6,042	6,923	1,207	1999/00/20	3/30/2007	5 to 40 years
Buffalo-Sheridan Dr		NY	961	3,827	2,703	961	6,530	7,491	2,011	1999	3/30/2007	5 to 40 years
Bufrralo-Transit Rd		NY	375	1,498	896	375	2,394	2,769	773	1990/95	3/30/2007	5 to 40 years
Rochester-Phillips Rd		NY	1,003	4,002	221	1,003	4,223	5,226	1,473	1999	3/30/2007	5 to 40 years
San Antonio-Foster		TX	676	2,685	539	676	3,224	3,900	1,204	2003/06	5/21/2007	5 to 40 years
Huntsville-Memorial Pkwy		AL	1,607	6,338	1,208	1,677	7,476	9,153	2,570	1989/06	6/1/2007	5 to 40 years
Huntsville-Madison 1		AL	1,016	4,013	518	1,017	4,530	5,547	1,627	1993/07	6/1/2007	5 to 40 years
Bilox-Gulfport		MS	1,423	5,624	288	1,423	5,912	7,335	2,077	1998/05	6/1/2007	5 to 40 years
Huntsville-Hwy 72		AL	1,206	4,775	548	1,206	5,323	6,529	1,867	1998/06	6/1/2007	5 to 40 years
Mobile-Airport Blvd		AL	1,216	4,819	485	1,216	5,304	6,520	1,942	2000/07	6/1/2007	5 to 40 years
Biloxi-Gulfport		MS	1,345	5,325	191	1,301	5,560	6,861	1,943	2002/04	6/1/2007	5 to 40 years
Huntsville-Madison 2		AL	1,164	4,624	398	1,164	5,022	6,186	1,756	2002/06	6/1/2007	5 to 40 years
Foley-Hwy 59		AL	1,346	5,474	4,968	1,347	10,441	11,788	2,351	2003/06/15	6/1/2007	5 to 40 years
Pensacola 6-Nine Mile		FL	1,029	4,180	3,292	1,029	7,472	8,501	1,718	2003/06/19	6/1/2007	5 to 40 years
Auburn-College St		AL	686	2,732	363	686	3,095	3,781	1,104	2003/20	6/1/2007	5 to 40 years
Biloxi-Gulfport		MS	1,811	7,152	229	1,811	7,381	9,192	2,528	2004/06	6/1/2007	5 to 40 years
Pensacola 7-Hwy 98		FL	732	3,015	3,395	732	6,410	7,142	1,191	2006/20	6/1/2007	5 to 40 years
Montgomery-Arrowhead		AL	1,075	4,333	448	1,076	4,780	5,856	1,657	2006	6/1/2007	5 to 40 years
Montgomery-McLemore		AL	885	3,586	342	885	3,928	4,813	1,359	2006	6/1/2007	5 to 40 years
Houston-Beaumont		TX	742	3,024	386	742	3,410	4,152	1,159	2002/05	11/14/2007	5 to 40 years
Biloxi-Ginger		MS	384	1,548	236	384	1,784	2,168	572	2000	12/19/2007	5 to 40 years
Foley-7905 St Hwy 59		AL	437	1,757	203	437	1,960	2,397	654	2000	12/19/2007	5 to 40 years
Cincinnati-Robertson		OH	852	3,409	404	852	3,813	4,665	1,158	2003/04	12/31/2008	5 to 40 years
Richmond-Bridge Rd		VA	1,047	5,981	2,773	1,047	8,754	9,801	2,285	2009/16	10/1/2009	5 to 40 years
Raleigh-Durham		NC	846	4,095	326	846	4,421	5,267	1,193	2000	12/28/2010	5 to 40 years
Charlotte-Wallace		NC	961	3,702	1,394	961	5,096	6,057	1,212	2008/16	12/29/2010	5 to 40 years

Description	New	ST	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition Building, Equipment and Impvmts.	Gross Amount at Which Carried at Close of Period			Accum. Deprec.	Date of Const.	Date Acquired	Life on which depreciation in latest income statement is computed	
			Land	Building, Equipment and Impvmts.		Land	Building, Equipment and Impvmts.	Total					
Raleigh-Durham		NC	574	3,975	361	575	4,335	4,910	1,119	2008	12/29/2010	5 to 40 years	
Charlotte-Westmoreland		NC	513	5,317	135	513	5,452	5,965	1,390	2009	12/29/2010	5 to 40 years	
Charlotte-Matthews		NC	1,129	4,767	221	1,129	4,988	6,117	1,323	2009	12/29/2010	5 to 40 years	
Raleigh-Durham		NC	381	3,575	178	381	3,753	4,134	979	2008	12/29/2010	5 to 40 years	
Charlotte-Zeb Morris		NC	965	3,355	231	965	3,586	4,551	927	2007	12/29/2010	5 to 40 years	
Fair Lawn		NJ	796	9,467	501	796	9,968	10,764	2,453	1999	7/14/2011	5 to 40 years	
Elizabeth		NJ	885	3,073	903	885	3,976	4,861	919	1988	7/14/2011	5 to 40 years	
Saint Louis-High Ridge		MO	197	2,132	128	197	2,260	2,457	671	2007	7/28/2011	5 to 40 years	
Atlanta-Decatur		GA	1,043	8,252	166	1,043	8,418	9,461	2,035	2006	8/17/2011	5 to 40 years	
Houston-Humble		TX	825	4,201	619	825	4,820	5,645	1,213	1993	9/22/2011	5 to 40 years	
Dallas-Fort Worth		TX	693	3,552	444	693	3,996	4,689	992	2001	9/22/2011	5 to 40 years	
Houston-Hwy 6N		TX	1,243	3,106	246	1,243	3,352	4,595	916	2000	9/22/2011	5 to 40 years	
Houston-Katy		TX	691	4,435	2,525	691	6,960	7,651	1,606	2000/15	9/22/2011	5 to 40 years	
Houston-Deer Park		TX	1,012	3,312	314	1,012	3,626	4,638	925	1998	9/22/2011	5 to 40 years	
Houston-W.Little York		TX	575	3,557	490	575	4,047	4,622	1,046	1998	9/22/2011	5 to 40 years	
Houston-Friendswood		TX	1,168	2,315	441	1,168	2,756	3,924	702	1994	9/22/2011	5 to 40 years	
Houston-Spring		TX	2,152	3,027	389	2,152	3,416	5,568	956	1993	9/22/2011	5 to 40 years	
Houston-W.Sam Houston		TX	402	3,602	344	402	3,946	4,348	1,011	1999	9/22/2011	5 to 40 years	
Austin-Pond Springs Rd		TX	1,653	4,947	560	1,653	5,507	7,160	1,409	1984	9/22/2011	5 to 40 years	
Austin-Round Rock		TX	177	3,223	258	177	3,481	3,658	907	1999	9/22/2011	5 to 40 years	
Houston-Silverado Dr		TX	1,438	4,583	332	1,438	4,915	6,353	1,243	2000	9/22/2011	5 to 40 years	
Houston-Sugarland		TX	272	3,236	259	272	3,495	3,767	941	2001	9/22/2011	5 to 40 years	
Houston-Wilcrest Dr		TX	1,478	4,145	289	1,478	4,434	5,912	1,119	1999	9/22/2011	5 to 40 years	
Houston-Woodlands		TX	1,315	6,142	361	1,315	6,503	7,818	1,573	1997	9/22/2011	5 to 40 years	
Houston-Woodlands		TX	3,189	3,974	251	3,189	4,225	7,414	1,060	2000	9/22/2011	5 to 40 years	
Houston-Katy Freeway		TX	1,049	5,175	611	1,049	5,786	6,835	1,472	1999	9/22/2011	5 to 40 years	
Houston-Webster		TX	1,190	2,054	2,138	3,198	2,054	5,336	7,390	948	1982/17	9/22/2011	5 to 40 years
Newport News-Brick Kiln		VA	2,848	5,892	157	2,848	6,049	8,897	1,529	2004	9/29/2011	5 to 40 years	
Penasacola-Palafox		FL	197	4,281	790	197	5,071	5,268	5,073	1996	11/15/2011	5 to 40 years	
Miami		FL	2,960	12,077	474	2,960	12,551	15,511	2,771	2005	5/16/2012	5 to 40 years	
Chicago - Lake Forest		IL	1,932	11,606	317	1,932	11,923	13,855	2,612	1996/04	6/6/2012	5 to 40 years	
Chicago - Schaumburg		IL	1,940	4,880	480	1,940	5,360	7,300	1,206	1998	6/6/2012	5 to 40 years	
Norfolk - E. Little Creek		VA	911	5,862	141	911	6,003	6,914	1,349	2007	6/20/2012	5 to 40 years	
Atlanta-14th St.		GA	1,560	6,766	118	1,560	6,884	8,444	1,540	2009	7/18/2012	5 to 40 years	
Jacksonville - Middleburg		FL	644	5,719	126	644	5,845	6,489	1,273	2008	9/18/2012	5 to 40 years	
Jacksonville - Orange Park		FL	772	3,882	119	772	4,001	4,773	887	2007	9/18/2012	5 to 40 years	
Jacksonville - St. Augustine		FL	739	3,858	224	739	4,082	4,821	915	2007	9/18/2012	5 to 40 years	
Atlanta - NE Expressway		GA	1,384	9,266	92	1,384	9,358	10,742	2,036	2009	9/18/2012	5 to 40 years	
Atlanta - Kennesaw		GA	856	4,315	140	856	4,455	5,311	970	2008	9/18/2012	5 to 40 years	
Atlanta - Lawrenceville		GA	855	3,838	163	855	4,001	4,856	878	2007	9/18/2012	5 to 40 years	
Atlanta - Woodstock		GA	1,342	4,692	205	1,342	4,897	6,239	1,078	2009	9/18/2012	5 to 40 years	
Raleigh-Durham		NC	2,337	4,901	345	2,337	5,246	7,583	1,174	2002	9/19/2012	5 to 40 years	
Chicago - Lindenhurst		IL	1,213	3,129	298	1,213	3,427	4,640	783	1999/06	9/27/2012	5 to 40 years	
Chicago - Orland Park		IL	1,050	5,894	239	1,050	6,133	7,183	1,343	2007	12/10/2012	5 to 40 years	
Phoenix-83rd		AZ	910	3,656	349	910	4,005	4,915	890	2008	12/18/2012	5 to 40 years	
Chicago-North Austin		IL	2,593	5,029	1,486	2,593	6,515	9,108	1,145	2005/20	12/20/2012	5 to 40 years	



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			Land	Building, Equipment and Impvmts.		Land	Building, Equipment and Impvmts.	Total				
Chicago-North Western	IL		1,718	6,466	796	1,798	7,182	8,980	1,444	2005	12/20/2012	5 to 40 years
Chicago-West Pershing	IL		395	3,226	247	395	3,473	3,868	720	2008	12/20/2012	5 to 40 years
Chicago - North Broadway	IL		2,373	9,869	225	2,373	10,094	12,467	2,046	2011	12/20/2012	5 to 40 years
Brandenton	FL		1,501	3,775	260	1,501	4,035	5,536	887	1997	12/21/2012	5 to 40 years
Ft. Myers-Cleveland	FL		515	2,280	167	515	2,447	2,962	554	1998	12/21/2012	5 to 40 years
Clearwater-Drew St.	FL		1,234	4,018	375	1,234	4,393	5,627	935	2000	12/21/2012	5 to 40 years
Clearwater-N. Myrtle	FL		1,555	5,978	195	1,555	6,173	7,728	1,322	2000	12/21/2012	5 to 40 years
Austin-Round Rock	TX		774	3,327	303	774	3,630	4,404	794	2004	12/27/2012	5 to 40 years
Austin-Round Rock	TX		632	1,985	308	632	2,293	2,925	528	2007	12/27/2012	5 to 40 years
Chicago-Aurora	IL		269	3,126	570	269	3,696	3,965	728	2010	12/31/2012	5 to 40 years
San Antonio - Marbach	TX		337	2,005	290	337	2,295	2,632	513	2005	2/11/2013	5 to 40 years
Long Island - Lindenhurst	NY		2,122	8,735	593	2,122	9,328	11,450	1,829	2002	3/22/2013	5 to 40 years
Boston - Somerville	MA		1,553	7,186	225	1,506	7,458	8,964	1,462	2008	3/22/2013	5 to 40 years
Long Island - Deer Park	NY		1,096	8,276	172	1,096	8,448	9,544	1,626	2009	8/29/2013	5 to 40 years
Long Island - Amityville	NY		2,224	10,102	133	2,224	10,235	12,459	1,949	2009	8/29/2013	5 to 40 years
Colorado Springs - Scarlet	CO		629	5,201	246	629	5,447	6,076	1,014	2006	9/30/2013	5 to 40 years
Toms River - Route 37 W	NJ		1,843	6,544	244	1,843	6,788	8,631	1,246	2007	11/26/2013	5 to 40 years
Lake Worth - S Military	FL		868	5,306	841	868	6,147	7,015	1,135	2000	12/4/2013	5 to 40 years
Austin-Round Rock	TX		1,547	5,226	310	1,547	5,536	7,083	1,115	2008	12/27/2013	5 to 40 years
Hartford-Bristol	CT		1,174	8,816	147	1,174	8,963	10,137	1,593	2004	12/30/2013	5 to 40 years
Piscataway - New Brunswick	NJ		1,639	10,946	172	1,639	11,118	12,757	1,962	2006	12/30/2013	5 to 40 years
Fort Lauderdale - 3rd Ave	FL		7,629	11,918	976	7,629	12,894	20,523	2,289	1998	1/9/2014	5 to 40 years
West Palm - Mercer	FL		15,680	17,520	1,368	15,680	18,888	34,568	3,402	2000	1/9/2014	5 to 40 years
Austin - Manchaca	TX		3,999	4,297	801	3,999	5,098	9,097	1,011	1998/02	1/17/2014	5 to 40 years
San Antonio	TX		2,235	6,269	407	2,235	6,676	8,911	1,232	2012	2/10/2014	5 to 40 years
Portland	ME		2,146	6,418	332	2,146	6,750	8,896	1,201	2000	2/11/2014	5 to 40 years
Portland-Topsham	ME		493	5,234	621	985	5,363	6,348	947	2006	2/11/2014	5 to 40 years
Chicago - St. Charles	IL		1,837	6,301	2,532	1,837	8,833	10,670	1,290	2004/13/20	3/31/2014	5 to 40 years
Chicago - Ashland	IL		598	4,789	461	598	5,250	5,848	920	2014	5/5/2014	5 to 40 years
San Antonio - Walzem	TX		2,000	3,749	3,540	2,000	7,289	9,289	932	1997/2019	5/13/2014	5 to 40 years
St. Louis - Woodson	MO		2,444	5,966	1,659	2,444	7,625	10,069	1,363	1998	5/22/2014	5 to 40 years
St. Louis - Mexico	MO		638	3,518	1,883	638	5,401	6,039	913	1998/16	5/22/2014	5 to 40 years
St. Louis - Vogel	MO		2,010	3,544	2,062	2,010	5,606	7,616	810	2000	5/22/2014	5 to 40 years
St. Louis - Manchester	MO		508	2,042	432	508	2,474	2,982	471	1996	5/22/2014	5 to 40 years
St. Louis - North Highway	MO		1,989	4,045	2,514	1,989	6,559	8,548	1,036	1997	5/22/2014	5 to 40 years
St. Louis - Dunn	MO		1,538	4,510	2,903	1,538	7,413	8,951	1,120	2000	5/22/2014	5 to 40 years
Trenton-Hamilton Twship	NJ		5,161	7,063	1,169	5,161	8,232	13,393	1,414	1980	6/5/2014	5 to 40 years
NY Metro-Fishkill	NY		1,741	6,006	438	1,741	6,444	8,185	1,130	2005	6/11/2014	5 to 40 years
Atlanta-Peachtree City	GA		2,263	4,931	576	2,263	5,507	7,770	1,024	2007	6/12/2014	5 to 40 years
Wayne - Willowbrook	NJ		—	2,292	307	—	2,599	2,599	1,075	2000	6/12/2014	5 to 40 years
Asbury Park - 1st Ave	NJ		819	4,734	900	819	5,634	6,453	975	2003	6/18/2014	5 to 40 years
Farmingdale - Tinton Falls	NJ		1,097	5,618	598	1,097	6,216	7,313	1,056	2004	6/18/2014	5 to 40 years
Lakewood - Route 70	NJ		626	4,549	311	626	4,860	5,486	849	2003	6/18/2014	5 to 40 years
Matawan - Highway 34	NJ		1,512	9,707	996	1,512	10,703	12,215	1,837	2005	7/10/2014	5 to 40 years
St. Petersburg - Gandy	FL		2,958	6,904	404	2,958	7,308	10,266	1,219	2007	8/28/2014	5 to 40 years
Chesapeake - Campostella	VA		2,349	3,875	364	2,349	4,239	6,588	717	2000	9/5/2014	5 to 40 years

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			Land	Building, Equipment and Impvmts.		Land	Building, Equipment and Impvmts.	Total				
San Antonio-Castle Hills		TX	2,658	8,190	494	4,544	6,798	11,342	1,161	2002	9/10/2014	5 to 40 years
Chattanooga - Broad St		TN	759	5,608	315	759	5,923	6,682	963	2014	9/18/2014	5 to 40 years
New Orleans-Kenner		LA	5,771	10,375	554	5,771	10,929	16,700	1,793	2008	10/10/2014	5 to 40 years
Orlando-Celebration		FL	6,091	4,641	479	6,091	5,120	11,211	855	2006	10/21/2014	5 to 40 years
Austin-Cedar Park		TX	4,196	8,374	967	4,196	9,341	13,537	1,503	2003	10/28/2014	5 to 40 years
Chicago - Pulaski		IL	889	4,700	1,885	889	6,585	7,474	938	2014	11/14/2014	5 to 40 years
Houston - Gessner		TX	1,599	5,813	3,536	1,599	9,349	10,948	1,288	2006/17	12/18/2014	5 to 40 years
New England - Danbury		CT	9,747	18,374	229	9,747	18,603	28,350	2,803	1999	2/2/2015	5 to 40 years
New England - Milford		CT	9,642	23,352	166	9,642	23,518	33,160	3,531	1999	2/2/2015	5 to 40 years
Long Island - Hicksville		NY	5,153	27,401	176	5,153	27,577	32,730	4,136	2002	2/2/2015	5 to 40 years
Long Island - Farmingdale		NY	4,931	20,415	322	4,931	20,737	25,668	3,108	2000	2/2/2015	5 to 40 years
Chicago - Alsip		IL	2,579	4,066	3,510	2,579	7,576	10,155	937	1986/17	2/5/2015	5 to 40 years
Chicago - N. Pulaski		IL	1,719	6,971	457	1,719	7,428	9,147	1,135	2015	3/9/2015	5 to 40 years
Fort Myers - Tamiami Trail		FL	1,793	4,382	278	1,793	4,660	6,453	725	2004	4/1/2015	5 to 40 years
Dallas - Allen		TX	3,864	4,777	409	3,864	5,186	9,050	831	2002	4/16/2015	5 to 40 years
Jacksonville - Beach Blvd.		FL	2,118	6,501	89	2,118	6,590	8,708	973	2013	4/21/2015	5 to 40 years
Space Coast - Vero Beach		FL	1,169	4,409	366	1,169	4,775	5,944	718	1997	5/1/2015	5 to 40 years
Port St. Lucie - Federal Hwy.		FL	4,957	6,045	291	4,957	6,336	11,293	962	2001	5/1/2015	5 to 40 years
West Palm - N. Military		FL	3,372	4,206	308	3,372	4,514	7,886	683	1985	5/1/2015	5 to 40 years
Ft. Myers - Bonita Springs		FL	2,687	5,012	318	2,687	5,330	8,017	808	2000	5/1/2015	5 to 40 years
Phoenix - Tatum Blvd.		AZ	852	7,052	299	852	7,351	8,203	1,135	2015	6/16/2015	5 to 40 years
Boston - Lynn		MA	2,110	8,182	447	2,110	8,629	10,739	1,236	2015	6/16/2015	5 to 40 years
Syracuse - Ainsely Dr.		NY	2,711	3,795	2,237	2,711	6,032	8,743	681	2000/19	8/25/2015	5 to 40 years
Syracuse - Cicero		NY	668	1,957	174	668	2,131	2,799	318	2002	8/25/2015	5 to 40 years
Syracuse - Camillus		NY	473	5,368	108	473	5,476	5,949	766	2005/11	8/25/2015	5 to 40 years
Syracuse - Manlius		NY	834	1,705	1,093	834	2,798	3,632	342	2000/17	8/25/2015	5 to 40 years
Charlotte - Brookshire Blvd.		NC	718	2,977	975	718	3,952	4,670	588	2000	9/1/2015	5 to 40 years
Charleston III		SC	7,604	9,086	508	7,604	9,594	17,198	1,355	2005	9/1/2015	5 to 40 years
Myrtle Beach II		SC	2,511	6,147	3,809	2,511	9,956	12,467	1,074	1999/2019	9/1/2015	5 to 40 years
Hilton Head - Bluffton		SC	3,084	3,192	237	3,084	3,429	6,513	513	1998	9/1/2015	5 to 40 years
Philadelphia - Eagleville		PA	1,926	4,498	1,478	1,926	5,976	7,902	737	2010	12/30/2015	5 to 40 years
Orlando - University		FL	882	5,756	319	882	6,075	6,957	792	2001	1/6/2016	5 to 40 years
Orlando - N. Powers		FL	2,567	2,838	201	2,567	3,039	5,606	421	1997	1/6/2016	5 to 40 years
Sarasota - North Port		FL	4,884	10,014	(264)	4,278	10,356	14,634	1,224	2001/06	1/6/2016	5 to 40 years
Los Angeles - E. Commercial		CA	6,512	12,352	562	6,512	12,914	19,426	1,777	2004	1/21/2016	5 to 40 years
Los Angeles - E. Slauson		CA	3,998	13,547	303	3,998	13,850	17,848	1,759	2012	1/21/2016	5 to 40 years
Los Angeles - Westminster		CA	4,636	14,826	380	4,636	15,206	19,842	1,910	2006	1/21/2016	5 to 40 years
Los Angeles - Calabasas		CA	13,274	10,419	583	13,274	11,002	24,276	1,498	2004/14	1/21/2016	5 to 40 years
Portsmouth - Kingston		NH	1,713	2,709	105	1,713	2,814	4,527	368	2003	1/21/2016	5 to 40 years
Portsmouth - Danville		NH	1,615	3,333	79	1,615	3,412	5,027	444	2003	1/21/2016	5 to 40 years
Portsmouth - Hampton Falls		NH	2,445	6,295	153	2,445	6,448	8,893	810	2005	1/21/2016	5 to 40 years
Portsmouth - Lee		NH	3,078	2,861	1,354	3,078	4,215	7,293	407	2000/20	1/21/2016	5 to 40 years
Portsmouth - Heritage		NH	4,430	26,040	634	4,430	26,674	31,104	3,318	1985/99	1/21/2016	5 to 40 years
Boston - Salisbury		MA	4,880	6,342	218	4,880	6,560	11,440	836	2003	1/21/2016	5 to 40 years
Dallas - Frisco		TX	6,191	5,088	283	6,191	5,371	11,562	710	2003	1/21/2016	5 to 40 years
Dallas - McKinney		TX	8,097	7,047	185	8,097	7,232	15,329	956	2003	1/21/2016	5 to 40 years

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			Land	Building, Equipment and Impvmts.		Land	Building, Equipment and Impvmts.	Total					
													Encumbrance
Dallas - McKinney		TX	5,508	6,462	182	5,508	6,644	12,152	855	2002	1/21/2016	5 to 40 years	
Phoenix - 48th		AZ	988	8,224	81	988	8,305	9,293	1,098	2015	2/1/2016	5 to 40 years	
Miami		FL	2,294	8,980	207	2,294	9,187	11,481	1,205	2016	2/12/2016	5 to 40 years	
Philadelphia - Glenolden		PA	1,768	3,879	432	1,768	4,311	6,079	560	1970	2/17/2016	5 to 40 years	
Denver - Thornton		CO	4,528	7,915	166	4,528	8,081	12,609	1,040	2011	2/29/2016	5 to 40 years	
Los Angeles - Costa Mesa		CA	17,976	25,145	939	17,976	26,084	44,060	3,206	2005	3/16/2016	5 to 40 years	
Los Angeles - Irving		CA	—	6,318	922	—	7,240	7,240	1,832	1985	3/16/2016	5 to 40 years	
Los Angeles - Durante		CA	4,671	13,908	147	4,671	14,055	18,726	1,719	2015	3/16/2016	5 to 40 years	
Los Angeles - Wildomar		CA	6,728	10,340	7,354	6,728	17,694	24,422	1,618	2005/19	3/17/2016	5 to 40 years	
Los Angeles - Torrance		CA	17,445	18,839	494	17,445	19,333	36,778	2,438	2003	4/11/2016	5 to 40 years	
New Haven - Wallingford		CT	3,618	5,286	308	3,618	5,594	9,212	701	2000	4/14/2016	5 to 40 years	
New Haven - Waterbury		CT	2,524	5,618	205	2,524	5,823	8,347	734	2001	4/14/2016	5 to 40 years	
New York - Mahopac		NY	3,832	2,373	5,089	388	2,373	5,477	7,850	661	1991/94	4/26/2016	5 to 40 years
New York - Mount Vernon		NY	3,337	13,112	228	3,337	13,340	16,677	1,602	2013	4/26/2016	5 to 40 years	
Pt. St. Lucie		FL	3,728	4,140	7,176	679	4,305	7,690	11,995	1,054	2002	5/2/2016	5 to 40 years
Dallas - Lewisville		TX	2,333	8,302	529	2,333	8,831	11,164	1,081	2007	5/5/2016	5 to 40 years	
Buffalo - Cayuga		NY	499	5,198	2,447	499	7,645	8,144	712	2006	5/19/2016	5 to 40 years	
Buffalo - Lackawanna		NY	215	2,323	437	215	2,760	2,975	332	2006	5/19/2016	5 to 40 years	
Austin - W Braker		TX	1,210	14,833	270	1,210	15,103	16,313	1,738	2003	7/15/2016	5 to 40 years	
Austin - Highway 290		TX	930	12,269	323	930	12,592	13,522	1,455	1999	7/15/2016	5 to 40 years	
Austin - Killeen		TX	3,070	20,782	436	3,070	21,218	24,288	2,638	2005	7/15/2016	5 to 40 years	
Austin - Round Rock		TX	830	6,129	262	830	6,391	7,221	761	1986	7/15/2016	5 to 40 years	
Austin - Georgetown		TX	1,530	10,647	600	1,530	11,247	12,777	1,353	2001/15	7/15/2016	5 to 40 years	
Austin - Pflugerville		TX	750	9,238	342	750	9,580	10,330	1,111	2005	7/15/2016	5 to 40 years	
Chicago - Algonquin		IL	1,430	14,958	129	1,430	15,087	16,517	1,746	2006	7/15/2016	5 to 40 years	
Chicago - Carpentersville		IL	350	4,710	30	350	4,740	5,090	550	2004	7/15/2016	5 to 40 years	
Chicago - W. Addison		IL	2,770	25,112	236	2,770	25,348	28,118	2,920	2007	7/15/2016	5 to 40 years	
Chicago - State St.		IL	1,190	19,159	212	1,190	19,371	20,561	2,202	2009	7/15/2016	5 to 40 years	
Chicago - W. Grand		IL	1,720	10,628	194	1,720	10,822	12,542	1,237	2007	7/15/2016	5 to 40 years	
Chicago - Libertyville		IL	3,670	26,660	316	3,670	26,976	30,646	3,070	2009	7/15/2016	5 to 40 years	
Chicago - Aurora		IL	1,090	20,033	284	1,090	20,317	21,407	2,341	2009	7/15/2016	5 to 40 years	
Chicago - Morton Grove		IL	1,610	14,914	805	1,610	15,719	17,329	1,780	2009	7/15/2016	5 to 40 years	
Chicago - Bridgeview		IL	3,770	19,990	597	3,770	20,587	24,357	2,430	2008	7/15/2016	5 to 40 years	
Chicago - Addison		IL	1,340	11,881	487	1,340	12,368	13,708	1,421	2008	7/15/2016	5 to 40 years	
Chicago - W Diversey		IL	1,670	10,811	112	1,670	10,923	12,593	1,240	2010	7/15/2016	5 to 40 years	
Chicago - Elmhurst		IL	670	18,729	140	670	18,869	19,539	2,143	2008	7/15/2016	5 to 40 years	
Chicago - Elgin		IL	1,130	12,584	241	1,130	12,825	13,955	1,490	2003	7/15/2016	5 to 40 years	
Chicago - N. Paulina St.,		IL	5,600	12,721	210	5,600	12,931	18,531	1,499	2006	7/15/2016	5 to 40 years	
Chicago - Matteson		IL	1,590	12,053	228	1,590	12,281	13,871	1,475	2007	7/15/2016	5 to 40 years	
Chicago - S. Heights		IL	1,050	4,960	137	1,050	5,097	6,147	623	2006	7/15/2016	5 to 40 years	
Chicago - W. Grand		IL	1,780	8,928	195	1,780	9,123	10,903	1,057	2007	7/15/2016	5 to 40 years	
Chicago - W 30th St		IL	600	15,574	645	600	16,219	16,819	1,807	2008	7/15/2016	5 to 40 years	
Chicago - Mokena		IL	3,230	18,623	273	3,230	18,896	22,126	2,224	2008	7/15/2016	5 to 40 years	
Chicago - Barrington		IL	1,890	9,395	733	1,890	10,128	12,018	1,176	2015	7/15/2016	5 to 40 years	
Chicago - Naperville		IL	2,620	11,933	228	2,620	12,161	14,781	1,466	2015	7/15/2016	5 to 40 years	
Chicago - Forest Park		IL	1,100	10,087	820	1,100	10,907	12,007	1,248	2015	7/15/2016	5 to 40 years	

Description	New	ST	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition Building, Equipment and Impvmts.	Gross Amount at Which Carried at Close of Period			Accum. Deprec.	Date of Const.	Date Acquired	Life on which depreciation in latest income statement is computed
			Land	Building, Equipment and Impvmts.		Land	Building, Equipment and Impvmts.	Total				
Chicago - La Grange		IL	960	13,019	521	960	13,540	14,500	1,549	2015	7/15/2016	5 to 40 years
Chicago - Glenview		IL		8,519	137	3,210	8,656	11,866	1,037	2014/15	7/15/2016	5 to 40 years
Dallas - Richardson		TX	630	10,282	151	630	10,433	11,063	1,242	2001	7/15/2016	5 to 40 years
Dallas - Arlington		TX		12,785	318	790	13,103	13,893	1,512	2007	7/15/2016	5 to 40 years
Dallas - Plano		TX	1,370	10,166	373	1,370	10,539	11,909	1,195	1998	7/15/2016	5 to 40 years
Dallas - Mesquite		TX	620	8,771	289	620	9,060	9,680	1,024	2016	7/15/2016	5 to 40 years
Dallas - S Good Latimer		TX	4,030	8,029	172	4,030	8,201	12,231	971	2016	7/15/2016	5 to 40 years
Boulder - Arapahoe		CO	3,690	12,074	602	3,690	12,676	16,366	1,441	1992	7/15/2016	5 to 40 years
Boulder - Odell		CO	2,650	15,304	306	2,650	15,610	18,260	1,836	1998	7/15/2016	5 to 40 years
Boulder - Arapahoe		CO		15,571	281	11,540	15,852	27,392	1,874	1984	7/15/2016	5 to 40 years
Boulder - Broadway		CO	2,670	5,623	228	2,670	5,851	8,521	701	1992	7/15/2016	5 to 40 years
Houston - Westpark		TX	2,760	8,288	365	2,760	8,653	11,413	1,056	1996	7/15/2016	5 to 40 years
Houston - C. Jester		TX	8,080	10,114	2,930	8,080	13,044	21,124	1,250	2008/20	7/15/2016	5 to 40 years
Houston - Bay Pointe		TX	1,960	9,585	406	1,960	9,991	11,951	1,164	1972	7/15/2016	5 to 40 years
Houston - FM 529		TX	680	3,951	163	680	4,114	4,794	506	2005	7/15/2016	5 to 40 years
Houston - Jones		TX	1,260	2,382	219	1,260	2,601	3,861	342	1994	7/15/2016	5 to 40 years
Las Vegas - Spencer		NV	1,020	25,152	384	1,020	25,536	26,556	2,935	2000	7/15/2016	5 to 40 years
Las Vegas - Maule		NV	2,510	11,822	(965)	1,310	12,057	13,367	1,389	2005	7/15/2016	5 to 40 years
Las Vegas - Wigwam		NV	590	16,838	162	590	17,000	17,590	1,944	2008	7/15/2016	5 to 40 years
Las Vegas - Stufflebeam		NV	350	6,977	417	350	7,394	7,744	868	1996	7/15/2016	5 to 40 years
Las Vegas - Ft. Apache		NV	1,470	11,047	262	1,470	11,309	12,779	1,336	2004	7/15/2016	5 to 40 years
Las Vegas - North		NV	390	7,042	228	390	7,270	7,660	852	2005	7/15/2016	5 to 40 years
Las Vegas - Warm Springs		NV	1,340	5,141	108	1,340	5,249	6,589	1,080	2004	7/15/2016	5 to 40 years
Las Vegas - Conestoga		NV	1,420	10,295	302	1,420	10,597	12,017	1,281	2007	7/15/2016	5 to 40 years
Las Vegas - Warm Springs		NV	1,080	16,436	186	1,080	16,622	17,702	1,913	2007	7/15/2016	5 to 40 years
Las Vegas - Nellis		NV	790	5,233	730	790	5,963	6,753	730	1995	7/15/2016	5 to 40 years
Las Vegas - Cheyenne		NV	1,470	17,366	296	1,470	17,662	19,132	2,111	2004	7/15/2016	5 to 40 years
Las Vegas - Dean Martin		NV	3,050	23,333	212	3,050	23,545	26,595	2,972	2005	7/15/2016	5 to 40 years
Las Vegas - Flamingo		NV	980	13,451	240	980	13,691	14,671	1,587	2007	7/15/2016	5 to 40 years
Las Vegas - North		NV	330	15,651	226	330	15,877	16,207	1,825	2007	7/15/2016	5 to 40 years
Las Vegas - Henderson		NV	570	12,676	280	570	12,956	13,526	1,546	2005	7/15/2016	5 to 40 years
Las Vegas - North		NV	520	10,105	206	520	10,311	10,831	1,212	2002	7/15/2016	5 to 40 years
Las Vegas - Farm		NV	1,510	9,388	116	1,510	9,504	11,014	1,104	2008	7/15/2016	5 to 40 years
Los Angeles - Torrance		CA	5,250	32,363	310	5,250	32,673	37,923	3,752	2004	7/15/2016	5 to 40 years
Los Angeles - Irvine		CA	2,520	18,402	301	2,520	18,703	21,223	2,196	2002	7/15/2016	5 to 40 years
Los Angeles - Palm Desert		CA	2,660	16,589	329	2,660	16,918	19,578	1,990	2002	7/15/2016	5 to 40 years
Milwaukee - Green Bay		WI	750	14,720	142	750	14,862	15,612	1,718	2005	7/15/2016	5 to 40 years
Orlando - Winter Garden		FL	640	6,688	75	640	6,763	7,403	799	2006	7/15/2016	5 to 40 years
Orlando - Longwood		FL	1,230	9,586	155	1,230	9,741	10,971	1,128	2000	7/15/2016	5 to 40 years
Orlando - Overland		FL	1,080	3,713	136	1,080	3,849	4,929	468	2000	7/15/2016	5 to 40 years
Sacramento - Calvine		CA	2,280	17,069	130	2,280	17,199	19,479	1,996	2004	7/15/2016	5 to 40 years
Sacramento - Folsom		CA	1,200	22,150	100	1,200	22,250	23,450	2,529	2005	7/15/2016	5 to 40 years
Sacramento - Pell		CA	540	8,874	562	932	9,044	9,976	1,092	2004	7/15/2016	5 to 40 years
Sacramento - Goldenland		CA	2,010	8,944	210	2,010	9,154	11,164	1,115	2005	7/15/2016	5 to 40 years
Sacramento - Woodland		CA	860	10,569	84	860	10,653	11,513	1,225	2003	7/15/2016	5 to 40 years
Sacramento - El Camino		CA	1,450	12,239	162	1,450	12,401	13,851	1,449	2002	7/15/2016	5 to 40 years

Description	New	ST	Encumbrance	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition Building, Equipment and Impvmts.	Gross Amount at Which Carried at Close of Period			Accum. Deprec.	Date of Const.	Date Acquired	Life on which depreciation in latest income statement is computed
				Land	Building, Equipment and Impvmts.		Land	Building, Equipment and Impvmts.	Total				
Sacramento - Bayou		CA		1,640	21,603	164	1,640	21,767	23,407	2,516	2005	7/15/2016	5 to 40 years
Sacramento - Calvine		CA		2,120	24,650	151	2,120	24,801	26,921	2,885	2003	7/15/2016	5 to 40 years
Sacramento - El Dorado Hills		CA		1,610	24,829	131	1,610	24,960	26,570	2,889	2007	7/15/2016	5 to 40 years
Sacramento - Fruitridge		CA		1,480	15,695	321	1,480	16,016	17,496	1,930	2007	7/15/2016	5 to 40 years
San Antonio - US 281		TX		1,380	8,457	217	1,380	8,674	10,054	1,008	2003	7/15/2016	5 to 40 years
Austin - San Marcos		TX		990	7,323	117	990	7,440	8,430	883	2016	7/15/2016	5 to 40 years
Charleston		SC		920	7,700	58	920	7,758	8,678	924	2016	7/29/2016	5 to 40 years
Denver - Westminster		CO		5,062	3,679	451	5,062	4,130	9,192	470	2000	8/4/2016	5 to 40 years
Chicago - Arlington Hgts.		IL		370	8,513	141	370	8,654	9,024	922	2016	11/17/2016	5 to 40 years
Orlando - Curry Ford		FL		3,268	6,378	282	3,268	6,660	9,928	704	2016	12/20/2016	5 to 40 years
Chicago - Lombard		IL		771	9,318	12	771	9,330	10,101	921	2017	2/23/2017	5 to 40 years
Austin - Mary St.		TX		1,358	13,041	21	1,358	13,062	14,420	423	2017	4/3/2017	5 to 40 years
Charlotte - Morehead St..		NC		1,110	11,439	73	1,110	11,512	12,622	913	2017	12/14/2017	5 to 40 years
Londonderry - Smith Ln.		NH		1,257	4,276	70	1,257	4,346	5,603	285	2016	9/4/2018	5 to 40 years
Sacramento - Main Ave.		CA		2,089	11,551	2,312	2,089	13,863	15,952	747	2016/18/19	9/18/2018	5 to 40 years
Carmel - Old Rt. 6		NY		3,358	4,536	42	3,358	4,578	7,936	266	1998/2000	10/2/2018	5 to 40 years
Chamblee - Peachtree Blvd.		GA		1,665	12,479	49	1,666	12,527	14,193	716	2018	11/1/2018	5 to 40 years
West Sacramento - Jefferson		CA		1,331	8,131	50	1,331	8,181	9,512	446	2013/2018	12/7/2018	5 to 40 years
Orlando - Semoran Blvd.		FL		2,014	7,534	550	2,014	8,084	10,098	423	2015	12/11/2018	5 to 40 years
Riverhead - Flanders Rd.		NY		3,969	3,138	3,146	3,970	6,283	10,253	177	1995/2020	12/20/2018	5 to 40 years
Saint Louis - Manchester Ave.		MO		1,633	7,620	61	1,633	7,681	9,314	393	2017	12/27/2018	5 to 40 years
Long Island City		NY		30,094	26,927	35	30,094	26,962	57,056	1,314	2017	1/16/2019	5 to 40 years
Tampa - MLK Jr. Blvd.		FL		1,817	7,377	62	1,817	7,439	9,256	368	2017	3/8/2019	5 to 40 years
Cleveland - Wickliffe		OH		690	6,784	159	690	6,943	7,633	303	1997	4/30/2019	5 to 40 years
Cleveland - Highland Heights		OH		1,036	9,518	110	1,036	9,628	10,664	425	2000	4/30/2019	5 to 40 years
Cleveland - Westlake		OH		379	14,354	101	379	14,455	14,834	612	2008	4/30/2019	5 to 40 years
Jacksonville		FL		662	9,208	69	662	9,277	9,939	391	2018	6/11/2019	5 to 40 years
Wake Forest		NC		803	10,954	63	803	11,017	11,820	432	2017	7/12/2019	5 to 40 years
Chantilly		VA		2,723	12,298	39	2,723	12,337	15,060	478	2018	7/12/2019	5 to 40 years
Chattanooga		TN		1,266	8,250	102	1,266	8,352	9,618	336	2017	7/12/2019	5 to 40 years
Tampa - Lutz		FL		663	9,665	113	663	9,778	10,441	399	2018	7/12/2019	5 to 40 years
Summerville		SC		2,250	5,344	75	2,250	5,419	7,669	225	2017	7/12/2019	5 to 40 years
Charleston - Summerville		SC		2,824	10,634	62	2,824	10,696	13,520	420	2018	7/12/2019	5 to 40 years
Dumfries		VA		891	7,700	101	891	7,801	8,692	313	2017	7/12/2019	5 to 40 years
Greenville		SC		1,421	10,303	67	1,421	10,370	11,791	416	2017	7/12/2019	5 to 40 years
Cumming		GA		753	9,804	80	753	9,884	10,637	389	2018	7/12/2019	5 to 40 years
Glen Allen		VA		4,296	11,029	67	4,296	11,096	15,392	437	2018	7/12/2019	5 to 40 years
Tampa - Trout Creek Drive		FL		1,083	10,691	59	1,083	10,750	11,833	424	2017	7/12/2019	5 to 40 years
Midlothian		VA		1,726	6,695	68	1,726	6,763	8,489	274	2018	7/12/2019	5 to 40 years
Las Vegas - Boulder Hwy		NV		4,586	7,853	215	4,586	8,068	12,654	280	1979/1993	8/29/2019	5 to 40 years
Seattle - Auburn		WA	8,775	3,261	16,051	42	3,261	16,093	19,354	508	1986/2000	9/24/2019	5 to 40 years
Seattle - Yancy Street		WA	7,891	10,629	8,570	86	10,629	8,656	19,285	273	1994	9/24/2019	5 to 40 years
Seattle - 114th Street		WA	6,018	6,995	10,257	116	6,995	10,373	17,368	326	1995	9/24/2019	5 to 40 years
Baltimore - Pulaski Hwy		MD		4,070	6,878	27	4,070	6,905	10,975	223	1984	9/26/2019	5 to 40 years
Baltimore - North Point Road		MD		1,995	7,634	51	1,995	7,685	9,680	252	1990	9/26/2019	5 to 40 years
Baltimore - Fontana Lane		MD		2,097	7,658	28	2,097	7,686	9,783	252	1989	9/26/2019	5 to 40 years

Description	New	ST	Encumbrance	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition Building, Equipment and Impvmts.	Gross Amount at Which Carried at Close of Period			Accum. Deprec.	Date of Const.	Date Acquired	Life on which depreciation in latest income statement is computed
				Land	Building, Equipment and Impvmts.		Land	Building, Equipment and Impvmts.	Total				
Baltimore - Jessup		MD		13,411	9,622	27	13,411	9,649	23,060	314	1987	9/26/2019	5 to 40 years
Baltimore - Windsor Mill Road		MD		2,195	6,646	34	2,195	6,680	8,875	217	1989	9/26/2019	5 to 40 years
Norwood		NJ		1,875	16,910	43	1,875	16,953	18,828	503	2006	10/23/2019	5 to 40 years
Ocean Township		NJ		4,058	14,014	262	4,058	14,276	18,334	392	1994/2019	12/12/2019	5 to 40 years
Elk Grove		CA		2,873	14,977	2	2,873	14,979	17,852	320	2000	3/9/2020	5 to 40 years
Norco		CA		3,532	19,613	9	3,532	19,622	23,154	416	2011	3/9/2020	5 to 40 years
Rohnert Park		CA		2,546	13,242	10	2,546	13,252	15,798	279	1984	3/9/2020	5 to 40 years
San Jose		CA		7,887	20,042	—	7,887	20,042	27,929	420	1999	3/9/2020	5 to 40 years
Palmdale		CA		1,939	16,039	105	1,939	16,144	18,083	340	2005	3/9/2020	5 to 40 years
Lancaster		CA		1,529	17,822	36	1,529	17,858	19,387	380	2001	3/9/2020	5 to 40 years
Tampa - E Fletcher Ave		FL		2,576	7,101	—	2,576	7,101	9,677	48	1980/1983/1996	9/29/2020	5 to 40 years
Tampa - W Hillsborough Ave		FL		1,389	6,280	—	1,389	6,280	7,669	41	1985/1986/2000	9/29/2020	5 to 40 years
San Antonio - Culebra Rd		TX		888	4,391	4	888	4,395	5,283	29	2008	9/29/2020	5 to 40 years
Columbus - Cleveland Ave		OH		962	5,218	16	962	5,234	6,196	34	2000	9/29/2020	5 to 40 years
Columbus - Evanswood Dr		OH		1,342	6,932	—	1,342	6,932	8,274	44	2000	9/29/2020	5 to 40 years
San Antonio - Jackson Keller Rd		TX		1,482	9,148	—	1,482	9,148	10,630	59	1984	9/29/2020	5 to 40 years
Whitehall		OH		807	4,380	—	807	4,380	5,187	28	2000	9/29/2020	5 to 40 years
Dallas - S Buckner Blvd		TX		2,040	4,902	—	2,040	4,902	6,942	32	1985	9/29/2020	5 to 40 years
Garland		TX		1,565	5,465	8	1,565	5,473	7,038	35	1984	9/29/2020	5 to 40 years
Dallas - N Buckner Blvd		TX		1,782	4,990	—	1,782	4,990	6,772	32	1985	9/29/2020	5 to 40 years
Columbus - W Henderson Rd		OH		1,304	11,847	14	1,304	11,861	13,165	76	2000	9/29/2020	5 to 40 years
Miami - SW 28th Ln		FL		2,568	16,912	4	2,568	16,916	19,484	107	1999	9/29/2020	5 to 40 years
Decatur		GA		2,110	8,486	—	2,110	8,486	10,596	55	1972/1998	9/29/2020	5 to 40 years
Columbus - E Broad St		OH		975	7,804	40	975	7,844	8,819	50	2000	9/29/2020	5 to 40 years
Dublin		OH		1,061	9,710	21	1,061	9,731	10,792	62	2000	9/29/2020	5 to 40 years
North Brunswick		NJ		1,280	13,637	13	1,280	13,650	14,930	87	1986	9/29/2020	5 to 40 years
Hillsborough		NJ		1,077	10,560	20	1,077	10,580	11,657	67	1993	9/29/2020	5 to 40 years
Lodi		NJ		2,108	17,758	53	2,108	17,811	19,919	115	1998	9/29/2020	5 to 40 years
Flemington		NJ		855	15,942	27	855	15,969	16,824	101	1993	9/29/2020	5 to 40 years
East Windsor		NJ		929	16,063	13	929	16,076	17,005	102	1993	9/29/2020	5 to 40 years
Ottsville		PA		1,032	14,481	7	1,032	14,488	15,520	94	2001	9/29/2020	5 to 40 years
East Stroudsburg		PA		676	9,593	3	676	9,596	10,272	61	2000	9/29/2020	5 to 40 years
Doylestown		PA		741	11,560	11	741	11,571	12,312	74	2001	9/29/2020	5 to 40 years
Monmouth Junction		NJ		1,005	20,947	18	1,005	20,965	21,970	132	2006	9/29/2020	5 to 40 years
King of Prussia		PA		—	13,736	4	—	13,740	13,740	87	2005	9/29/2020	5 to 40 years
Trenton		NJ	6,343	2,158	11,497	5	2,158	11,502	13,660	49	2008	11/5/2020	5 to 40 years
Miami - Coral Way		FL		2,032	9,325	29	2,032	9,354	11,386	27	2018	11/25/2020	5 to 40 years
Dardenne Prairie		MO		1,312	6,070	6	1,312	6,076	7,388	13	2017	12/9/2020	5 to 40 years
Brandon		FL		1,747	8,863	21	1,747	8,884	10,631	25	2014	12/14/2020	5 to 40 years
Sarasota - South Tamiami Trail		FL		1,240	14,063	5	1,240	14,068	15,308	30	2007	12/14/2020	5 to 40 years
Murrells Inlet		SC		671	8,771	4	671	8,775	9,446	—	2019	12/22/2020	5 to 40 years
Loomis		CA		3,528	12,127	4	3,528	12,131	15,659	—	1998	12/23/2020	5 to 40 years
Buffalo - Kenmore Ave		NY		507	16,195	—	507	16,195	16,702	—	2016	12/28/2020	5 to 40 years
Palm Desert		CA		1,588	9,787	5	1,588	9,792	11,380	—	2000	12/30/2020	5 to 40 years
Construction in Progress				—	—	18,647	—	18,647	18,647	—	2020		
Corporate Office		NY		—	68	49,179	1,632	47,615	49,247	30,015	2000	5/1/2000	5 to 40 years
				<u>\$ 37,777</u>	<u>\$ 938,241</u>	<u>\$ 3,667,020</u>	<u>\$ 725,062</u>	<u>\$ 951,813</u>	<u>\$ 4,378,510</u>	<u>\$ 5,330,323</u>	<u>\$ 873,178</u>		

**Life Storage, Inc.**  
**Schedule III**

(dollars in thousands)

	December 31, 2020	December 31, 2019	December 31, 2018
<b>Cost:</b>			
Balance at beginning of period	\$ 4,749,473	\$ 4,398,939	\$ 4,321,410
Additions during period:			
Acquisitions through foreclosure	—	—	—
Other acquisitions	523,922	424,578	76,582
Improvements, etc.	57,437	92,262	67,291
	<u>581,359</u>	<u>516,840</u>	<u>143,873</u>
Deductions during period:			
Cost of assets disposed	(509)	(166,306)	(66,344)
Impairment write-down	—	—	—
Casualty loss	—	—	—
	<u>(509)</u>	<u>(166,306)</u>	<u>(66,344)</u>
Balance at close of period	<u>\$ 5,330,323</u>	<u>\$ 4,749,473</u>	<u>\$ 4,398,939</u>
<b>Accumulated Depreciation:</b>			
Balance at beginning of period	\$ 756,333	\$ 704,681	\$ 624,314
Additions during period:			
Depreciation expense	117,168	104,218	102,361
	<u>117,168</u>	<u>104,218</u>	<u>102,361</u>
Deductions during period:			
Accumulated depreciation of assets disposed	(323)	(52,566)	(21,994)
Accumulated depreciation on impaired asset	—	—	—
Accumulated depreciation on casualty loss	—	—	—
	<u>(323)</u>	<u>(52,566)</u>	<u>(21,994)</u>
Balance at close of period	<u>\$ 873,178</u>	<u>\$ 756,333</u>	<u>\$ 704,681</u>

The aggregate cost of real estate for U.S. federal income tax purposes is \$5,290,061 at December 31, 2020.

## **OFFICERS AND DIRECTORS**

Stephen R. Rusmisl  
Director  
Principal - VI Funding LP

Arthur L. Havener, Jr.  
Director  
Principal - Stampede Capital LLC

Mark G. Barberio  
Director  
Principal - Markapital, LLC

Dana Hamilton  
Director  
Senior Managing Director -  
Pretium Partners, LLC

Edward Pettinella  
Director  
CEO (Retired) - Home Properties, Inc.

David Rogers  
Director  
CEO (Retired) - Life Storage, Inc

Susan Harnett  
Director  
COO (Retired) - QBE North America

Joseph V. Saffire  
Director  
Chief Executive Officer

Andrew J. Gregoire  
Chief Financial Officer  
and Corporate Secretary

Edward F. Killeen  
Chief Operating Officer

## **CORPORATE INFORMATION**

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Registrar and Transfer Agent  
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(800) 937-5449

Annual Meeting  
May 27, 2021  
[www.virtualshareholdermeeting.com/LSI2021](http://www.virtualshareholdermeeting.com/LSI2021)  
9:00 a.m. (e.d.t.)

Exchange  
New York Stock Exchange Listing Symbol: LSI  
Average Daily Volume in 2020: 583,445

The Chief Executive Officer has previously filed with the New York Stock Exchange (NYSE) the annual CEO certification for 2020 as required by section 303A.12(a) of the NYSE listed company manual.

As of December 31, 2020, there were approximately 506 shareholders of record of the common stock.





