

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of report (Date of earliest event reported): February 24, 2022

Life Storage, Inc.
Life Storage LP

(Exact Name of Registrant as Specified in Charter)

| | | |
|---|-----------------------------|--------------------------------------|
| Maryland (Life Storage, Inc.) | 001-13820 | 16-1194043 |
| Delaware (Life Storage LP) | 000-24071 | 16-1481551 |
| (State or Other Jurisdiction of Incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

6467 Main Street
Williamsville, New York
(Address of Principal Executive Offices)

14221
(Zip Code)

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

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 |
|---------------------|----------------------|--|
|---------------------|----------------------|--|

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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.

Item 2.02 Results of Operations and Financial Condition

On February 24, 2022, Life Storage, Inc. (the “Company”) issued a press release announcing its financial results for the quarter ended December 31, 2021. A copy of this press release is attached hereto as Exhibit 99.1. The information in Exhibit 99.1 is being furnished pursuant to this Item 2.02 and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or incorporated by reference in any filing thereunder or under the Securities Act of 1933, unless expressly set forth by specific reference in such document.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

99.1 Press Release dated February 24, 2022

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LIFE STORAGE, INC.
(Registrant)

Date: February 24, 2022

By: /s/ Andrew J. Gregoire
Andrew J. Gregoire,
Chief Financial Officer

LIFE STORAGE LP
(Registrant)

Date: February 24, 2022

By: /s/ Andrew J. Gregoire
Andrew J. Gregoire,
Chief Financial Officer

Exhibit Index

Exhibit No.

Description

Exhibit 99.1

Press Release dated February 24, 2022

Life Storage, Inc. Reports Fourth Quarter and Full Year 2021 Results

BUFFALO, N.Y.--(BUSINESS WIRE)--February 24, 2022--Life Storage, Inc. (NYSE:LSI), a leading national owner and operator of self-storage properties, reported operating results for the quarter and year ended December 31, 2021. All share and per share information has been retrospectively adjusted to reflect the January 2021 three-for-two stock split made in the form of a 50% stock dividend.

Highlights for the Fourth Quarter Included:

- Generated net income attributable to common shareholders of \$74.1 million, or \$0.90 per fully diluted common share.
- Achieved adjusted funds from operations (“FFO”)(1) per fully diluted common share of \$1.41, a 31.8% increase over the same period in 2020.
- Increased same store revenue by 16.9% and same store net operating income (“NOI”)(2) by 23.9%, year-over-year.
- Acquired 50 stores for \$826.6 million, including eight stores from the Company’s third-party management platform.
- With our joint venture partners, acquired 13 stores for a total cost of approximately \$291 million, of which the Company invested \$52 million.
- Added 29 stores (gross) to the Company’s third-party management platform.

Highlights for the Full Year Included:

- Generated net income attributable to common shareholders of \$249.3 million, or \$3.17 per fully diluted common share.
 - Achieved adjusted funds from operations (“FFO”)(1) per fully diluted common share of \$5.07, a 27.7% increase over the same period in 2020.
 - Increased same store revenue by 14.1% and same store net operating income (“NOI”)(2) by 19.4%, year-over-year.
 - Acquired 112 wholly owned stores for \$1,696.3 million, including 31 stores from the Company’s third-party management and joint venture platforms.
 - With our joint venture partners, acquired 30 stores for a total cost of approximately \$611 million, of which the Company invested \$81 million.
 - Added 103 stores (gross) to the Company’s third-party management platform; the Company grew its third-party management portfolio 11% in 2021 despite acquiring 31 previously managed stores.
 - Completed a \$600 million offering of 2.4% Senior Unsecured Notes due 2031.
-

Joe Saffire, the Company's Chief Executive Officer, stated, "We continued to successfully accelerate our growth in 2021. Each day our team executed to deliver exceptional results and I am very proud of what we accomplished together. We achieved record acquisition volume in 2021 as we closed \$2.3 billion in wholly owned and joint venture acquisitions, adding 144 properties to our platform to be just under 1,100 properties. With a growing acquisition and a third-party management pipeline, we are well positioned to continue executing on our strategic initiatives to further grow shareholder value in 2022 and beyond."

FINANCIAL RESULTS:

In the fourth quarter of 2021, the Company generated net income attributable to common shareholders of \$74.1 million or \$0.90 per fully diluted common share, compared to net income attributable to common shareholders of \$41.6 million, or \$0.57 per fully diluted common share, in the fourth quarter of 2020.

For the year ended December 31, 2021, the Company achieved \$249.3 million of net income attributable to common shareholders, or \$3.17 per fully diluted common share, as compared to \$151.6 million, or \$2.13 per fully diluted common share, for the year ended December 31, 2020.

Funds from operations for the quarter were \$1.41 per fully diluted common share compared to \$1.02 for the same period last year. Adjusted FFO per fully diluted common share for the quarter was \$1.41 compared to \$1.07 for the quarter ended December 31, 2020.

For the year ended December 31, 2021, FFO per fully diluted common share was \$5.08 compared to \$3.90 for the year ended December 31, 2020. Adjusted FFO per fully diluted common share for the year was \$5.07 as compared to adjusted FFO for the year ended December 31, 2020 of \$3.97.

OPERATIONS:

Revenues for the 531 stabilized stores wholly owned by the Company since December 31, 2019 increased 16.9% in the fourth quarter of 2021 compared to the same quarter of 2020. The increase largely resulted from the net impact of a 110 basis point increase in average occupancy and the net impact of a 15.2% increase in realized rental rates.

Same store operating expenses increased 1.9% for the fourth quarter of 2021 compared to the prior year period, the result of increased marketing costs, office and other operating expenses, and repairs and maintenance. The increases were partially offset by decreases in real estate taxes, and payroll and benefits. Same store NOI increased 23.9% in the fourth quarter of 2021 as compared to the fourth quarter of 2020.

During the fourth quarter of 2021, the Company achieved double digit same store revenue growth in each of its 31 major markets. Overall, the markets with the strongest positive revenue impact were Austin, TX; Las Vegas, NV; Buffalo-Upstate, NY and various Florida Markets.

PORTFOLIO TRANSACTIONS:

Wholly Owned Portfolio

During the quarter, the Company acquired 50 stores in Florida (17), Georgia (9), Connecticut (6), Texas (4), Illinois (4), North Carolina (3), South Carolina (2), Colorado (2), Tennessee (1), Virginia (1) and Maine (1) for a total purchase price of \$826.6 million.

At December 31, 2021, the Company was under contract to acquire ten self-storage facilities in California (9) and Maryland (1) for an aggregate purchase price of \$246.3 million. During January 2022, the Company completed the acquisition of six self-storage facilities in California for an aggregate purchase price of \$165.0 million. Subsequent to December 31, 2021, the Company entered into contracts to acquire 15 self-storage facilities in Texas (4), North Carolina (4), Florida (3), South Carolina (1), Illinois (1), Massachusetts (1) and Georgia (1) for an aggregate purchase price of \$236.2 million. The purchases of the remaining facilities are subject to customary conditions to closing, and there is no assurance that any of these facilities will be acquired.

THIRD-PARTY MANAGEMENT:

The Company continues to aggressively and profitably grow its third-party management platform. During the quarter, the Company added 29 stores (gross). As of quarter end, the Company managed 367 facilities in total, including those in which it owns a minority interest.

FINANCIAL POSITION:

At December 31, 2021, the Company had approximately \$171.9 million of cash on hand, and approximately \$500 million available on its line of credit.

To support acquisition activity, the Company issued equity securities and priced a bond offering during the fourth quarter. During the quarter, the Company issued 1,527,771 shares of common stock under its continuous equity offering program at a weighted average issue price of \$140.44 per share, generating net proceeds after expenses of \$212 million. Additionally, the Company completed a previously announced \$600 million Senior Unsecured Notes offering at 2.4% due 2031 that closed on October 7, 2021.

Below are key financial ratios at December 31, 2021:

| | |
|--|-------|
| • Debt to Enterprise Value (at \$153.18/share) | 17.7% |
| • Debt to Book Cost of Storage Facilities | 39.7% |
| • Debt to Recurring Annualized EBITDA | 4.5x |
| • Debt Service Coverage | 5.5x |

COMMON STOCK DIVIDEND:

Subsequent to quarter end, the Company's Board of Directors approved a 16% increase to its quarterly dividend to \$1.00 per share, or \$4.00 annualized. The dividend was paid on January 26, 2022 to shareholders of record on January 14, 2022.

YEAR 2022 EARNINGS GUIDANCE:

The following assumptions covering operations have been utilized in formulating guidance for 2022:

| Year 2022 Earnings Guidance | Current Guidance Range | |
|---|-------------------------------|----------|
| Same Store Revenue | 9.50% | - 10.50% |
| Same Store Operating Costs (excluding property taxes) | 4.50% | - 5.50% |
| Same Store Property Taxes | 6.25% | - 7.25% |
| Total Same Store Operating Expenses | 5.00% | - 6.00% |
| Same Store Net Operating Income | 11.50% | - 12.50% |
| General & Administrative | \$69M | - \$71M |
| Expansions & Enhancements | \$65M | - \$75M |
| Capital Expenditures | \$30M | - \$35M |
| Wholly Owned Acquisitions | \$550M | - \$650M |
| Joint Venture Investments | \$50M | - \$100M |
| Adjusted Funds from Operations per Share | \$5.93 | - \$6.03 |

| Reconciliation of Guidance | 1Q 2022 Range or Value | FY 2022 Range or Value |
|--|-----------------------------------|-----------------------------------|
| Earnings per share attributable to common shareholders - diluted | \$0.82 - \$0.86 | \$3.76 - \$3.86 |
| Plus: real estate depreciation and amortization | 0.54 - 0.54 | 2.17 - 2.17 |
| FFO per share | <u>\$1.36 - \$1.40</u> | <u>\$5.93 - \$6.03</u> |

The Company's 2022 same store pool consists of the 581 stabilized stores wholly owned since December 31, 2020. 38 of the stores purchased through December 31, 2021 at certificate of occupancy or that were in the early stages of lease-up are not included, regardless of their current occupancies. The Company believes that occupancy levels achieved during the lease-up period, using discounted rates, are not truly indicative of a new store's performance, and therefore do not result in a meaningful year-over-year comparison in future years. The Company will include such stores in its same store pool in the second year after the stores achieve 80% sustained occupancy using market rates and incentives.

FORWARD LOOKING STATEMENTS:

When used herein, 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.

All forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements. We may also make additional forward-looking statements from time to time. All such subsequent forward-looking statements, whether written or oral, by us or on our behalf, are also expressly qualified by these cautionary statements. All forward-looking statements apply only as of the date made. We undertake no obligation to publicly update or revise forward-looking statements which may be made to reflect events or circumstances after the date made or to reflect the occurrence of unanticipated events.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained herein. Any forward-looking statements should be considered in light of the risks referenced in the “Risk Factors” section included in our most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Such factors include, but are not limited to:

- adverse changes in general economic conditions, the real estate industry and in the markets in which we operate;
- the effect of competition from new self-storage facilities or other storage alternatives, which would cause rents and occupancy rates to decline;
- impacts from the COVID-19 pandemic or the future outbreak of other highly infectious or contagious diseases on the U.S., regional and global economies and our financial condition and results of operations;
- potential liability for uninsured losses and environmental contamination;
- the impact of the regulatory environment as well as national, state, and local laws and regulations including, without limitation, those governing real estate investment trusts (“REITs”), tenant reinsurance and other aspects of our business, which could adversely affect our results;
- loss of key personnel;
- the Company’s ability to evaluate, finance and integrate acquired self-storage facilities on expected terms into the Company’s existing business and operations;
- the Company’s ability to effectively compete in the industry in which it does business;
- disruptions in credit and financial markets and resulting difficulties in raising capital or obtaining credit at reasonable rates or at all, which could impede our ability to grow;
- 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 increase, impacting costs associated with the Company’s outstanding floating rate debt, if any, and impacting the Company’s ability to comply with debt covenants;
- exposure to litigation or other claims;
- risks associated with breaches of our data security;
- the regional concentration of the Company’s business may subject the Company to economic downturns in the states of Florida and Texas;
- the Company’s cash flow may be insufficient to meet required payments of operating expenses, principal, interest and dividends; and
- failure to maintain our REIT status for U.S. federal income purposes, including tax law changes that may change the taxability of future income.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations are subject to risks and uncertainties and can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. You should carefully consider these risks before you make an investment decision with respect to our securities.

CONFERENCE CALL:

Life Storage will hold its Fourth Quarter Earnings Release Conference Call at 9:00 a.m. Eastern Time on Friday, February 25, 2022. To help avoid connection delays, participants are encouraged to pre-register using this link. Anyone unable to pre-register may access the conference call at 877.234.0062 (domestic) or 973.413.6112 (international); passcode 105369 or request to be joined into the Life Storage call. Management will accept questions from registered financial analysts after prepared remarks; all others are encouraged to listen to the call via webcast by accessing the investor relations tab at lifestorage.com. The webcast will be archived for a period of 90 days; a telephone replay will also be available for 14 days by calling 877.481.4010 and entering passcode 44506.

ABOUT LIFE STORAGE, INC:

Life Storage, Inc. is a self-administered and self-managed equity REIT that is in the business of acquiring and managing self-storage facilities. Located in Buffalo, New York, the Company operates just under 1,100 storage facilities in 35 states. The Company serves both residential and commercial storage customers with storage units rented by month. Life Storage consistently provides responsive service to approximately 600,000 customers, making it a leader in the industry. For more information visit <http://invest.lifestorage.com>.

Life Storage, Inc.
Balance Sheet Data
(unaudited)

| (dollars in thousands) | December 31, December 31, | |
|---|----------------------------------|---------------------|
| | 2021 | 2020 |
| Assets | | |
| Investment in storage facilities: | | |
| Land | \$ 1,185,976 | \$ 951,813 |
| Building, equipment and construction in progress | 5,904,481 | 4,378,510 |
| | <u>7,090,457</u> | <u>5,330,323</u> |
| Less: accumulated depreciation | (1,007,650) | (873,178) |
| Investment in storage facilities, net | 6,082,807 | 4,457,145 |
| Cash and cash equivalents | 171,865 | 54,400 |
| Accounts receivable | 17,784 | 15,464 |
| Receivable from joint ventures | 333 | 1,064 |
| Investment in joint ventures | 213,003 | 143,042 |
| Prepaid expenses | 9,918 | 8,326 |
| Intangible asset - in-place customer leases | 13,966 | 5,409 |
| Trade name | 16,500 | 16,500 |
| Other assets | 30,421 | 26,498 |
| Total Assets | <u>\$ 6,556,597</u> | <u>\$ 4,727,848</u> |
| Liabilities | | |
| Line of credit | \$ - | \$ - |
| Term notes, net | 2,747,838 | 2,155,457 |
| Accounts payable and accrued liabilities | 131,778 | 112,654 |
| Deferred revenue | 27,277 | 17,416 |
| Mortgages payable | 37,030 | 37,777 |
| Total Liabilities | <u>2,943,923</u> | <u>2,323,304</u> |
| Noncontrolling redeemable Preferred Operating Partnership Units at redemption value | 90,783 | - |
| Noncontrolling redeemable Common Operating Partnership Units at redemption value | 142,892 | 26,446 |
| Equity | | |
| Common stock | 836 | 495 |
| Additional paid-in capital | 3,697,000 | 2,671,311 |
| Accumulated deficit | (314,713) | (288,667) |
| Accumulated other comprehensive loss | (4,124) | (5,041) |
| Total Shareholders' Equity | <u>3,378,999</u> | <u>2,378,098</u> |
| Total Liabilities and Shareholders' Equity | <u>\$ 6,556,597</u> | <u>\$ 4,727,848</u> |

Life Storage, Inc.
Consolidated Statements of Operations
(unaudited)

| | October 1, 2021 to December 31, 2021 | October 1, 2020 to December 31, 2020 | January 1, 2021 to December 31, 2021 | January 1, 2020 to December 31, 2020 |
|--|--|--|--|--|
| (dollars in thousands, except share data) | | | | |
| Revenues | | | | |
| Rental income | \$ 194,441 | \$ 145,852 | \$ 690,758 | \$ 539,554 |
| Tenant reinsurance | 16,294 | 12,234 | 58,103 | 44,742 |
| Other operating income | 4,387 | 4,119 | 17,577 | 15,069 |
| Management and acquisition fee income | 6,037 | 4,300 | 22,127 | 17,406 |
| Total operating revenues | <u>221,159</u> | <u>166,505</u> | <u>788,565</u> | <u>616,771</u> |
| Expenses | | | | |
| Property operations and maintenance | 40,129 | 32,503 | 143,648 | 122,544 |
| Tenant reinsurance | 6,448 | 4,474 | 22,882 | 15,729 |
| Real estate taxes | 18,067 | 17,550 | 79,861 | 70,302 |
| General and administrative | 17,210 | 13,557 | 62,617 | 52,055 |
| Depreciation and amortization | 36,817 | 30,777 | 134,754 | 117,302 |
| Amortization of in-place customer leases | 4,014 | 1,812 | 12,365 | 5,623 |
| Total operating expenses | <u>122,685</u> | <u>100,673</u> | <u>456,127</u> | <u>383,555</u> |
| Gain on sale of real estate | - | - | - | 302 |
| Income from operations | <u>98,474</u> | <u>65,832</u> | <u>332,438</u> | <u>233,518</u> |
| Other income (expense) | | | | |
| Interest expense (A) | (24,316) | (24,959) | (86,786) | (86,015) |
| Interest and dividend income | 39 | 4 | 827 | 19 |
| Equity in income of joint ventures | 1,570 | 923 | 5,696 | 4,838 |
| Net income | <u>75,767</u> | <u>41,800</u> | <u>252,175</u> | <u>152,360</u> |
| Net income attributable to noncontrolling preferred interests in the Operating Partnership | (1,018) | - | (1,494) | - |
| Net income attributable to noncontrolling common interests in the Operating Partnership | (604) | (213) | (1,364) | (789) |
| Net income attributable to common shareholders | <u>\$ 74,145</u> | <u>\$ 41,587</u> | <u>\$ 249,317</u> | <u>\$ 151,571</u> |
| Earnings per common share attributable to common shareholders - basic | <u>\$ 0.90</u> | <u>\$ 0.57</u> | <u>\$ 3.18</u> | <u>\$ 2.13</u> |
| Earnings per common share attributable to common shareholders - diluted | <u>\$ 0.90</u> | <u>\$ 0.57</u> | <u>\$ 3.17</u> | <u>\$ 2.13</u> |
| Common shares used in basic earnings per share calculation | 82,293,536 | 73,100,672 | 78,424,956 | 71,054,907 |
| Common shares used in diluted earnings per share calculation | 82,522,589 | 73,275,641 | 78,608,151 | 71,177,763 |
| Dividends declared per common share | <u>\$ 0.8600</u> | <u>\$ 0.7133</u> | <u>\$ 3.0800</u> | <u>\$ 2.8533</u> |
| (A) Interest expense for the period ending December 31 consists of the following | | | | |
| Interest expense | \$ 23,586 | \$ 20,325 | \$ 84,248 | \$ 79,584 |
| Make-whole payment on repaid note | - | 4,030 | - | 4,030 |
| Amortization of debt issuance costs | 730 | 604 | 2,538 | 2,401 |
| Total interest expense | <u>\$ 24,316</u> | <u>\$ 24,959</u> | <u>\$ 86,786</u> | <u>\$ 86,015</u> |

Life Storage, Inc.
Computation of Funds From Operations (FFO) ⁽¹⁾
(unaudited)

| | October 1, 2021 to December 31, 2021 | October 1, 2020 to December 31, 2020 | January 1, 2021 to December 31, 2021 | January 1, 2020 to December 31, 2020 |
|--|--|--|--|--|
| (dollars in thousands, except share data) | | | | |
| Net income attributable to common shareholders | \$ 74,145 | \$ 41,587 | \$ 249,317 | \$ 151,571 |
| Noncontrolling common interests in the Operating Partnership | 604 | 213 | 1,364 | 789 |
| Depreciation of real estate and amortization of intangible assets exclusive of debt issuance costs | 40,287 | 31,955 | 144,978 | 120,512 |
| Depreciation and amortization from unconsolidated joint ventures | 1,988 | 1,311 | 6,227 | 5,814 |
| Funds from operations allocable to noncontrolling interest in Operating Partnership | (945) | (382) | (2,177) | (1,443) |
| Funds from operations available to common shareholders | <u>116,079</u> | <u>74,684</u> | <u>399,709</u> | <u>277,243</u> |
| FFO per share - diluted | \$ 1.41 | \$ 1.02 | \$ 5.08 | \$ 3.90 |
| Adjustments to FFO | | | | |
| Costs related to officer's retirement | 465 | - | 620 | - |
| Acquisition fee | (472) | - | (1,752) | (217) |
| Gain on sale of land | - | - | - | (302) |
| Uninsured damages and customer reinsurance claims, net | - | - | - | 1,546 |
| Make-whole payment on repaid note | - | 4,030 | - | 4,030 |
| Funds from operations resulting from non-recurring items allocable to noncontrolling interest in Operating Partnership | - | (21) | 5 | (26) |
| Adjusted funds from operations available to common shareholders | <u>116,072</u> | <u>78,693</u> | <u>398,582</u> | <u>282,274</u> |
| Adjusted FFO per share - diluted | \$ 1.41 | \$ 1.07 | \$ 5.07 | \$ 3.97 |
| Common shares - diluted | 82,522,589 | 73,275,641 | 78,608,151 | 71,177,763 |

Life Storage, Inc.
Computation of Net Operating Income (2)
(unaudited)

| | October 1, 2021 to December 31, 2021 | October 1, 2020 to December 31, 2020 | January 1, 2021 to December 31, 2021 | January 1, 2020 to December 31, 2020 |
|--|--|--|--|--|
| (dollars in thousands) | | | | |
| Net Income | \$ 75,767 | \$ 41,800 | \$ 252,175 | \$ 152,360 |
| General and administrative | 17,210 | 13,557 | 62,617 | 52,055 |
| Depreciation and amortization | 40,831 | 32,589 | 147,119 | 122,925 |
| Gain on sale of real estate | - | - | - | (302) |
| Interest expense | 24,316 | 24,959 | 86,786 | 86,015 |
| Interest and dividend income | (39) | (4) | (827) | (19) |
| Equity in income of joint ventures | (1,570) | (923) | (5,696) | (4,838) |
| Net operating income | <u>\$ 156,515</u> | <u>\$ 111,978</u> | <u>\$ 542,174</u> | <u>\$ 408,196</u> |
| Same store (4) | \$ 112,553 | \$ 90,876 | \$ 409,459 | \$ 342,846 |
| Net operating income related to tenant reinsurance | 9,846 | 7,760 | 35,221 | 29,013 |
| Other stores and management fee income | 34,116 | 13,342 | 97,494 | 36,337 |
| Total net operating income | <u>\$ 156,515</u> | <u>\$ 111,978</u> | <u>\$ 542,174</u> | <u>\$ 408,196</u> |

Life Storage, Inc.
Quarterly Same Store Data ⁽³⁾ ⁽⁴⁾ 531 mature stores owned since 12/31/19
(unaudited)

| (dollars in thousands) | October 1, 2021 to December 31, 2021 | October 1, 2020 to December 31, 2020 | Change | Percentage Change |
|------------------------------------|--|--|-----------------|----------------------|
| Revenues: | | | | |
| Rental income | \$ 153,787 | \$ 131,282 | \$22,505 | 17.1% |
| Other operating income | 1,700 | 1,714 | (14) | -0.8% |
| Total operating revenues | <u>155,487</u> | <u>132,996</u> | <u>22,491</u> | <u>16.9%</u> |
| Expenses: | | | | |
| Payroll and benefits | 9,999 | 10,222 | (223) | -2.2% |
| Real estate taxes | 14,564 | 15,046 | (482) | -3.2% |
| Utilities | 3,453 | 3,250 | 203 | 6.2% |
| Repairs and maintenance | 5,193 | 4,925 | 268 | 5.4% |
| Office and other operating expense | 4,703 | 4,273 | 430 | 10.1% |
| Insurance | 1,719 | 1,644 | 75 | 4.6% |
| Advertising | 69 | 50 | 19 | 38.0% |
| Internet marketing | 3,234 | 2,710 | 524 | 19.3% |
| Total operating expenses | <u>42,934</u> | <u>42,120</u> | <u>814</u> | <u>1.9%</u> |
| Net operating income (2) | <u>\$ 112,553</u> | <u>\$ 90,876</u> | <u>\$21,677</u> | <u>23.9%</u> |
| QTD Same store move ins | 47,479 | 48,102 | (623) | |
| QTD Same store move outs | 48,948 | 47,967 | 981 | |

Other Comparable Quarterly Same Store Data
(4)
(unaudited)

| | October 1, 2021 to December 31, 2021 | October 1, 2020 to December 31, 2020 | Change | Percentage Change |
|--|--|--|-----------------|----------------------|
| 2020 Same store pool (515 stores) | | | | |
| Revenues | \$ 150,649 | \$ 128,791 | \$21,858 | 17.0% |
| Expenses | 41,404 | 40,785 | 619 | 1.5% |
| Net operating income | <u>\$ 109,245</u> | <u>\$ 88,006</u> | <u>\$21,239</u> | <u>24.1%</u> |
| 2019 Same store pool (502 stores) | | | | |
| Revenues | \$ 147,361 | \$ 126,133 | \$21,228 | 16.8% |
| Expenses | 40,350 | 39,677 | 673 | 1.7% |
| Net operating income | <u>\$ 107,011</u> | <u>\$ 86,456</u> | <u>\$20,555</u> | <u>23.8%</u> |

Life Storage, Inc.
Year to Date Same Store Data ⁽³⁾ ⁽⁴⁾ **531 mature stores owned since 12/31/19**
(unaudited)

| (dollars in thousands) | January 1, 2021 to December 31, 2021 | January 1, 2020 to December 31, 2020 | Change | Percentage Change |
|------------------------------------|--|--|------------------|----------------------|
| Revenues: | | | | |
| Rental income | \$ 578,658 | \$ 506,469 | \$ 72,189 | 14.3% |
| Other operating income | 6,893 | 6,519 | 374 | 5.7% |
| Total operating revenues | <u>585,551</u> | <u>512,988</u> | <u>72,563</u> | <u>14.1%</u> |
| Expenses: | | | | |
| Payroll and benefits | 38,900 | 38,995 | (95) | -0.2% |
| Real estate taxes | 67,142 | 64,918 | 2,224 | 3.4% |
| Utilities | 14,654 | 14,273 | 381 | 2.7% |
| Repairs and maintenance | 18,259 | 16,098 | 2,161 | 13.4% |
| Office and other operating expense | 16,680 | 15,397 | 1,283 | 8.3% |
| Insurance | 6,374 | 6,151 | 223 | 3.6% |
| Advertising | 212 | 241 | (29) | -12.0% |
| Internet marketing | 13,871 | 14,069 | (198) | -1.4% |
| Total operating expenses | <u>176,092</u> | <u>170,142</u> | <u>5,950</u> | <u>3.5%</u> |
| Net operating income (2) | <u>\$ 409,459</u> | <u>\$ 342,846</u> | <u>\$ 66,613</u> | <u>19.4%</u> |
| YTD Same store move ins | 194,816 | 204,976 | (10,160) | |
| YTD Same store move outs | 188,925 | 187,935 | 990 | |

Life Storage, Inc.

Other Data - unaudited

| | Same Store (3) | | All Stores (5) | |
|--------------------------------------|----------------|----------|----------------|----------|
| | 2021 | 2020 | 2021 | 2020 |
| Weighted average quarterly occupancy | 94.2% | 93.1% | 93.7% | 92.4% |
| Occupancy at December 31 | 93.9% | 92.9% | 93.0% | 92.2% |
| Rent per occupied square foot | \$ 16.97 | \$ 14.73 | \$ 16.84 | \$ 14.69 |

Life Storage, Inc.
Other Data - unaudited (continued)

Investment in Storage Facilities: (unaudited)

The following summarizes activity in storage facilities during the twelve months ended December 31, 2021:

| | |
|---|---------------------|
| Beginning balance | \$ 5,330,323 |
| Property acquisitions | 1,675,366 |
| Improvements and equipment additions: | |
| Expansions | 24,319 |
| Roofing, paving, and equipment: | |
| Stabilized stores | 26,326 |
| Recently acquired stores | 8,924 |
| Change in construction in progress (Total CIP \$44.6 million) | 25,946 |
| Dispositions and Impairments | (747) |
| Storage facilities at cost at period end | <u>\$ 7,090,457</u> |

Comparison of Selected G&A Costs (unaudited)

| | Quarter Ended | | Year Ended | |
|---|-------------------|-------------------|-------------------|-------------------|
| | December 31, 2021 | December 31, 2020 | December 31, 2021 | December 31, 2020 |
| Management and administrative salaries and benefits | \$ 10,238 | \$ 9,784 | \$ 39,218 | \$ 31,800 |
| Training | 337 | 320 | 680 | 887 |
| Call center | 854 | 865 | 3,151 | 3,160 |
| Life Storage Solutions costs | 463 | 467 | 1,272 | 1,029 |
| Income taxes | (193) | (1,001) | 1,679 | 1,628 |
| Legal, accounting and professional | 1,180 | 430 | 4,048 | 3,360 |
| Costs related to officer's retirement | 465 | - | 620 | - |
| Other administrative expenses (6) | 3,866 | 2,692 | 11,949 | 10,191 |
| | <u>\$ 17,210</u> | <u>\$ 13,557</u> | <u>\$ 62,617</u> | <u>\$ 52,055</u> |

Net rentable square feet

| | <u>December 31, 2021</u> |
|--------------------------------|--------------------------|
| Wholly owned properties | 51,325,614 |
| Joint venture properties | 8,772,111 |
| Third party managed properties | <u>18,532,262</u> |
| | 78,629,987 |

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|---|--------------------------|--------------------------|
| Common shares outstanding | 83,565,710 | 74,211,920 |
| Operating Partnership Units outstanding | 960,708 | 334,149 |

(1) 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.

Funds from operations 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.

(2) 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 expenses, 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 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.

(3) Includes the stores owned and/or managed by the Company for the entire periods presented that are consolidated in our financial statements. Does not include unconsolidated joint ventures or other stores managed by the Company.

(4) Revenues and expenses do not include items related to tenant reinsurance.

(5) Does not include unconsolidated joint venture stores or other stores managed by the Company.

(6) Other administrative expenses include office rent, travel expense, investor relations and miscellaneous other expenses.

Contacts

Life Storage, Inc.
Alex Gress
(716) 295-6833
agress@lifestorage.com