

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

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

LIFE STORAGE, INC.
LIFE STORAGE LP

(Exact name of Registrant as specified in its charter)

Life Storage, Inc. — Maryland
Life Storage LP — Delaware
State or other jurisdiction of
incorporation or organization

16-119403
16-1481551
(I.R.S. Employer
Identification Number)

6467 Main Street
Williamsville, New York 14221
(716) 633-1850

(Address, including zip code, and telephone number, including area code, of Registrants' principal executive offices)

Joseph V. Saffire
Chief Executive Officer
6467 Main Street

Williamsville, New York 14221
(716) 633-1850

(Name, address, including zip code, and telephone number, including area code, of agent for service of process)

With copies to:
Glenn J. Bobeck, Esq.
Phillips Lytle LLP
One Canalside
125 Main Street
Buffalo, New York 14203
(716) 847-8400

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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. (Check one):

Life Storage, Inc.

Large Accelerated Filer Accelerated Filer
Non-accelerated Filer Smaller Reporting Company
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 7(a)(2)(B) of the Securities Act.

Life Storage LP

Large Accelerated Filer Accelerated Filer
Non-accelerated Filer Smaller Reporting Company
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 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered(1)	Aggregate amount to be registered(2)	Proposed maximum offering price per unit(2)	Proposed maximum aggregate offering price(2)	Amount of registration fee(2)
Common Stock, par value \$0.01 per share				
Preferred Stock, par value \$0.01 per share				
Warrants				
Units(3)				
Debt Securities(4)				
Guarantees(5)				

(1) The debt securities will be issued by Life Storage LP. The guarantees will be issued by Life Storage, Inc. All other securities registered hereby will be issued by Life Storage, Inc. Securities registered hereby may be offered for U.S. dollars or in foreign currencies or currency units, and may be sold separately or together in units with other securities registered hereby. This Registration Statement also covers an indeterminate amount of each identified class of securities as may be issued upon conversion of, or in exchange for, or upon exercise of, or pursuant to, convertible or exchangeable securities that provide for exercise or conversion into or purchase of such securities of Life Storage, Inc. or Life Storage LP. Separate consideration may or may not be received for securities that are issuable on exercise, conversion or exchange of other securities.

(2) The information is not required to be included pursuant to Form S-3 General Instruction I.E. An indeterminate number of securities of each identified class is being registered that may be issued from time to time at indeterminate prices. The proposed maximum offering price for securities being registered will be determined from time to time by the registrants in connection with the issuance of the securities being registered. Separate consideration may or may not be received for securities that are issuable on exercise, conversion or exchange of other securities or that are issued together with other securities registered hereunder or represented by depositary shares. In accordance with Rules 456(b) and 457(r), the registrants are deferring payment of all of the registration fee.

(3) Each unit will be issued under a unit agreement and will represent an interest in two or more other securities, which may or may not be separable from one another.

(4) Debt securities issued by Life Storage LP will be accompanied by guarantees issued by Life Storage, Inc. None of the proceeds will be received by Life Storage, Inc. for the guarantees.

(5) Pursuant to Rule 457(n) under the Securities Act, no separate registration fee will be paid in respect of any such guarantees.

PROSPECTUS

LIFE STORAGE, INC.
COMMON STOCK
PREFERRED STOCK
WARRANTS
UNITS
GUARANTEES
LIFE STORAGE LP
DEBT SECURITIES

Life Storage, Inc. and Life Storage LP may offer and sell, from time to time, one or more of the following securities:

Life Storage, Inc. — common stock, preferred stock, warrants exercisable for common stock or preferred stock, or units consisting of combinations of any of the foregoing (“units”); and

Life Storage LP — debt securities which will be unconditionally guaranteed by Life Storage, Inc.

The preferred stock may be convertible into or exercisable or exchangeable for common or preferred stock or other securities of our company. We will provide the specific terms of any offering of these securities in a supplement to this prospectus. We refer to the common stock, preferred stock, warrants, units and guarantees of Life Storage, Inc. and the debt securities of Life Storage LP, collectively as the “securities.” We may offer and sell these securities from time to time in amounts, at prices and on terms that will be determined at the time of any such offering. In addition, certain selling stockholders may offer and sell shares of our common stock, from time to time in amounts, at prices and on terms that will be determined at the time of any such offering.

Each time our securities are offered pursuant to this prospectus, we will provide a prospectus supplement and attach it to this prospectus. The prospectus supplement will contain more specific information about the offering, including the names of any selling shareholders. The prospectus supplement may also add, update or change information contained in this prospectus. This prospectus may not be used to offer or sell our securities without a prospectus supplement describing the method and terms of the offering.

We may sell our securities directly or to or through underwriters, to other purchasers and/or through agents. For additional information on the method of sale, you should refer to the section of this prospectus entitled “Plan of Distribution.” If any underwriters are involved in the sale of our securities offered by this prospectus and any prospectus supplement, their names, and any applicable purchase price, fee, commission or discount arrangement between us or among us and them, will be set forth, or will be calculable from the information set forth, in the applicable prospectus supplement.

You should carefully read this prospectus and any accompanying prospectus supplement, together with any related free writing prospectus and the documents we incorporate by reference, before you invest in our securities.

Our common stock is listed on the New York Stock Exchange under the symbol “LSI.” On June 10, 2021, the closing price of our common stock as reported on the New York Stock Exchange was \$107.37 per share. Our executive offices are located at 6467 Main Street, Williamsville, New York 14221, and our telephone number is (716) 633-1850.

Investing in our securities involves risks. See “[Risk Factors](#)” on page 4 as well as any risk factors section contained in the applicable prospectus supplement or any related free writing prospectus and under similar headings in the documents we incorporate by reference herein and therein to read about risks you should consider before investing in these securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is June 11, 2021.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, using a “shelf” registration process. Under this shelf registration process, we may, from time to time, offer or sell any combination of the securities described in this prospectus in one or more offerings. In addition, some holders of our securities may sell our securities under our shelf registration statement. This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus, the relevant prospectus supplement and any free writing prospectus we may authorize to be delivered to you, together with additional information described under the next heading “Where You Can Find More Information.”

You should rely only on the information provided in this prospectus, the related prospectus supplement, including any information incorporated by reference, and any pricing supplement. No one is authorized to provide you with information different from that which is contained, or deemed to be contained, in the prospectus, the related prospectus supplement and any pricing supplement. We are not making offers to sell securities in any jurisdiction in which an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make an offer or solicitation. You should not assume that the information in this prospectus, any prospectus supplement or any document incorporated by reference is accurate as of any date other than the date of the document in which the information is contained or other date referred to in that document, regardless of the time of sale or issuance of any security.

Unless the context otherwise requires, references in this prospectus to “Life Storage, Inc.,” “Life Storage,” “the Company,” “we,” “our” and “us” refer to Life Storage, Inc. and its subsidiaries, including Life Storage LP, which we refer to as our “operating partnership.”

WHERE YOU CAN FIND MORE INFORMATION

We and the operating partnership have filed with the SEC an automatic “shelf” registration statement on FormS-3 to register the securities offered under this prospectus. This prospectus is part of that registration statement and, as permitted by the SEC’s rules, does not contain all the information required to be set forth in the registration statement. For further information, you may read the registration statement and the exhibits filed with or incorporated by reference into the registration statement. You can review and copy the registration statement and its exhibits at the public reference facility maintained by the SEC as described below. The registration statement, including its exhibits and schedules, is also available on the SEC’s website at www.sec.gov.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy those reports, statements or other information at the SEC’s public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. Our SEC filings are also available to the public from commercial document retrieval services and on the SEC’s website at www.sec.gov. Our common stock is also listed on the New York Stock Exchange and all material filed by us with the exchange can be reviewed at its offices located at the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

INFORMATION INCORPORATED BY REFERENCE

The SEC allows us and the operating partnership to “incorporate by reference” information into this prospectus, which means that we can disclose important information to you by referring you to another document

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filed separately with the SEC. The information incorporated by reference herein is deemed to be part of this prospectus, except for any information superseded by information in this prospectus. This prospectus incorporates by reference the documents set forth below that we have previously filed with the SEC. These documents contain important information about us, our business and our finances.

- Our Annual Report on [Form 10-K](#) for the fiscal year ended December 31, 2020, including the portions thereof incorporated by reference from Life Storage, Inc.'s [Proxy Statement](#) relating to the annual meeting held on May 27, 2021, which was filed on April 15, 2021;
- Our Quarterly Report on [Form 10-Q](#) for the fiscal quarter ended March 31, 2021;
- Our Current Reports on Form 8-K filed on [January 4, 2021](#), [February 16, 2021](#), [June 1, 2021](#) and [June 8, 2021](#); and
- Life Storage, Inc.'s Registration Statement on Form 8-A, dated June 16, 1995 which incorporates by reference the description of our common stock from our registration statement on Form S-11 (File No. 33-91422), as amended by the description of our common stock contained in [Exhibit 4.12](#) to our Annual Report on [Form 10-K](#) for the year ended December 31, 2019.

All documents that we and the operating partnership file pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus but before the end of any offering of securities made hereunder will also be considered to be incorporated by reference, and will automatically update and, where applicable, supersede any information contained, or incorporated by reference, in this prospectus.

To the extent that any information contained in any Current Report on Form 8-K, or any exhibit thereto, was furnished to, rather than filed with, the SEC, such information or exhibit is specifically not incorporated by reference in this prospectus.

If you request, either orally or in writing, we will provide you with a copy of any or all documents that are incorporated by reference. Such documents will be provided to you free of charge, but will not contain any exhibits, unless those exhibits are incorporated by reference into the document. Requests should be addressed to Life Storage, Inc., 6467 Main Street, Williamsville, New York 14221, Attn: Andrew J. Gregoire, Chief Financial Officer.

THE COMPANY AND THE OPERATING PARTNERSHIP

We are a self-administered and self-managed real estate investment trust, or REIT, which acquires, owns and/or manages self-storage properties. We are one of the largest owners and operators of self-storage facilities in the United States. As of March 31, 2021, we had an ownership interest in, and/or managed 955 self-storage properties in 32 states and Ontario, Canada. Among our 955 self-storage properties are 91 properties that we manage for unconsolidated joint ventures, and 251 properties that we manage and in which we have no ownership interest.

All of our assets are owned by, and all our operations are conducted through, Life Storage LP, which we refer to in this prospectus as the operating partnership. We own 99.6% of the operating partnership as of March 31, 2021. The remaining 0.4% of the operating partnership is owned by persons who contributed self-storage facilities to us in exchange for partnership interests in the operating partnership. We are structured as an umbrella partnership real estate investment trust and, as such, have the ability to issue interests in the operating partnership in exchange for properties sold by independent owners. By utilizing interests in the operating partnership as currency in facility acquisitions, we may partially defer the seller's income tax liability which in turn may allow us to obtain more favorable pricing.

Life Storage, Inc. was incorporated on April 19, 1995 under Maryland law and Life Storage LP was formed on June 1, 1995 under Delaware law. The Company and the operating partnership's principal executive offices are located at 6467 Main Street, Williamsville, New York 14221, and the Company and the operating partnership's telephone number is (716) 633-1850. We maintain a website that contains information about us at www.lifestorage.com. The information included on our website is not part of this prospectus.

FORWARD-LOOKING STATEMENTS

We and the operating partnership make statements in this prospectus and the documents incorporated by reference that are forward-looking statements within the meaning of the federal securities laws. In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. Likewise, our statements regarding anticipated growth in our business and anticipated market conditions, demographics and results of operations are forward-looking statements. Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise, and we may not be able to realize them. We and the operating partnership do not guarantee that the transactions and events described will happen as described (or that they will happen at all). You can identify forward-looking statements by the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “approximately,” “intends,” “plans,” “estimates” or “anticipates” or the negative of these words or similar words or phrases. You can also identify forward-looking statements by discussions of strategy, plans or intentions. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- 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;
- our ability to evaluate, finance and integrate acquired businesses into our existing business and operations;
- our ability to effectively compete in the industry in which we do business;
- our 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 our outstanding floating rate debt;
- our ability to comply with debt covenants;
- any future ratings on our debt instruments;
- regional concentration of our business may subject it to economic downturns in the states of Florida and Texas;
- our reliance on our call center;
- our cash flow may be insufficient to meet required payments of principal, interest and dividends; and
- tax law changes that may change the taxability of future income.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by law. For a further discussion of these and other factors that could impact our future results, performance or transactions, see the sections entitled “Risk

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Factors” in this prospectus, in our Annual Report on Form 10-K for the year ended December 31, 2020, and our other filings we make with the SEC from time to time under the Securities Exchange Act of 1934, as amended.

RISK FACTORS

Investing in our securities involves risks. You should carefully consider the risks described under “Risk Factors” in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020, and in the other documents incorporated by reference into this prospectus (which risk factors are incorporated by reference herein), as well as the other information contained or incorporated by reference in this prospectus or in any prospectus supplement hereto before making a decision to invest in our securities. See “Where You Can Find More Information” and “Information Incorporated by Reference” above. Additional risks, including those that relate to any particular securities we and the operating partnership offer, may be included in the applicable prospectus supplement or any related free writing prospectus, or be incorporated by reference into this prospectus or such prospectus supplement or free writing prospectus.

USE OF PROCEEDS

We are required by the terms of the partnership agreement of the operating partnership to invest the net proceeds of any sale of our common stock or preferred stock in the operating partnership in exchange for additional units of limited partnership of the operating partnership. Any net proceeds from the sale of any debt securities will be received directly by the operating partnership. As will be more fully described in the prospectus supplement for any securities issued under this prospectus, we intend to cause the operating partnership to use the net proceeds from the sale of securities, for one or more of the following: repayment of indebtedness, acquisition of new self-storage facilities, maintenance and improvement of currently owned properties and general corporate purposes. We will not receive proceeds from the sale of common stock by persons other than us.

DESCRIPTION OF SECURITIES WE MAY OFFER

We and the operating partnership may offer and sell, from time to time, one or more of the following securities:

Life Storage, Inc. — common stock, preferred stock, warrants exercisable for common stock or preferred stock, or units consisting of combinations of any of the foregoing (“units”); and

Life Storage LP — debt securities which will be unconditionally guaranteed by Life Storage, Inc.

This prospectus contains a summary of the material general terms of the various securities that we may offer. The specific terms of the securities will be described in a prospectus supplement, information incorporated by reference, or free writing prospectus, which may be in addition to or different from the general terms summarized in this prospectus. Where applicable, the prospectus supplement, information incorporated by reference or free writing prospectus will also describe any material United States federal income tax considerations relating to the securities offered and indicate whether the securities offered are or will be listed on any securities exchange. The summaries contained in this prospectus and in any prospectus supplements, information incorporated by reference or free writing prospectus may not contain all of the information that you would find useful. Accordingly, you should read the actual documents relating to any securities sold pursuant to this prospectus. See “Where You Can Find More Information” and “Information Incorporated by Reference” for information about how to obtain copies of those documents.

The terms of any particular offering, the initial offering price and the net proceeds to us will be contained in the prospectus supplement, information incorporated by reference or free writing prospectus, relating to such offering.

DESCRIPTION OF CAPITAL STOCK

General

Our capital stock consists of:

- 200 million authorized shares of common stock, par value \$0.01 per share, of which 77,678,999 were outstanding on June 10, 2021;
- 10 million authorized shares of preferred stock, par value \$0.01 per share, including the following series designated by our board of directors as of June 10, 2021;
- 250,000 shares of Series A Preferred Stock, none of which were outstanding on June 10, 2021.

The Board of Directors of the Company previously had designated 1,700,000 shares of the preferred stock as Series B Cumulative Redeemable Preferred Stock and 2,800,000 shares of the preferred stock as Series C Convertible Cumulative Preferred Stock. Such shares have subsequently been reclassified as undesignated shares of preferred stock, available for future issuance and reclassification by the Board of Directors. For a discussion of risks associated with the ownership and transfer of our stock, you should refer to “Restrictions on Transfer/Ownership Limits” beginning on page 26 of this prospectus as well as under the “Risk Factors” in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020, and the risk factors section contained in the applicable prospectus supplement or any related free writing prospectus and under similar headings in the documents we incorporate by reference herein and therein.

COMMON STOCK

General

Subject to the preferential rights of any other shares or series of stock, holders of shares of common stock are entitled to receive dividends on those shares if, as and when authorized by our board of directors and declared

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by us out of assets legally available therefor and to share ratably in the assets legally available for distribution to stockholders in the event of our liquidation, dissolution or winding up after payment of, or adequate provision for, all of our known debts and liabilities.

Each outstanding share of common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of members of our board of directors. Except as otherwise required by law or except as provided with respect to any other class or series of stock, the holders of shares of our common stock possess the exclusive voting power. There is no cumulative voting in the election of members of our board of directors, which means that the holders of a majority of the shares of our outstanding common stock can elect all of the members of our board of directors then standing for election, and the holders of the remaining shares of our common stock will not be able to elect any members of our board of directors.

Holders of shares of our common stock have no conversion, sinking fund or redemption rights, or preemptive rights to subscribe for any of our securities.

We furnish stockholders with annual reports containing audited consolidated financial statements and an opinion thereon expressed by an independent registered public accounting firm and quarterly reports for the first three quarters of each fiscal year containing unaudited financial information.

All shares of our common stock have equal dividend, distribution, liquidation and other rights, and will have no preference, or exchange rights and generally have no appraisal rights.

Pursuant to the Maryland General Corporation Law, or MGCL, a corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange, convert or engage in similar transactions outside the ordinary course of business unless the action is advised by its board of directors approved by the affirmative vote of holders of at least two-thirds of the shares entitled to vote on the matter unless a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter, is set forth in the corporation's charter. Our charter does not provide for a lesser percentage in those situations.

The transfer agent and registrar for our common stock is American Stock Transfer and Trust Company.

Shareholder Rights Plan

The Company has not presently adopted a shareholder rights plan, commonly referred to as a poison pill. However, the Company had previously adopted a shareholder rights plan which expired in accordance with its terms on November 27, 2006. Under the expired plan, shares of our common stock were given rights to purchase shares of our Series A preferred stock exercisable upon the happening of certain events. The shares of our Series A preferred stock are currently not subject to any such rights, however, our board of directors could adopt a shareholders rights plan in the future which may provide rights to purchase shares of such Series A Preferred Stock or other shares of another class of preferred stock of the Company.

PREFERRED STOCK

We are authorized to issue up to 10,000,000 shares of preferred stock, 9,750,000 of which are currently unclassified. We may issue shares of preferred stock from time-to-time, in one or more series, as authorized by our board of directors. Prior to issuance of shares of each series, the board of directors is required by the MGCL and our charter to fix for each series, as permitted by Maryland law, the

- Preferences,
- Conversion or other rights,

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- Voting powers,
- Restrictions,
- Limitations as to dividends or other distributions,
- Qualifications, and
- Terms or conditions of redemption.

The board of directors could authorize the issuance of shares of preferred stock with terms and conditions that could have the effect of discouraging a change of control or other transaction that holders of shares of our outstanding common stock might believe to be in their best interests or in which holders of some, or a majority, of shares of our outstanding common stock might receive a premium for their shares over the then market price of our common stock.

Terms of New Series of Preferred Stock

The prospectus supplement relating to any preferred stock offered thereby will contain the specific terms thereof, including:

- The title and stated value of the preferred stock;
- The number of shares of the preferred stock offered, the liquidation preference per share and the offering price of the preferred stock;
- The dividend rates, periods and payment dates or methods of calculation of these amounts for the preferred stock;
- Whether dividends shall be cumulative or non-cumulative and the date from which dividends on the preferred stock will accumulate, if applicable;
- The procedures for any auction and remarketing, if any, for the preferred stock;
- Any provision for a sinking fund for the preferred stock;
- Any provision for redemption of the preferred stock;
- Any restriction on the repurchase or redemption of shares by the registrant while there is any arrearage in the payment of dividends or sinking fund installments;
- Any listing of the preferred stock on a securities exchange;
- The terms and conditions, if applicable, upon which the preferred stock will be convertible into common stock, including the conversion price or the manner in which the conversion price will be calculated;
- Any other specific terms, preferences, rights, limitations or restrictions of the preferred stock;
- A discussion of federal income tax considerations applicable to the preferred stock;
- The relative ranking and preference of the preferred stock as to dividend rights and rights upon liquidation, dissolution or winding up of our affairs;
- The voting rights of the preferred stock, if any;
- Any limitations on issuance of any series of preferred stock ranking senior to or on a parity with that series of preferred stock as to dividend rights and rights upon our liquidation, dissolution or winding up of our affairs; and
- Any limitations on direct or beneficial ownership and restrictions on transfer, in each case as may be appropriate to preserve our status as a REIT.

DESCRIPTION OF WARRANTS

We may issue, together with any other securities being offered or separately, warrants entitling the holder to purchase from or sell to us, or to receive from us the cash value of the right to purchase or sell, preferred stock or common stock. We may enter into a warrant agreement with a warrant agent under which the warrants may be issued. In this arrangement, the warrant agent will act solely as our agent in connection with the warrants and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of warrants. In any case, we will file a copy of the warrants and any warrant agreement with the SEC at or before the time of the offering of the series of warrants.

The prospectus supplement for each series of warrants will describe the terms of the warrants being offered, including the following:

- The offering price;
- The number of warrants offered;
- The designation and terms of the securities underlying the warrants;
- If applicable, the designation and terms of the securities with which the warrants are issued and the number of warrants issued with each security;
- If applicable, the date from and after which the warrants and any securities issued with the warrants will be separately transferable;
- The exercise price, the procedures for exercise of the warrants and the circumstances, if any, that will result in the warrants being deemed to be automatically exercised;
- Provisions for changes to or adjustments in the exercise price;
- The dates on which the right to exercise the warrants shall commence and expire;
- If applicable, the minimum or maximum amount of the warrants that may be exercised at any one time;
- If applicable, a discussion of material U.S. federal income tax considerations;
- The anti-dilution provisions of the warrants, if any;
- The rights, if any, we have to redeem the warrants;
- Any provisions with respect to holder's right to require us to repurchase the warrants upon a change in control or similar event;
- The name of any warrant agent; and
- The other terms of the warrants.

Warrants may be exercised at our offices, at the appropriate office of any warrant agent or any other office indicated in the applicable prospectus supplement. Except as otherwise set forth in the prospectus supplement relating to the warrants, before the exercise of warrants, holders will not have any of the rights of holders of the securities purchasable upon exercise and will not be entitled to payments made to holders of those securities.

Except as otherwise set forth in the prospectus supplement relating to the warrants, the warrant agreements with any warrant agents may be amended or supplemented without the consent of the holders of the warrants to which they apply to effect changes that are not inconsistent with the provisions of the warrants and that do not adversely affect the interests of the holders of the warrants. However, except as otherwise set forth in the prospectus supplement, any amendment that materially and adversely alters the rights of the holders of warrants will not be effective unless the holders of at least a majority of the affected warrants then outstanding approve the amendment. Except as otherwise set forth in the prospectus supplement, every holder of an outstanding warrant at the time any amendment becomes effective, by continuing to hold the warrant, will be bound by the warrant agreement as amended. The prospectus supplement relating to a particular series of warrants may provide that certain provisions of the warrants, including the securities for which they may be exercisable, the exercise price, and the expiration date, may not be altered without the consent of the holder of each warrant.

DESCRIPTION OF UNITS

We may, from time to time, issue units comprised of common stock, preferred stock, or warrants exercisable for common stock, in any combination. Each unit will be issued so that the holder of the unit is also the holder of each security included in the unit. Thus, the holder of a unit will have the rights and obligations of a holder of each included security. The unit agreement under which a unit is issued may provide that the securities included in the unit may not be held or transferred separately at any time, or at any time before a specified date.

Any applicable prospectus supplement may describe, among other things:

- the material terms of the units and of the securities comprising the units, including whether and under what circumstances those securities may be held or transferred separately;
- any material provisions relating to the issuance, payment, settlement, transfer or exchange of the units or of the securities comprising the units;
- any special United States federal income tax considerations applicable to the units; and
- any material provisions of the governing unit agreement that differ from those described above.

DESCRIPTION OF DEBT SECURITIES

The following summary sets forth the general terms and provisions of the indenture under which the debt securities will be issued by the operating partnership. The debt securities will be issued by the operating partnership under an indenture, as amended or supplemented from time to time, among the operating partnership, Life Storage, Inc., as guarantor, and Wells Fargo Bank, National Association, as trustee.

The debt securities may be issued from time to time in one or more series. The particular terms and provisions of the debt securities with respect to a specific offering of debt securities will be set forth in the applicable prospectus supplement. This summary of general terms and provisions of the indenture and the debt securities does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all provisions of the indenture and those debt securities.

The form of indenture is filed as an exhibit to the registration statement of which this prospectus is a part and will be available for inspection at the corporate trust office of the trustee or as described under "Where You Can Find More Information." The indenture will be qualified under, subject to, and governed by, the Trust Indenture Act of 1939, as amended, or the Trust Indenture Act.

All section references appearing herein are to sections of the indenture, and capitalized terms used but not defined herein will have the respective meanings set forth in the indenture.

General

The debt securities will be direct, unsecured obligations of the operating partnership. Except for any series of debt securities which is expressly subordinated to other indebtedness of the operating partnership, the debt securities will rank equally with all other unsecured and unsubordinated indebtedness of the operating partnership. Under the indenture, the debt securities may be issued without limit as to aggregate principal amount, in one or more series, as established from time to time pursuant to authority granted by a resolution of the board of directors of Life Storage Holdings, Inc., a wholly owned subsidiary of Life Storage, Inc., as the sole general partner of the operating partnership or as established in one or more supplemental indentures to the indenture. All of the debt securities of any one series need not be issued at the same time and, unless otherwise provided, a series may be reopened, without the consent of the holders of the debt securities of that series, for issuances of additional debt securities of that series. All debt securities of a particular series shall be substantially identical except as to denomination, date of issuance, issue price and the date from which interest, if any, shall accrue.

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All of the debt securities will be fully and unconditionally guaranteed as to payment of principal and premium, if any, and interest by Life Storage, Inc.. The indenture allows certain of our subsidiaries from time to time to become guarantors of specific series of the debt securities.

The indenture provides that there may be more than one trustee for any one or more series of debt securities. Any trustee under the indenture may resign or be removed with respect to one or more series of debt securities, and a successor trustee may be appointed to act with respect to that series. Except as otherwise indicated in this prospectus or the applicable prospectus supplement, any action to be taken by the trustee may be taken by each such trustee with respect to, and only with respect to, the one or more series of debt securities for which it is trustee under the indenture.

Terms

The applicable prospectus supplement relating to the series of debt securities being offered will describe the specific terms and provisions of those debt securities, including the following:

- 1) the title of the debt securities;
- 2) any limit upon the aggregate principal amount of the debt securities which may be authenticated and delivered (except for debt securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other debt securities of that series) and whether additional debt securities of that series may be issued without the consent of the holders of outstanding debt securities of that series or any other series;
- 3) the date or dates, or the manner of determining the date or dates, on which the principal of the debt securities will be payable;
- 4) the rate or rates, or the method by which the rate or rates will be determined, at which the debt securities will bear interest, if any, the date or dates from which interest will accrue, the interest payment date or dates, the regular record date for interest payments and the basis upon which interest shall be calculated if other than that of a 360-day year of twelve 30-day months and the extent to which, or the manner in which, any interest payable on a temporary global debt security on an interest payment date, shall be paid if other than in the manner set forth in the indenture;
- 5) the place or places where the principal of and premium, if any, and interest, if any, on the debt securities will be payable, where the debt securities may be surrendered for registration for transfer, exchange, or conversion, and where notices or demands to or upon the operating partnership in respect of the debt securities and the indenture may be served;
- 6) any modification to the provisions of the indenture relating to satisfaction and discharge of the indenture with respect to the debt securities;
- 7) the period or periods within which, the price or prices at which and the terms and conditions upon which, the debt securities may be redeemed, as a whole or in part, at the option of the operating partnership, if the operating partnership is to have such an option;
- 8) the obligation, if any, of the operating partnership to redeem, repay or repurchase the debt securities pursuant to any sinking fund or analogous provisions or at the option of the holders, and the period or periods within which, the currency or currency units in which and the terms and conditions upon which the debt securities are required to be redeemed or purchased, in whole or in part, pursuant to that obligation;
- 9) if other than denominations of \$2,000 and any integral multiple of \$1,000 in excess thereof, the denominations in which the debt securities shall be issuable;
- 10) the percentage or other principal amount at which the debt securities will be issued, and if other than the principal amount of the debt securities, the portion of the principal amount of the debt securities that will be payable upon acceleration of the maturity of such debt securities;

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- 11) any addition or change to, or deletion from, any event of default or covenant or other provision set forth in the indenture;
- 12) if a person other than Wells Fargo Bank, National Association is to act as trustee for the debt securities, the name and location of the corporate trust office of such trustee;
- 13) the currency, currencies or currency units in which payment of the principal of and premium, if any, and interest, if any, on the debt securities shall be payable or denominated if other than dollars and the manner of determining the equivalent thereof in U.S. dollars for any purpose;
- 14) if the principal of or premium, if any, or interest, if any, on any debt securities is to be payable, at the election of the operating partnership or a the holders thereof, in one or more currencies or currency units other than that or those in which the debt securities are stated to be payable, the currency, currencies or currency units in which payment of the principal of and premium, if any, and interest, if any, on the debt securities as to which such election is made shall be payable, and the periods within which and the terms and conditions upon which such election is to be made;
- 15) if the amount of payments of principal of and premium, if any, or interest, if any, on the debt securities may be determined with reference to an index or pursuant to a formula, the manner in which those amounts will be determined;
- 16) whether the debt securities will not be issued in a transaction registered under the Securities Act and any restriction or condition on the transferability of the debt securities of such series;
- 17) the exchanges, if any, on which the debt securities of the series may be listed;
- 18) if the debt securities do not bear interest, the applicable dates for delivery by the trustee of a list of the names and addresses of holders of such debt securities;
- 19) the applicability, if any, of the satisfaction and discharge and defeasance and covenant defeasance provisions of the indenture, or any modification thereof;
- 20) the date as of which any global security representing outstanding debt securities shall be dated if other than the date of original issuance of the first debt security to be issued;
- 21) whether the debt securities will be issued in whole or in part in the form of a global security, and if a global security is issued, whether such form will be permanent or temporary;
- 22) if the debt securities are to be issuable initially in the form of a temporary global security, the circumstances under which the temporary global security can be exchanged for definitive debt securities;
- 23) any addition or change to, or deletion from, any covenant relating to the reports by the trustee and the operating partnership, and the covenant under “—Merger, Consolidation and Sale” and “—Covenants” which applies to the debt securities;
- 24) whether and under what circumstances the operating partnership will pay additional amounts as contemplated in the indenture on the debt securities in respect of any tax, assessment or governmental charge and, if so, whether the operating partnership will have the option to redeem the debt securities in lieu of paying additional amounts;
- 25) whether the debt securities will be issued in bearer form;
- 26) any security provided for the debt securities;
- 27) any depositaries, interest rate calculation agents, exchange rate calculation agents or other agents with respect to the debt securities;
- 28) the terms of conversion or exchange of the debt securities, including if applicable, the conversion or exchange price, the conversion or exchange period, provisions as to whether conversion or exchange

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- will be mandatory, at the option of the holders thereof or at our option, the events requiring an adjustment of the conversion or exchange price and provisions affecting conversion or exchange if such debt securities are redeemed;
- 29) the extent and manner, if any, to which payments on the debt securities may be subordinated to other indebtedness of the operating partnership;
 - 30) whether the debt securities are entitled to the benefits of the guarantee of any subsidiary guarantor, and whether any such guarantee is made on a senior or subordinated basis and, if applicable, a description of the subordination terms of any such guarantee;
 - 31) any change in the right of the trustee or the right of the requisite holders of debt securities to declare the principal amount thereof due and payable; and
 - 32) any other terms of the debt securities not inconsistent with the provisions of the indenture.

The debt securities may provide for less than the entire principal amount of those debt securities to be payable upon declaration of acceleration of the maturity thereof (“original issue discount securities”). The applicable prospectus supplement will describe special U.S. federal income tax, accounting and other considerations applicable to the original issue discount securities.

Other than to the extent provided with respect to debt securities of a particular series and described in the applicable prospectus supplement, the indenture will not contain any provisions that would limit the ability of the operating partnership to incur indebtedness or that would afford holders of debt securities protection in the event of a highly leveraged or similar transaction involving the operating partnership. However, restrictions on ownership and transfers of Life Storage, Inc.’s common stock and preferred stock in its organizational documents, designed to preserve Life Storage, Inc.’s status as a REIT, may prevent or hinder a change of control. Reference is made to the applicable prospectus supplement for information with respect to any deletions from, modifications of or additions to the events of default or covenants of the operating partnership that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

Guarantee

Life Storage, Inc. will, under the indenture, fully and unconditionally guarantee the due and punctual payment of principal of and premium, if any, and interest on all debt securities issued by the operating partnership, and the due and punctual payment of any sinking fund payments on those debt securities, when and as the same will become due and payable, whether at a maturity date, by declaration of acceleration, call for redemption or otherwise.

From time to time, subsidiaries of the operating partnership may join as guarantors under the indenture. Such subsidiaries’ guarantees will be limited to the series of debt securities for which they execute notations of guarantee in accordance with the terms of the indenture, and may be released in connection with:

- 1) the sale, by the operating partnership, of the equity interests that it holds in the subsidiary guarantor; and
- 2) the occurrence of certain conditions described in the supplemental indenture or related documents adopting the series of debt securities which are the subject of the subsidiary’s guarantee.

The obligations of each guarantor, other than Life Storage, Inc., under its guarantee will be limited as necessary to prevent that guarantee from constituting a fraudulent conveyance or fraudulent transfer under applicable law.

Denominations

Unless otherwise specified in the applicable prospectus supplement, the debt securities of any series shall be issuable only in registered form without coupons and, other than securities in global form (which may be of any denomination), will be issuable in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

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Payments

Unless otherwise specified in the applicable prospectus supplement, the principal of and premium, if any, and interest on any series of debt securities will be payable at the corporate trust office of the trustee. However, at the option of the operating partnership, payment of interest may be made by check mailed to the address of the person entitled thereto as it appears in the security register or by wire transfer of funds to that person at a bank account maintained within the United States.

All amounts paid by the operating partnership to a paying agent or a trustee for the payment of the principal of or premium, if any, or interest on any debt security which remains unclaimed at the end of two years after the principal, premium or interest has become due and payable will be repaid to the operating partnership upon its request, unless otherwise required by mandatory provisions of applicable escheat, or abandoned or unclaimed property law, and the holder of the debt security thereafter may look only to the operating partnership for payment of these amounts.

Any interest not punctually paid or duly provided for on any interest payment date with respect to a debt security will forthwith cease to be payable to the holder on the applicable regular record date and may either be paid to the person in whose name that debt security is registered at the close of business on a special record date for the payment of that defaulted interest to be fixed by the trustee or may be paid at any time in any other lawful manner, all in accordance with the indenture. Notice of any special record date will be given to the holder of that debt security not less than 10 days prior to the special record date.

Registration and Transfer

Subject to certain limitations imposed upon debt securities issued in book-entry form, the debt securities of any series will be exchangeable for other debt securities of the same series, of a like aggregate principal amount and tenor, of any authorized denomination upon surrender of such debt securities at the corporate trust office of the trustee. In addition, subject to certain limitations imposed upon debt securities issued in book-entry form, the debt securities of any series may be surrendered for registration of transfer at the corporate trust office of the trustee.

Every debt security surrendered for registration of transfer or exchange will be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the operating partnership. No service charge will be made for any registration of transfer or exchange of any debt securities, but the operating partnership may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

If the applicable prospectus supplement refers to any transfer agent (in addition to the trustee) initially designated by the operating partnership and the guarantors with respect to any series of debt securities, the operating partnership may at any time rescind the designation of that transfer agent or approve a change in the location through which that transfer agent acts, except that the operating partnership and the guarantors will be required to maintain a transfer agent in each place of payment for that series. The operating partnership and the guarantors may at any time designate additional transfer agents with respect to any series of debt securities.

The operating partnership will be required to:

- 1) issue, register the transfer of or exchange debt securities of any series during a period beginning at the opening of business 15 days before any selection of debt securities of that series to be redeemed and ending at the close of business on the day of mailing of the relevant notice of redemption; or
- 2) register the transfer of or exchange any debt security, or portion thereof, called for redemption, except the unredeemed portion of any debt security being redeemed in part.

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Merger, Consolidation and Sale

Unless otherwise provided in the applicable prospectus supplement, the operating partnership may consolidate with or merge into any other person or convey, lease or transfer all or substantially all of its assets to any person, provided that the following conditions are satisfied or fulfilled:

- 1) either the operating partnership is the continuing entity, or the successor (if other than the operating partnership) formed by such consolidation or into which the operating partnership is merged or the person which acquires by conveyance, lease or transfer all or substantially all of the assets of the operating partnership is organized and existing under the laws of the United States of America, any state thereof or the District of Columbia and expressly assumes the due and punctual payment of the principal of and premium, if any, and interest on all of the debt securities and the performance and observance of all of the covenants and conditions contained in the indenture on the part of the operating partnership to be performed or observed;
- 2) immediately after giving effect to the transaction, no event of default under the indenture, and no event which, after notice or the lapse of time, or both, would become an event of default, has occurred and is continuing; and
- 3) an officer's certificate of Life Storage Holdings, Inc. as general partner of the operating partnership and an opinion of counsel is delivered to the trustee each stating that such consolidation, merger conveyance, lease, or transfer and if a supplemental indenture is required in connection with such transaction, such supplemental indenture complies with the applicable sections of the indenture and that all conditions precedent provided for relating to such transaction have been complied with.

Unless otherwise provided in the applicable prospectus supplement, Life Storage, Inc. may consolidate with, or sell, lease or convey all or substantially all its assets to, or merge with or into, any other entity, provided that substantially the same conditions as above are satisfied or fulfilled.

Covenants

We will set forth in the applicable prospectus supplement any financial covenants applicable to any issue of debt securities.

Provision of Financial Information

Unless otherwise provided in the applicable prospectus supplement, whether or not the operating partnership is subject to Section 13 or 15(d) of the Exchange Act and for so long as any debt securities are outstanding, the operating partnership will furnish to the trustee (1) all quarterly and annual reports that would be required to be filed with the SEC on Forms 10-Q and 10-K if the operating partnership was required to file such reports and (2) all current reports that would be required to be filed with the SEC on Form 8-K if the operating partnership was required to file such reports, in each case within 15 days after the operating partnership files such reports with the SEC or would be required to file such reports with the SEC if subject to Section 13 or 15(d) of the Exchange Act pursuant to the applicable rules and regulations of the SEC, whichever is earlier. Reports, information and documents filed with the SEC via the EDGAR system will be deemed to be delivered to the trustee as of the time of such filing via EDGAR for purposes of this covenant; provided, however, that the trustee shall have no obligation whatsoever to determine whether or not such information, documents or reports have been filed via EDGAR. Delivery of such reports, information and documents to the trustee is for informational purposes only and the trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including its compliance with any of its covenants relating to the notes (as to which the trustee is entitled to rely exclusively on an officer's certificate).

Waiver of Certain Covenants

The operating partnership and the guarantors may choose not to comply with any term, provision or condition of certain covenants if at any time the holders of at least a majority in principal amount of all the

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outstanding debt securities, by act of those holders, either waive compliance in that instance or generally waive compliance with that covenant. Except to the extent so expressly waived, and until any waiver becomes effective, the operating partnership's and the guarantors' obligations and the duties of the trustee in respect of any such term, provision or condition will remain in full force and effect.

Existence

Unless otherwise provided in the applicable prospectus supplement, except as permitted under "Merger, Consolidation or Sale," each of the operating partnership and the guarantors will do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights (declaration and statutory) and franchises; provided, however, that neither the operating partnership nor any guarantor will be required to preserve any right or franchise if the board of directors of Life Storage Holdings, Inc. as sole general partner of the operating partnership, or the board of directors or analogous body of any subsidiary guarantor, determines that the preservation thereof is no longer necessary or desirable in the conduct of its business and that the loss of that right or franchise is not disadvantageous in any material respect to the holders of the debt securities.

Maintenance of Properties

Unless otherwise provided in the applicable prospectus supplement, each of the operating partnership and the guarantors will cause all of its properties used or useful in the conduct of its business or the business of any of its Subsidiaries to be maintained and kept in good condition, repair and working order, and supplied with all necessary equipment and cause all necessary repairs, renewals, replacements, betterments and improvements to be made all as in the judgment of the operating partnership or the applicable guarantor may be necessary so that the business carried on in connection with those properties may be properly and advantageously conducted at all times; provided, however, that, subject to the covenant described under "Merger, Consolidation and Sale" above, neither the operating partnership nor any guarantor nor any of their respective Subsidiaries will be prevented from selling or otherwise disposing of their properties consistent with the terms of the indenture.

Payment of Taxes and Other Claims

Unless otherwise provided in the applicable prospectus supplement, each of the operating partnership and the guarantors will pay or discharge or cause to be paid or discharged, before becoming delinquent:

- 1) all taxes, assessments and governmental charges levied or imposed upon the operating partnership, the applicable guarantor or any of their respective Subsidiaries or upon the income, profits or property of the operating partnership, the applicable guarantor or any of their respective Subsidiaries; and
- 2) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon the property of the operating partnership, the applicable guarantor or any of their respective Subsidiaries;

provided, however, that neither the operating partnership nor any guarantor will be required to pay or discharge or cause to be paid or discharged any tax, assessment, charge or claim whose amount or applicability is being contested in good faith.

Payment of Additional Amounts

Unless otherwise provided in the applicable prospectus supplement, each of the operating partnership and the guarantors will pay to any holder of debt securities that is a United States Alien such additional amounts as may be required such that every net payment on the debt securities after deduction or withholding by the operating partnership, the guarantors or any of their paying agents for or on account of any present or future tax, assessment or other governmental charge imposed upon or as a result of such payment by the United States (or any political subdivision or taxing authority thereof or therein) (other than taxes unrelated to the holder's ownership of the debt securities and certain other taxes), is not less than the amount provided in such debt securities as then due and payable.

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Calculation of Original Issue Discount

If applicable, the operating partnership shall file with the trustee promptly at the end of each calendar year (i) a written notice specifying the amount of original issue discount (including daily rates and accrual periods) accrued on outstanding debt securities as of the end of such year and (ii) such other specific information relating to such original issue discount as may then be relevant under the Internal Revenue Code of 1986, as amended from time to time.

Insurance

Unless otherwise provided in the applicable prospectus supplement, the operating partnership will, and will cause each of its Subsidiaries to, keep in force upon all of its and each of its Subsidiaries' properties and operations insurance policies carried with responsible companies in such amounts and covering all such risks as is customary in the industry in which the operating partnership and its Subsidiaries do business in accordance with prevailing market conditions and availability.

Additional Covenants

The applicable prospectus supplement relating to the series of debt securities being offered will describe any additional covenants specific to that series.

Events of Default, Notice and Waiver

Unless otherwise provided in the applicable prospectus supplement, the indenture provides that the following events will be "events of default" with respect to any series of debt securities issued under the indenture:

- 1) default for 30 days in the payment of any interest on any debt security of that series;
- 2) default in the payment of any principal of or premium, if any, on any debt security of that series when due;
- 3) default in making any sinking fund payment as required for any debt security of that series;
- 4) default in the performance of any other covenant or warranty of the operating partnership and/or any of the guarantors contained in the indenture with respect to any debt security of that series, which continues for 60 days after written notice as provided in the indenture;
- 5) default in the payment of an aggregate principal amount exceeding \$10,000,000 of any evidence of indebtedness of the operating partnership and/or any of the guarantors or any mortgage, indenture or other instrument under which that indebtedness is issued or by which that indebtedness is secured, such default having continued after the expiration of any applicable grace period or having resulted in the acceleration of the maturity of that indebtedness, but only if that indebtedness is not discharged or such acceleration is not rescinded or annulled within a period of 10 days after the operating partnership's receipt of written notice executed by holders of at least 25% in principal amount of the outstanding debt securities of that series;
- 6) certain events of bankruptcy, insolvency or reorganization, or court appointment of a receiver, liquidator or trustee of the operating partnership, Life Storage, Inc., or any of their respective properties;
- 7) except as otherwise permitted in the indenture, any guarantee of the debt securities of any series is held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect, or Life Storage, Inc. or any subsidiary guarantor shall deny or disaffirm its obligations under its guarantee with respect to the debt securities of the applicable series; and
- 8) any other event of default provided with respect to a particular series of debt securities.

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Unless otherwise provided in the applicable prospectus supplement, if an event of default (other than as described in clause (6) above) with respect to debt securities of any series at the time outstanding occurs and is continuing, then in each case the trustee or the holders of not less than 25% in principal amount of the outstanding debt securities of that series may declare the principal (or, if the debt securities of that series are original issue discount securities or indexed securities, that portion of the principal amount as may be specified in the terms thereof) of and premium, if any, and accrued and unpaid interest on all of the debt securities of that series to be due and payable immediately by written notice thereof to the operating partnership and Life Storage, Inc. (and to the trustee if given by the holders). If an event of default described in clause (6) above occurs and is continuing, the unpaid principal (or such portion thereof) of and premium, if any, and accrued and unpaid interest on all of the debt securities of that series will become and be immediately due and payable without any declaration or other act on the part of the trustee or any holders. However, at any time after any acceleration with respect to debt securities of that series, but before a judgment or decree for payment of the amounts due has been obtained by the trustee, the holders of not less than a majority in principal amount of outstanding debt securities of that series may rescind and annul, by written notice, that acceleration and its consequences if (1) the operating partnership or any guarantor has paid or deposited with the trustee all required payments of the principal of and premium, if any, and interest on the debt securities of that series (without giving effect to the acceleration) plus certain fees, expenses, disbursements and, premium, if any, advances of the trustee and (2) all events of default, other than the nonpayment of accelerated principal, premium, if any, or interest with respect to debt securities of that series, have been cured or waived as provided in the indenture. The indenture also provides that the holders of not less than a majority in principal amount of the outstanding debt securities of any series may waive any past default with respect to that series and its consequences, except a default (A) in the payment of the principal of or premium, if any, or interest on any debt security of that series or (B) in respect of a covenant or provision contained in the indenture that cannot be modified or amended without the consent of the holder of each outstanding debt security affected thereby.

The trustee will be required to give notice to the holders of debt securities within 90 days of a default under the indenture that it has actual knowledge of unless such default has been cured or waived; provided, however, that the trustee may withhold notice to the holders of any series of debt securities of any default with respect to that series (except a default in the payment of the principal of or premium, if any, or interest on any debt securities of that series or in the payment of any sinking fund installment in respect of any debt securities of that series) if the trustee considers withholding of notice to be in the interest of the holders.

The indenture provides that no holders of debt securities of any series may institute any judicial or other proceedings with respect to the indenture or for any remedy thereunder, except in the case of failure of the trustee, for 60 days, to act after it has received a written request to institute proceedings in respect of an event of default from the holders of not less than 25% in principal amount of the outstanding debt securities of that series, as well as an offer of reasonable security or indemnity and no direction inconsistent with such written request has been given to the trustee during such 60-day period by the holders of a majority in principal amount of the outstanding debt securities of that series. This provision will not prevent, however, any holder of debt securities from instituting suit for the enforcement of payment of the principal of and premium, if any, and interest on the debt securities at the respective due date or dates for payment.

Subject to provisions in the indenture relating to its duties in case of default, the trustee is under no obligation to exercise any of its rights or powers under the indenture at the request or direction of any holders of debt securities of any series then outstanding under the indenture, unless the holders offer security or indemnity reasonably satisfactory to it (the trustee). The holders of not less than a majority in principal amount of the outstanding debt securities of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or of exercising any trust or power conferred upon the trustee for that series. However, the trustee may refuse to follow any direction which is in conflict with any law or the indenture, which may involve the trustee in personal liability or which may be unduly prejudicial to the holders of debt securities of that series not joining in the proceeding and the trustee may take any other action deemed proper by such trustee which is not inconsistent with such direction.

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Within 120 days after the end of each fiscal year, the operating partnership and Life Storage, Inc. must deliver to the trustee a certificate, signed by one of several specified officers of the general partner of the operating partnership and of Life Storage, Inc., stating the activities of the operating partnership and Life Storage, Inc. have been reviewed and whether or not such officers have knowledge of any default under the indenture and, if so, specifying each such default and the nature and status thereof.

Modification of the Indenture

Modifications and amendments of provisions of the indenture applicable to any series may be made only with consent of the holders of more than 50% in principal amount of the outstanding debt securities of each series which are affected by the modification or amendment; provided, however, that no such modification or amendment may, without the consent of the holder of each debt security affected thereby:

- 1) change the stated maturity of the principal of, or any installment of interest or premium, if any, on, that debt security;
- 2) reduce the principal amount of, or the rate or amount of interest on, or any premium payable on redemption or purchase price of, that debt security, or reduce the amount of principal of an original issue discount security that would be due and payable upon declaration of acceleration of the maturity thereof or would be provable in bankruptcy, or adversely affect any right of repayment of the holder of that debt security;
- 3) change the place of payment, or the currency or currency unit, for payment of principal of, premium, if any, or interest on that debt security;
- 4) impair the right to institute suit for the enforcement of any payment on or with respect to that debt security on or after the stated maturity thereof;
- 5) reduce or alter the method of computation of any amount payable upon redemption, repayment or purchase of any debt securities or the time when such redemption, repayment or purchase may be made;
- 6) reduce the percentage of outstanding debt securities of any series necessary to modify or amend the indenture, to waive compliance with certain provisions thereof or specified defaults and consequences thereunder or to reduce the quorum or voting requirements set forth in the indenture;
- 7) modify or affect in any manner adverse to the holders the terms and conditions of the obligations of any of the guarantors in respect of the due and punctual payments of principal of (or premium, if any) or interest, if any, on or any sinking fund requirements or additional amounts under the guarantees applicable to that debt security; or
- 8) modify any of the foregoing provisions or any of the provisions relating to the waiver of certain past defaults or certain covenants, except to increase the required percentage to effect that action or to provide that certain other provisions may not be modified or waived without the consent of the holder of that debt security, subject to certain exceptions.

Modifications and amendments of the indenture may be made by the operating partnership, the guarantors and the trustee without the consent of any holder of debt securities for any of the following purposes:

- 1) to evidence the succession of another person to the operating partnership as obligor, or to any of the guarantors under the indenture;
- 2) to add to the covenants of the operating partnership or any of the guarantors for the benefit of the holders of all or any series of debt securities or to surrender any right or power conferred upon the operating partnership or any of the guarantors in the indenture;
- 3) to add events of default for the benefit of the holders of all or any series of debt securities; provided that in respect of any such additional events of default, such addition may contain a particular period of

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- grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may limit the remedies available to the trustee upon such default or may limit the right of holders of a majority in aggregate principal amount of that or those series of debt securities to which such additional events of default apply to waive such default;
- 4) to pledge property to the trustee to secure, or add additional guarantees with respect to, the debt securities;
 - 5) to change or eliminate any provisions of the indenture, provided that the change or elimination will become effective only when there are no outstanding debt securities of any series created prior thereto which are entitled to the benefit of such provision;
 - 6) to provide for the acceptance of appointment by a successor trustee or facilitate the administration of the trust under the indenture by more than one trustee;
 - 7) to establish the form or terms of debt securities of any series;
 - 8) to supplement any of the provisions of the indenture to the extent necessary to permit or facilitate defeasance and discharge of any series of such debt securities, provided that such action will not adversely affect the interests of the holders of the debt securities of any series in any material respect;
 - 9) to supplement any of the provisions of the indenture to the extent necessary to permit or facilitate a merger or consolidation of the operating partnership or any Guarantor, provided that such action will not adversely affect the interests of the holders of the debt securities of any series in any material respect;
 - 10) to make any change to the provisions of the indenture to the extent necessary to comply with the Trust Indenture Act or to maintain the qualification of the indenture under the Trust Indenture Act;
 - 11) to cure any ambiguity, defect or inconsistency in the indenture or to make any other provision with respect to matters or questions arising under the indenture, provided that such action will not adversely affect the interests of holders of debt securities of any series in any material respect;
 - 12) to provide for the issuance of any additional debt securities of a series with terms substantially identical to the issued debt securities of that series (which additional debt securities will be treated, together with the already issued debt securities of that series, as a single series of debt securities);
 - 13) to provide for uncertificated debt securities in addition to or in place of certificated debt securities; or
 - 14) to reflect the release of any guarantor (other than Life Storage, Inc.) from the debt securities in accordance with the indenture.

The indenture provides that, in determining whether the holders of the requisite principal amount of outstanding debt securities of a series have given any request, demand, authorization, direction, notice, consent or waiver thereunder or whether a quorum is present at a meeting of holders of debt securities:

- 1) debt securities owned by the operating partnership, any of the guarantors or any other obligor upon the debt securities or any affiliate of the operating partnership, any of the guarantors or of that other obligor will be disregarded and deemed not to be outstanding;
- 2) the principal amount of an original issue discount security that is deemed to be outstanding will be the amount of the principal thereof (or the U.S. dollar equivalent thereof on the date of original issuance, in the case of debt securities denominated in one or more foreign currencies) that would be due and payable as of the date of determination upon declaration of acceleration of the maturity of that debt security;
- 3) the principal amount of a debt security denominated in one or more foreign currencies or currency units that is deemed outstanding will be the U.S. dollar equivalent, determined on the issue date for that debt security, of the principal amount (or, in the case of an original issue discount security, the U.S. dollar

equivalent on the issue date of that debt security of the amount determined as provided in clause (2) above); and

- 4) debt securities that have been cancelled or delivered to the trustee for cancellation, or for which payment has been made or the redemption amount has been deposited with the trustee as provided in the indenture, will be disregarded.

Meeting of Holders of Debt Securities

The indenture contains provisions for convening meetings of the holders of debt securities of a series. A meeting may be called at any time by the trustee, and also, upon request, by the operating partnership or the holders of at least 10% in principal amount of the outstanding debt securities of that series, in each case upon notice given as provided in the indenture. Except for any consent that must be given by the holder of each debt security affected by certain modifications and amendments of the indenture, any resolution presented at a meeting or adjourned meeting duly reconvened at which a quorum is present may be adopted by the affirmative vote of the holders of a majority in aggregate principal amount of the outstanding debt securities of that series; provided, however, that, except as referred to above, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that may be made, given or taken by the holders of a specified percentage, which is less than a majority, in principal amount of the outstanding debt securities of a series may be adopted at a meeting or adjourned meeting duly reconvened at which a quorum is present by the affirmative vote of the holders of the debt securities of that series. Any resolution passed or decision taken at any meeting of holders of debt securities of any series duly held in accordance with the indenture will be binding on all holders of debt securities of that series. The quorum at any meeting called to adopt a resolution, and at any reconvened meeting, will be persons holding or representing a majority in principal amount of the outstanding debt securities of a series; provided, however, that if any action is to be taken at such meeting with respect to a consent or waiver which may be given by the holders of not less than a specified percentage in principal amount of the outstanding debt securities of a series, the persons holding or representing such specified percentage in principal amount of the outstanding debt securities of such series will constitute a quorum.

Notwithstanding the foregoing provisions, if any action is to be taken at a meeting of holders of debt securities of any series with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that the indenture expressly provides may be made, given or taken by the holders of a specified percentage in principal amount of all outstanding debt securities affected thereby, or of the holders of that series and one or more additional series:

- 1) there will be no minimum quorum requirement for the meeting; and
- 2) the principal amount of the outstanding debt securities of such series that vote in favor of the request, demand, authorization, direction, notice, consent, waiver or other action will be taken into account in determining whether such request, demand, authorization, direction, notice, consent, waiver or other action has been made, given or taken under the indenture.

Discharge; Legal Defeasance and Covenant Defeasance

Unless otherwise provided in the applicable prospectus supplement, the operating partnership and the guarantors may discharge certain obligations to holders of any series of debt securities that have not already been delivered to the trustee for cancellation and that either have become due and payable or will become due and payable within one year (or are scheduled for redemption within one year) by irrevocably depositing with the trustee, in trust, funds in such currency or currency units which such debt securities are payable in an amount sufficient to pay the entire indebtedness on such debt securities in respect of principal and premium, if any, and interest to the date of such deposit (if such debt securities have become due and payable) or to the stated maturity or redemption date, as the case may be.

In addition, the indenture provides that, unless otherwise provided in the applicable prospectus supplement, the operating partnership may elect either:

- 1) to defease and discharge itself and the guarantors from any and all obligations with respect to all outstanding debt securities of the particular series (except for the rights of holders of outstanding debt

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securities of a particular series to receive payments in respect of the principal of and premium, if any, and interest, if any, on such debt securities when such payments are due or on the redemption date solely out of the trust created as set forth in the indenture; the rights, powers, trusts, duties and immunities of the trustee for the debt securities of that series, and the operating partnership and the guarantors' obligations in connection therewith); the obligation to pay additional amounts, if any, upon the occurrence of certain events of tax, assessment or governmental charge with respect to payments on such debt securities; the obligations to register the transfer or exchange of such debt securities, to replace temporary or mutilated, destroyed, lost or stolen debt securities, to maintain an office or agency in respect of such debt securities, and to hold moneys for payment in trust to repurchase those debt securities at the option of the holders thereof, if applicable; and the obligations that survive as set forth in the indenture) ("legal defeasance"); or

- 2) to release itself and the guarantors from their obligations with respect to those debt securities under (A) certain covenants in the indenture related to the preservation of the rights (declaration and statutory) and the operating partnership and the guarantors franchises, maintenance of insurance and payment of material taxes and (B) if applicable, other covenants as may be specified in the applicable prospectus supplement, and any omission to comply with those obligations shall not constitute a default or an Event of Default with respect to those debt securities ("covenant defeasance");

in either case upon the irrevocable deposit by the operating partnership or the guarantors with the trustee, in trust, of any amount, in such currency or currency units in which those debt securities are payable at stated maturity, or Government Obligations, or both, applicable to those debt securities which through the scheduled payment of principal and interest in accordance with their terms will provide money in an amount sufficient, in the written opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of and premium, if any, and interest on such debt securities, and any mandatory sinking fund or analogous payments thereon, on the scheduled due dates.

This trust may only be established if, among other conditions, the operating partnership has delivered to the trustee an opinion of counsel to the effect that the holders of the debt securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of legal defeasance or covenant defeasance, as the case may be, and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if legal defeasance or covenant defeasance, as the case may be, had not occurred, and the opinion of counsel, in the case of legal defeasance, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable U.S. federal income tax law occurring after the date of the indenture.

In the event the operating partnership effects covenant defeasance with respect to the debt securities of any series and those debt securities are declared due and payable because of the occurrence of any event of default other than an event of default with respect to the covenants as to which covenant defeasance has been effected (which covenants would no longer be applicable to those debt securities), the amount in the currency, currency unit or composite currency in which those debt securities are payable, and Government Obligations on deposit with the trustee, will be sufficient to pay amounts due on those debt securities at the time of their stated maturity but may not be sufficient to pay amounts due on those debt securities at the time of the acceleration resulting from such event of default. However, the operating partnership and the guarantors would remain liable to make payment of those amounts due at the time of acceleration.

The applicable prospectus supplement may further describe the provisions, if any, permitting legal defeasance or covenant defeasance, including any modifications to the provisions described above, with respect to the debt securities of a particular series.

Subordination

The terms and conditions, if any, upon which the debt securities of any series will be subordinated to other indebtedness of the operating partnership, including the debt securities of other series, will be set forth in the

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applicable prospectus supplement. These terms will include a description of the indebtedness ranking senior to the debt securities of that series, the restrictions on payments to the holders of the debt securities of that series while a default with respect to the senior indebtedness is continuing, the restrictions, if any, on payments to the holders of the debt securities of that series following an event of default, and provisions requiring holders of the debt securities of that series to remit certain payments to holders of senior indebtedness.

Governing Law

The indenture, the debt securities and any related guarantees will be governed by, and construed in accordance with, the laws of the State of New York.

Book-Entry System and Global Securities

The debt securities of a series may be issued in whole or in part in the form of one or more securities in global form that will be deposited with, or on behalf of, a depository identified in the applicable prospectus supplement relating to that series. Global securities, if any, issued in the United States are expected to be deposited with The Depository Trust Company, or “DTC,” as depository. Unless otherwise indicated, global securities will be issued in fully registered form and in either temporary or permanent form. Except as set forth below, the global securities may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee.

The following description of the operations and procedures of DTC, are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. The operating partnership takes no responsibility for these operations and procedures, or the description of them below, and urges investors to contact the system or their participants directly to discuss these matters.

DTC has advised the Issuer that DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act, DTC holds securities for participants (as defined below) and facilitates the settlement of securities transactions, such as transfers and pledges, in deposited securities between participants through electronic computerized book-entry changes in accounts of participants, thereby eliminating the need for physical movement of certificates. Participants include the underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations (“participants”). DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to other such banks, securities brokers and dealers and trust companies that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly (“indirect participants”). The rules applicable to DTC and its participants are on file with the SEC.

The specific terms of the depository arrangement with respect to a series of debt securities will be described in the applicable prospectus supplement. We anticipate that, unless otherwise indicated in the applicable prospectus supplement, the following provisions will apply to depository arrangements.

The applicable prospectus supplement will state whether the global securities will be issued in certificated or book-entry form. If the global securities are to be issued in book-entry form, we expect that upon the deposit of a global security, the depository for the global security or its nominee will credit on its book-entry registration and transfer system the respective principal amounts of the individual debt securities represented by the global security to the accounts of participants. These accounts will be designated by the underwriters, dealers or agents

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with respect to the debt securities. Ownership of beneficial interests in a global security will be limited to participants or persons that may hold interests through participants.

We expect that, for the global securities deposited with DTC, pursuant to procedures established by DTC, ownership of beneficial interests in any global security with respect to which DTC is the depository will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to beneficial interests of participants) and records of participants (with respect to beneficial interests of persons who hold through participants). None of the operating partnership, the guarantors, the trustee, any paying agent and the security registrar will have any responsibility or liability for any aspect of the records of DTC or for maintaining, supervising or reviewing any records of DTC or any of its participants relating to beneficial ownership interests in the debt securities. The laws of some states require that certain purchasers of securities take physical delivery of such securities in definitive form. These limits and laws may impair the ability to own, pledge or transfer beneficial interest in a global security. Transfers between the participants will be effected in accordance with DTC's procedures, and will be settled in same-day funds.

Unless otherwise specified in the applicable prospectus supplement or the actual global security, so long as the depository for a global security or its nominee is the registered owner of the book-entry global security, the depository or that nominee, as the case may be, will be considered the sole owner or holder of the debt securities represented by that global security for all purposes under the applicable indenture. Except as described below or in the applicable prospectus supplement or the global security, owners of beneficial interest in a global security will not be entitled to have any of the individual debt securities represented by the global security registered in their names, will not receive or be entitled to receive delivery of debt securities in definitive certificated form and will not be considered the owners or holders thereof under the applicable indenture. Beneficial owners of debt securities evidenced by a global security will not be considered the owners or holders thereof under the indenture for any purpose, including with respect to the giving of any direction, instructions or approvals to the trustee thereunder. Accordingly, each person owning a beneficial interest in a global security with respect to which DTC is the depository must rely on the procedures of DTC and, if that person is not a participant, on the procedures of the participant through which that person owns its interests, to exercise any rights of a holder under the applicable indenture. Neither DTC nor Cede & Co. will consent or vote with respect to the global securities. Under its usual procedures, DTC mails an omnibus proxy to a company as soon as possible after the applicable record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those DTC participants to whose accounts the global securities are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

Payments of principal of and premium, if any, and interest on debt securities represented by a global security registered in the name of a depository or its nominee will be made to or at the direction of the depository or its nominee, as the case may be, as the registered owner of the global security under the indenture. Under the terms of the indenture, the operating partnership, the guarantors, the trustee, any paying agent and the security registrar may treat the persons in whose name debt securities, including a global security, are registered as the owners thereof for the purpose of receiving such payments. Consequently, none of the operating partnership, the guarantors, the trustee, any paying agent and the security registrar has or will have any responsibility or liability for the payment of those amounts to beneficial owners of debt securities (including principal, premium, if any, and interest). We believe, however, that it is currently the policy of DTC to immediately credit the accounts of relevant participants with payments, in amounts proportionate to their respective holdings of beneficial interests in the relevant global security as shown on the records of DTC or its nominee. Payments by participants to owners of beneficial interests in the global security held through participants will be governed by standing instructions and customary practices, and will be the responsibility of the participants. Redemption notices with respect to any debt securities represented by a global security will be sent to the depository or its nominee. If less than all of the debt securities of any series are to be redeemed, we expect the depository to determine the amount of the interest of each participant in the debt securities to be redeemed to be determined by lot. None of the operating partnership, the guarantors, the trustee, any paying agent and the security registrar for the debt securities will have any responsibility or liability for any aspect of the records relating to or payments made on

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account of beneficial ownership interests in the global security for the debt securities or for maintaining any records with respect thereto.

None of the operating partnership, the guarantors, the trustee, any paying agent and the security registrar will be liable for any delay by the holders of a global security or the depository in identifying the beneficial owners of debt securities and the operating partnership, the guarantors and the trustee may conclusively rely on, and will be protected in relying on, instructions from the holder of a global security or the depository for all purposes.

If a depository for any debt securities is at any time unwilling, unable or ineligible to continue as depository and a successor depository is not appointed by the operating partnership within 90 days, the operating partnership will issue definitive certificated debt securities in exchange for the global security representing those debt securities. If an event of default has occurred and is continuing with respect to the debt securities of any series, the operating partnership will issue definitive certificated debt securities in exchange for the global security or securities representing the debt securities of such series. In addition, the operating partnership may at any time and in its sole discretion, subject to any limitations described in the applicable prospectus supplement or the global security relating to the debt securities, determine not to have any of the debt securities represented by one or more global securities and in such event will issue definitive certificated debt securities in exchange for the global security or securities representing the debt securities.

The debt securities of a series may also be issued in whole or in part in the form of one or more bearer global securities that will be deposited outside of the United States with a depository, or with a nominee for the depository, identified in the applicable prospectus supplement and/or global security. Any such bearer global securities may be issued in temporary or permanent form. The specific terms and procedures, including the specific terms of the depository arrangement, with respect to any portion of a series of debt securities to be represented by one or more bearer global securities will be described in the applicable prospectus supplement and/or global security.

Certain Definitions

The following are certain defined terms used in this prospectus and the indenture. We refer you to the indenture for the complete definition of all defined terms, as well as any other capitalized terms used in this prospectus or the applicable prospectus supplement for which no definition is provided (Section 101).

For purposes of the following definitions and the indenture generally, all calculations and determinations will be made in accordance with generally accepted accounting principles and will be based upon the consolidated financial statements of the operating partnership and its Subsidiaries prepared in accordance with generally accepted accounting principles.

“*Bank Credit Facility*” means the Sixth Amended and Restated Revolving Credit and Term Loan Agreement dated as of December 10, 2014 among Life Storage, Inc. and the operating partnership, Wells Fargo Bank, National Association, Manufacturers and Traders Trust Company and certain other lenders 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, as syndication agent, and U.S. Bank National Association, HSBC Bank USA, National Association, PNC Bank, National Association, and SunTrust Bank as co-documentation agents, for themselves and the other Lenders, as the same may be amended, restated, modified, renewed, refunded, supplemented, replaced or refinanced in whole or in part from time to time.

“*Government Obligations*” means securities which are:

- 1) direct obligations of the United States of America or the government which issued the currency in which the debt securities of a particular series are payable; or

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- 2) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the United States of America, or the government which issued the currency in which the debt securities of that series are payable, the payment of which is unconditionally guaranteed by such government;
- 3) which in either case, are full faith and credit obligations of the United States of America or that other government, and are not callable or redeemable at the option of the issuer thereof, and will also include a depository receipt issued by a bank or trust company as custodian with respect to any such Government Obligation or a specific payment of interest on or principal of any such Government Obligation held by that custodian for the account of the holder of a depository receipt, provided that (except as required by law) the custodian is not authorized to make any deduction from the amount payable to the holder of that depository receipt from any amount received by the custodian in respect of the Government Obligation or the specific payment of interest on or principal of the Government Obligation evidenced by such depository receipt.

“*Subsidiary*” means, as to any person, (a) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time, any class or classes of stock of such corporation shall have or might have voting power by reason of the lapse of time or the happening of any contingency) is at the time owned by such person directly or indirectly through Subsidiaries, and (b) any partnership, association, joint venture, limited liability company, trust or other entity in which such person directly or indirectly through Subsidiaries has more than a 50% equity interest or 50% Capital Percentage at any time. For the purpose of this definition, “*Capital Percentage*” means, with respect to the interest of Life Storage, Inc., the operating partnership or one of its Subsidiaries in any partnership, association, joint venture, limited liability company, trust or other entity, the percentage interest of such partnership, association, joint venture, limited liability company, trust or other entity based on the aggregate amount of net capital contributed by Life Storage, Inc., the operating partnership or such Subsidiary in such partnership, association, joint venture, limited liability company, trust or other entity at the time of determination relative to all capital contributions made in such partnership, association, joint venture, limited liability company, trust or other entity at such time of determination.

“*United States Alien*” means any corporation, partnership, individual or fiduciary that is, as to the United States, a foreign corporation, a nonresident alien individual, a nonresident fiduciary of a foreign estate or trust, or a foreign partnership one or more of the members of which is, as to the United States, a foreign corporation, a nonresident alien individual or a nonresident fiduciary of a foreign estate or trust.

BOOK-ENTRY SECURITIES

The securities offered by means of this prospectus and any related prospectus supplement may be issued in whole or in part in book-entry form, meaning that beneficial owners of the securities may not receive certificates representing their ownership interests in the securities, except in the event the book-entry system for the securities is discontinued. Securities issued in book-entry form will be evidenced by one or more global securities that will be deposited with, or on behalf of, a depository identified in the applicable prospectus supplement relating to the securities. Unless and until it is exchanged in whole or in part for the individual securities represented thereby, a global security may not be transferred except as a whole by the depository for the global security to a nominee of such depository or by a nominee of such depository to such depository or another nominee of such depository or by the depository or any nominee of such depository to a successor depository or a nominee of such successor. Global securities may be issued in either registered or bearer form and in either temporary or permanent form. The specific terms of the depository arrangement with respect to a class or series of securities that differ from the terms described here will be described in the applicable prospectus supplement.

RESTRICTIONS ON TRANSFER/OWNERSHIP LIMITS

For us to qualify as a REIT under the Code, not more than 50% in value of our outstanding stock may be owned, directly or indirectly, by five or fewer individuals, which is defined in the Code to include some entities, during the last half of a taxable year. We refer to this requirement as the “five or fewer test.” Also, our stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year. Our charter contains restrictions on the ownership and transfer of shares of our stock intended, among other purposes, to ensure compliance with these requirements. Subject to exceptions described below, no holder may own, or be deemed to own by virtue of the attribution provisions of the Code, shares of our stock in excess of 9.8% of the aggregate value of our outstanding stock. We refer to this limit as the “ownership limit.” Under the Code, some entities will be disregarded for purposes of the five or fewer test, and the beneficial owners of those entities will be counted as holders of our stock. Those entities include pension trusts qualifying under Section 401(a) of the Code, United States investment companies registered under the Investment Company Act of 1940, corporations, trusts and partnerships. Our charter limits these entities to holdings of no more than 15% of the aggregate value of our shares of stock. We refer to this limit as the “look-through ownership limit.” Any transfer of shares of our stock or any security convertible into shares of our stock that would create a direct or indirect ownership of shares of our stock in excess of the ownership limit or the look-through ownership limit or that would result in our disqualification as a REIT, including any transfer that results in the shares of stock being owned by fewer than 100 persons or results in us being “closely held” within the meaning of Section 856(h) of the Code, is deemed to be null and void, and the intended transferee will acquire no rights to the shares of our stock. These restrictions on transferability and ownership will not apply if our board of directors determines that it is no longer in our best interests to continue to qualify as a REIT. Our board of directors may, in its sole discretion, exempt a person from the ownership limit or the look-through ownership limit if the board receives such representations and undertakings that are reasonably necessary to ascertain that no individual’s ownership of our outstanding stock will violate the ownership limit or look through ownership limit and such person agrees that any violation or attempted violation will result in such shares being designated as shares in trust, as described below. Prior to granting any exceptions, board of directors may require an opinion of counsel or IRS ruling satisfactory to our board of directors as the board may deem necessary or advisable to determine or ensure our status as a REIT and may impose such other conditions or restrictions as the board deems appropriate. Waivers have been granted to the former holders of our Series C preferred stock, FMR Corporation, Cohen & Steers, Inc. and Invesco Advisers, Inc.

Stock owned, or deemed to be owned, or transferred to a shareholder in excess of the ownership limit or the look-through ownership limit or that causes us to be treated as “closely-held” under Section 856(h) of the Code or is otherwise not permitted as provided above, will be designated shares in trust. Shares in trust will be transferred, by operation of law, to a person unaffiliated with us that is designated by our board of directors as trustee of a trust for the benefit of one or more charitable organizations. We refer to this trust as the “share trust.” While shares in trust are held in the share trust

- The shares in trust will remain issued and outstanding shares of our common or preferred stock and will be entitled to the same rights and privileges as all other shares of the same class or series,
- The trustee will receive all dividends and distributions on the shares in trust for the share trust and will hold those dividends or distributions in trust for the benefit of one or more designated charitable beneficiaries, and
- The trustee will vote all shares in trust.

Any vote cast by the proposed transferee in respect of the shares in trust prior to our discovery that those shares have been transferred to the share trust will, subject to applicable law, be rescinded and void. Any dividend or distribution paid to a proposed transferee or owner of shares in trust prior to our discovery that those shares have been transferred to the share trust will be required to be repaid upon demand to the trustee for the benefit of one or more charitable beneficiaries.

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The trustee may, at any time the shares in trust are held in the share trust, transfer the interest in the share trust representing the shares in trust to any person whose ownership of the shares of stock designated as shares in trust would not cause the shares in trust to be transferred to a share trust and redesignated as shares in trust, and provided that the permitted transferee purchases those shares for valuable consideration. Upon that sale, the proposed original transferee will receive the lesser of

- The price paid by the original transferee shareholder for the shares of stock that were transferred to the share trust, or if the original transferee shareholder did not give value for those shares, the average closing price for the five consecutive trading days ending on the date of the transfer causing the shares to be held in trust, and
- The price received by the trustee from that sale.

Any amounts received by the trustee in excess of the amounts paid to the proposed transferee will be distributed to one or more charitable beneficiaries of the share trust.

If the transfer restrictions are determined to be void or invalid by virtue of any legal decision, statute, rule or regulation, then the intended transferee of shares held in the share trust may be deemed, at our option, to have acted as our agent in acquiring the shares in trust and to hold the shares in trust on our behalf.

In addition, we have the right, for a period of 90 days during the time any shares of shares in trust are held by the trustee, to purchase all or any portion of the shares in trust from the share trust at the lesser of

- The price initially paid for those shares by the original transferee-shareholder, or if the original transferee-shareholder did not give value for those shares, the average closing price for the five consecutive trading days ending on the date of the transfer causing the shares to be held in trust, and
- The average closing price of the class of shares of those shares in trust for the five consecutive trading days ending on the date we elect to purchase those shares.

The 90-day period begins on the date of the violative transfer if the original transferee-shareholder gives notice to us of the transfer or, if no notice is given, the date our board of directors determines that a violative transfer has been made.

All certificates representing shares of our stock bear a legend referring to the restrictions described above.

Each person who owns, or is deemed to own, a specified percentage of the number of shares of our outstanding stock must give written notice to us of the name and address of the owner, the number of shares of outstanding stock owned and a description of how those shares are held. Under current Treasury Regulations, the percentage will be set between 0.5% and 5.0%, depending upon the number of record holders of our shares of stock. Also, each shareholder must upon demand disclose to us in writing any information with respect to the direct, indirect and constructive ownership of stock as our board of directors deems necessary to comply with the provisions of the Code applicable to REITs, to comply with the requirements of any taxing authority or governmental agency or to determine such compliance and ensure compliance with the ownership limit.

The ownership limit, the look-through ownership limit and the other restrictions on ownership and transfer could delay, defer or prevent a transaction or change in control of our company that might involve a premium price for our common stock or otherwise be in the best interest of our shareholders.

**CERTAIN PROVISIONS OF MARYLAND LAW AND OF
OUR CHARTER AND BYLAWS**

The following description of the terms of our stock and of certain provisions of Maryland law is only a summary. For a complete description, we refer you to the MGCL, our charter, and our Bylaws. Our charter and Bylaws are incorporated by reference as exhibits to the registration statement of which this prospectus is a part.

Removal of Directors

Our charter provides that a director may be removed only for cause (as defined in the charter) and only by the affirmative vote of not less than two-thirds of the votes entitled to be cast in the election of directors.

Business Combinations

Under the Maryland Business Combination Act, certain “business combinations” between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange, or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

- any person who beneficially owns ten percent or more of the voting power of the corporation’s shares; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of ten percent or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which he otherwise would have become an interested stockholder. However, in approving a transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

After the five-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and
- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation’s common stockholders receive a minimum price, as defined under the Maryland Business Combination Act, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

The Maryland Business Combination Act permits various exemptions from its provisions, including business combinations that are exempted by the board of directors before the time that the interested stockholder becomes an interested stockholder. Pursuant to the statute, our board of directors has exempted any business combination involving the initial purchasers of our Series C preferred stock and any affiliate or associate of an initial purchaser being the beneficial owner of not more than 12% of the outstanding common stock of the Company at any time issued and outstanding (determined in accordance with the Maryland Business Combination Act), provided that such beneficial ownership is not with a purpose or effect of changing or

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influencing control of the Company or in connection with or as a participant in any transaction having that purpose or effect which, as a result thereof would require a filing of a Schedule 13D under the Exchange Act. Consequently, the five-year prohibition and the super-majority vote requirements likely will not apply to business combinations between us and any of them. As a result, these parties may be able to enter into business combinations with us that may not be in the best interest of our stockholders, without compliance with the super-majority vote requirements and the other provisions of the statute.

The Maryland Business Combination Act may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

Control Share Acquisitions

Maryland law provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by the affirmative vote of holders of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquiror, by officers or by directors who are employees of the corporation are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock which, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition of control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel the board of directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the meeting. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then the corporation may redeem for fair value any or all of the control shares, except those for which voting rights have previously been approved. The right of the corporation to redeem control shares is subject to certain conditions and limitations. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or of any meeting of stockholders at which the voting rights of the shares are considered and not approved. If voting rights for control shares are approved at a stockholders' meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The control share acquisition statute does not apply: (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction; or (b) to acquisitions approved or exempted by the charter or bylaws of the corporation.

Our Bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of shares of our stock. This provision may be amended or eliminated at any time in the future.

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Amendment to the Charter

Our charter may be amended only if advised by our board of directors and approved by the affirmative vote of the holders of not less than two-thirds of all of the votes entitled to be cast on the matter.

Dissolution of the Company

The dissolution of our Company must be advised by our board of directors and approved by the affirmative vote of the holders of not less than two-thirds of all of the votes entitled to be cast on the matter.

Advance Notice of Director Nominations and New Business

Our Bylaws provide that with respect to an annual meeting of stockholders, nominations of individuals for election to the board of directors and the proposal of business to be considered by stockholders may be made only (i) pursuant to the Company's notice of meeting, (ii) by or at the direction of the board of directors, or (iii) by a stockholder who was a stockholder of record both at the time of giving of notice by the stockholder as provided for in the Bylaws and at the time of the annual meeting, who is entitled to vote at the meeting in the election of each individual so nominated or on any other such business and who has complied with the advance notice procedures of the Bylaws. With respect to special meetings of stockholders, only the business specified in our notice of the meeting at which directors are to be elected may be brought before the meeting. Nominations of individuals for election to the board of directors at a special meeting at which directors are to be elected may be made only (i) by or at the direction of the board of directors, (ii) by a stockholder that has requested that a special meeting be called for the purpose of electing directors in compliance with the Bylaws and that has supplied the information required by the Bylaws about each individual whom the stockholder proposes to nominate for election as director, or (iii) provided that the special meeting has been called in accordance with the Bylaws for the purpose of electing directors, by any stockholder who is a stockholder of record both at the time of giving of notice provided for in the Bylaws and at the time of the special meeting, who is entitled to vote at the meeting in the election of each individual so nominated and who has complied with the advance notice procedures of the Bylaws.

Subtitle 8

Subtitle 8 of Title 3 of the MGCL permits a Maryland corporation with a class of equity securities registered under the Securities Exchange Act of 1934 and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of five provisions:

- a classified board,
- a two-thirds vote requirement for removing a director,
- a requirement that the number of directors be fixed only by vote of the directors,
- a requirement that a vacancy on the board be filled only by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred, and
- a provision that a special meeting of stockholders must be called upon stockholder request only on the written request of stockholders entitled to cast a majority of the votes entitled to be cast at the meeting.

Through provisions in our charter and Bylaws unrelated to Subtitle 8, we already (a) require a two-thirds vote for the removal of any director from the board, (b) vest in the board the exclusive power to fix the number of directorships, and (c) require, unless called by our Chairman of the Board, CEO, President or Board of Directors, the request of holders entitled to cast a majority of the votes entitled to be cast at the meeting to call a special meeting.

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Anti-takeover Effect of Certain Provisions of Maryland Law and of our Charter and Bylaws

The business combination provisions and, if the applicable provision in our Bylaws is rescinded, the control share acquisition provisions of Maryland law, the provisions of our charter regarding removal of directors, the votes required to approve extraordinary actions and the advance notice provisions of our Bylaws could delay, defer or prevent a transaction or a change in control of Life Storage that might involve a premium price for holders of our common stock or otherwise be in their best interest.

FEDERAL INCOME TAX CONSIDERATIONS

The following discussion describes the material federal income tax consequences relating to the taxation of us as a REIT and the acquisition, ownership and disposition of our (i) common shares and (ii) fixed rate debt securities that are not original issue discount or zero coupon debt securities and are acquired in the initial offering and the offering price. If we offer debt securities or equity securities other than common stock or fixed rate debt securities, information about any additional or different income tax consequences to holders of those securities will be included in the documents pursuant to which those securities are offered.

For purposes of this section under the heading “Federal Income Tax Considerations,” references to “we,” “our” and “us” mean only Life Storage, Inc. and not its subsidiaries or other lower-tier entities or predecessor, except as otherwise indicated. References to the “operating partnership” mean Life Storage LP, our operating partnership. The following discussion is not exhaustive of all possible tax considerations and is not tax advice. The provisions of the Internal Revenue Code of 1986, as amended from time to time, or the Code, governing the federal income tax treatment of REITs are highly technical and complex, and this summary is qualified in its entirety by the applicable Code provisions, rules and regulations promulgated under the Code, and the administrative and judicial interpretations of the Code, rules and regulations.

This summary is based upon the Code, the regulations promulgated by the Treasury Department, or the Treasury regulations, current administrative interpretations and practices of the Internal Revenue Service, or IRS, (including administrative interpretations and practices expressed in private letter rulings which are binding on the IRS only with respect to the particular taxpayers who requested and received those rulings) and judicial decisions, all as currently in effect, and all of which are subject to differing interpretations or to change, possibly with retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. No advance ruling has been sought from the IRS regarding any matter discussed in this summary. This summary is also based upon the assumption that our operation and the operation of our subsidiaries and other lower-tier and affiliated entities, will in each case be in accordance with applicable organizational documents and agreements, and is not intended to be, and should not be construed as, tax advice.

This summary does not purport to discuss all aspects of federal income taxation that may be important to a particular holder in light of its investment or tax circumstances, or to holders subject to special tax rules, such as:

- expatriates;
- persons who mark-to-market our common shares;
- subchapter S corporations;
- U.S. shareholders (as defined below) whose functional currency is not the U.S. dollar;
- financial institutions;
- insurance companies;
- broker-dealers;
- regulated investment companies;
- trusts and estates;
- holders who receive our common stock through the exercise of employee stock options or otherwise as compensation;
- persons holding our common stock as part of a “straddle,” “hedge,” “conversion transaction,” “synthetic security” or other integrated investment;
- persons subject to the alternative minimum tax provisions of the Code;
- persons holding their interest through a partnership or similar pass-through entity;

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- persons holding a 10% or more (by vote or value) beneficial interest in us; and, except to the extent discussed below;
- accrual basis taxpayers subject to special tax accounting rules as a result of their use of financial statements;
- tax-exempt organizations; and
- non-U.S. shareholders (as defined below).

This summary assumes that shareholders will hold our common stock as capital assets, which generally means as property held for investment.

THE FEDERAL INCOME TAX TREATMENT OF HOLDERS OF OUR COMMON STOCK OR FIXED RATE DEBT SECURITIES DEPENDS IN SOME INSTANCES ON DETERMINATIONS OF FACT AND INTERPRETATIONS OF COMPLEX PROVISIONS OF FEDERAL INCOME TAX LAW FOR WHICH NO CLEAR PRECEDENT OR AUTHORITY MAY BE AVAILABLE. IN ADDITION, THE TAX CONSEQUENCES OF HOLDING OUR COMMON STOCK OR FIXED RATE DEBT SECURITIES TO ANY PARTICULAR HOLDER WILL DEPEND ON THE HOLDER'S PARTICULAR TAX CIRCUMSTANCES. YOU ARE URGED TO CONSULT YOUR TAX ADVISORS REGARDING THE FEDERAL, STATE, LOCAL, AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES TO YOU, IN LIGHT OF YOUR PARTICULAR INVESTMENT OR TAX CIRCUMSTANCES, OF ACQUIRING, HOLDING, AND DISPOSING OF OUR COMMON STOCK OR FIXED RATE DEBT SECURITIES.

Taxation of Life Storage

We elected to be taxed as a REIT under Sections 856 through 860 of the Code, commencing with our taxable year ended December 31, 1995. We believe that we have been organized and have operated in a manner which has qualified us for taxation as a REIT under the Code commencing with our taxable year ended December 31, 1995. We intend to continue to operate in this manner. However, our qualification and taxation as a REIT depend upon our ability to meet, through actual annual operating results, asset diversification, distribution levels and diversity of stock ownership, the various qualification tests imposed under the Code. Accordingly, there is no assurance that we have operated or will continue to operate in a manner that will allow us to qualify as a REIT. Furthermore, legislative, administrative or judicial action may change, perhaps retroactively, the anticipated income tax treatment described in this prospectus. It is possible that we may be unable to meet those changed requirements. The law firm of Phillips Lytle LLP has acted as our tax counsel since our initial public offering in 1995. In the opinion of Phillips Lytle LLP, we have been organized in conformity with the requirements for qualification as a REIT beginning with our taxable year ended December 31, 1995, and our method of operation as represented by us to Phillips Lytle LLP will enable us to continue to meet the requirements for REIT qualification. This opinion is based on various assumptions and factual representations and covenants made by our management regarding our organization, assets, the present and future conduct of our business operations, the fair market value of our investments in taxable REIT subsidiaries and other items regarding our ability to meet the various requirements for qualification as a REIT, and Phillips Lytle LLP assumes that such representations and covenants are accurate and complete. REIT qualification depends upon our ability to meet the various requirements imposed under the Code through actual operating results, as discussed below. Phillips Lytle LLP will not review these operating results, and no assurance can be given that actual operating results will meet these requirements. The opinion of Phillips Lytle LLP is not binding on the IRS. In addition, the opinion of Phillips Lytle LLP is based upon existing law, Treasury regulations, currently published administrative positions of the IRS and judicial decisions, which are subject to change either prospectively or retroactively.

Taxation of REITS in General

In any year in which we qualify as a REIT, we generally will not be subject to federal corporate income taxes on that portion of our "REIT taxable income" (generally, taxable income subject to specified adjustments,

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including a deduction for dividends paid, and excluding net capital gain) that is currently distributed to shareholders. The REIT provisions of the Code generally allow a REIT to deduct distributions paid to its shareholders. Shareholders generally will be subject to taxation on dividends (other than designated capital gain dividends and “qualified dividend income”) at rates applicable to ordinary income, instead of at lower capital gain rates. Qualification for taxation as a REIT enables the REIT and its shareholders to substantially eliminate the “double taxation” (that is, taxation at both the corporate and shareholder levels) that generally results from an investment in a regular corporation. Regular corporations (non-REIT “C” corporations) generally are subject to federal corporate income taxation on their net income and shareholders of regular corporations are subject to tax on any dividends that they receive. Shareholders of non-REIT “C” corporations who are subject to individual income tax rates generally are taxed on dividends they receive at capital gain rates, which for individuals are lower than ordinary income rates, and corporate shareholders of non-REIT “C” corporations receive the benefit of a dividends-received deduction that substantially reduces the effective rate that they pay on such dividends. Income earned by a REIT and distributed currently to its shareholders generally will be subject to lower aggregate rates of federal income taxation than if such income were earned by a non-REIT “C” corporation, subject to corporate income tax, and then distributed to shareholders and taxed at the income tax rates applicable to those shareholders.

Shareholders who are individual U.S. shareholders (as defined below) are taxed on corporate dividends from a non-REIT “C” corporation at a federal income tax rate of 20% for taxpayers in the highest income tax bracket or a maximum federal income tax rate of 15% for taxpayers in lower tax brackets under the Code (the same rates as long-term capital gain rates), thereby substantially reducing, though not completely eliminating, the double taxation that has historically applied to corporate dividends. With limited exceptions, however, dividends received by individual U.S. shareholders from us or from other entities that are taxed as REITs will continue to be taxed at rates applicable to ordinary income, which are currently subject to a maximum federal income tax rate of 37% for taxable years beginning on or after January 1, 2018 through December 31, 2025. Effective for taxable years beginning on or after January 1, 2018 through December 31, 2025, individual U.S. shareholders may deduct 20% of their dividends from us and other entities that are taxed as REITs (excluding qualified dividend income and capital gains dividends). For individual U.S. shareholders in the top marginal tax bracket of 37%, the deduction for REIT dividends yields an effective income tax rate of 29.6% on REIT dividends.

Even if we qualify as a REIT, however, we will be subject to federal income tax in the following respects:

- We will be taxed at regular corporate rates on our undistributed REIT taxable income, including undistributed net capital gain.
- For taxable years beginning prior to January 1, 2018, we may be subject to alternative minimum tax on our undistributed items of tax preference, if any.
- If we have net income from the sale or other disposition of “foreclosure property” that is held primarily for sale to customers in the ordinary course of business or other non-qualifying income from foreclosure property, we will be subject to tax at a 21% corporate tax rate on that income.
- If we have net income from prohibited transactions, which are in general certain sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business, that income will be subject to a 100% tax.
- If we should fail to satisfy either the 75% or 95% gross income test, which are discussed below, but have nonetheless maintained our qualification as a REIT because other requirements have been met, we will be subject to a 100% tax on (i) the gross income attributable to the greater of the amount by which we fail the 75% or 95% test, multiplied by (ii) a fraction intended to reflect our profitability.
- If we fail to satisfy any of the REIT asset tests, as described below, by larger than a de minimis amount, but our failure is due to reasonable cause and not due to willful neglect and we nonetheless maintain our REIT qualification because of specified cure provisions, we will be required to pay a tax equal to the greater of \$50,000 or 21% of the net income generated by the non-qualifying assets during the period in which we failed to satisfy the asset tests.

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- If we fail to satisfy any provision of the Code that would result in our failure to qualify as a REIT (other than a gross income or asset test requirement) and that violation is due to reasonable cause and not due to willful neglect, we may maintain our REIT qualification, but we will be required to pay a penalty of \$50,000 for each such failure.
- If we fail to distribute during each calendar year at least the sum of (i) 85% of our REIT ordinary income for that year, (ii) 95% of our REIT capital gain net income for that year and (iii) any undistributed taxable income from prior periods, we will be subject to a 4% excise tax on the excess of such required distributions over the sum of (x) the amounts actually distributed (taking into account excess distributions from prior years), plus (y) retained amounts on which income tax is paid at the corporate level;
- We will be subject to a 100% penalty tax on certain rental income we receive when a taxable REIT subsidiary provides services to our tenants, on certain expenses deducted by a taxable REIT subsidiary on payments made to us and, effective for taxable years beginning after December 31, 2015, on income for services rendered to us by a taxable REIT subsidiary, if the arrangements among us, our tenants, and our taxable REIT subsidiary do not reflect arm's-length terms.
- We may be required to pay monetary penalties to the IRS in certain circumstances, including if we fail to meet record-keeping requirements intended to monitor our compliance with rules relating to the composition of our shareholders, as described below.
- A 100% excise tax may be imposed on some items of income and expense that are directly or constructively paid between us, our tenants and/or our "taxable REIT subsidiary" (as described below) if and to the extent that the IRS successfully adjusts the reported amounts of these items.
- If we acquire any assets from a non-REIT "C" corporation in a carry-over basis transaction that have a fair market value at the time we acquire those assets in excess of their adjusted tax basis and dispose of them within the applicable recognition period related to such assets (in each case, we refer to the excess as "built-in gain"), then, to the extent of the built-in gain, this gain generally will be subject to a tax at the regular corporate rate (currently 21%).
- We may elect to retain and pay income tax on our net long-term capital gain. In that case, a shareholder would include its proportionate share of our undistributed long-term capital gain (to the extent we make a timely designation of such gain to the shareholder) in its income, would be deemed to have paid the tax that we paid on such gain, and would be allowed a credit for its proportionate share of the tax deemed to have been paid. An adjustment would be made to increase the shareholder's basis in our common shares.
- We may have subsidiaries or own interests in other lower-tier entities that are "C" corporations, including our taxable REIT subsidiaries, the earnings of which will be subject to federal corporate income tax.

If we are subject to taxation on our REIT taxable income or subject to tax due to the sale of a built-in gain asset that was acquired in a carry-over basis transaction from a non-REIT "C" corporation, some of the dividends we pay to our shareholders during the following year may be subject to tax at the reduced capital gain rate, rather than at ordinary income rates. See "— Taxation of Our U.S. Shareholders" beginning on page 49.

In addition, notwithstanding our status as a REIT, we may have to pay certain state and local income taxes, because not all states and localities treat REITs in the same manner as they are treated for federal income tax purposes, and our subsidiaries that are not subject to federal income tax may have to pay state and local income taxes, because not all states and localities treat these entities in the same manner as they are treated for federal income tax purposes. Moreover, our taxable REIT subsidiaries (as further described below) are subject to federal corporate income tax on their net income. We could also be subject to tax in situations and on transactions not presently contemplated.

Requirements for Qualification — General

To qualify as a REIT, we must meet the requirements, discussed below, relating to our organization, sources of income, nature of assets and distributions of income to shareholders. The Code defines a REIT as a corporation, trust or association:

- (1) that is managed by one or more trustees or directors;
- (2) the beneficial ownership of which is evidenced by transferable shares or by transferable certificates of beneficial interest;
- (3) that would be taxable as a domestic corporation but for Sections 856 through 860 of the Code;
- (4) that is neither a financial institution nor an insurance company subject to specified provisions of the Code;
- (5) the beneficial ownership of which is held by 100 or more persons;
- (6) at all times during the last half of each taxable year, not more than 50% in value of the outstanding shares of which are owned, directly or indirectly, through the application of certain attribution rules, by five or fewer individuals;
- (7) that makes an election to be taxable as a REIT, or has made this election for a previous taxable year that has not been revoked or terminated, and satisfies all relevant filing and other administrative requirements established by the IRS that must be met to elect and maintain REIT status;
- (8) that uses a calendar year for federal income tax purposes and complies with the recordkeeping requirements of the Code and Treasury regulations promulgated thereunder;
- (9) that has at the end of any taxable year any undistributed earnings and profits that are attributable to anon-REIT taxable year; and
- (10) that meets other tests, described below, regarding the nature of its income and assets, and the amount of its distributions.

The Code provides that conditions (1) through (4) above must be met during the entire taxable year and that condition (5) must be met during at least 335 days of a taxable year of twelve months, or during a proportionate part of a taxable year of less than twelve months. Conditions (5) and (6) above, which we refer to as the “100 shareholder” and “five or fewer” requirements, do not need to be satisfied for the first taxable year for which an election to become a REIT has been made. For purposes of condition (6), an “individual” generally includes a supplemental unemployment compensation benefit plan, a private foundation, or a portion of a trust permanently set aside or used exclusively for charitable purposes, but does not include a qualified pension plan or profit sharing trust.

To monitor compliance with condition (6) above, a REIT is required to send annual letters to its shareholders requesting information regarding the actual ownership of its shares. If we comply with the annual letters requirement and do not know, or by exercising reasonable diligence, would not have known, of a failure to meet condition (6) above, then we will be treated as having met the condition. Prior to the closing of our initial public offering in 1995, we did not satisfy several of the conditions above. Our initial public offering allowed us to satisfy the 100 shareholder and five or fewer requirements. We believe that we have been organized, have operated and have issued sufficient shares of beneficial ownership with sufficient diversity of ownership to allow us to satisfy the above conditions. In addition, our organizational documents contain restrictions regarding the transfer of our stock that are intended to assist us in continuing to satisfy the share ownership requirements described in conditions (5) and (6) above. Specifically, the ownership restrictions in our charter generally prohibit the actual or constructive ownership of more than 9.8% of the aggregate value of our outstanding stock, unless an exception is established by the board of directors. The restrictions provide that if, at any time, for any reason, those ownership limitations are violated or more than 50% in value of our outstanding stock otherwise

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would be considered owned by five or fewer individuals, then the number of shares of stock necessary to cure the violation will automatically and irrevocably be transferred from the person causing the violation to a trust for the benefit of designated charitable beneficiaries. See “Restrictions on Transfer/Ownership Limits,” beginning on page 26.

The REIT protective provisions of our charter are modeled after certain arrangements that the IRS has ruled in private letter rulings will preclude a REIT from being considered to violate the ownership restrictions so long as the arrangements are enforceable as a matter of state law and the REIT seeks to enforce them as and when necessary. There can be no assurance, however, that the IRS might not seek to take a different position concerning us (a private letter ruling is legally binding only as to the taxpayer to whom it was issued, and we have not sought a private ruling on this issue) or contend that we failed to enforce these various arrangements. Accordingly, there can be no assurance that these provisions necessarily will preserve our REIT status. If we fail to satisfy these share ownership requirements described in conditions (5) and (6) above, we will fail to qualify as a REIT.

As discussed in condition (8) above, a corporation may not elect to become a REIT unless its taxable year is the calendar year. Since we became a REIT in 1995, our taxable year has been the calendar year.

As discussed in condition (9) above, to qualify as a REIT, we cannot have at the end of any taxable year any undistributed earnings and profits that are attributable to a non-REIT taxable year. As a result of our formation in 1995, we succeeded to the tax attributes of a non-REIT “C” corporation. We do not believe that we have acquired any undistributed non-REIT “C” corporation earnings and profits in 1995 or otherwise. However, there can be no assurance that the IRS would not contend otherwise on a subsequent audit.

Effect of Subsidiary Entities

Ownership of Partnership Interests. In the case of a REIT that is a partner in partnership, Treasury regulations provide that the REIT is deemed to own its proportionate share of the partnership’s assets, and to earn its proportionate share of the partnership’s gross income, in each case, based on its pro rata share of capital interests in the partnership, for purposes of the asset and gross income tests applicable to REITs, as described below. In addition, the assets and gross income of the partnership generally are deemed to retain the same character in the hands of the REIT. Thus, our proportionate share, based upon our percentage capital interest, of the assets and items of income of partnerships in which we own an equity interest (including our interest in the operating partnership and its equity interests in lower-tier partnerships), is treated as our assets and items of income for purposes of applying the REIT requirements described below. Consequently, to the extent that we directly or indirectly hold an equity interest in a partnership, the partnership’s assets and operations may affect our ability to qualify as a REIT.

In order to provide us with flexibility, we own the properties through the operating partnership or joint ventures, which themselves are treated as partnerships for U.S. federal income tax purposes, owned by the operating partnership. We hold a limited partnership interest in the operating partnership. As of March 31, 2021, our aggregate holding in the operating partnership is 99.6% which is comprised of our direct limited partnership interest and the interest of our wholly-owned subsidiary, Life Storage Holdings, Inc., which holds a general partner interest in the operating partnership. Life Storage Holdings, Inc. is a “qualified REIT subsidiary” as defined in Section 856(i) of the Code. A qualified REIT subsidiary is any corporation that is 100% owned by a REIT at all times during the period the subsidiary is in existence. Under Section 856(i) of the Code, a qualified REIT subsidiary is not treated as a separate corporation from the REIT, and all assets, liabilities, income, deductions, and credits of the qualified REIT subsidiary are treated as assets, liabilities, income, deductions and credits, as the case may be, of the REIT. Because Life Storage Holdings, Inc. is a qualified REIT subsidiary, it is not subject to federal income tax, although it may be subject to state and local tax in some states.

Recent legislation may alter who bears the liability in the event any subsidiary partnership or limited liability company treated as a partnership is audited and an adjustment is assessed. Congress revised the rules

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applicable to federal income tax audits of partnerships (such as certain of our subsidiaries) and the collection of any tax resulting from any such audits or other tax proceedings, generally for taxable years beginning after December 31, 2017. Under these rules, the partnership itself may be liable for a hypothetical increase in partner-level taxes (including interest and penalties) resulting from an adjustment of partnership tax items on audit, regardless of changes in the composition of the partners (or their relative ownership) between the year under audit and the year of the adjustment. The rules also include an elective alternative method under which the additional taxes resulting from the adjustment are assessed from the affected partners, subject to a higher rate of interest than otherwise would apply. There is no assurance that we will qualify under those rules or that we will have the authority to use those rules under the operating agreements of all of our subsidiary partnerships or limited liability companies.

Taxable Subsidiaries. A REIT, in general, may jointly elect with a subsidiary, whether or not wholly owned, to treat the subsidiary as a taxable REIT subsidiary by filing a Form 8875 with the IRS. The separate existence of a taxable REIT subsidiary or other taxable corporation, unlike a disregarded subsidiary as discussed above, is not ignored for federal income tax purposes. Accordingly, such an entity would generally be subject to corporate income tax on its earnings, which may reduce the cash flow generated by us and our subsidiaries in the aggregate, and our ability to make distributions to our shareholders.

A REIT is not treated as holding the assets of a taxable REIT subsidiary or as receiving any income that the subsidiary earns. Rather, the shares issued by such a subsidiary are assets in the hands of the REIT, and the REIT recognizes as income the dividends, if any, that it receives from such subsidiary. This treatment can affect the gross income and asset test calculations that apply to the REIT, as described below. Because a REIT does not include the assets and income of such taxable REIT subsidiaries in determining the REIT's compliance with the REIT requirements, such entities may be used by the REIT to undertake indirectly activities that the REIT rules might otherwise preclude it from doing directly or through pass-through subsidiaries.

Certain restrictions imposed on taxable REIT subsidiaries are intended to ensure that such entities will be subject to appropriate levels of federal income taxation. First, for taxable years beginning after December 31, 2017, a taxable REIT subsidiary is limited in its ability to deduct interest payments in excess of a certain amount made directly or indirectly to its REIT parent, as described below in “—Interest Deduction Limitation Enacted by H.R.1.” In addition, if amounts are paid to a REIT or deducted by a taxable REIT subsidiary due to transactions between a REIT, its tenants and/or a taxable REIT subsidiary, exceed the amount that would be paid to or deducted by a party in an arm's-length transaction, the REIT generally will be subject to an excise tax equal to 100% of such excess. Furthermore, effective for taxable years beginning after December 31, 2015, an excise tax of 100% is imposed on a REIT with respect to the gross income of a taxable REIT subsidiary that is attributable to services provided to, or on behalf of, the REIT (and not to services provided to tenants), less properly allocable deductions, to the extent that the amount of such income is less than the amount that would be paid to a party in an arm's-length transaction. We have elected to have our subsidiaries Life Storage Solutions, LLC, 1181083 BC Ltd., Life Storage Solutions Canada, Ltd., 1219123 BC Ltd., Limestone Insurance Company, Ltd., HSREP VII Canada Merchandise, Inc. and Jane Street Storage Corp. taxed as taxable REIT subsidiaries for federal income tax purposes.

Gross Income Tests

To maintain qualification as a REIT, two gross income requirements must be satisfied annually. First, at least 75% of our gross income, excluding gross income from certain dispositions of property held primarily for sale to customers in the ordinary course of a trade or business, which we refer to as “prohibited transactions,” certain hedging transactions and certain foreign currency transactions, for each taxable year must be derived directly or indirectly from investments relating to real property or mortgages on real property, including “rents from real property” and interest in certain circumstances, dividends or other distributions on, and gain from the sale of, shares in other REITs, and income from certain types of temporary investments. We refer to this requirement as the “75% income test.” Second, at least 95% of our gross income, excluding gross income from

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prohibited transactions, certain hedging transactions, and certain foreign currency transactions, for each taxable year must be derived from some combination of income that qualifies under the 75% income test, as well as other dividends, interest (including, for taxable years beginning after December 31, 2015, interest income from debt instruments issued by publicly offered REITs) and gain from the sale or disposition of stock or securities (including, for taxable years beginning after December 31, 2015, gain from the sale or other disposition of debt instruments issued by publicly offered REITs) or from any combination of the foregoing. We refer to this requirement as the “95% income test.” A “publicly-offered REIT” is a real estate investment trust which is required to file annual and periodic reports with the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Rents received or deemed to be received by us will qualify as “rents from real property” in satisfying the gross income requirements for a REIT described above only if the following conditions are met:

- (1) The amount of rent generally must not be based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from rents from real property solely by reason of being based on a fixed percentage or percentages of receipts or sales.
- (2) The Code provides that rents from a tenant will not qualify as “rents from real property” in satisfying the gross income tests if the REIT, or a direct or indirect owner of 10% or more of the REIT, directly or constructively, owns 10% or more of that tenant, in which case we refer to the tenant as a “related party tenant.” Under a “limited rental exception” rule, however, rents received from a related party tenant that is our taxable REIT subsidiary will be included in the definition of “rents from real property” if at least 90% of the space at the property to which the rents relate is leased to third parties, and the rents paid by the taxable REIT subsidiary are comparable to rents paid by our other tenants for comparable space. Whether rents paid by a taxable REIT subsidiary are substantially comparable to rents paid by other tenants is determined at the time the lease with the taxable REIT subsidiary is entered into, extended, and modified, if such modification increases the rents due under such lease. Notwithstanding the foregoing, if a lease with a “controlled taxable REIT subsidiary” is modified, and the rents payable by such taxable REIT subsidiary are increased on account of the modification, the increase in rents will not qualify as “rents from real property.” For purposes of this rule, a “controlled taxable REIT subsidiary” is a taxable REIT subsidiary in which we own shares possessing more than 50% of the voting power or more than 50% of the total value of outstanding shares of such taxable REIT subsidiary.
- (3) If rent attributable to personal property, leased in connection with a lease of real property, is greater than 15% of the total rent received under the lease, then the portion of rent attributable to the personal property will not qualify as “rents from real property.”
- (4) For rents to qualify as “rents from real property,” the REIT must not operate or manage the property or furnish or render services to tenants, other than through an “independent contractor” who is adequately compensated and from whom the REIT does not derive any income. A REIT may, however, directly provide services with respect to its properties and the income will qualify as “rents from real property” if the services are “usually or customarily rendered” in connection with the rental of a room or other space for occupancy only and are not otherwise considered “rendered to the occupant.” In addition, a REIT may directly or indirectly provide non-customary services to tenants of its properties without disqualifying all of the rent from the property if the payment for such services does not exceed 1% of the total gross income from the property. In such case, only the amounts for non-customary services are not treated as rents from real property. The rest of the rent will be qualifying income. If the impermissible tenant service income with respect to a property exceeds 1% of our total income from that property, then all of the income from that property will fail to qualify as rents from real property. For purposes of this test, the income received from such non-customary services is deemed to be at least 150% of the direct cost of providing the services. Moreover, REITs are permitted to provide services to tenants or others through a taxable REIT subsidiary without disqualifying the rental income received from tenants for purposes of the REIT income tests.

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Unless we determine that the resulting nonqualifying income under any of the following situations, taken together with all other nonqualifying income earned by us in the taxable year, will not jeopardize our status as a REIT, we do not, and do not intend to, (a) charge rent that is based in whole or in part on the income or profits of any person; (b) derive rent attributable to personal property leased in connection with real property that exceeds 15% of the total rents; or (c) receive rent from related party tenants, except to the extent permitted under the limited rental exception described above.

For approximately 10 months in 2004, we allowed new tenants to use trucks without charge for a limited period of time as an inducement for the new tenants to lease space in our facilities. We have treated the rental of trucks as the rental of personal property in connection with the rental of real property. Generally, the 15% personal property test is applied on a lease-by-lease basis. However, the Treasury regulations allow a REIT that rents all (or a portion) of the units in a multiple unit project under substantially similar leases to apply the 15% test on an aggregate basis for the rents received under such substantially similar leases. All of our leases at each self-storage property are substantially similar, except for the cost of the unit which varies by the size of the unit. We apply the 15% test on an aggregate basis at each of our facilities. There can be no assurance that the IRS will not successfully challenge our position that the lease of the trucks should be treated as the rental of personal property in connection with real property or our methodology for determining the portion of each lease attributable to personal property. If the IRS successfully challenged our position, we could have failed to satisfy the gross income tests in 2004. This could prevent us from qualifying as a REIT. See "Taxation of Life Storage — Failure to Qualify" beginning on page 46 for a discussion of the consequences if we fail to meet this test.

We provide certain services with respect to the properties. We believe that the services provided by us are usually or customarily rendered in connection with the rental of space for occupancy only and are not otherwise rendered to particular tenants and, therefore, that the provision of those services will not cause rents received with respect to the properties to fail to qualify as rents from real property.

Prior to 2007, we earned administrative fees from a third party insurance company on personal property insurance sold to some of our tenants by such insurance company. We believe that the insurance contract provided by the insurance company was not a service provided by the insurance company and that fees we earned would not be impermissible tenant service income. If the IRS successfully challenged our position on this issue, all rents from a property would not qualify for purposes of the income tests if the fee income and any other impermissible tenant service income from that property exceeded 1% of the income from that property. This could have caused us to fail the gross income tests in 2007. This could prevent us from qualifying as a REIT. See "Taxation of Life Storage — Failure to Qualify" on page 46 for a discussion of the consequences if we fail to meet this test.

Prior to April 2012, we also earned management fees from our management of property held by joint ventures in which we are investors. For purposes of the gross income tests, income earned from management fees generally constitutes nonqualifying income. Existing Treasury regulations do not address the treatment of management fees derived by a REIT from a partnership in which the REIT holds a partnership interest, but the IRS has issued a number of private letter rulings holding that the portion of the management fee that corresponds to the REIT's interest in the partnership, in effect, is disregarded in applying the 95% gross income test when the REIT holds a "substantial" interest in the partnership. We have disregarded the portion of management fees derived from the joint venture partnerships in which we are a partner that corresponds to our interest in these partnerships in determining the amount of our nonqualifying income. There can be no assurance, however, that the IRS would not take a contrary position with respect to us, either rejecting the approach set forth in the private letter rulings mentioned above or contending that our situation is distinguishable from those addressed in the private letter rulings. This could have caused us to fail the gross income tests in 2012. This could prevent us from qualifying as a REIT. See "Taxation of Life Storage — Failure to Qualify" on page 46 for a discussion of the consequences if we fail to meet this test.

Our share of any dividends received from our corporate subsidiaries that are not taxable REIT subsidiaries will qualify for purposes of the 95% gross income test but not for purposes of the 75% income test. We do not

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anticipate that we will receive sufficient dividends to cause us to exceed the limit on nonqualifying income under the 75% income test.

“Interest” generally will be nonqualifying income for purposes of the 75% or 95% income tests if it depends in whole or in part on the income or profits of any person. However, interest based on a fixed percentage or percentages of receipts or sales may still qualify under the gross income tests. We have received interest payments from our taxable REIT subsidiaries and our joint ventures that will constitute qualifying income for purposes of the 95% income test but not the 75% income test. We do not anticipate that these amounts of interest will affect our ability to qualify under the 75% income test.

If we fail to satisfy one or both of the 75% or 95% tests for any taxable year, we may nevertheless qualify as a REIT for that year if we are eligible for relief under specified provisions of the Code. These relief provisions will generally be available if our failure to meet these tests was due to reasonable cause and not due to willful neglect, we attach a schedule of the sources of our income to our federal income tax return, and any incorrect information on the schedule is not due to fraud with intent to evade tax. It is not possible, however, to state whether, in all circumstances, we would be entitled to the benefit of these relief provisions. For example, if we fail to satisfy the gross income tests because non-qualifying income that we intentionally incur exceeds the limits on that income, the IRS could conclude that our failure to satisfy the tests was not due to reasonable cause. As discussed above, even if these relief provisions apply, a 100% tax would be imposed on the greater of the amount by which we fail either the 75% or 95% income test, multiplied by a fraction intended to reflect our profitability.

Asset Tests

At the close of each calendar quarter, we must also satisfy five tests relating to the nature of our assets. Under the first test, at least 75% of the value of our total assets must be represented by some combination of “real estate assets,” cash, cash items, U.S. government securities and, under some circumstances, stock or debt instruments purchased with new capital. We refer to this requirement as the “75% asset test.” For this purpose, real estate assets include interests in real property, such as land, buildings, leasehold interests in real property, stock of other corporations that qualify as REITs, and certain kinds of mortgage-backed securities and mortgage loans. Effective for taxable years beginning after December 31, 2015, “real estate assets” also include certain debt instruments of publicly offered REITs, interests in mortgages on interests in real property, personal property to the extent that rents attributable to the property are treated as rents from real property under the applicable Code section, and a mortgage secured by real property and personal property, provided that the fair market value of the personal property does not exceed 15% of the total fair market value of all personal property.

Assets that do not qualify for purposes of this 75% asset test are subject to the additional asset tests described below.

The second asset test is that the value of any one issuer’s securities owned by us may not exceed 5% of the value of our gross assets. Third, we may not own more than 10% of any one issuer’s outstanding securities, as measured by either voting power or value. Fourth, the aggregate value of all securities of taxable REIT subsidiaries held by us may not exceed 20% (25% for taxable years beginning on or after July 31, 2008 and ending on or before December 31, 2017) of the value of our gross assets. Fifth, effective for taxable years beginning after December 31, 2015, no more than 25% of the value of a REIT’s total assets may be represented by “nonqualified publicly offered REIT debt instruments.” A “nonqualified publicly offered REIT debt instrument” is any real estate asset which would cease to be a real estate asset if the definition of a real estate asset was applied without regard to the reference to debt instruments issued by publicly offered REITs.

The 5% and 10% asset tests do not apply to securities of taxable REIT subsidiaries, qualified REIT subsidiaries or securities that are “real estate assets” for purposes of the 75% asset test described above.

The 10% value test does not apply to certain “straight debt” and other excluded securities, as described in the Code including, but not limited to, any loan to an individual or estate, any obligation to pay rents from real

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property and any security issued by a REIT. In addition, (a) a REIT's interest as a partner in a partnership is not considered a security for purposes of applying the 10% value test to securities issued by the partnership; (b) any debt instrument issued by a partnership (other than straight debt or another excluded security) will not be considered a security issued by the partnership if at least 75% of the partnership's gross income is derived from sources that would qualify for the 75% income test; and (c) any debt instrument issued by a partnership (other than straight debt or another excluded security) will not be considered a security issued by the partnership to the extent of the REIT's interest as a partner in the partnership. In general, straight debt is defined as a written, unconditional promise to pay on demand or at a specific date a fixed principal amount, and the interest rate and payment dates on the debt must not be contingent on profits or the discretion of the debtor. In addition, straight debt may not contain a convertibility feature.

After initially meeting the asset tests at the close of any quarter, we will not lose our status as a REIT for failure to satisfy the asset tests at the end of a later quarter solely by reason of changes in asset values. If the failure to satisfy the asset tests results from an acquisition of securities or other property during a quarter, the failure can be cured by disposition of sufficient non-qualifying assets within 30 days after the close of that quarter. We believe that we have maintained and we intend to continue to maintain adequate records of the value of our assets to ensure compliance with the asset tests and to take those other actions within 30 days after the close of any quarter as may be required to cure any noncompliance.

We believe that our holdings of securities and other assets will continue to comply with the asset tests, and we intend to monitor compliance with such tests on an ongoing basis. However, the values of some of our assets, including the securities of our taxable REIT subsidiaries, may not be precisely valued, and values are subject to change in the future. Furthermore, the proper classification of an instrument as debt or equity for federal income tax purposes may be uncertain in some circumstances, which could affect the application of the REIT asset tests. Accordingly, there can be no assurance that the IRS will not contend that our assets do not satisfy the asset tests.

We would not lose our REIT status as the result of a failure of the 5% test or the 10% value test if the value of the assets causing the violation did not exceed the lesser of (i) 1% of the value of our assets at the end of the quarter in which the violation occurred or (ii) \$10,000,000 and we were to cure the violation by disposing of assets within six months of the end of the quarter in which we identified the failure. In addition, for a failure of the 5% test, the 10% vote test or the 10% value test that is larger than this amount, and for a failure of the 75% asset test, the 25% test, or the 20% (25% for taxable years beginning on or after July 31, 2008 and ending on or before December 31, 2017) taxable REIT subsidiary asset test, we would not lose our REIT status if the failure were for reasonable cause and not due to willful neglect and we were to (i) file a schedule with the IRS describing the assets causing the violation, (ii) cure the violation by disposing of assets within six months of the end of the quarter in which we identified the failure and (iii) pay a tax equal to the greater of \$50,000 or the product derived by multiplying the highest federal corporate income tax rate by the net income generated by the non-qualifying assets during the period of the failure. It is not possible, however, to state whether in all cases we would be entitled to these relief provisions.

Annual Distribution Requirements

To qualify as a REIT, we are required to make distributions, other than distributions of capital gain dividends, to our shareholders in an amount at least equal to:

- (a) The sum of:
 - 90% of our "REIT taxable income," computed without regard to the dividends-paid deduction and our net capital gain, and
 - 90% of our net income, if any, from foreclosure property in excess of the special tax on income from foreclosure property, minus
- (b) the sum of specified items of our non-cash income.

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These distributions must be paid in the taxable year to which they relate, or in the following taxable year if such distributions are declared in October, November or December of the taxable year, payable to shareholders of record on a specified date in any such month, and are actually paid before the end of January of the following year. Such distributions are treated as both paid by us and received by each shareholder on December 31 of the year in which they are declared. In addition, at our election, a distribution for a taxable year may be declared before we timely file our tax return for the year and paid with or before the first regular dividend payment after such declaration, provided such payment is made during the 12-month period following the close of such taxable year. These distributions are taxable to our shareholders in the year in which paid, even though the distributions relate to our prior taxable year for purposes of the 90% distribution requirement.

For taxable years ending before January 1, 2015, in order for distributions to have been counted towards our distribution requirement, and to provide us with a tax deduction, they must not have been “preferential dividends.” A dividend is not a preferential dividend if it is pro rata among all shares of stock within a particular class and is in accordance with the preferences among different classes of stock as set forth in the organizational documents. Effective for our taxable year that began on January 1, 2015 and all future taxable years, preferential dividends distributed by us may be taken into account for purposes of determining our dividends-paid deduction so long as we continue to qualify as a publicly offered REIT for purposes of the dividends-paid deduction for preferential dividends.

To the extent that we distribute less than 100%, but at least 90%, of our net taxable income, we will be subject to federal income tax at ordinary corporate tax rates on the retained portion. In addition, we may elect to retain, rather than distribute, our net long-term capital gain and pay tax on such gain. In this case, we could elect to have our shareholders include their proportionate share of such undistributed long-term capital gain in income and receive a corresponding credit for their proportionate share of the tax paid by us. Our shareholders would then increase the adjusted basis of their shares in us by the difference between the designated amounts included in their long-term capital gains and the tax deemed paid with respect to their proportionate shares.

To the extent that in the future we may have available net operating losses carried forward from prior taxable years, such losses may reduce the amount of distributions that we must make in order to comply with the REIT distribution requirements. Our deduction for any net operating loss carryforwards arising from losses we sustain in taxable years beginning after December 31, 2017, is limited to 80% of our REIT taxable income (determined without regard to the deduction for dividends paid), and any unused portion of such losses may be carried forward indefinitely.

If we fail to distribute during each calendar year at least the sum of (i) 85% of our REIT ordinary income for such year, (ii) 95% of our REIT capital gain income for such year and (iii) any undistributed taxable income from prior periods, we will be subject to a 4% excise tax on the excess of such required distribution over the sum of (x) the amounts actually distributed (taking into account excess distributions from prior periods) and (y) the amounts of income retained on which we have paid corporate income tax. We intend to make timely distributions so that we are not subject to the 4% excise tax.

It is expected that our REIT taxable income will be less than our cash flow due to the allowance of depreciation and other non-cash charges in computing REIT taxable income. Accordingly, we anticipate that we will generally have sufficient cash or liquid assets to enable us to satisfy the 90% distribution requirement. However, it is possible that, from time to time, we may not have sufficient cash or other liquid assets to meet the 90% distribution requirement or to distribute any greater amount as may be necessary to avoid income and excise taxation, due to timing differences between the actual receipt of income and actual payment of deductible expenses, and the inclusion of that income and deduction of those expenses in arriving at our taxable income, or if the amount of nondeductible expenses, such as principal amortization or capital expenditures, exceed the amount of non-cash deductions. In the event that those timing differences occur, we may find it necessary to arrange for borrowings, if possible, in order to meet the distribution requirement.

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Under amendments to Section 451 of the Code made by H.R.1, subject to certain exceptions, we must accrue income for federal income tax purposes no later than when such income is taken into account as revenue in our financial statements, which could create additional differences between REIT taxable income and the receipt of cash attributable to such income. In addition, under Section 162(m) of the Code, a publicly held corporation is generally limited to a \$1 million annual tax deduction for compensation paid to each of its “covered employees.” Pursuant to the final Section 162(m) regulations released on December 18, 2020, Section 162(m) now applies to a publicly held corporation’s distributive share of a partnership’s deduction for compensation expense if the deduction is attributable to compensation paid by the partnership after December 18, 2020 (unless paid pursuant to a written binding contract in effect on December 20, 2019); therefore, deductions for compensation paid to our executive officers may be limited.

If compensation deductions are limited, we may be required to make additional distributions to shareholders to comply with our REIT distribution requirements and eliminate our federal income tax liability, and a larger portion of shareholder distributions that would otherwise have been treated as a return of capital may be subject to federal income tax as dividend income as a result of our increased taxable income. Any such compensation allocated to our taxable REIT subsidiaries, whose income is subject to federal income tax, would result in an increase in income taxes due to the inability to deduct such compensation.

Under some instances, we may be able to rectify a failure to meet the distribution requirement for a year by paying “deficiency dividends” to shareholders in a later year, which dividends may be included in our deduction for dividends paid for the earlier year. Thus, we may be able to avoid being taxed on amounts distributed as deficiency dividends. We will, however, be required to pay interest to the IRS, based upon the amount of any deduction taken for deficiency dividends.

Interest Deduction Limitation

For taxable years beginning after December 31, 2017, Section 163(j) of the Code limits the deductibility of net interest expense paid or accrued on debt properly allocable to a trade or business to 30% of “adjusted taxable income,” subject to certain exceptions. The amount of the deduction exceeding the limitation may be carried forward to be used in a subsequent year, subject to the 30% limitation. Adjusted taxable income is determined without regard to certain deductions, including those for net interest expense, net operating loss carryforwards and, for taxable years beginning before January 1, 2022, depreciation, amortization and depletion. The 30% limitation does not apply to an electing real property trade or business, provided that the taxpayer makes a timely, irrevocable election. If this election is made, depreciable real property (including certain improvements) held by the relevant trade or business must be depreciated under the alternative depreciation system under the Code, which is generally less favorable than the generally applicable system of depreciation under the Code. Our operations qualify as a real property trade or business. Accordingly, we may make the election not to have the interest deduction limitation apply to us. If we do not make that election, we may have more REIT taxable income because of the limitation on the deductibility of interest. Therefore, we may need to increase the amount of our distributions to comply with the REIT requirements and avoid incurring corporate level tax. Similarly, the limitation could cause our taxable REIT subsidiaries to have greater taxable income and thus potentially greater corporate tax liability.

Prohibited Transactions

Net income derived from a “prohibited transaction” is subject to a 100% tax. A “prohibited transaction” generally includes a sale or other disposition of property (other than foreclosure property) that is held as inventory or primarily for sale to customers in the ordinary course of a trade or business by a REIT, by a lower-tier partnership in which the REIT holds an equity interest or by a borrower that has issued a shared appreciation mortgage or similar debt instrument to the REIT. We intend to hold our properties for investment with a view to long-term appreciation, to engage in the business of owning and operating properties and to make sales of properties that are consistent with our investment objectives. However, whether property is held as inventory or

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primarily for sale to tenants in the ordinary course of our trade or business depends on the particular facts and circumstances. No assurance can be given that any particular property in which we hold a direct or indirect interest will not be treated as property held for sale to tenants, or that certain safe-harbor provisions of the Code that prevent such treatment will apply. The 100% tax will not apply to gain from the sale of property that is held through a taxable REIT subsidiary although such income will be subject to tax in the hands of the taxable REIT subsidiary at regular corporate income tax rates.

Foreclosure Properties

Foreclosure property is real property and any personal property incident to such real property (i) that is acquired by a REIT as a result of the REIT having bid in the property at foreclosure, or having otherwise reduced the property to ownership or possession by agreement or process of law, after there was a default (or default was imminent) on a lease of the property or a mortgage loan held by the REIT and secured by the property, (ii) for which the related loan or lease was acquired by the REIT at a time when default was not imminent or anticipated and (iii) for which such REIT makes a proper election to treat the property as foreclosure property. REITs generally are subject to tax at the regular corporate rate (currently 21%) on any net income from foreclosure property, including any gain from the disposition of the foreclosure property, other than income that would otherwise be qualifying income for purposes of the 75% gross income test. Any gain from the sale of property for which a foreclosure property election has been made will not be subject to the 100% tax on gains from prohibited transactions described above, even if the gain would otherwise be treated as a gain from a prohibited transaction. We do not anticipate that we will receive any income from foreclosure property that is not qualifying income for purposes of the 75% gross income test, but, if we do receive any such income, we intend to make an election to treat the related property as foreclosure property.

Hedging Transactions

From time to time, we may enter into hedging transactions with respect to one or more of our assets or liabilities. Our hedging activities may include entering into interest rate swaps, caps, and floors, options to purchase these items, and futures and forward contracts. Income from a hedging transaction, including gain from the sale or disposition of such a transaction, that is clearly identified as a hedging transaction as specified in the Code will not constitute gross income for purposes of the 95% gross income test to the extent such a hedging transaction is entered into on or after January 1, 2005, and will not constitute gross income for purposes of the 75% gross income test as well as the 95% gross income test to the extent such hedging transaction is entered into after July 30, 2008. Income and gain from a hedging transaction, including gain from the sale or disposition of such a transaction, entered into on or prior to July 30, 2008 will be treated as nonqualifying income for purposes of the 75% gross income test. Income and gain from a hedging transaction, including gain from the sale or disposition of such a transaction, entered into prior to January 1, 2005 will be qualifying income for purposes of the 95% gross income test. The term "hedging transaction," as used above, generally means any transaction we enter into in the normal course of our business primarily to manage risk of (1) interest rate changes or fluctuations with respect to borrowings made or to be made by us to acquire or carry real estate assets, and (2) for hedging transactions entered into after July 30, 2008, currency fluctuations with respect to any item of income or gain that would be treated as qualifying income under the 75% or 95% gross income test (or any property which generates such income or gain). Effective for taxable years beginning after December 31, 2015, gross income excludes the income from hedging transactions that are entered into with respect to previously-acquired hedging transactions that a REIT entered into to manage interest rate or currency fluctuation risks when the previously hedged indebtedness is extinguished or property is disposed of. To the extent that we do not properly identify such transactions as hedges or we hedge with other types of financial instruments, the income from those transactions is not likely to be treated as qualifying income for purposes of the gross income tests. We intend to structure any hedging transactions in a manner that does not jeopardize our status as a REIT.

Failure to Qualify

If we fail to qualify as a REIT in any taxable year and the relief provisions do not apply, we will be subject to tax on our taxable income at regular corporate rates.

Distributions to shareholders in any year in which we fail to qualify will not be deductible by us nor will they be required to be made. In that event, to the extent of current and accumulated earnings and profits, all distributions to shareholders will be “qualified dividend income,” taxable as capital gain for non-corporate shareholders, and subject to limitations set forth in the Code, corporate distributees may be eligible for the dividends-received deduction. Non-corporate shareholders, however, would not be eligible for the 20% deduction in respect of certain REIT dividends. Unless we are entitled to relief under specific statutory provisions, we also will be ineligible for qualification as a REIT for the four taxable years following the year during which our qualification was lost. It is not possible to state whether in all circumstances we would be entitled to statutory relief. For example, if we fail to satisfy the gross income tests because non-qualifying income that we intentionally incur exceeds the limit on that income, the IRS could conclude that our failure to satisfy the tests was not due to reasonable cause. We intend to take advantage of any and all relief provisions that are available to us to cure any violation of the requirements applicable to REITs.

Built-In Gain

To the extent we held any asset that has built-in gain as of the first day of the first taxable year for which we qualified as a REIT (which was January 1, 1995), we may recognize a corporate level tax at the time we dispose of that asset. Treasury regulations have been issued requiring a “C” corporation to recognize any net built-in gain that would have been realized if the corporation had liquidated at the end of the last taxable year before the taxable year in which it qualifies to be taxed as a REIT. However, instead of this immediate recognition rule, the regulations permit a REIT to elect to be subject to rules similar to rules applicable to S corporations with built-in gains under Section 1374 of the Code. For taxable years that began prior to January 1, 2015, Section 1374 of the Code generally provided that a corporation with appreciated assets that elected S corporation status would recognize a corporate level tax on the built-in gain if the S corporation disposed of the appreciated assets within a ten-year period commencing on the date on which the S corporation election was made (the “recognition period”). Effective for our taxable year that began on January 1, 2015, the recognition period under Code Section 1374 has been reduced from 10 years to 5 years. We elected to have rules similar to the rules of Section 1374 of the Code apply to us. For these purposes, the assets owned by us prior to becoming a REIT will be appreciated assets. Any of these assets disposed of during the recognition period beginning January 1, 1995 and ending December 31, 2004 could have given rise to a corporate level tax to the extent of the built-in gain attributable to the disposed assets. Although we did recognize a built-in taxable gain on the disposition of certain properties in 1995 prior to the date of our initial public offering, we did not have any other dispositions of such assets at a gain during the remainder of the recognition period ending December 31, 2004. In addition, if we were to acquire carry-over basis assets from a “C” corporation, any excess of the fair market value of the assets over the carry-over basis would be built-in gain and would be subject to corporate level tax upon our disposition of the carry-over basis assets during the recognition period. To date, we have not acquired carry-over basis assets from a “C” corporation, other than the assets owned when we became a REIT as of January 1, 1995.

Tax Aspects of the Operating Partnership and Other Partnerships and Limited Liability Companies

Substantially all of our investments will be held indirectly through the operating partnership. In addition, our operating partnership holds certain of its investments indirectly through subsidiary partnerships and limited liability companies that are classified as partnerships or as disregarded entities for U.S. federal income tax purposes. In general, partnerships and disregarded entities are “pass-through” entities which are not subject to federal income tax. Rather, partners are allocated their proportionate shares of the items of income, gain, loss, deduction and credit of a partnership, and are potentially subject to tax thereon, without regard to whether the partners receive a distribution from the partnership. We will include in our income our proportionate share of the

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foregoing partnership items for purposes of the various REIT income tests and in the computation of our REIT taxable income. Moreover, for purposes of the REIT asset tests, we will include our proportionate share of assets held by the operating partnership, including its share of its subsidiary partnerships and limited liability companies. See “Taxation of Life Storage” beginning on page 33.

Entity Classification

Our interests in the operating partnership and subsidiary partnerships and limited liability companies involve special tax considerations, including the possibility of a challenge by the IRS of the status of one or more of these partnerships or disregarded entities as a partnership or disregarded entity, as opposed to an association taxable as a corporation, for federal income tax purposes. If any of these partnerships or disregarded entities were treated as an association, it would be taxable as a corporation and therefore be subject to an entity-level tax on its income. In that situation, the character of our assets and items of gross income would change and preclude us from satisfying the REIT asset tests and gross income tests. See “Taxation of Life Storage — Asset Tests” beginning on page 41, and “— Gross Income Tests” beginning on page 38. This, in turn would prevent us from qualifying as a REIT. See “Taxation of Life Storage — Failure to Qualify” on page 46 for a discussion of the effect of our failure to meet these tests for a taxable year. In addition, any change in the operating partnership’s, a subsidiary partnership’s or limited liability company’s status as a partnership for U.S. federal income tax purposes might be treated as a taxable event, in which case we could have taxable income that is subject to the REIT distribution requirements without receiving any cash.

Treasury regulations that apply for the tax period beginning on or after January 1, 1997, provide that an “eligible entity” may elect to be treated as a partnership for federal income tax purposes. An eligible entity is a domestic business entity not otherwise classified as a corporation and which has at least two members. Unless it elects otherwise, an eligible entity in existence prior to January 1, 1997, will have the same classification for federal income tax purposes that it claimed under the entity classification Treasury regulations in effect prior to such date. In addition, an eligible entity which did not exist, or did not claim a classification, prior to January 1, 1997, will be classified as a partnership for federal income tax purposes unless it elects otherwise. The operating partnership and the subsidiary partnerships and limited liability companies (other than our taxable REIT subsidiaries) owned by the operating partnership have claimed classification as a partnership under these regulations.

Even if the operating partnership is treated as a partnership under these Treasury regulations, it could be treated as a corporation for federal income tax purposes under the “publicly traded partnership” rules of Section 7704 of the Code. A publicly traded partnership is a partnership whose interests trade on an established securities market or are readily tradable on a secondary market, or the substantial equivalent thereof. While units of the operating partnership are not and will not be traded on an established trading market, there is some risk that the IRS might treat the units held by the limited partners of the operating partnership as readily tradable because, after any applicable holding period, they may be exchanged for our common shares, which are traded on an established market. A publicly traded partnership will be treated as a corporation for federal income tax purposes unless at least 90% of that partnership’s gross income for a taxable year consists of “qualifying income” under the publicly traded partnership provisions of Section 7704 of the Code. “Qualifying income” under Section 7704 of the Code includes interest, dividends, real property rents, gain from the disposition of real property, and certain income or gain from the exploitation of natural resources. Therefore, qualifying income under Section 7704 of the Code generally includes any income that is qualifying income for purposes of the 95% gross income test applicable to REITs. We anticipate that the operating partnership will satisfy the 90% qualifying income test under Section 7704 of the Code and, thus, will not be taxed as a corporation.

There is one significant difference, however, regarding rent received from related party tenants. For a REIT, subject to the limited rental exception described above, rent from a tenant does not qualify as rents from real property if the REIT and/or one or more actual or constructive owners of 10% or more of the REIT actually or constructively owns 10% or more of the tenant. See “Taxation of Life Storage — Gross Income Tests” beginning

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on page 38. Under Section 7704 of the Code, rent from a tenant is not qualifying income if a partnership and/or one or more actual or constructive owners of 5% or more of the partnership actually or constructively owns 10% or more of the tenant.

Accordingly, we will monitor compliance with both the REIT rules and the publicly traded partnership rules. The operating partnership has not requested, nor does it intend to request, a ruling from the IRS that it will be treated as a partnership for federal income tax purposes. In the opinion of Phillips Lytle LLP, which is based on the provisions of the partnership agreement of the operating partnership and on certain factual assumptions and representations by us, the operating partnership is classified as a partnership for federal income tax purposes and, therefore, should be treated as a partnership rather than an association taxable as a corporation for periods prior to January 1, 1997. Phillips Lytle LLP's opinion is not binding on the IRS or the courts.

Partnership Allocations

A partnership agreement will generally determine the allocation of income and losses among partners. However, these allocations will be disregarded for federal income tax purposes if they do not comply with the provisions of Section 704(b) of the Code and the Treasury regulations promulgated under this section of the Code. Generally, Section 704(b) and the Treasury regulations promulgated under this section of the Code require that partnership allocations respect the economic arrangement of the partners. If an allocation is not recognized for federal income tax purposes, the item subject to the allocation will be reallocated in accordance with the partners' interests in the partnership. This reallocation will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to that item. The operating partnership's allocations of taxable income and loss are intended to comply with the requirements of Section 704(b) of the Code and the Treasury regulations promulgated under this section of the Code.

Tax Allocations with Respect to the Properties

Under Section 704(c) of the Code, income, gain, loss and deductions attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership must be allocated in a manner so that the contributing partner is charged with the "book-tax difference" associated with the property at the time of the contribution. The book-tax difference with respect to property that is contributed to a partnership is generally equal to the difference between the fair market value of contributed property at the time of contribution and the adjusted tax basis of the property at the time of contribution. These allocations are solely for federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among the partners. The operating partnership acquired the majority of its assets at the time it was formed in 1995 by means of transactions treated as taxable acquisitions of assets for tax purposes. Thus, in general, there were no book-tax differences associated with these purchased assets at the time they were acquired by the operating partnership. Certain persons have, however, contributed appreciated property to the operating partnership from time to time in exchange for interests in the operating partnership.

The partnership agreement requires that these allocations be made in a manner consistent with Section 704(c) of the Code. In general, limited partners of the operating partnership who acquired their limited partnership interests through a contribution of appreciated property will be allocated depreciation deductions for tax purposes which are lower than these deductions would be if determined on a pro rata basis. In addition, in the event of the disposition of any of the appreciated property, the contributed book-tax difference will generally be allocated to the limited partners who contributed the property, and we will generally be allocated only our share of capital gain attributable to the appreciation, if any, occurring after the time of contribution to the operating partnership. This will tend to entirely eliminate the book-tax difference over the life of the operating partnership. However, the special allocation rules of Section 704(c) do not always entirely eliminate the book-tax difference on an annual basis or with respect to a specific taxable transaction, such as a sale. Thus, the carry-over basis of the contributed assets in the hands of the operating partnership may cause us to be allocated lower depreciation and other deductions. We could possibly be allocated an amount of taxable income in the event of a sale of these

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contributed assets in excess of the economic or book income allocated to us as a result of the sale. This may cause us to recognize taxable income in excess of cash proceeds, which might adversely affect our ability to comply with the REIT distribution requirements. See “Taxation of Life Storage — Annual Distribution Requirements” beginning on page 42.

Treasury regulations issued under Section 704(c) of the Code provide partnerships with a choice of several methods of accounting for book-tax differences, including retention of the “traditional method” or the election of other methods which would permit any distortions caused by a book-tax difference to be entirely rectified on an annual basis or with respect to a specific taxable transaction, such as a sale. We and the operating partnership have determined to use the “traditional method” to account for book-tax differences for the properties initially contributed to the operating partnership and for some assets acquired subsequently. We and the operating partnership have not yet decided what method will be used to account for book-tax differences for properties acquired by the operating partnership in the future. Any property acquired by the operating partnership in a taxable transaction will initially have a tax basis equal to its fair market value, and Section 704(c) of the Code will not apply.

Basis in the Operating Partnership Interest

The adjusted tax basis in our interest in the operating partnership generally will be equal to the amount of cash and the basis of any other property we contribute to the operating partnership, increased by our allocable share of the operating partnership’s income and our allocable share of indebtedness of the operating partnership, and reduced, but not below zero, by our allocable share of losses of the operating partnership, the amount of cash distributed to us and constructive distributions resulting from a reduction in our share of indebtedness of the operating partnership. If the allocation of our distributive share of the operating partnership’s loss exceeds the adjusted tax basis of our partnership interest in the operating partnership, the recognition of this excess loss will be deferred until that time and to the extent that we have adjusted tax basis in our interest in the operating partnership. We will recognize taxable income to the extent that the operating partnership’s distributions, or any decrease in our share of the indebtedness of the operating partnership, exceeds our adjusted tax basis in the operating partnership. A decrease in our share of the indebtedness of the operating partnership is considered a cash distribution.

Sale of Partnership Property

Generally, any gain realized by a partnership on the sale of property held by the partnership for more than one year will be long-term capital gain, except for any portion of that gain that is treated as depreciation or cost recovery recapture. However, our share as a partner of any gain realized by the operating partnership on the sale of any property held as inventory or other property held primarily for sale to customers in the ordinary course of a trade or business will be treated as income from a prohibited transaction that is subject to a 100% penalty tax. See “Taxation of Life Storage — Prohibited Transactions” on page 44. Under existing law, whether property is held as inventory or primarily for sale to customers in the ordinary course of a trade or business is a question of fact that depends on all the facts and circumstances with respect to the particular transaction.

Taxation of our U.S. Shareholders

For purposes of this discussion, a “U.S. shareholder” is a holder of shares of our stock that, for federal income tax purposes, is:

- a citizen or resident of the United States,
- a corporation, partnership or other entity created or organized in or under the laws of the United States or of any state or political subdivision of the United States,
- an estate whose income from sources without the United States is includible in gross income for federal income tax purposes regardless of its connection with the conduct of a trade or business within the United States, or

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- a trust, if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons has the authority to control all substantial decisions of the trust or (ii) it has a valid election in place to be treated as a U.S. shareholder.

If an entity or arrangement treated as a partnership for federal income tax purposes holds our shares, the federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding our common stock should consult its tax advisor regarding the federal income tax consequences to the partner of the acquisition, ownership and disposition of our shares by the partnership.

As long as we qualify as a REIT, distributions to our taxable U.S. shareholders generally will be includible in their income as ordinary income dividends to the extent the distributions do not exceed our current or accumulated earnings and profits. Although a portion of these dividends may be treated as capital gain dividends as explained below, no portion of these dividends will be eligible for the dividends-received deduction for corporate shareholders. In determining the extent to which a distribution constitutes ordinary income for federal income tax purposes, our current or accumulated earnings and profits will generally be allocated first to distributions with respect to our preferred shares, if any, and thereafter to distributions with respect to shares of our common stock. Dividends received from REITs are generally not eligible to be taxed at the preferential qualified dividend income rates applicable to non-corporate U.S. shareholders.

For taxable years beginning after December 31, 2017 and on or before December 31, 2025, non-corporate holders of shares in a REIT, such as Life Storage, are entitled to a deduction equal to 20% of any “qualified REIT dividends”. Qualified REIT dividends are defined as any dividend from a REIT that is not a capital gain dividend or a dividend attributable to dividend income from U.S. corporations or certain non-U.S. corporations. A non-corporate U.S. shareholder’s ability to claim a deduction equal to 20% of qualified REIT dividends received may be limited by the shareholder’s particular circumstances. In addition, for any non-corporate U.S. shareholder that claims a deduction in respect of qualified REIT dividends, the maximum threshold for the accuracy-related penalty with respect to substantial understatements of income tax could be reduced from 10% to 5%.

The deduction in respect of qualified REIT dividends is not available to corporate holders of shares in a REIT, such as regulated investment companies, or to non-corporate holders owning shares in a REIT indirectly through a corporate entity.

Non-corporate U.S. shareholders should consult their own tax advisors to determine the tax rates on dividends received from Life Storage and the ability to claim a deduction in respect of such dividends.

We may elect to designate a portion of distributions paid to our shareholders as “qualified dividend income.” A portion of a distribution that is properly designated as qualified dividend income is taxable to U.S. shareholders who are subject to tax at rates applicable to individuals as capital gain, provided that the shareholder has held the common stock with respect to which the distribution is made for more than 60 days during the 120-day period beginning on the date that is 60 days before the date on which such common stock became ex-dividend with respect to the relevant distribution. The maximum amount of our distributions eligible to be designated as qualified dividend income for a taxable year is equal to the sum of the following:

- (1) the qualified dividend income received by us during such taxable year from non-REIT corporations (including our taxable REIT subsidiaries);
- (2) the excess of any “undistributed” REIT taxable income recognized during the immediately preceding year over the federal income tax paid by us with respect to such undistributed REIT taxable income; and
- (3) the excess of any income recognized during the immediately preceding year attributable to the sale of an asset with built-in gain that was acquired in a carry-over basis transaction from a “C” corporation over the federal income tax paid by us with respect to such built-in gain.

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The maximum amount of dividends that we may designate as capital gain and as “qualified dividend income” with respect to any taxable year (effective for distributions in taxable years beginning after December 31, 2014) may not exceed the dividends actually paid by us with respect to such year, including dividends paid by us in the succeeding taxable year that relate back to the prior taxable year for purposes of determining our dividends-paid deduction.

Generally, dividends that we receive will be treated as qualified dividend income if the dividends are received from a domestic corporation (other than a REIT or a regulated investment company) or a “qualifying foreign corporation” and specified holding period requirements and other requirements are met. A foreign corporation (other than a “foreign personal holding company,” a “foreign investment company,” or “passive foreign investment company”) will be a qualifying foreign corporation if it is incorporated in a possession of the United States, the corporation is eligible for benefits of an income tax treaty with the United States that the Secretary of Treasury determines is satisfactory, or the stock of the foreign corporation on which the dividend is paid is readily tradable on an established securities market in the United States. We generally expect that an insignificant portion, if any, of our distributions will consist of qualified dividend income.

Distributions made out of our current or accumulated earnings and profits that we properly designate as capital gain dividends will be taxed as long-term capital gain to the extent they do not exceed our actual net capital gain for the taxable year and without regard to the period for which a shareholder has held shares of our stock. However, corporate U.S. shareholders may be required to treat up to 20% of certain capital gain dividends as ordinary income. To the extent that we elect to retain amounts representing our net capital gain income, our U.S. shareholders would be taxed on their designated proportionate share of our retained net capital gain as though an amount were distributed and designated a capital gain dividend, and we would be taxed at regular corporate tax rates on the retained amounts. In addition, each U.S. shareholder would receive a credit for a designated proportionate share of the tax that we pay, and would increase the adjusted basis in its shares by the excess of the amount of its proportionate share of the net capital gain over its proportionate share of the tax that we pay. Both we and our corporate U.S. shareholders will make commensurate adjustments in our respective earnings and profits for federal income tax purposes. If we should elect to retain our net capital gain in this fashion, we will notify our shareholders of the relevant tax information within 60 days after the close of our taxable year.

Long-term capital gain is generally taxable at a federal income tax rate of 20% for non-corporate U.S. shareholders in the 37% tax bracket, a maximum federal income tax rate of 15% for non-corporate U.S. shareholders in lower tax brackets, and 21% for corporations. Capital gain attributable to the sale of depreciated real property held for more than 12 months is subject to a 25% maximum federal income tax rate for individual U.S. shareholders to the extent of previously claimed depreciation deductions.

Distributions in excess of our current accumulated earnings and profits will not be taxable to a U.S. shareholder to the extent that the distributions do not exceed the adjusted basis of the U.S. shareholder’s shares but will reduce the U.S. shareholder’s basis in his shares. To the extent that the distributions exceed the adjusted basis of a U.S. shareholder’s shares, they will be included in income as long-term capital gain, generally taxed at a federal income tax rate of 20% for non-corporate U.S. shareholders in the 37% tax bracket, and a maximum federal income tax rate of 15% for non-corporate shareholders in lower tax brackets, or included in income as short-term capital gain if the shares have been held for one year or less, provided in each case that the shares are a capital asset in the hands of the shareholder.

Distributions that we declare in October, November or December of a taxable year to shareholders of record on a date in one of those months will be deemed to have been received by the shareholders on December 31, provided that we actually pay the dividends during the following January.

U.S. shareholders may not include in their individual tax returns any net operating losses or capital losses we incur. Instead, we would carry over those losses for potential offset against our future income, subject to

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certain limitations. Under amendments made by H.R.1 to Section 172 of the Code, our deduction for any net operating loss carryforwards arising from losses we sustain in taxable years beginning after December 31, 2017 is limited to 80% of our REIT taxable income (determined without regard to the deduction for dividends paid), and any used portion of losses arising in taxable years ending after December 31, 2017, may not be carried back, but may be carried forward indefinitely. Taxable distributions that we make and gain from the dispositions of our shares will not be treated as passive activity income and, therefore, shareholders generally will not be able to apply any “passive activity losses,” such as losses from certain types of limited partnerships in which a shareholder is a limited partner, against that income. In addition, taxable distributions that we make generally will be treated as investment income for purposes of the investment interest limitations. Capital gain from the disposition of shares, or distributions treated as such, however, will be treated as investment income only if the shareholder so elects, in which case that capital gain will be taxed at ordinary income rates. We will notify shareholders regarding the portions of distributions for each year that constitute ordinary income, return of capital, capital gain or represent tax preference items to be taken into account for purposes of computing the alternative minimum tax liability of the shareholders.

A U.S. shareholder’s sale or exchange of shares will result in recognition of gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on such sale or exchange, exclusive of any portion attributable to accumulated and declared but unpaid dividends that will generally be taxable to the shareholder as a distribution on the shareholder’s shares, and the shareholder’s adjusted basis in the shares sold or exchanged.

This gain or loss will be capital gain or loss, provided that the shares are a capital asset in the hands of the U.S. shareholder and will be long-term capital gain or loss if the U.S. shareholder’s holding period in the shares exceeds one year. Long-term capital gain will generally be taxed to U.S. shareholders at a federal income tax rate of 20% for non-corporate U.S. shareholders in the 37% tax bracket, and a maximum federal income tax rate of 15% for non-corporate U.S. shareholders in lower tax brackets. The IRS has the authority to prescribe, but has not yet prescribed, regulations that would apply a capital gain tax rate of 25% (which is generally higher than the long-term capital gain tax rates for non-corporate shareholders) to a portion of capital gain realized by a non-corporate shareholder on the sale of REIT shares that would correspond to the REIT’s “unrecaptured Section 1250 gain.” Shareholders are urged to consult with their tax advisors with respect to their capital gain tax liability. A corporate U.S. shareholder will be subject to tax at a rate of 21% on capital gain from the sale of our shares held for more than 12 months. In addition, in the case of a U.S. shareholder who has owned the shares for six months or less, measured by using the holding period rules of Section 857 of the Code, any loss upon a sale or exchange of shares will generally be treated as a long-term capital loss to the extent of actual or constructive distributions from us required to be treated by the U.S. shareholder as long-term capital gain.

Withholding Tax Relating to Foreign Accounts

Certain payments made on or after July 1, 2014 to “foreign financial institutions” in respect of accounts of U.S. shareholders at such financial institutions may be subject to withholding at a rate of 30%. U.S. shareholders should consult their tax advisors regarding the effect, if any, of this new legislation on their ownership and disposition of their common shares. See “— Taxation of Shareholders — Taxation of Our Non-U.S. Shareholders — Withholding on Payments to Certain Foreign Entities” on page 56.

Taxation of Our Tax-Exempt U.S. Shareholders

U.S. tax-exempt entities, including qualified employee pension and profit sharing trusts and individual retirement accounts, generally are exempt from federal income taxation. However, they are subject to taxation on their unrelated business taxable income, which we refer to in this discussion as UBTI. While many investments in real estate generate UBTI, the IRS has ruled that dividend distributions from a REIT to a tax-exempt entity do not constitute UBTI. Based on that ruling, and provided that (i) a tax-exempt U.S. shareholder has not held our common stock as “debt financed property” within the meaning of the Code (*i.e.*, where the acquisition or holding

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of the property is financed through a borrowing by the tax-exempt shareholder), and (ii) our common stock is not otherwise used in an unrelated trade or business, distributions from us and income from the sale of our common stock generally should not be treated as UBTI to a tax-exempt U.S. shareholder.

Tax-exempt U.S. shareholders that are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans exempt from federal income taxation under sections 501(c)(7), (c)(9), (c)(17) and (c)(20) of the Code, respectively, are subject to different UBTI rules, which generally will require them to characterize distributions from us as UBTI.

In certain circumstances, a pension trust that (i) is described in Section 401(a) of the Code, (ii) is tax exempt under section 501(a) of the Code, and (iii) owns more than 10% of our shares could be required to treat a percentage of the dividends from us as UBTI if we are a “pension-held REIT.” We will not be a pension-held REIT unless (1) either (x) one pension trust owns more than 25% of the value of our shares, or (y) a group of pension trusts, each individually holding more than 10% of the value of our shares, collectively owns more than 50% of our shares and (2) we would not have qualified as a REIT but for the fact that Section 856(h)(3) of the Code provides that shares owned by such trusts shall be treated as held directly by its beneficiaries for purposes of the requirement that not more than 50% of the value of the outstanding shares of a REIT is owned, directly or indirectly, by five or fewer “individuals” (as defined in the Code to include certain entities). Certain restrictions on ownership and transfer of our shares should generally prevent a tax-exempt entity from owning more than 10% of the value of our shares, or us from becoming a pension-held REIT.

Tax-exempt U.S. shareholders are urged to consult their tax advisors regarding the federal, state and local tax consequences of owning our shares.

Medicare Tax

A U.S. shareholder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% tax on the lesser of (1) the U.S. shareholder’s “net investment income” for the relevant taxable year and (2) the excess of the U.S. shareholder’s modified gross income for the taxable year over a certain threshold (which in the case of an individual will be between \$125,000 and \$250,000, depending on the individual’s circumstances). A holder’s net investment income will generally include its dividend income and its net gains from the disposition of shares, unless such dividends or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). The temporary 20% deduction allowed by Section 199A of the Code, as added by H.R. 1, with respect to ordinary REIT dividends received by non-corporate U.S. shareholders is allowed only for purposes of Chapter 1 of the Code and thus is apparently not allowed as a deduction allocable to such dividends for purposes of determining the amount of net investment income subject to the 3.8% medicare tax, which is imposed under Chapter 2A of the Code.

Taxation of Our Non-U.S. Shareholders

A “non-U.S. shareholder” is a holder of shares of our stock that is not a U.S. shareholder.

The rules governing the federal income taxation of non-U.S. shareholders are complex, and the following discussion is intended only as a summary of these rules. Shareholders who are non-U.S. shareholders should consult with their own tax advisors to determine the impact of federal, state, local, and foreign tax laws, including any tax return filing and other reporting requirements, with respect to investment in our shares.

In general, a non-U.S. shareholder will be subject to federal income tax at graduated rates in the same manner as our U.S. shareholders with respect to its investment in shares if that investment is effectively connected with the non-U.S. shareholder’s conduct of a trade or business in the United States or, if required by an applicable income tax treaty as a condition for subjecting the non-U.S. shareholder to U.S. taxation on a net

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income basis, is attributable to a permanent establishment that the non-U.S. shareholder maintains in the United States. A corporate non-U.S. shareholder may also be subject to an additional 30% branch profits tax on the repatriation from the United States of the effectively connected earnings and profits. The balance of this discussion addresses only those non-U.S. shareholders whose investment in our shares is not effectively connected with the conduct of a trade or business in the United States.

A distribution by us to a non-U.S. shareholder that is not attributable to gain from the sale or exchange by us of a United States real property interest and that is not designated by us as a capital gain dividend will be treated as an ordinary income dividend to the extent that it is made out of our current or accumulated earnings and profits. A distribution of this type will generally be subject to federal withholding tax at the rate of 30% on the gross amount of the dividend, or a lower rate that may be specified by a tax treaty if the non-U.S. shareholder has demonstrated his entitlement to benefits under the tax treaty in the manner prescribed by the IRS. While tax treaties may reduce or eliminate the withholding obligations on our distributions, under some treaties, rates below the 30% generally applicable to ordinary income dividends from U.S. corporations may not apply to ordinary income dividends from a REIT. Because we cannot determine our current and accumulated profits until the end of our taxable year, withholding at the rate of 30% or lower applicable treaty rate will be imposed on the gross amount of any distribution to a non-U.S. shareholder that we make and could not treat as a capital gain dividend. This 30% withholding rate will also be imposed on distributions later determined to have been made in excess of our current and accumulated earnings and profits. To the extent that distributions in excess of our current and accumulated earnings and profits exceed the adjusted basis of a non-U.S. shareholder's shares, the distributions will give rise to a tax liability if the non-U.S. shareholder would otherwise be subject to tax on any gain from the sale or exchange of his shares, as discussed below. A distribution in excess of our current and accumulated earnings and profits will decrease the non-U.S. shareholder's basis in its shares of common stock and will not be subject to U.S. federal income tax to the extent of such non-U.S. shareholder's basis in its shares of common stock. A non-U.S. shareholder may seek a refund of amounts withheld on distributions to him to the extent they exceed the tax liability resulting from those distributions, provided that the required information is furnished to the IRS.

Our distributions that are attributable to gain from our sale or exchange of a United States real property interest within the meaning of Section 897 of the Code are taxable to a non-U.S. shareholder as if these distributions were gains effectively connected with a trade or business in the United States conducted by the non-U.S. shareholder. Accordingly, a non-U.S. shareholder will be taxed on these amounts at the normal capital gain rates applicable to a U.S. shareholder, subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals; the non-U.S. shareholder would be required to file a federal income tax return reporting these amounts, even if the applicable withholding were imposed as described below; and corporate non-U.S. shareholders not entitled to any treaty relief or exemption may owe the 30% branch profits tax in respect of these amounts. We are required to withhold from distributions to non-U.S. shareholders 21% of the maximum amount of any distribution that could be designated by us as a capital gain dividend. However, the 21% withholding tax generally will not apply to any distribution, whether or not the distribution is attributable to gain from our sale or exchange of a United States real property interest with respect to any class of our shares that is traded on an established securities market located in the United States if the non-U.S. shareholder did not own more than 10% (more than 5% with respect to distributions before December 18, 2015) of such class of stock at any time during the one year period ending on the date of the distribution. Instead, any such distribution will be treated as a distribution subject to the ordinary dividend rules described above. In addition, for purposes of this withholding rule, if we designate prior distributions as capital gain dividends, then subsequent distributions up to the amount of the designated prior distributions will be treated as capital gain dividends subject to withholding. If, for any taxable year, we elect to designate as capital gain dividends any portion of the dividends paid or made available for the year to our shareholders, including our retained capital gains treated as capital gain dividends, then the portion of the capital gain dividends so designated that is allocable to the holders of shares will on a percentage basis equal the ratio of the amount of the total dividends paid or made available to the holders of the shares for the year to the total dividends paid or made available for the year to holders of all classes of our shares.

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In addition, it is not entirely clear whether distributions that are (i) otherwise treated as capital gain dividends, (ii) not attributable to the disposition of a United States real property interest, and (iii) paid to non-U.S. shareholders who own 10% or less (5% or less with respect to distributions made before December 18, 2015) of the value of our common stock at all times during the one year period ending on the date of such distribution, will be treated as (a) long-term capital gain to such non-U.S. shareholders or as (b) ordinary dividends taxable in the manner described above. If we were to pay a capital gain dividend described in the prior sentence, non-U.S. shareholders should consult their tax advisors regarding the taxation of such distribution in their particular circumstances.

The amount of any tax withheld by us with respect to a distribution to a non-U.S. shareholder is creditable against the non-U.S. shareholder's federal income tax liability, and if the amount of tax withheld by us exceeds the non-U.S. shareholder's federal income tax liability with respect to the distribution, the non-U.S. shareholder may file for a refund of the excess from the IRS. In this regard, note that the 21% withholding tax rate on capital gain dividends corresponds to the regular income tax rate applicable to corporate non-U.S. shareholders but is higher than the 15% and 20% maximum rates on capital gain generally applicable to non-U.S. shareholders subject to tax rate generally applicable to individuals. Treasury regulations provide presumptions under which a non-U.S. shareholder is subject to backup withholding and information reporting unless we receive certification from the shareholder of its non-U.S. shareholder status. The Treasury regulations also provide special rules to determine whether, for purposes of determining the applicability of a tax treaty, our distributions to a non-U.S. shareholder that is an entity should be treated as paid to the entity or to those owning an interest in that entity, and whether the entity or its owners are entitled to benefits under the tax treaty.

If our shares are not "United States real property interests" within the meaning of Section 897 of the Code, a non-U.S. shareholder's gain on sale of shares generally will not be subject to federal income taxation, except that a nonresident alien individual who was present in the United States for 183 days or more during the taxable year will be subject to a 30% tax on that gain.

The shares will not constitute a United States real property interest if we are a "domestically controlled REIT." A "domestically controlled REIT" is a REIT in which, at all times during the preceding five-year period, less than 50% in value of its shares was held directly or indirectly by foreign persons. We believe that we are, and will be, a domestically controlled REIT and, thus, that a non-U.S. shareholder's gain on sale of shares will not be subject to federal income taxation. However, because our shares are publicly traded, we can provide no assurance that we will be a domestically controlled REIT. If we are not a domestically controlled REIT, a non-U.S. shareholder's sale of our shares will not be subject to federal income taxation as a sale of a United States real property interest and gain from the sale of such shares will not be subject to federal income taxation, if the shares are "regularly traded," as defined by applicable Treasury regulations, on an established securities market, such as the New York Stock Exchange, and the non-U.S. shareholder has at all times during the preceding five years owned 10% or less (5% or less with respect to any disposition before December 18, 2015) by value of the then-outstanding shares. If the gain on the sale of the shares were subject to federal income taxation, the non-U.S. shareholder would generally be subject to the same treatment as a U.S. shareholder with respect to its gain, subject to applicable alternative minimum tax in the case of nonresident alien individuals, would be required to file a federal income tax return reporting that gain, and in the case of corporate non-U.S. shareholders might owe branch profits tax. In any event, a purchaser of shares from a non-U.S. shareholder will not be required to withhold on the purchase price if the purchased shares are regularly traded on an established securities market or if we are a domestically controlled REIT. Otherwise, the purchaser of shares may be required to withhold 15% (or 10% on or before February 16, 2016) of the purchase price paid to the non-U.S. shareholder and to remit the withheld amount to the IRS. Any amount withheld would be creditable against the non-U.S. shareholder's tax liability.

In addition, stock of a REIT will not be treated as a United States real property interest if the stock is held directly (or indirectly through one or more partnerships) by a "qualified shareholder" or "qualified foreign pension fund." Similarly, any distribution made to a "qualified shareholder" or "qualified foreign pension fund" with respect to REIT stock will not be treated as gain from the sale or exchange of a United States real property

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interest to the extent the stock of the REIT held by such qualified shareholder or qualified foreign pension fund is not treated as a United States real property interest.

Qualified Shareholders. A “qualified shareholder” generally means a foreign person which (i) (x) is eligible for certain income tax treaty benefits and the principal class of interests of which is listed and regularly traded on at least one recognized stock exchange or (y) a foreign limited partnership that has an agreement with the United States for the exchange of information with respect to taxes, has a class of limited partnership units which is regularly traded on the New York Stock Exchange or the Nasdaq Stock Market, and such units’ value is greater than 50% of the value of all the partnership’s units; (ii) is a “qualified collective investment vehicle;” and (iii) maintains certain records with respect to certain of its owners. A “qualified collective investment vehicle” is a foreign person which (i) is entitled, under a comprehensive income tax treaty, to certain reduced withholding rates with respect to ordinary dividends paid by a REIT even if such person holds more than 10% of the stock of the REIT; (ii) (x) is a publicly traded partnership that is not treated as a corporation, (y) is a withholding foreign partnership for purposes of chapters 3, 4 and 61 of the Code, and (z) if the foreign partnership were a United States corporation, it would be a United States real property holding corporation, at any time during the 5-year period ending on the date of disposition of, or distribution with respect to, such partnership’s interest in a REIT; or (iii) is designated as a qualified collective investment vehicle by the Secretary of the Treasury and is either fiscally transparent within the meaning of Section 894 of the Code or is required to include dividends in its gross income, but is entitled to a deduction for distribution to a person holding interests (other than interests solely as a creditor) in such foreign person.

Notwithstanding the foregoing, if a foreign investor in a qualified shareholder directly or indirectly, whether or not by reason of such investor’s ownership interest in the qualified shareholder, holds more than 10% of the stock of the REIT, then a portion of the REIT stock held by the qualified shareholder (based on the foreign investor’s percentage ownership of the qualified shareholder) will be treated as a United States real property interest in the hands of the qualified shareholder and will be subject to the Foreign Investment in Real Property Tax Act of 1980.

Qualified Foreign Pension Funds. A “qualified foreign pension fund” is any trust, corporation, or other organization or arrangement (A) which is created or organized under the law of a country other than the United States, (B) which is established to provide retirement or pension benefits to participants or beneficiaries that are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered, (C) which does not have a single participant or beneficiary with a right to more than 5% of its assets or income, (D) which is subject to government regulation and provides annual information reporting about its beneficiaries to the relevant tax authorities in the country in which it is established or operates, and (E) with respect to which, under the laws of the country in which it is established or operates, (i) contributions to such organization or arrangement that would otherwise be subject to tax under such laws are deductible or excluded from the gross income of such entity or taxed at a reduced rate, or (ii) taxation of any investment income of such organization or arrangement is deferred or such income is taxed at a reduced rate.

Withholding on Payments to Certain Foreign Entities

The Foreign Account Tax Compliance Act of the Hiring Incentives to Restore Employment Act (generally known as FATCA) imposes a 30% withholding tax on certain types of payments to foreign entities unless (i) the foreign entity is a “foreign financial institution” that undertakes certain due diligence reporting, withholding, and certification obligations, or in the case of a foreign financial institution that is a resident in a jurisdiction that has entered into an intergovernmental agreement to implement FATCA, the entity complies with the diligence and reporting requirements of such agreement, (ii) the foreign entity is not a “foreign financial institution” and identifies certain of its U.S. investors, or (iii) the foreign entity otherwise is excepted under FATCA. Pursuant to recently issued administrative guidance and final and temporary regulations promulgated under FATCA, certain effective dates have been extended. The FATCA withholding tax could apply with respect to (i) dividends paid on shares of our common stock on or after July 1, 2014. While withholding under FATCA would have applied to

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gross proceeds from the sale or disposition of shares of our common stock paid 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.

Withholding and Reporting Requirements

We will report to our U.S. shareholders and to the IRS the amount of distributions paid during each calendar year and the amount of tax withheld, if any. Under the backup withholding rules, a U.S. shareholder may be subject to backup withholding with respect to distributions paid unless the U.S. shareholder (i) is a corporation or comes within other exempt categories and when required demonstrates that fact, or (ii) provides a taxpayer identification number, certifies as to no loss of exemption from the backup withholding rules and otherwise complies with applicable requirements of the backup withholding rules. A U.S. shareholder who does not provide us with his correct taxpayer identification number may be subject to penalties imposed by the IRS. In addition, we may be required to withhold a portion of capital gain distributions to any U.S. shareholder who fails to certify his non-foreign status to us.

An individual who is a U.S. shareholder may satisfy the requirements for avoiding backup withholding by providing us with an appropriately prepared IRS Form W-9.

We will report to our non-U.S. shareholders and to the IRS the amount of dividends paid during each calendar year and the amount of tax withheld, if any. These information reporting requirements apply regardless of whether withholding was reduced or eliminated by an applicable tax treaty or because the dividends were effectively connected with a U.S. trade or business. As discussed above, withholding rates of 30% and 21% may apply to distributions to non-U.S. shareholders.

A non-U.S. shareholder who wishes to claim the benefit of an applicable treaty rate may need to satisfy certification and other requirements, such as providing us with an IRS Form W-8BEN. A non-U.S. shareholder who wishes to claim that distributions are effectively connected with a U.S. trade or business, may need to satisfy certification and other requirements, such as providing us with an IRS Form W-8ECI.

The payment of the proceeds from the disposition of our shares to or through the U.S. office of a U.S. or foreign broker will be subject to information reporting and, possibly, backup withholding unless the non-U.S. shareholder certifies as to its non-U.S. status or otherwise establishes an exemption, provided that the broker does not have actual knowledge that the shareholder is a U.S. person or that the conditions of any other exemption are not, in fact, satisfied. The proceeds of the disposition by a non-U.S. shareholder of our shares to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding.

However, if the broker is a U.S. person, a controlled foreign corporation for U.S. tax purposes, or a foreign person 50% or more of whose gross income from all sources for specified periods is from activities that are effectively connected with a U.S. trade or business, information reporting generally will apply unless the broker has documentary evidence as to the non-U.S. shareholder's foreign status and has no actual knowledge to the contrary.

Any amounts required to be withheld from payments to shareholders will be collected by us or other applicable withholding agents for remittance to the IRS. Backup withholding is not an additional tax. If withholding results in an overpayment of taxes, over withheld amounts may be refunded or credited against the shareholder's federal income tax liability, provided that the shareholder furnishes the required information to the IRS. In addition, the absence or existence of applicable withholding does not necessarily excuse the shareholder from filing applicable federal income tax returns.

Tax Shelter Reporting

If a holder of our common stock recognizes a loss as a result of a transaction with respect to our common stock of at least (i) \$2 million or more in a single taxable year or \$4 million or more in a combination of taxable years, for a shareholder that is an individual, S corporation, trust, or a partnership with at least one non-corporate partner, or (ii) \$10 million or more in a single taxable year or \$20 million or more in a combination of taxable years, for a shareholder that is either a corporation or a partnership with only corporate partners, such shareholder may be required to file a disclosure statement with the IRS on Form 8886. Direct holders of portfolio securities are in many cases exempt from this reporting requirement, but holders of REIT securities currently are not excepted. The fact that a loss is reportable under these Treasury regulations does not affect the legal determination of whether the taxpayer's treatment of the loss is proper. The Code imposes significant penalties for failure to comply with these requirements. Shareholders should consult their tax advisors concerning any possible disclosure obligation with respect to the receipt or disposition of our common shares, or transactions that we might undertake directly or indirectly. Moreover, shareholders should be aware that we and other participants in the transactions in which we are involved (including their advisors) might be subject to disclosure or other requirements pursuant to these regulations.

Federal Estate Tax Consequences

Our shares that are held by anon-U.S. shareholder at time of death will be included in the shareholder's gross estate for U.S. federal estate tax purposes unless an applicable estate tax treaty provides otherwise.

Other Tax Consequences

We and our shareholders may also be subject to state or local taxation in various state or local jurisdictions, including those in which we or our shareholders transact business or reside. State and local tax treatment may not conform to the federal income tax consequences discussed above. Consequently, we advise parties to consult their own tax advisor regarding the specific federal, state, local, foreign and other tax consequences to them of the acquisition, ownership, and disposition of our shares.

Taxation of Holders of Most Fixed Rate Debt Securities

The following discussion describes the material U.S. federal income tax consequences of owning the fixed rate debt securities that the operating partnership may offer for your general information only. The summary applies to you only if the fixed rate debt securities that you purchase are not original issue discount or zero coupon debt securities and you acquired these securities in the initial offering at the offering price. If you purchase fixed rate debt securities at a price other than the offering price, the amortizable bond premium or market discount rules may also apply to you. You should consult your own tax advisor regarding this possibility.

U.S. Debt Security Holders

This subsection describes the tax consequences to a U.S. debt security holder. A U.S. debt security holder to which this section applies is a beneficial owner of a fixed rate debt security and:

- a citizen or resident of the United States,
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof, or the District of Columbia,
- an estate the income of which is subject to U.S. federal income tax regardless of its source, or
- a trust if (i) a United States court can exercise primary supervision over the trust's administration and one or more "United States persons" (within the meaning of Section 7701(a)(30) of the Code) are authorized to control all substantial decisions of the trust, or (ii) it has a valid election in place to be treated as a domestic trust.

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If any entity treated as a partnership for U.S. federal income tax purposes holds a fixed rate debt security, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and activities of the partnership. Prospective holders that are entities treated as partnerships for U.S. federal income tax purposes should consult their own tax advisors regarding the U.S. federal income tax consequences to them and their partners of holding a fixed rate debt security.

If you are not a U.S. debt security holder of a fixed rate debt security to which this section applies, you should refer to “—Non-U.S. Debt Security Holders” below.

Payments of Interest. Interest on your fixed rate debt security generally will be includible in your gross income as ordinary income at the time you receive the interest or when it accrues, depending on your method of accounting for tax purposes.

Sale, or Retirement of Fixed Rate Debt Securities. Your tax basis in your fixed rate debt security generally will be its cost. You will generally recognize capital gain or loss on the sale or retirement of your note equal to the difference between the amount you realize on the sale or retirement, excluding any amounts attributable to accrued but unpaid interest not previously included in your income, which will be taxable as such to the extent not previously included in income, and your tax basis in your note. Capital gain of a non-corporate U.S. debt security holder is generally taxed at preferential rates where the holder has a holding period greater than one year. Your ability to deduct capital losses may be limited.

Medicare Tax

A U.S. holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8% tax on the lesser of (1) the U.S. holder’s “net investment income” (or “undistributed net investment income” in the case of an estate or trust) for the relevant taxable year and (2) the excess of the U.S. holder’s modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between \$125,000 and \$250,000, depending on the individual’s circumstances). A holder’s net investment income generally includes its interest income and its net gains from the disposition of debt securities, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities).

Non- U.S. Debt Security Holders

This subsection describes the tax consequences to a non-U.S. debt security holder. You are a non-U.S. debt security holder if you are the beneficial owner of a fixed rate debt security to which this section applies and are for U.S. federal income tax purposes:

- a nonresident alien individual,
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, that is not a U.S. debt security holder, or
- an estate or trust that in either case is not a U.S. debt security holder.

If any entity treated as a partnership for U.S. federal income tax purposes holds a fixed rate debt security, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and activities of the partnership. Prospective holders that are entities treated as partnerships for U.S. federal income tax purposes should consult their own tax advisors regarding the U.S. federal income tax consequences to them and their partners of holding a fixed rate debt security.

If you are a U.S. debt security holder, this subsection does not apply to you.

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Under U.S. federal income and estate tax law, and subject to the discussion of FATCA withholding and backup withholding below, if you are a non-U.S. debt security holder:

- we and other U.S. payors generally will not be required to deduct U.S. withholding tax from payments of principal and interest to you if, in the case of payments of interest:
 - (1) you do not actually or constructively own 10% or more of the total combined voting power of all classes of our stock (in the case of debt securities issued by us) or 10% or more of the capital or profits interest of the operating partnership (in the case of debt securities issued by operating partnership),
 - (2) you are not a controlled foreign corporation that is related to us or the operating partnership through stock ownership, and
 - (3) the U.S. payor does not have actual knowledge or reason to know that you are a U.S. person and:
 - a. you have furnished to the U.S. payor an IRS Form W-8BEN or W-8BEN-E or an acceptable substitute form upon which you certify, under penalties of perjury, that you are a non-U.S. person,
 - b. in the case of payments made outside the United States to you at an offshore account (generally, an account maintained by you at a bank or other financial institution at any location outside the United States), you have furnished to the U.S. payor documentation that establishes your identity and your status as the beneficial owner of the payment for U.S. federal income tax purposes and as a non-U.S. person,
 - c. In the case of a fixed rate debt security held through a withholding foreign partnership, qualified intermediary or U.S. branch of a non-U.S. bank or of a non-U.S. insurance company, such payor has received documentation upon which it may rely to treat the payment as made to a non-U.S. person that is, for U.S. federal income tax purposes, the beneficial owner of the payment on the debt securities in accordance with the Treasury regulations (or, in the case of a qualified intermediary, in accordance with its agreement with the IRS) and the U.S. payor has received a withholding certificate (furnished on an appropriate IRS Form W-8 or an acceptable substitute form) from a person claiming to be:
 - i. a withholding foreign partnership (generally a foreign partnership that has entered into an agreement with the IRS to assume primary withholding responsibility with respect to distributions and guaranteed payments it makes to its partners),
 - ii. a qualified intermediary (generally a non-U.S. financial institution or clearing organization or a non-U.S. branch or office of a U.S. financial institution or clearing organization that is a party to a withholding agreement with the IRS), or
 - iii. a U.S. branch of a non-U.S. bank or of a non-U.S. insurance company.
 - d. the U.S. payor receives a statement from a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business,
 - i. certifying to the U.S. payor under penalties of perjury that an IRS Form W-8BEN or W-8BEN-E or an acceptable substitute form has been received from you by it or by a similar financial institution between it and you, and
 - ii. to which is attached a copy of the IRS Form W-8BEN or W-8BEN-E or acceptable substitute form,
 - e. such interest is not effectively connected with the conduct by you of a trade or business within the United States, or
 - f. The U.S. payor otherwise possesses documentation upon which it may rely to treat the payment as made to a non-U.S. person that is, for U.S. federal income tax purposes, the beneficial owner of the payments on the fixed rate debt securities in accordance with the Treasury regulations, and as a valid election in place to be treated as a U.S. shareholder.

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- no deduction for any U.S. federal withholding tax will be made from any gain that you realize on the sale or exchange of your fixed rate debt security.
- You will not be subject to U.S. income tax on any gain that you realize on the sale or exchange of your fixed rate debt security provided that (i) such gain is not effectively connected with the conduct by you of a trade or business within the United States, (ii) in the case of an individual, such individual is not present in the United States for 183 days or more during the taxable year in which the gain is realized, and (iii) the gain does not represent accrued interest, in which case the rules for interest would apply.
- If interest on the fixed rate debt securities, or gain realized on the sale, exchange, redemption or other disposition of a fixed rate debt security, is effectively connected with the conduct by you of a trade or business within the United States (and, if required by an applicable tax treaty, is attributable to a permanent establishment in the United States), such interest or gain realized will be subject to U.S. federal income tax on a net income basis at the rate applicable to U.S. persons generally (or lower applicable treaty rate) (and, with respect to corporate holders, may also be subject to a 30% branch profits tax (or lower applicable treaty rate)). If interest or gain is subject to U.S. federal income tax on a net income basis in accordance with these rules, such payments will not be subject to U.S. withholding tax so long as you provide us or our paying agent with the appropriate documentation (generally an IRS Form W-8ECI).
- If you are an individual who is present in the United States for 183 days or more during the taxable year in which gain is realized on the sale, exchange, redemption or other disposition of a fixed rate debt security (and certain other conditions are met), such gain realized will be subject to U.S. federal income tax at a rate of 30% (or lower applicable treaty rate on the amount by which capital gains allocable to U.S. sources (including, any gain realized on the sale, exchange, redemption or other disposition of a fixed rate debt security) exceeds capital losses allocable to U.S. sources.

Further, a fixed rate debt security held by an individual who at death is not a citizen or resident of the United States will not be includible in the individual's gross estate for U.S. federal estate tax purposes if:

- the decedent did not actually or constructively own 10% or more of the total combined voting power of all classes of our stock (in the case of debt securities issued by us) or 10% or more of the capital or profits interest of the operating partnership (in the case of debt securities issued by the operating partnership) at the time of death, and
- the income on the fixed rate debt security would not have been effectively connected with a U.S. trade or business of the decedent.

Withholding on Payments to Certain Foreign Entities

Pursuant to FATCA, a 30% withholding tax ("FATCA withholding") may be imposed on payments of U.S.-source interest to you or to certain foreign financial institutions, investment funds and other non-U.S. persons receiving payments on your behalf if you or such persons fail to comply with information reporting requirements. Payments of interest that you receive in respect of the fixed rate debt securities could be affected by this withholding if you are subject to the FATCA information reporting requirements and fail to comply with them or if you hold debt securities through a non-U.S. person (e.g., a foreign bank or broker) that fails to comply with these requirements (even if payments to you would not otherwise have been subject to FATCA withholding). While payments of gross proceeds from a sale or other disposition of debt securities would have been subject to FATCA withholding 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. You should consult your own tax advisors regarding the relevant U.S. law and other official guidance on FATCA withholding.

Backup Withholding and Information Reporting

In general, if you are a non-corporate U.S. debt security holder, we and other payors are required to report to the IRS all payments of principal and interest on your fixed rate debt security. In addition, we and other payors are required to report to the IRS any payment of proceeds of the sale of your fixed rate debt security before maturity within the United States. Additionally, backup withholding will apply to any payments if you fail to provide an accurate taxpayer identification number, or you are notified by the IRS that you have failed to report all interest and dividends required to be shown on your federal income tax returns.

In general, if you are a non-U.S. debt security holder, payments of principal or interest made by us and other payors to you will not be subject to backup withholding and information reporting, provided that the certification requirements described above under “— non-U.S. Debt Security Holders” are satisfied or you otherwise establish an exemption. However, we and other payors are required to report payments of interest on your fixed rate debt securities on IRS Form 1042-S even if the payments are not otherwise subject to information reporting requirements.

The payment of the proceeds from the disposition of our fixed rate debt securities to or through the U.S. office of a U.S. or foreign broker will be subject to information reporting and, possibly, backup withholding unless the non-U.S. debt security holder certifies as to its non-U.S. status or otherwise establishes an exemption, provided that the broker does not have actual knowledge that the holder is a U.S. person or that the conditions of any other exemption are not, in fact, satisfied.

The proceeds of the disposition by a non-U.S. debt security holders of our fixed rate debt securities to or through a foreign office of a non-U.S. broker without specified U.S. connections generally will not be subject to information reporting or backup withholding. However, if the broker is a U.S. person, a controlled foreign corporation for U.S. tax purposes, or a foreign person 50% or more of whose gross income from all sources for specified periods is from activities that are effectively connected with a U.S. trade or business, information reporting generally will apply unless the broker has documentary evidence as to the non-U.S. shareholder’s foreign status and has no actual knowledge to the contrary.

You generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed your income tax liability by filing a refund claim with the IRS.

Legislative or Other Actions Affecting REITs

The rules dealing with federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. Congress recently enacted new legislation containing significant tax law changes. Changes that do not impose greater taxes on Life Storage could potentially result in adverse consequences to our shareholders. This legislation, for instance, reduced corporate tax rates, which could decrease the attractiveness of REITs relative to companies that are not organized as REITs. We cannot give any assurances as to whether, or in what form, any proposals affecting REITs or their shareholders will be enacted. Changes to the federal tax laws and interpretations thereof could adversely affect an investment in our shares.

SELLING STOCKHOLDERS

Information about selling stockholders, where applicable, will be set forth in a prospectus supplement, in a post-effective amendment, or in filings we make under the Securities Exchange Act of 1934, as amended, which are incorporated herein by reference.

PLAN OF DISTRIBUTION

General

We may sell the securities to one or more underwriters for public offering and sale by them and may also sell the securities to investors directly or through agents. We will name any underwriter or agent involved in the offer and sale of securities in the applicable prospectus supplement. We have reserved the right to sell or exchange securities directly to investors on our or their own behalf in those jurisdictions where we are authorized to do so.

We may distribute the securities from time to time in one or more transactions

- At a fixed price or prices, which may be changed,
- At market prices prevailing at the time of sale,
- At prices related to prevailing market prices, or
- At negotiated prices.

We may also, from time to time, authorize dealers, acting as our agents, to offer and sell securities upon the terms and conditions set forth in the applicable prospectus supplement. In connection with the sale of securities, we, or the purchasers of securities for whom the underwriters may act as agents, may compensate underwriters in the form of underwriting discounts or commissions. Underwriters may sell the securities to or through dealers, and those dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agent. Unless otherwise indicated in a prospectus supplement, an agent will be acting on a best efforts basis and a dealer will purchase securities as a principal, and may then resell the securities at varying prices to be determined by the dealer.

We will describe in the prospectus supplement any compensation we pay to underwriters or agents in connection with an offering of securities, and any discounts, concessions or commissions allowed by underwriters to participating dealers. Dealers and agents participating in the distribution of securities may be deemed to be underwriters, and any discounts and commissions received by them and any profit realized by them on resale of the securities may be deemed to be underwriting discounts and commissions. We may enter into agreements to indemnify underwriters, dealers and agents against specified civil liabilities, including liabilities under the Securities Act, and to reimburse these persons for certain expenses.

To facilitate the offering of securities, some persons participating in the offering may engage in transactions that stabilize, maintain, or otherwise affect the price of the securities. This may include over-allotments or short sales of the securities, which involve the sale by persons participating in the offering of more securities than we sold to them. In these circumstances, these persons would cover those over-allotments or short positions by making purchases in the open market or by exercising their over-allotment option, if any. In addition, these persons may stabilize or maintain the price of the securities by bidding for or purchasing securities in the open market or by imposing penalty bids, by which selling concessions allowed to dealers participating in the offering may be reclaimed if securities sold by them are repurchased in connection with stabilization transactions. The effect of these transactions may be to stabilize or maintain the market price of the securities at a level above that which might otherwise prevail in the open market. These transactions may be discontinued at any time.

Some of the underwriters, dealers or agents and their associates may engage in transactions with and perform services for us in the ordinary course of their business for which they receive compensation.

LEGAL MATTERS

The legality of our securities offered by this prospectus is being passed upon by Phillips Lytle LLP, Buffalo, New York. The description of U.S. federal income tax matters contained in the prospectus in the section entitled

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“Federal Income Tax Considerations” is also based on the opinion of Phillips Lytle LLP. Phillips Lytle LLP will rely upon the opinion of Venable LLP, Baltimore, Maryland, as to all matters of Maryland law.

EXPERTS

The consolidated financial statements of Life Storage, Inc. and Life Storage LP appearing in Life Storage, Inc.’s and Life Storage LP’s combined Annual Report (Form 10-K) for the year ended December 31, 2020, and the effectiveness of Life Storage, Inc.’s and Life Storage LP’s internal control over financial reporting as of December 31, 2020, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

PART II INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution

The following table sets forth the estimated expenses in connection with the issuance and distribution of the securities being registered, other than underwriting discounts and commissions.

SEC Registration Fee	\$	(1)
Legal fees and expenses		(2)
Printing/reproduction expenses		(2)
Accounting fees and expenses		(2)
Miscellaneous		(2)
Total	\$	(2)

(1) Deferred in accordance with Rule 456(b) and 457(r) of the Securities Act of 1933.

(2) These fees are calculated based on the securities offered and the number of issuances and accordingly cannot be estimated at this time.

Item 15. Indemnification of Directors and Officers

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (1) actual receipt of an improper benefit or profit in money, property or services or (2) active and deliberate dishonesty established by a final judgment and which is material to the cause of action. The Company's charter contains a provision which eliminates directors' and officers' liability to the maximum extent permitted by Maryland law. The Certificate of Incorporation of Life Storage Holdings, Inc. contains similar provisions that are consistent with Delaware law.

The Company's Bylaws generally obligate the Company, to the maximum extent permitted by Maryland law, to indemnify and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (1) any present or former director or officer or (2) any individual who, while a director or officer of the Company and at our request, serves or has served as a director or officer of another corporation, partnership, joint venture, trust or other enterprise.

Maryland law requires a corporation (unless its charter provides otherwise, which the Company's charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made, or threatened to be made, a party by reason of their service in those or other capacities unless it is established that (1) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (a) was committed in bad faith or (b) was a result of active and deliberate dishonesty, (2) the director or officer actually received an improper personal benefit in money, property or services or (3) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. Maryland law permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of (1) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification and (2) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by us if it shall ultimately be determined that the standard of conduct was not met.

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The By-laws of Life Storage Holdings, Inc., a Delaware corporation and wholly-owned subsidiary of Life Storage, Inc. and sole general partner of the operating partnership, contain similar provisions that are consistent with Delaware law.

The partnership agreement of the operating partnership provides that Life Storage Holdings, Inc., as general partner, and its directors and officers are to be indemnified to the maximum extent permitted by law.

We have entered into indemnification agreements with each of our senior executive officers and directors. The indemnification agreements require, among other matters, that we indemnify those officers and directors to the fullest extent permitted by law and advance to those officers and directors all related expenses, subject to reimbursement if it is subsequently determined that indemnification is not permitted. Under these agreements, we must also indemnify and advance all expenses incurred by our officers and directors seeking to enforce their rights under the indemnification agreements and may cover directors and officers under our directors' and officers' liability insurance. Although the form of indemnification agreement offers substantially the same scope of coverage afforded by law, it provides additional assurance to our directors and officers that indemnification will be available because, as a contract, it cannot be modified unilaterally in the future by the board of directors or the stockholders to eliminate the rights it provides. The indemnification agreement also provides certain procedures and presumptions in connection with a claim for advancement of expenses or indemnification.

Our directors and officers are insured against losses arising from any claim against them as such for wrongful acts or omissions, subject to certain limitations.

Item 16. Exhibits

The exhibits to this Registration Statement are listed in the Exhibit Index which appears elsewhere in this Registration Statement and is hereby incorporated by reference.

Item 17. Undertakings

(a) The undersigned registrants hereby undertake:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement

- (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;
- (ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and
- (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to

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the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be this initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(A) Each prospectus filed by the Registrant pursuant to Rule 424(b)(3) shall be deemed to be part of this registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii) or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the Registrant and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of this registration statement relating to the securities in this registration statement to which the prospectus relates, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof. *Provided, however*, that no statement made in this registration statement or prospectus that is part of this registration statement or made in a document incorporated or deemed incorporated by reference into this registration statement or prospectus that is part of this registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in this registration statement or prospectus that was part of this registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the registrants under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the registrants undertake that in a primary offering of securities of the registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the registrant will be a seller to the purchase and will be considered to offer or sell such securities to such purchaser:

- (i) Any preliminary prospectus or prospectus of the registrant relating to the offering required to be filed pursuant to Rule 424;
 - (ii) Any free writing prospectus relating to the offering prepared by or on behalf of the registrant or used or referred to by the registrant;
 - (iii) The portion of any other free writing prospectus relating to the offering containing material information about the registrant or its securities provided by or on behalf of the registrant; and
 - (iv) Any other communication that is an offer in the offering made by the registrant to the purchaser.
- (b) The undersigned registrants hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of

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1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

- (e) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and persons controlling the registrant pursuant to the provisions described under Item 15 above or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is therefore unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted against the Company by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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EXHIBIT INDEX

Exhibit No.	Description
1.1	Form of Underwriting Agreement.*
4.1	<u>Amended and Restated Articles of Incorporation (incorporated by reference to Exhibit 3.1 to Life Storage, Inc. and Life Storage LP's Annual Report on Form 10-K filed February 27, 2018).</u>
4.2	<u>Articles Supplementary to the Amended and Restated Articles of Incorporation classifying and designating the Series A Junior Participating Cumulative Preferred Stock (incorporated by reference to Exhibit 3.1 to Life Storage, Inc.'s Form 8-A filed December 3, 1996).</u>
4.3	<u>Articles Supplementary to the Amended and Restated Articles of Incorporation of Life Storage, Inc. classifying and designating the 9.85% Series B Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 1.6 to Life Storage, Inc.'s Form 8-A filed July 29, 1999).</u>
4.4	<u>Articles Supplementary to the Amended and Restated Articles of Incorporation classifying and designating the Series C Convertible Cumulative Preferred Stock (incorporated by reference to Exhibit 4.1 to Life Storage Inc.'s Current Report on Form 8-K filed July 12, 2002).</u>
4.5	<u>Articles Supplementary reclassifying shares of Series B Cumulative Redeemable Preferred Stock into Preferred Stock (incorporated by reference to Exhibit 3.1 to Life Storage, Inc.'s Current Report on Form 8-K filed May 31, 2011).</u>
4.6	<u>Articles of Amendment (incorporated by reference to Exhibit 3.1 to Life Storage Inc. and Life Storage LP's Current Report on Form 8-K filed August 11, 2016).</u>
4.7	<u>Articles of Amendment (incorporated by reference to Exhibit 3.1 to Life Storage, Inc. and Life Storage LP's Current Report on Form 8-K filed June 1, 2021).</u>
4.8	<u>Bylaws, as amended (incorporated by reference to Exhibit 3.2 to Life Storage, Inc. and Life Storage LP's Form 8-K filed August 11, 2016).</u>
4.9	<u>Amendment to Bylaws (incorporated by reference to Exhibit 3.1 to Life Storage, Inc. and Life Storage LP's Current Report on Form 8-K filed May 19, 2017).</u>
4.10	<u>Amendment to Bylaws (incorporated by reference to Exhibit 3.1 to Life Storage, Inc. and Life Storage LP's Current Report on Form 8-K filed May 31, 2019).</u>
4.11	<u>Amended and Restated Certificate of Limited Partnership (incorporated by reference to Exhibit 3.3 to Life Storage Inc. and Life Storage LP's Current Report on Form 8-K filed August 11, 2016).</u>
4.12	<u>Agreement of Limited Partnership (incorporated by reference to Exhibit 3.1 to Life Storage, Inc. and Life Storage LP's current Report on Form 8-K filed June 8, 2021).</u>
4.13	<u>Base Indenture, dated as of June 20, 2016, among Life Storage, Inc., Life Storage LP and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to Life Storage, Inc. and Life Storage, LP's Current Report on Form 8-K filed June 20, 2016).</u>
4.14	<u>First Supplemental Indenture, dated as of June 20, 2016, among Life Storage, Inc., Life Storage LP and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.2 to the Life Storage, Inc. and Life Storage LP's Current Report on Form 8-K filed June 20, 2016).</u>
4.15	<u>Form of Note representing the Notes (incorporated by reference to Exhibit 4.3 to Life Storage, Inc., Life Storage LP's Current Report on Form 8-K filed June 20, 2016).</u>
4.16	<u>Form of Guarantee (included in Exhibit 4.15).</u>
4.17	<u>Second Supplemental Indenture, dated as of December 7, 2017, among Life Storage, Inc., Life Storage LP and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to Life Storage, Inc., and Life Storage LP's Current Report on Form 8-K filed December 7, 2017).</u>

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Exhibit No.	Description
4.18	<u>Form of Note representing the Notes (incorporated by reference to Exhibit 4.2 to Life Storage, Inc. and Life Storage LP's Current Report on Form 8-K filed December 7, 2017).</u>
4.19	<u>Form of Guarantee (included in Exhibit 4.18).</u>
4.20	<u>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).</u>
4.21	<u>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).</u>
4.22	<u>Form of Guarantee (included in Exhibit 4.21).</u>
4.23	<u>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).</u>
4.24	<u>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).</u>
4.25	<u>Form of Guarantee (included in Exhibit 4.24).</u>
4.26	Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 to Life Storage, Inc.'s Registration Statement on Form S-11 (File No. 33-91422) filed June 19, 1995).(P)
4.27	Form of Preferred Stock Certificate.*
4.28	Form of Articles Supplementary for Preferred Stock.*
4.29	Form of Warrant.*
4.30	Form of Unit Certificate.*
5.1	<u>Opinion of Phillips Lytle LLP as to the legality of the securities being registered.</u>
5.2	<u>Opinion of Venable LLP as to all matters of Maryland law.</u>
8.1	<u>Opinion of Phillips Lytle LLP regarding certain tax matters.</u>
23.1	<u>Consent of Ernst & Young, LLP, Independent Registered Public Accounting Firm.</u>
23.2	Consent of Phillips Lytle LLP (included in Exhibits <u>5.1</u> and <u>8.1</u> hereto).
23.3	Consent of Venable LLP (included in Exhibit <u>5.2</u> hereto).
24.1	<u>Powers of Attorney (included on the signature pages).</u>
25.1	<u>Form T-1 - Statement of Eligibility of trustee for the debt securities.</u>

* To be filed by amendment or incorporated by reference in connection with the offering of specific securities.

(P) Paper exhibits

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, each of the registrants certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Buffalo, State of New York, on June 11, 2021.

LIFE STORAGE, INC.

By: /S/ Joseph V. Saffire
Joseph V. Saffire
Chief Executive Officer

LIFE STORAGE LP

By: LIFE STORAGE HOLDINGS, INC., as General Partner

By: /S/ Joseph V. Saffire
Joseph V. Saffire
Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below authorizes Joseph V. Saffire and Andrew J. Gregoire and each of them, as his or her attorney-in-fact and agent, with full power of substitution and resubstitution, to execute, in his or her name and on his or her behalf, in any and all capacities, this Registration Statement on Form S-3 and any and all amendments thereto (and any additional registration statement related thereto permitted by Rule 462(b) promulgated under the Securities Act of 1933 (and all further amendments including post-effective amendments thereto)) necessary or advisable to enable the registrant to comply with the Securities Act of 1933, and any rules, regulations and requirements of the Securities and Exchange Commission, in respect thereof, in connection with the registration of the securities which are the subject of such registration statement, which amendments may make such changes in such registration as such attorney-in-fact may deem appropriate, and with full power and authority to perform and do any and all acts and things, whatsoever which any such attorney-in-fact or substitute may deem necessary or advisable to be performed or done in connection with any or all of the above-described matters, as fully as each of the undersigned could do if personally present and acting, hereby ratifying and approving all acts of any such attorney-in-fact or substitute.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the date indicated.

Signature	Capacity	Date
/s/ Joseph V. Saffire Joseph V. Saffire	Chief Executive Officer (Chief Executive Officer) and Director of Life Storage, Inc. and Life Storage Holdings, Inc., the general partner of the Operating Partnership	June 11, 2021
/s/ Andrew J. Gregoire Andrew J. Gregoire	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer) of Life Storage, Inc. and Life Storage Holdings, Inc., the general partner of the Operating Partnership and Director of Life Storage Holdings, Inc.	June 11, 2021
/s/ Mark G. Barberio Mark G. Barberio	Director of Life Storage, Inc.	June 11, 2021
/s/ David L. Rogers David L. Rogers	Director of Life Storage, Inc.	June 11, 2021
/s/ Stephen R. Rusmisl Stephen R. Rusmisl	Director of Life Storage, Inc.	June 11, 2021
/s/ Arthur L. Havener, Jr. Arthur L. Havener, Jr.	Director of Life Storage, Inc.	June 11, 2021
/s/ Dana Hamilton Dana Hamilton	Director of Life Storage, Inc.	June 11, 2021

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Signature	Capacity	Date
/s/ Edward J. Pettinella Edward J. Pettinella	Director of Life Storage, Inc.	June 11, 2021
/s/ Susan Harnett Susan Harnett	Director of Life Storage, Inc.	June 11, 2021

**Opinion of Phillips Lytle LLP
as to Legality of Securities Being Registered**

Life Storage, Inc.
Life Storage LP
6467 Main Street
Williamsville, NY 14221-5890

June 11, 2021

Ladies and Gentlemen:

We are acting as counsel to Life Storage, Inc., a Maryland corporation (the “**Company**”), and Life Storage LP, a Delaware limited partnership (the “**Operating Partnership**”), in connection with the Registration Statement on Form S-3 (the “**Registration Statement**”) to be filed by the Company and the Operating Partnership on the date hereof with the Securities and Exchange Commission under the Securities Act of 1933, as amended. Such Registration Statement relates to the proposed public offering of (A) the following securities by the Company (collectively the “**Company Securities**”): (i) common stock, par value \$0.01 per share (the “**Common Shares**”), (ii) preferred stock, par value \$0.01 per share (the “**Preferred Shares**”), (iii) warrants to purchase Common Shares, and/or Preferred Shares, (iv) units consisting of combinations of any of the foregoing and (v) guarantees; and (B) debt securities by the Operating Partnership (the “**Debt Securities**”), and collectively with the Company Securities, the “**Securities**”), all of which may be offered and sold from time to time on a delayed or continuous basis as set forth in the prospectus which forms part of the Registration Statement (the “**Prospectus**”), and as to be set forth in one or more supplements to the prospectus. This opinion letter is furnished to you at your request to enable you to fulfill the requirements of Item 601(b)(5) of Regulation S-K, 17 C.F.R. § 229.601(b)(5), in connection with the Registration Statement.

For purposes of this opinion letter, we have examined copies of such agreements, instruments and documents as we have deemed an appropriate basis on which to render the opinions hereinafter expressed. In our examination of the aforesaid documents, we have assumed the genuineness of all signatures, the legal capacity of all natural persons, the accuracy and completeness of all documents submitted to us, the authenticity of all original documents, and the conformity to authentic original documents of all documents submitted to us as copies (including telecopies). As to all matters of fact, we have relied on the representations and statements of fact made in the documents so reviewed, and we have not independently established the facts so relied upon. This opinion letter is given, and all statements herein are made, in the context of the foregoing.

We express no opinion concerning the laws of any jurisdiction other than the laws of the United States of America, the State of New York, the Delaware General Corporation Law and the Delaware Revised Uniform Limited Partnership Act. With respect to matters of Maryland law, we have relied upon the opinion of Venable LLP of Baltimore, Maryland.

For purposes of this opinion letter, we have assumed that (i) one or more prospectus supplements will be prepared and filed with the Securities and Exchange Commission describing the Securities offered thereby; (ii) the issuance, sale, amount and terms of any Securities of the Company to be offered from time to time will have been duly authorized and established by proper action of the board of directors of the Company or a duly authorized committee of such board ("**Board Action**"), consistent with the procedures and terms described in the Registration Statement, the prospectus and any applicable prospectus supplement and in accordance with the Company's charter and bylaws and applicable law in a manner that does not violate any law, government or court-imposed order or restriction or agreement or instrument then binding on the Company or otherwise impair the legal or binding nature of the obligations represented by the applicable Securities; (iii) the issuance, sale, amount and terms of any Debt Securities of the Operating Partnership to be offered from time to time will have been duly authorized and established by proper action of the general partner of the Operating Partnership ("**Partnership Action**"), consistent with the procedures and terms described in the Registration Statement, the prospectus and any applicable prospectus supplement and in accordance with the Operating Partnership and its general partner's charter documents and applicable law in a manner that does not violate any law, government or court-imposed order or restriction or agreement or instrument then binding on the Operating Partnership or otherwise impair the legal or binding nature of the obligations represented by the applicable Debt Securities, (iv) that all Securities will be issued and sold in compliance with applicable federal and state securities laws; (v) at the time of the offer, issuance and sale of any Securities, the Registration Statement will have become effective under the Securities Act of 1933, as amended, and no stop order suspending the effectiveness of the Registration Statement will have been issued and remain in effect; (vi) any Debt Securities will be issued pursuant to an indenture with a qualified trustee named therein; (vii) the applicable

indenture under which any Debt Securities are issued will have been qualified under the Trust Indenture Act of 1939, as amended; (viii) prior to any issuance of any Preferred Shares, appropriate articles supplementary shall be filed for recordation with the Maryland State Department of Assessments and Taxation; (ix) any Warrants will be issued under one or more warrant agreements, each to be between the Company and a financial institution or other party identified therein as warrant agent; (x) any Units will be issued under one or more unit agreements, each to be between the Company and a financial institution or other party identified therein as a unit agent; (xi) the Securities will be delivered against payment of valid consideration therefor and in accordance with terms of the applicable Board Action and/or Partnership Action authorizing such sale and any applicable underwriting agreement or purchase agreement and as contemplated by the Registration Statement and/or the applicable prospectus supplement; (xii) the Securities will not be issued in violation of the ownership limit contained in the Company's charter and with respect to the Common Shares or the Preferred Shares offered and issued, there will be sufficient Common Shares or the Preferred Shares authorized under the Company's charter and not otherwise reserved for issuance; (xiii) the Company will remain a Maryland corporation and (xv) the Operating Partnership will remain a Delaware limited partnership.

To the extent that the obligations of the Company or the Operating Partnership with respect to the Securities may be dependent upon such matters, we assume for purposes of this opinion that the other party under the applicable indenture for any Debt Securities, under the warrant agreement for any Warrants, and under the unit agreement for any Units, namely, the applicable trustee, the warrant agent, the depositary or the unit agent, respectively, is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization; that such other party is duly qualified to engage in the activities contemplated by such indenture, warrant agreement, or unit agreement, as applicable; that such indenture, warrant agreement, or unit agreement, as applicable, has been duly authorized, executed and delivered by the other party and constitutes the legal, valid and binding obligation of the other party enforceable against the other party in accordance with its terms; that such other party is in compliance with respect to performance of its obligations under such indenture, warrant agreement, or unit agreement, as applicable, with all applicable laws and regulations; and that such other party has the requisite organizational and legal power and authority to perform its obligations under such indenture, warrant agreement, or unit agreement, as applicable.

Based upon, subject to and limited by the foregoing, we are of the opinion that:

(a) The Common Shares (including any Common Shares that are duly issued upon the exchange or conversion of Preferred Shares that are exchangeable for or convertible into Common Shares or upon the exercise of Warrants and, if applicable, receipt by the Company of any additional consideration payable upon such conversion, exchange or exercise), upon receipt by the Company of the consideration for the Common Shares specified in the applicable Board Action, will be validly issued, fully paid and nonassessable.

(b) The Preferred Shares (including any Preferred Shares that are duly issued upon the exercise of Warrants and, if applicable, receipt by the Company of any additional consideration payable upon such exercise), upon receipt by the Company of the consideration for the Preferred Shares specified in the applicable Board Action, will be validly issued, fully paid and nonassessable.

(c) The Warrants, upon due execution and delivery of a warrant agreement relating thereto on behalf of the Company and the warrant agent named therein and due authentication of the Warrants by such warrant agent, and upon due execution and delivery of the Warrants on behalf of the Company against payment therefor, will constitute valid and binding obligations of the Company.

(d) The Units, upon due execution and delivery of a unit agreement relating thereto on behalf of the Company, and upon due execution and delivery of such Units and the underlying Warrants that are components of such Units in accordance with the applicable unit agreement, and/or warrant agreement (in the case of underlying Warrants), and assuming that any underlying Securities not issued by the Company that are components of such Units have been duly and properly authorized for issuance and constitute valid and binding obligations enforceable against the issuer thereof in accordance with their terms, such Units will constitute valid and binding obligations of the Company.

(e) The Debt Securities, upon due execution and delivery of an indenture relating thereto on behalf of the Operating Partnership and the applicable trustee named therein, and upon authentication by such trustee and due execution and delivery on behalf of the Operating Partnership in accordance with the applicable indenture and any supplemental indenture relating thereto, will constitute valid and binding obligations of the Operating Partnership.

(f) The Guarantees, upon due execution and delivery of Guarantees on behalf of the Company pursuant to the an indenture and any supplemental indenture relating to Debt Securities, will constitute valid and binding obligations of the Company.

The opinions expressed in paragraphs (c), (d), (e) and (f) above with respect to the valid and binding nature of obligations may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting creditors' rights (including, without limitation, the effect of statutory and other law regarding fraudulent conveyances, fraudulent transfers and preferential transfers) and by the exercise of judicial discretion and the application of principles of equity, good faith, fair dealing, reasonableness, conscionability and materiality (regardless of whether the Securities are considered in a proceeding in equity or at law).

This opinion letter has been prepared for use in connection with the Registration Statement and speaks as of the date hereof. We assume no obligation to advise you of any changes in the foregoing subsequent to the effective date of the Registration Statement.

We hereby consent to the filing of this opinion letter as Exhibit 5.1 to the Registration Statement and to the reference to this firm under the caption "Legal Matters" in the prospectus constituting a part of the Registration Statement. In giving this consent, we do not thereby admit that we are an "expert" within the meaning of the Securities Act of 1933, as amended.

Very truly yours,

/s/ Phillips Lytle LLP

Phillips Lytle LLP

[LETTERHEAD OF VENABLE LLP]

June 11, 2021

Life Storage, Inc.
6467 Main Street
Williamsville, New York 14221

Re: Registration Statement on Form S-3

Ladies and Gentlemen:

We have served as Maryland counsel to Life Storage, Inc., a Maryland corporation (the "Company"), in connection with certain matters of Maryland law relating to the registration of an unspecified number of the following securities (collectively, the "Securities"): (a) shares of common stock, par value \$0.01 per share (the "Common Stock"); (b) shares of preferred stock, par value \$0.01 per share, which may be issued in one or more series (the "Preferred Stock"); (c) warrants exercisable for Common Stock or Preferred Stock (the "Warrants"); (d) units (the "Units") comprised of combinations of any of the other foregoing Securities; and (e) guarantees by the Company of the obligations of Life Storage LP, a Delaware limited partnership (the "Operating Partnership"), under the debt securities of the Operating Partnership ("Guarantees") covered by the above-referenced Registration Statement, and any amendments thereto (collectively, the "Registration Statement"), filed by the Company with the United States Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "1933 Act").

In connection with our representation of the Company, and as a basis for the opinion hereinafter set forth, we have examined originals, or copies certified or otherwise identified to our satisfaction, of the following documents (collectively, the "Documents"):

1. The Registration Statement and the related form of prospectus included therein in the form in which it was transmitted to the Commission under the 1933 Act;
2. The charter of the Company (the "Charter"), certified by the State Department of Assessments and Taxation of Maryland (the "SDAT");
3. The Bylaws of the Company (the "Bylaws"), certified as of the date hereof by an officer of the Company;
4. A certificate of the SDAT as to the good standing of the Company, dated as of a recent date;

5. Resolutions adopted by the Board of Directors of the Company (the "Board") relating to, among other matters, the registration of the Securities (the "Resolutions"), certified as of the date hereof by an officer of the Company;

6. A certificate executed by an officer of the Company, dated as of the date hereof; and

7. Such other documents and matters as we have deemed necessary or appropriate to express the opinion set forth below, subject to the assumptions, limitations and qualifications stated herein.

In expressing the opinion set forth below, we have assumed the following:

1. Each individual executing any of the Documents, whether on behalf of such individual or another person, is legally competent to do so.

2. Each individual executing any of the Documents on behalf of a party (other than the Company) is duly authorized to do so.

3. Each of the parties (other than the Company) executing any of the Documents has duly and validly executed and delivered each of the Documents to which such party is a signatory, and such party's obligations set forth therein are legal, valid and binding and are enforceable in accordance with all stated terms.

4. All Documents submitted to us as originals are authentic. The form and content of all Documents submitted to us as unexecuted drafts do not differ in any respect relevant to this opinion from the form and content of such Documents as executed and delivered. All Documents submitted to us as certified or photostatic copies conform to the original documents. All signatures on all Documents are genuine. All public records reviewed or relied upon by us or on our behalf are true and complete. All representations, warranties, statements and information contained in the Documents are true and complete. There has been no oral or written modification of or amendment to any of the Documents, and there has been no waiver of any provision of any of the Documents, by action or omission of the parties or otherwise.

5. The issuance, and certain terms, of the Securities to be issued by the Company from time to time will be authorized and approved by the Board, or a duly authorized committee thereof, in accordance with the Maryland General Corporation Law, the Charter, the Bylaws and the Resolutions (such approvals referred to herein as the "Corporate Proceedings").

6. Articles Supplementary classifying and designating the number of shares and the terms of any class or series of Preferred Stock to be issued by the Company will be filed with and accepted for record by the SDAT prior to the issuance of such Preferred Shares.

7. Upon the issuance of any Securities that are Common Stock ("Common Securities"), including Common Securities which may be issued upon conversion or exercise of any other Securities convertible into or exercisable for Common Securities, the total number of shares of Common Stock issued and outstanding will not exceed the total number of shares of Common Stock that the Company is then authorized to issue under the Charter.

8. Upon the issuance of any Securities that are Preferred Stock ("Preferred Securities"), including Preferred Securities which may be issued upon conversion or exercise of any other Securities convertible into or exercisable for Preferred Securities, the total number of shares of Preferred Stock issued and outstanding, and the total number of issued and outstanding shares of the applicable class or series of Preferred Stock designated pursuant to the Charter, will not exceed the total number of shares of Preferred Stock or the number of shares of such class or series of Preferred Stock that the Company is then authorized to issue under the Charter.

9. None of the Securities will be issued, sold or transferred in violation of the restrictions on ownership and transfer set forth in Article VII of the Charter or any comparable provision in the Articles Supplementary creating any class or series of Preferred Stock.

10. Any Securities convertible into or exercisable for any other Securities of the Company will be duly converted or exercised in accordance with their terms.

Based upon the foregoing, and subject to the assumptions, limitations and qualifications stated herein, it is our opinion that:

1. The Company is a corporation duly incorporated and existing under and by virtue of the laws of the State of Maryland and is in good standing with the SDAT.

2. Upon the completion of all Corporate Proceedings relating to Common Securities, the issuance of the Common Securities will be duly authorized and, when and if issued and delivered against payment therefor in accordance with the Registration Statement, the Resolutions and the Corporate Proceedings, the Common Securities will be validly issued, fully paid and nonassessable.

3. Upon the completion of all Corporate Proceedings relating to Preferred Securities, the issuance of the Preferred Securities will be duly authorized and, when and if issued and delivered against payment therefor in accordance with the Registration Statement, the Resolutions and the Corporate Proceedings, the Preferred Securities will be validly issued, fully paid and nonassessable.

4. Upon the completion of all Corporate Proceedings relating to the Warrants, the issuance of the Warrants will be duly authorized.
5. Upon the completion of all Corporate Proceedings relating to the Units, the issuance of the Units will be duly authorized.
6. Upon the completion of all Corporate Proceedings relating to the Guarantees, the issuance of the Guarantees will be duly authorized.

The foregoing opinion is limited to the laws of the State of Maryland and we do not express any opinion herein concerning United States federal law or the law of any other jurisdiction. We express no opinion as to the applicability or effect of federal or state securities laws, including the securities laws of the State of Maryland, or as to federal or state laws regarding fraudulent transfers. To the extent that any matter as to which our opinion is expressed herein would be governed by the laws of any jurisdiction other than the State of Maryland, we do not express any opinion on such matter. The opinion expressed herein is subject to the effect of any judicial decision which may permit the introduction of parol evidence to modify the terms or the interpretation of agreements.

The opinion expressed herein is limited to the matters specifically set forth herein and no other opinion shall be inferred beyond the matters expressly stated. We assume no obligation to supplement this opinion if any applicable law changes after the date hereof or if we become aware of any fact that might change the opinion expressed herein after the date hereof.

This opinion is being furnished to you for submission to the Commission as an exhibit to the Registration Statement. We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of the name of our firm therein. In giving this consent, we do not admit that we are within the category of persons whose consent is required by Section 7 of the 1933 Act.

Very truly yours,

/s/ Venable LLP

Opinion of Phillips Lytle LLP Regarding Certain Tax Matters

Life Storage, Inc.
Life Storage LP
6467 Main Street
Buffalo, New York 14221

June 11, 2021

Re: Certain Federal Income Tax Matters

Ladies and Gentlemen:

This opinion is delivered to you in our capacity as counsel to Life Storage, Inc., a Maryland corporation (the “**Company**”), and Life Storage LP, a Delaware limited partnership (the “**Operating Partnership**”), in connection with the Registration Statement on Form S-3 (the “**Registration Statement**”) to be filed by the Company and the Operating Partnership on the date hereof with the Securities and Exchange Commission under the Securities Act of 1933, as amended. Such Registration Statement relates to the proposed public offering of (A) the following securities by the Company (collectively, the “**Company Securities**”): (i) common stock, par value \$0.01 per share (the “**Common Shares**”), (ii) preferred stock, par value \$0.01 per share (the “**Preferred Shares**”), (iii) warrants to purchase Common Shares, and/or Preferred Shares, (iv) units consisting of combinations of any of the foregoing and (v) guarantees; and (B) debt securities by the Operating Partnership (the “**Debt Securities**”, and together with the Company Securities, the “**Securities**”), all of which may be offered and sold from time to time on a delayed or continuous basis as set forth in the prospectus which forms part of the Registration Statement (the “**Prospectus**”), and as to be set forth in one or more supplements to the prospectus. This opinion relates to the Company’s qualification for federal income tax purposes as a real estate investment trust (“**REIT**”) under the Internal Revenue Code of 1986, as amended (the “**Code**”).

In rendering the following opinions, we have examined the Amended and Restated Articles of Incorporation of the Company, as amended, the Bylaws of the Company, as amended, and such other records, certificates and documents as we have deemed necessary or appropriate for purposes of rendering the opinions set forth herein.

We have also reviewed the Registration Statement and the descriptions set forth therein of the Company and its investments and activities. We have relied upon the representations of the Company, the Operating Partnership and Life Storage Holdings, Inc. (“**Holdings**”) contained in a representation letter, dated as of this date (“**Representation Letter**”), regarding the manner in which the Company, the Operating Partnership and Holdings have been and will continue to

be owned and operated and the composition of the assets owned and the nature of the income of the Company, the Operating Partnership and Holdings. We have neither independently investigated nor verified such representations, and we assume that such representations are true, correct and complete. We assume that the Company has been and will be operated in accordance with applicable laws, and that the descriptions of the Company and its investments, and the proposed investments, activities, operations and governance of the Company set forth in the Registration Statement regarding matters of fact as opposed to matters of law continue to be true. In addition, we have relied on certain additional facts and assumptions described below.

In rendering the opinions set forth herein, we have assumed (i) the genuineness of all signatures on documents we have examined, (ii) the authenticity of all documents submitted to us as originals, (iii) the conformity of final documents to all documents submitted to us as drafts, (iv) the authority and capacity of the individual or individuals who executed any such documents on behalf of any person, (v) the accuracy and completeness of all records made available to us, (vi) the accuracy of all representations, warranties and other statements made by all parties regarding matters of fact as opposed to matters of law, and (vii) from and after the date of this letter, the Company will utilize all appropriate "savings provisions" (including the provisions of Sections 856(c)(6), 856(c)(7), and 856(g) of the Code, and the provision included in Section 856(c)(4) of the Code (flush language) allowing for the disposal of assets within 30 days after the close of a calendar quarter, and all available deficiency dividend procedures) available to the Company under the Code in order to correct any violations of the applicable REIT qualification requirements of Sections 856 and 857 of the Code, to the full extent the remedies under such provisions are available. We have also assumed, without investigation, that all documents, certificates, warranties and covenants on which we have relied in rendering the opinions set forth below and that were given or dated earlier than the date of this letter continue to remain accurate, insofar as relevant to the opinions set forth herein, from such earlier date through and including the date of this letter.

The opinions set forth in this letter are based on relevant current provisions of the Code, Treasury Regulations thereunder (including proposed and temporary Treasury Regulations), and interpretations of the foregoing as expressed in court decisions, applicable legislative history, and the administrative rulings and practices of the Internal Revenue Service (the "IRS"), including its practices and policies in issuing private letter rulings, which are not binding on the IRS except with respect to a taxpayer that receives such a ruling, all as of the date hereof. These provisions and interpretations are subject to change by the IRS, Congress and the courts (as applicable), which may or may not be retroactive in effect and which might result in material modifications of our opinions. Our opinions do not foreclose the possibility of a contrary determination by the IRS or a court of competent jurisdiction, or of a contrary position taken by the IRS or the Treasury Department in regulations or rulings issued in the future. In this regard, an opinion of counsel with respect to an issue represents counsel's best professional judgment with respect to the outcome on the merits with respect to such issue, if such issue were to be litigated, but an opinion is not binding on the IRS or the courts, and is not a guarantee that the IRS will not assert a contrary position with respect to such issue or that a court will not sustain such a position asserted by the IRS.

Based upon and subject to the foregoing we are of the opinion that:

1. Commencing with the Company's first taxable year ended December 31, 1995, the Company has been organized and has operated in conformity with the requirements for qualification and taxation as a "real estate investment trust" under the Code, and its current and proposed organization and method of operation, as described in the representations referred to above, will enable the Company to continue to meet the requirements for qualification and taxation as a "real estate investment trust" under the Code for its taxable year ending December 31, 2021 and thereafter.
2. The statements in the Registration Statement set forth in the caption "Federal Income Tax Considerations," to the extent they describe matters of federal income tax law or federal income tax legal conclusions, are correct in all material respects, as of the date hereof.

The Company's qualification and taxation as a REIT depends upon the Company's ability to meet on a continuing basis, through actual annual operating and other results, the various requirements under the Code and described in the Registration Statement with regard to, among other things, the sources of its gross income, the composition of its assets, the level of its distributions to shareholders and the diversity of its share ownership, and upon the Company utilizing all appropriate "savings provisions" described above. Phillips Lytle LLP will not review the Company's compliance with these requirements on a continuing basis. No assurance can be given that the actual results of the operations of the Company, the sources of its income, the nature of its assets, the level of its distributions to its shareholders and the diversity of its share ownership for any given taxable year will satisfy the requirements under the Code for qualification and taxation as a REIT. In this regard, we are expressing our opinions only as to the specific matters set forth in the numbered paragraphs set forth herein.

We note that the Prospectus does not currently address the United States federal income tax considerations that may be relevant to a holder of certain Securities. It is our understanding that in the event the Company issues Securities for which the United States federal income tax considerations are not addressed in the Prospectus, the Company and/or the Operating Partnership will prepare a prospectus supplement to the Prospectus, which supplement will address the federal income tax considerations that are likely to be material to a holder of such securities.

Life Storage, Inc.
Life Storage LP
June 11, 2021
Page 4

We consent to being named as Counsel to the Company in the Registration Statement, to the references in the Registration Statement to our firm and to the filing of this opinion letter as Exhibit 8.1 of the Registration Statement. In giving this consent, we do not thereby admit that we are an “expert” within the meaning of the Securities Act of 1933, as amended.

Very truly yours,

Phillips Lytle LLP

/s/ Phillips Lytle LLP

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption “Experts” in this Registration Statement (FormS-3) and related Prospectus of Life Storage, Inc. and Life Storage LP for the registration of common stock, preferred stock, warrants, units and guarantees of Life Storage, Inc. and debt securities of Life Storage LP and to the incorporation by reference therein of our reports dated February 23, 2021, with respect to the consolidated financial statements and schedule of Life Storage, Inc. and Life Storage LP, and the effectiveness of internal control over financial reporting of Life Storage, Inc. and Life Storage LP, included in Life Storage, Inc.’s and Life Storage LP’s combined Annual Report (Form 10-K) for the year ended December 31, 2020, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

Buffalo, New York
June 11, 2021

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

- CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b) (2)**

WELLS FARGO BANK, NATIONAL ASSOCIATION

(Exact name of trustee as specified in its charter)

A National Banking Association
(Jurisdiction of incorporation or organization if not a U.S. national bank)

94-1347393
(I.R.S. Employer Identification No.)

101 North Phillips Avenue
Sioux Falls, South Dakota
(Address of principal executive offices)

57104
(Zip code)

Wells Fargo & Company

Law Department, Trust Section
MAC N9305-175
Sixth Street and Marquette Avenue, 17th Floor
Minneapolis, Minnesota 55479
(612) 667-4608
(Name, address and telephone number of agent for service)

LIFE STORAGE, INC.
LIFE STORAGE LP
(Exact name of obligor as specified in its charter)

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

16-1194043
16-1481551
(I.R.S. Employer
Identification No.)

6467 Main Street
Williamsville, New York
(Address of principal executive offices)

14221
(Zip code)

Debt Securities
(Title of the indenture securities)

Item 1. General Information. Furnish the following information as to the trustee:

- (a) Name and address of each examining or supervising authority to which it is subject.

Comptroller of the Currency
Treasury Department
Washington, D.C.

Federal Deposit Insurance Corporation
Washington, D.C.

Federal Reserve Bank of San Francisco
San Francisco, California 94120

- (b) Whether it is authorized to exercise corporate trust powers.

The trustee is authorized to exercise corporate trust powers.

Item 2. Affiliations with Obligor. If the obligor is an affiliate of the trustee, describe each such affiliation.

None with respect to the trustee.

No responses are included for Items 3-14 of this Form T-1 because the obligor is not in default as provided under Item 13.

Item 15. Foreign Trustee. Not applicable.

Item 16. List of Exhibits. List below all exhibits filed as a part of this Statement of Eligibility.

- | | |
|------------|---|
| Exhibit 1. | A copy of the Articles of Association of the trustee now in effect.* |
| Exhibit 2. | A copy of the Comptroller of the Currency Certificate of Corporate Existence for Wells Fargo Bank, National Association, dated November 1, 2019.* |
| Exhibit 3. | A copy of the Comptroller of the Currency Certification of Fiduciary Powers for Wells Fargo Bank, National Association, dated November 1, 2019.* |
| Exhibit 4. | Copy of By-laws of the trustee as now in effect.* |
| Exhibit 5. | Not applicable. |
| Exhibit 6. | The consent of the trustee required by Section 321(b) of the Act. |
| Exhibit 7. | A copy of the latest report of condition of the trustee published pursuant to law or the requirements of its supervising or examining authority. |
| Exhibit 8. | Not applicable. |
| Exhibit 9. | Not applicable. |

* Incorporated by reference to the exhibit of the same number to the trustee's FormT-1 filed as exhibit 25.1 to the Filing S-3ASR dated December 20, 2019 of file number 333-235649.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the trustee, Wells Fargo Bank, National Association, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Jacksonville and State of Florida on the 11th day of June, 2021.

WELLS FARGO BANK, NATIONAL ASSOCIATION

/s/ Tina Gonzalez

Tina Gonzalez
Vice President

EXHIBIT 6

June 11, 2021

Securities and Exchange Commission
Washington, D.C. 20549

Gentlemen:

In accordance with Section 321(b) of the Trust Indenture Act of 1939, as amended, the undersigned hereby consents that reports of examination of the undersigned made by Federal, State, Territorial, or District authorities authorized to make such examination may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Very truly yours,

WELLS FARGO BANK, NATIONAL ASSOCIATION

/s/ Tina Gonzalez

Tina Gonzalez

Vice President

Exhibit 7

Consolidated Report of Condition of

Wells Fargo Bank National Association
of 101 North Phillips Avenue, Sioux Falls, SD 57104
And Foreign and Domestic Subsidiaries,

at the close of business March 31, 2021, filed in accordance with 12 U.S.C. §161 for National Banks.

	Dollar Amounts In Millions
ASSETS	
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	\$ 27,624
Interest-bearing balances	247,100
Securities:	
Held-to-maturity securities	232,139
Available-for-sale securities	193,559
Equity Securities with readily determinable fair value not held for trading	11
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold in domestic offices	52
Securities purchased under agreements to resell	61,135
Loans and lease financing receivables:	
Loans and leases held for sale	32,787
Loans and leases, net of unearned income	825,035
LESS: Allowance for loan and lease losses	16,694
Loans and leases, net of unearned income and allowance	808,341
Trading Assets	64,013
Premises and fixed assets (including capitalized leases)	10,992
Other real estate owned	158
Investments in unconsolidated subsidiaries and associated companies	13,487
Direct and indirect investments in real estate ventures	66
Intangible assets	31,616
Other assets	50,077
Total assets	\$ 1,773,157
LIABILITIES	
Deposits:	
In domestic offices	\$ 1,463,374
Noninterest-bearing	551,270
Interest-bearing	912,104
In foreign offices, Edge and Agreement subsidiaries, and IBFs	28,333
Noninterest-bearing	332
Interest-bearing	28,001
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased in domestic offices	876
Securities sold under agreements to repurchase	5,980

	Dollar Amounts In Millions
Trading liabilities	15,235
Other borrowed money	
(Includes mortgage indebtedness and obligations under capitalized leases)	44,034
Subordinated notes and debentures	11,879
Other liabilities	<u>32,321</u>
Total liabilities	\$1,602,032
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	519
Surplus (exclude all surplus related to preferred stock)	114,820
Retained earnings	54,661
Accumulated other comprehensive income	1,094
Other equity capital components	<u>0</u>
Total bank equity capital	171,094
Noncontrolling (minority) interests in consolidated subsidiaries	31
Total equity capital	<u>171,125</u>
Total liabilities, and equity capital	<u>\$1,773,157</u>

I, Michael P. Santomassimo, Sr. EVP & CFO of the above-named bank do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true to the best of my knowledge and belief.

Michael P. Santomassimo
Sr. EVP & CFO

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct.

Directors
Maria R. Morris
Theodore F. Craver, Jr.
Juan A. Pujadas