

Strategic Storage Trust began fundraising in 2008 and acquires self-storage facilities. As of the end of the third quarter, the REIT had \$468 million in assets in 78 properties totaling 6.4 million square feet and 51,600 units. The REIT is in the Stabilizing LifeStage of Effective REITs that is marked by the formation of a distinct personality for the REIT in asset allocation and diversification. The investment style for this REIT is considered to be "Core," which is typically defined as a REIT that generates a high percentage of its total return from income and a modest percentage from asset appreciation. REITs in this category are also expected to exhibit low volatility in terms of asset values.

## Key Highlights

- Increased capital raise pace has been met with an uptick in acquisitions.
- Investments have been made in direct acquisitions and joint ventures, which are held in variable interest and unconsolidated entities.
- Potential upside in revenue generation exists in the portfolio by increasing occupancy from its current level of 78%.

## Capital Stack Review

- Capital Raised – Steadily climbing to a high of \$32.0 million this past quarter, up from \$24.6 million and \$24.7 million in Q2 and Q1, respectively.
- Debt – 52%; the REIT has above median usage of debt for Stabilizing LifeStage REITs. Fixed-rate debt comprises the majority of financings at 89%.
- Debt Maturity – 65.6% of the REIT's debt matures in 2016 or later.
- Loan Activity – The \$22 million KeyBank Credit Facility was extended to 2014 after the third quarter financial statements were filed.
- Cash on Hand – Is very low at 3.8%, especially for a REIT at this LifeStage.

## Metrics

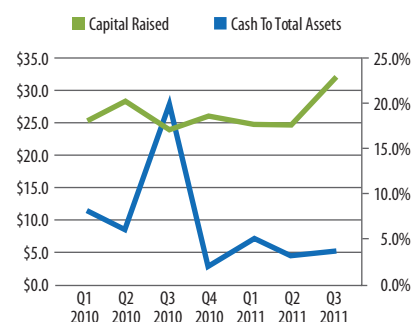
- Distribution – Steady at 7% for the past nine quarters.
- Distribution Source – Some distributions have been paid from offering proceeds and borrowings.

- MFFO Payout Ratio – 201% for the quarter with an average that is steadily trending downward.
- Fee Waivers and Deferrals – A total of \$710,000 of costs have been waived by the Advisor. An additional \$1,128,795 is due.
- Interest Coverage Ratio – 1.9x EBITDA consistent with the last four quarters.
- Impairments – None reported.

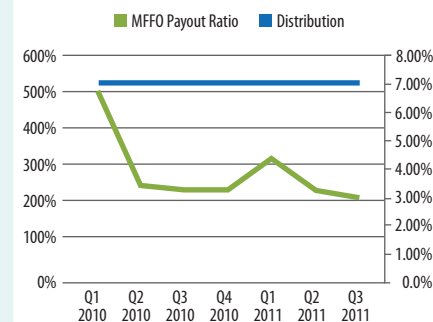
## Real Estate

- Acquisitions – \$159 million in acquisitions for 33 properties has been completed in 2011, with \$45.2 million in six properties being acquired in 3Q2011. Notable Acquisitions:
  - An 11 property portfolio, the B&B Portfolio, in multiple states for \$45.1 million in June 2011.
  - The company increased its interest in the USA Self Storage I, DST, an affiliate of the sponsor, by 80.2% for \$30.1 million, bringing its ownership to 100%. The DST owns 10 facilities totaling 5,440 units.
- Cap Rate – The weighted-average capitalization rate at acquisition for the portfolio is 7.62%.
- Occupancy – 78% and remaining steady with the past 7 quarters' results.
- Lease Expirations – Self-storage leases are typically month-to-month.
- Revenue – Same store revenue (comparing 34 facilities owned for the three month period ending September 30, 2010 and September 30, 2011) increased 0.6% while operating income dropped 0.2%.
- Dispositions – None reported.
- Diversification – Significant ownership concentrations exist in Texas (14.5%), California (12.9%), and Georgia (10.3%).

Cash to Total Assets vs. Capital Raised



MFFO Payout Ratio to Distribution



Debt Ratio to Interest Coverage Ratio

