



# COMPANY PRESENTATION

May 2019



# FORWARD-LOOKING STATEMENTS

Certain information set forth in this release contains “forward-looking statements” within the meaning of the federal securities laws. Forward-looking statements include statements concerning the benefits of store acquisitions, developments, favorable market conditions, our outlook and estimates for the year and other statements concerning our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, the competitive landscape, plans or intentions relating to acquisitions and developments and other information that is not historical information. In some cases, forward-looking statements can be identified by terminology such as “believes,” “estimates,” “expects,” “may,” “will,” “should,” “anticipates,” or “intends,” or the negative of such terms or other comparable terminology, or by discussions of strategy. We may also make additional forward-looking statements from time to time. All such subsequent forward-looking statements, whether written or oral, by us or on our behalf, are also expressly qualified by these cautionary statements. There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in or contemplated by this release. Any forward-looking statements should be considered in light of the risks referenced in the “Risk Factors” section included in our most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Such factors include, but are not limited to:

- adverse changes in general economic conditions, the real estate industry and the markets in which we operate;
- failure to close pending acquisitions and developments on expected terms, or at all;
- the effect of competition from new and existing stores or other storage alternatives, which could cause rents and occupancy rates to decline;
- potential liability for uninsured losses and environmental contamination;

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- the impact of the regulatory environment as well as national, state and local laws and regulations, including, without limitation, those governing real estate investment trusts (“REITs”), tenant reinsurance and other aspects of our business, which could adversely affect our results;
- disruptions in credit and financial markets and resulting difficulties in raising capital or obtaining credit at reasonable rates or at all, which could impede our ability to grow;
- increases in interest rates;
- reductions in asset valuations and related impairment charges;
- our lack of sole decision-making authority with respect to our joint venture investments;
- the effect of recent changes to U.S. tax laws
- the failure to maintain our REIT status for U.S. federal income tax purposes; and
- economic uncertainty due to the impact of war or terrorism, which could adversely affect our business plan.

All forward-looking statements are based upon our current expectations and various assumptions. Our expectations, beliefs and projections are expressed in good faith and we believe there is a reasonable basis for them, but there can be no assurance that management’s expectations, beliefs and projections will result or be achieved. All forward-looking statements apply only as of the date made. We undertake no obligation to publicly update or revise forward-looking statements which may be made to reflect events or circumstances after the date made or to reflect the occurrence of unanticipated events.



**ExtraSpace<sup>®</sup>**  
Storage

**EXTRA SPACE FACTS**

# QUICK FACTS AS OF MARCH 31, 2019

**6.4%**

YOY Core FFO  
Growth Per Share

**2,479%**

10-year Total Shareholder Return

**1,696**

Properties

**130 Million**

Square feet

**91.6%**

Same-store Occupancy

**\$13.9 Billion**

Market Cap

**\$4.6 Billion**

in acquisitions  
over past 5 years

**S&P 500**

**1977**

Founded

**4.2%**

YOY Same-Store  
Revenue Growth

**\$1.2 Billion**

Annual Revenue

**2004**

IPO – NYSE “EXR”

**115%**

5-year Dividend  
Increase

# EXTRA SPACE TIMELINE



**STORAGE USA**

**SmartStop**  
Self Storage

glassdoor  
2018 **BEST PLACES TO WORK**  
WINNER

**NYSE**



**STANDARD  
& POOR'S  
500**



1977

1998

2004

2005

2008

2015

2016

2018

Founded by  
Ken Woolley

Recapitalized  
through JV with  
Prudential Real  
Estate Investors  
(PREI)

Completed  
Initial Public  
Offering

Acquired  
Storage USA  
(458 stores) for  
\$2.3 billion in a  
JV with PREI

Started  
third-party  
management  
program  
(nation's  
largest today)

Acquired  
SmartStop  
Self Storage  
(122 owned &  
43 managed  
stores)

Added to the  
S&P 500

Ranked 73  
out of  
700,000+  
companies

# WHY INVEST IN EXTRA SPACE STORAGE (EXR)?

## ATTRACTIVE SECTOR

Need-based, recession resilient asset class with high operating margins and low cap-ex requirements, resulting in high FAD. The granularity of assets and tenant base, reduces volatility, tenant risk and market risk.

## OPERATIONAL EXCELLENCE

Enhancing value of existing and newly acquired self-storage facilities, through best-in-class customer acquisition, revenue management and customer service platforms.

## DISCIPLINED GROWTH

Consistent growth of our geographically-diverse portfolio through accretive acquisitions, mutually-beneficial joint-venture partnerships, and third-party management services in a highly fragmented sector.

## SOLID BALANCE SHEET

Appropriately leveraged balance sheet, consisting of diversified capital sources to provide access to the cheapest sources of funds in different economic climates.

## STRONG PARTNERSHIPS

Creating growth opportunities through joint-venture and third-party management relationships. Our partnerships provide capital, additional income streams, leveraged returns and future acquisition opportunities.

# MANAGEMENT DEPTH



SAMRAT SONDHI

COO  
16 YEARS



SCOTT STUBBS

CFO  
18 YEARS



JOE MARGOLIS

CEO  
14 YEARS\*



GWYN MCNEAL

CLO  
14 YEARS



JAMES OVERTURF

CMO  
20 YEARS

\*Includes Mr. Margolis' time as Director on Extra Space Storage's board.

# CORPORATE SUSTAINABILITY



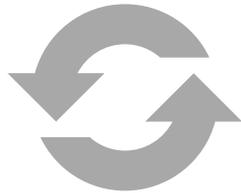
## Solar Program\*



## Lighting Retrofits\*



# CORPORATE SUSTAINABILITY



85 out of 100 on most recent employee engagement score (with 73% response rate)

glassdoor<sup>®</sup>  
2018 **BEST PLACES TO WORK**  
Top 100 out of 700,000+ Companies

## Additional Benefits

Paid Volunteer Time Off

Fitness Program

Tuition Program

## Diversity

Leadership Development Programs

Diversity Committee

Women's Leadership Inst.

# CORPORATE SUSTAINABILITY



## Highlights

Lead Independent Director

Separate Chairman and CEO

29% of our directors are female

No employment agreements with officers

Annual vote on executive compensation

Proxy access provision in bylaws

Stockholder ability to amend bylaws



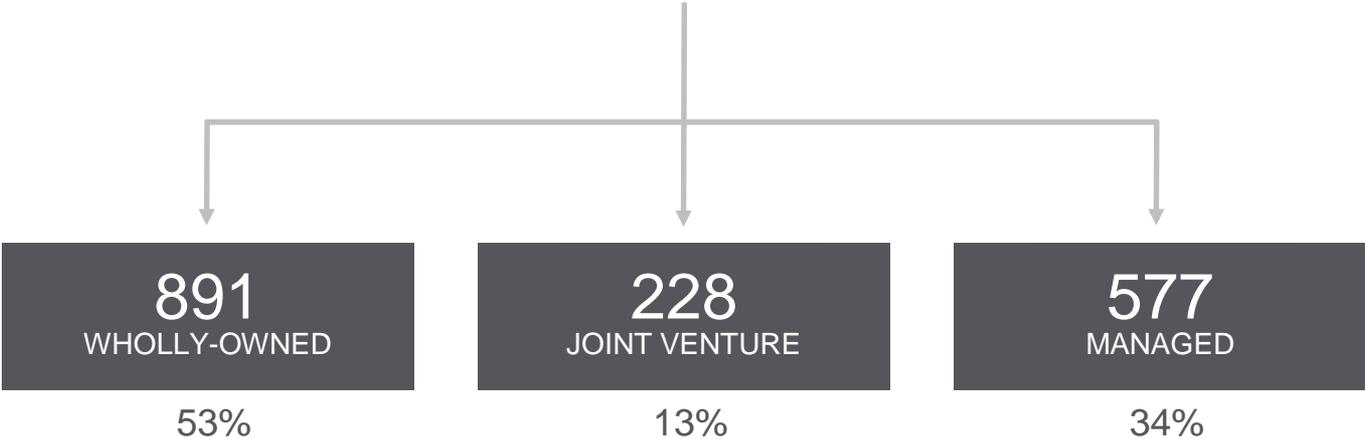
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Storage

## PORTFOLIO AND TRACK RECORD

# EFFICIENT OWNERSHIP STRUCTURE

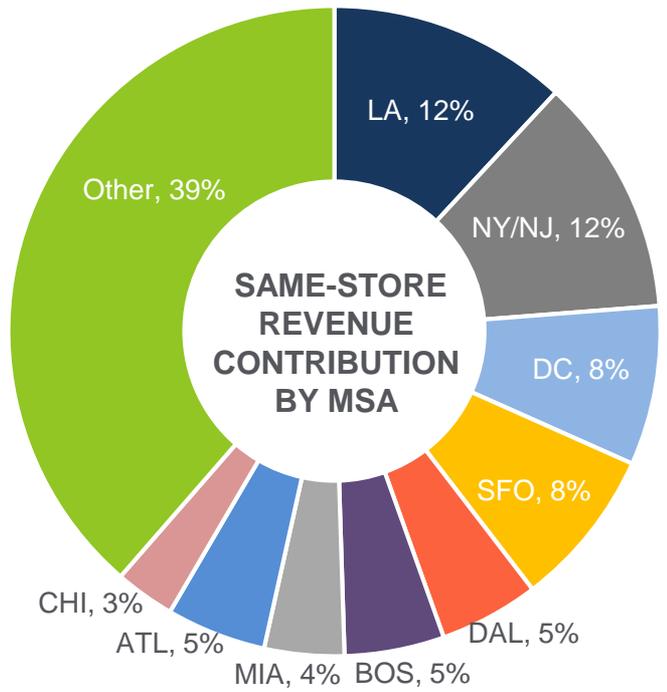
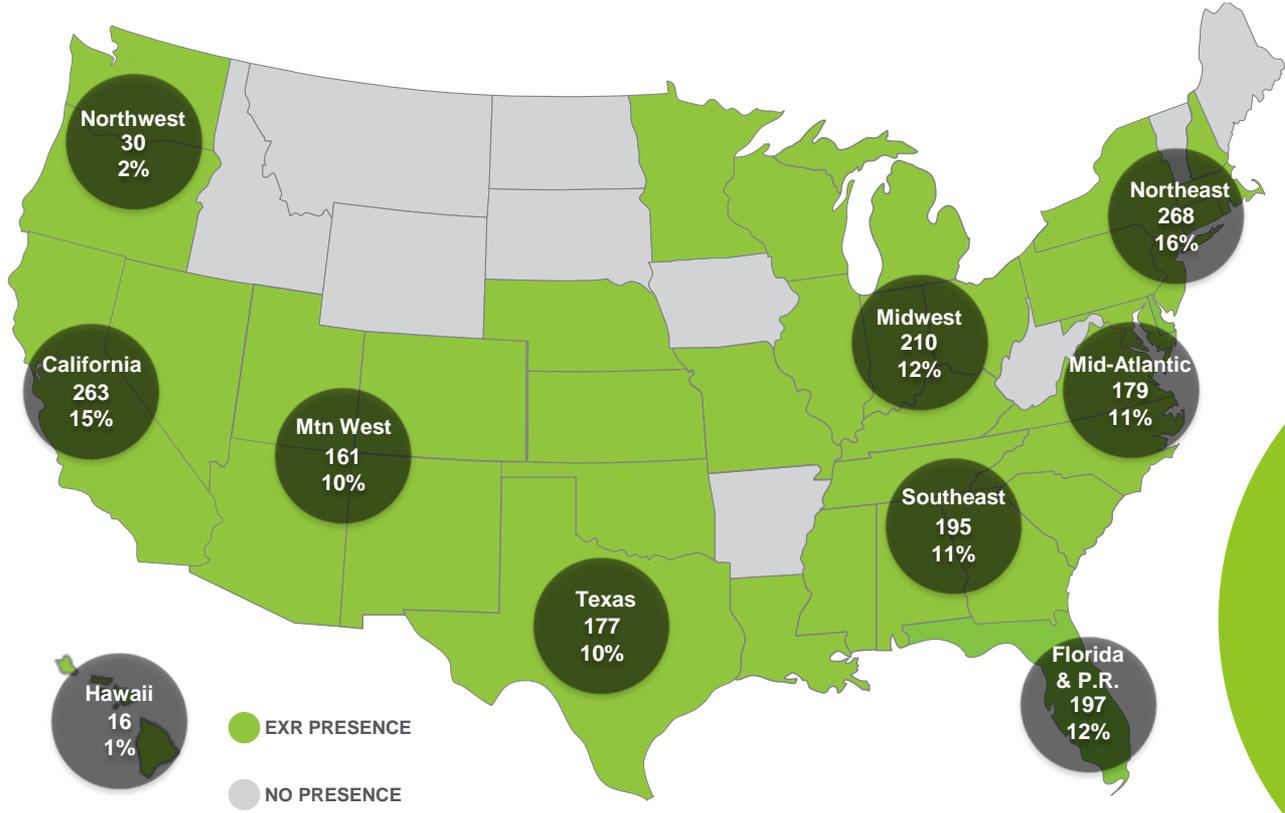


1,696 PROPERTIES



\*As of March 31, 2019

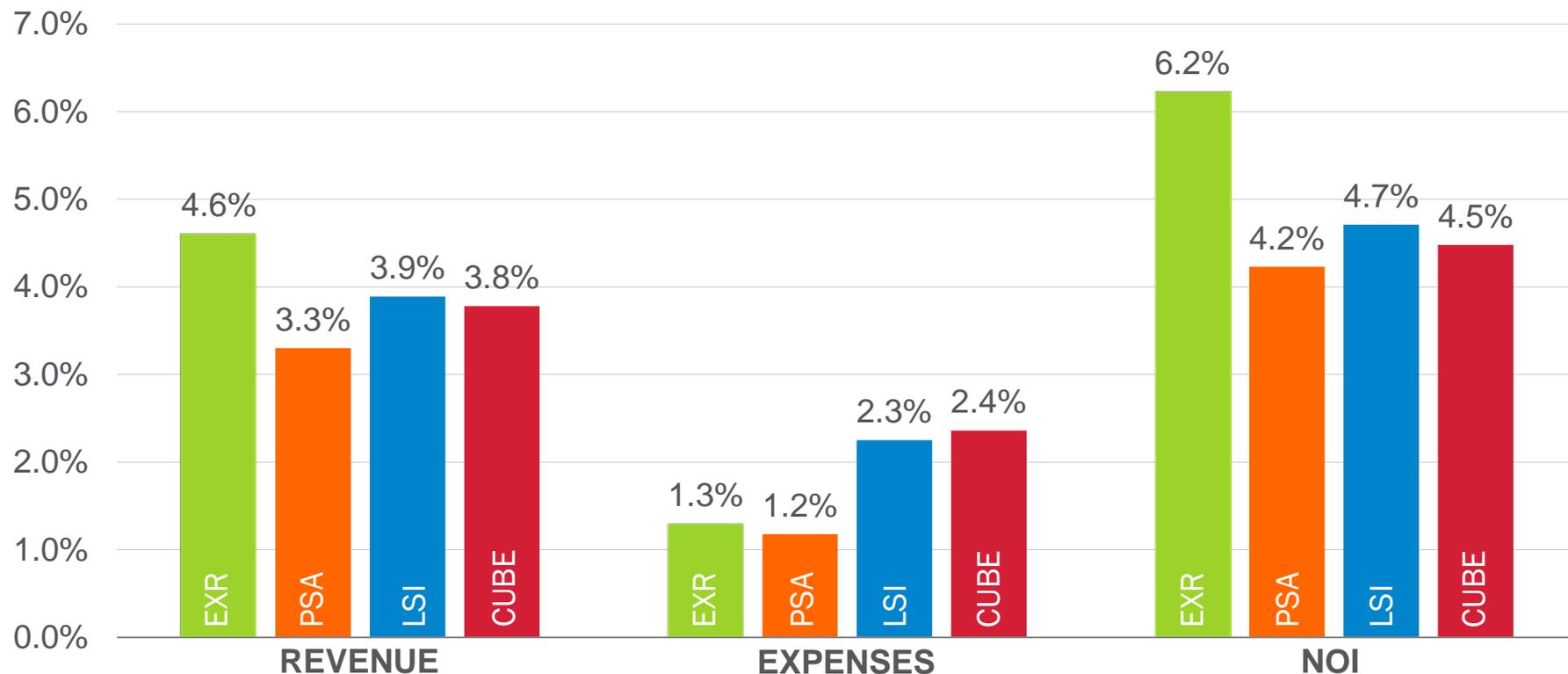
# DIVERSIFICATION AND SCALE



\*As of March 31, 2019

# BEST IN-CLASS OPERATOR

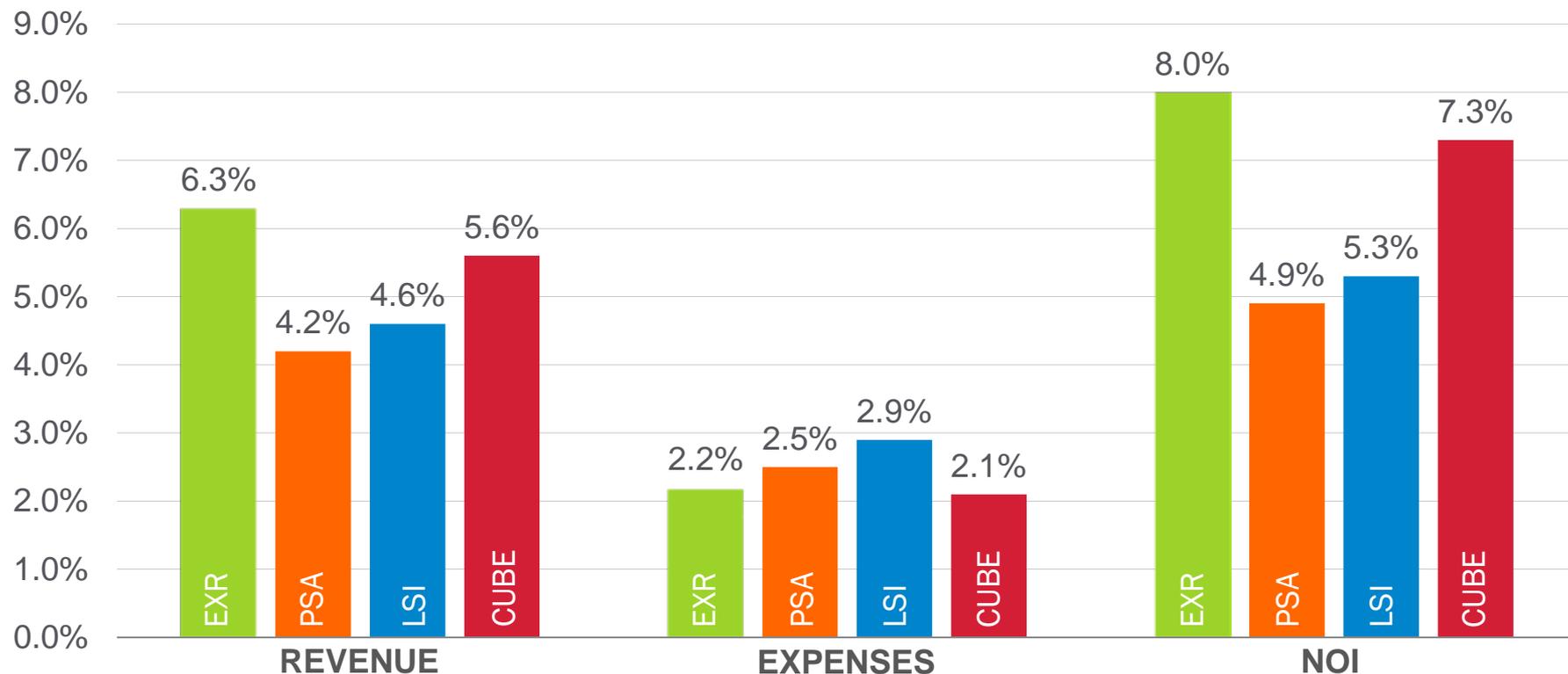
53 Quarters of Average Same-Store Outperformance



\*EXR and PSA results exclude tenant reinsurance revenues and expenses, and LSI and CUBE results include the benefit from tenant insurance revenue. Data as of March 31, 2019 as reported in public filings.

# BEST IN-CLASS OPERATOR

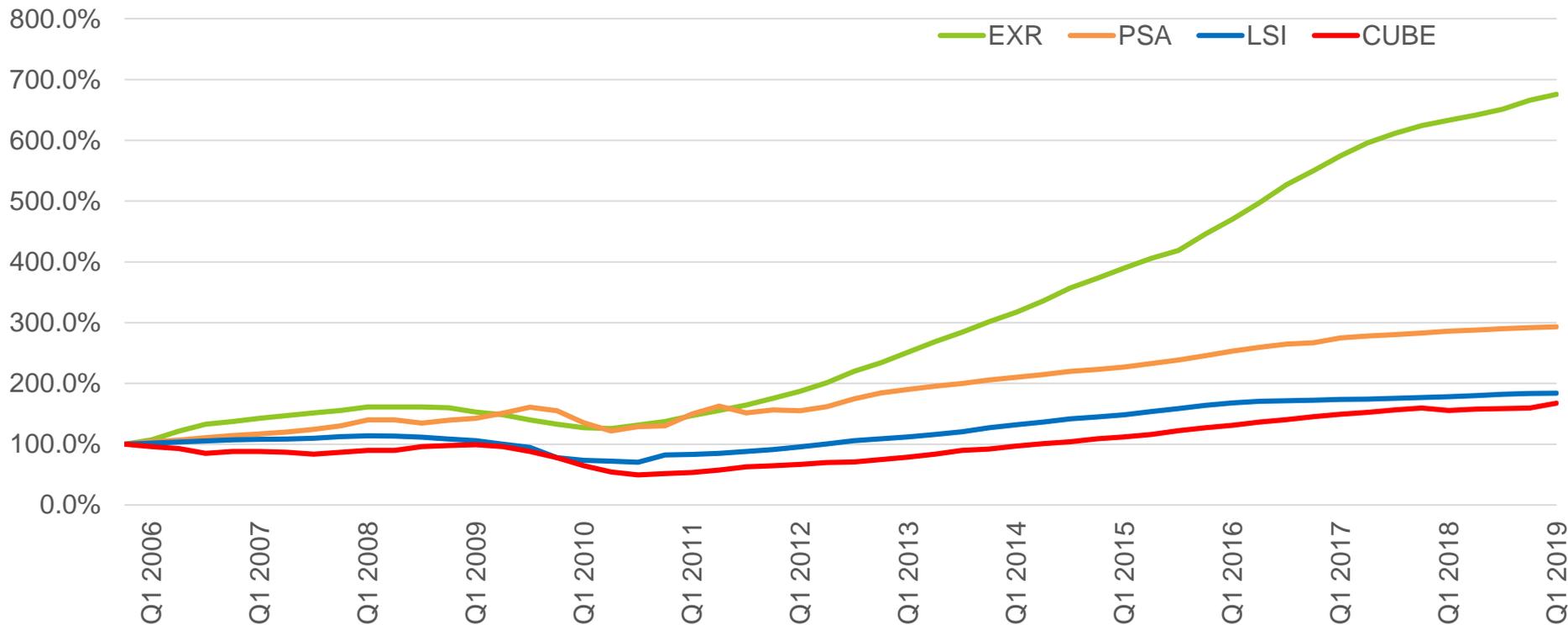
20 Quarters of Average Same-Store Outperformance



\*EXR and PSA results exclude tenant reinsurance revenues and expenses, and LSI and CUBE results include the benefit from tenant insurance revenue. Data as of March 31, 2019 as reported in public filings.

# SECTOR-LEADING CORE FFO GROWTH

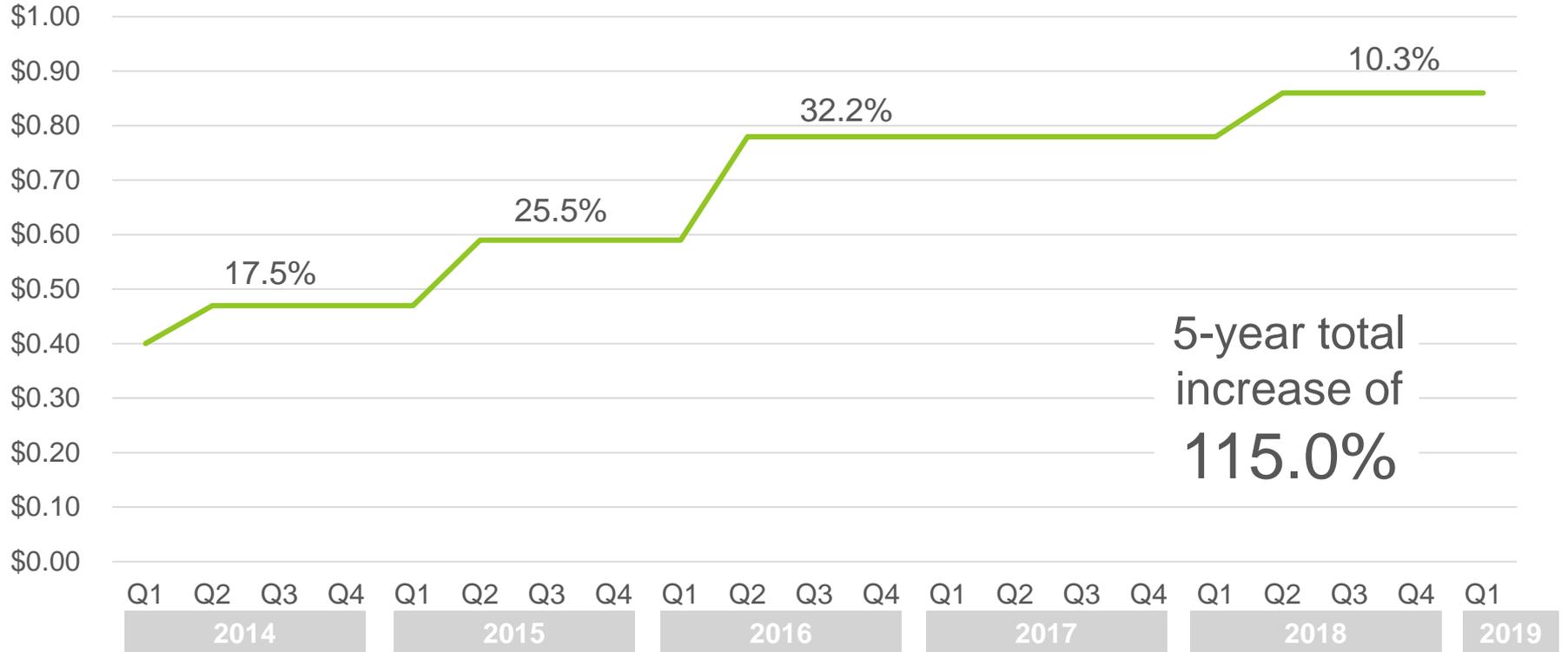
## Core FFO Per Share Growth - Normalized



\*Data as of March 31, 2019 as reported in public filings

# SIGNIFICANT DIVIDEND GROWTH

## Quarterly Dividend Per Share



\*As reported in public filings

# BEST-IN-CLASS STOCK PERFORMANCE

## 10-Year Total Return

### STORAGE SECTOR

1. <b>Extra Space Storage (EXR)</b>	<b>2,478.5%</b>
2. CubeSmart (CUBE)	1,984.2%
3. Life Storage (LSI)	666.6%
4. Public Storage (PSA)	461.1%

### ALL PUBLIC REITS

1. <b>Extra Space Storage (EXR)</b>	<b>2,478.5%</b>
2. CubeSmart (CUBE)	1,984.2%
3. Sun Communities (SUI)	1,812.2%
4. One Liberty Properties (OLP)	1,727.8%
5. First Industrial Realty (FR)	1,667.6%

# SOLID BALANCE SHEET

	<u>03/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
<b>Interest Coverage Ratio*:</b>	4.40	4.85	4.95	5.34	6.29
<b>Fixed Charge Ratio*:</b>	3.42	3.76	3.68	3.75	4.41
<b>Net Debt/EBITDA*:</b>	6.00	5.54	5.79	6.06	5.85
<b>Fixed Debt %:</b>	72.0%	74.1%	74.7%	70.0%	68.6%
<b>Weighted Ave. Interest Rate:</b>	3.5%	3.5%	3.3%	3.0%	3.1%
<b>Average Maturity:</b>	4.7 years	5.0 years	4.7 years	4.7 years	4.9 years
<b>Total Revolving Capacity:</b>	\$790 million	\$790 million	\$600 million	\$600 million	\$360 million
<b>ATM Capacity:</b>	\$258 million	\$258 million	\$349 million	\$349 million	\$369 million

\*EBITDA is reported quarter annualized.



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## INDUSTRY TRENDS

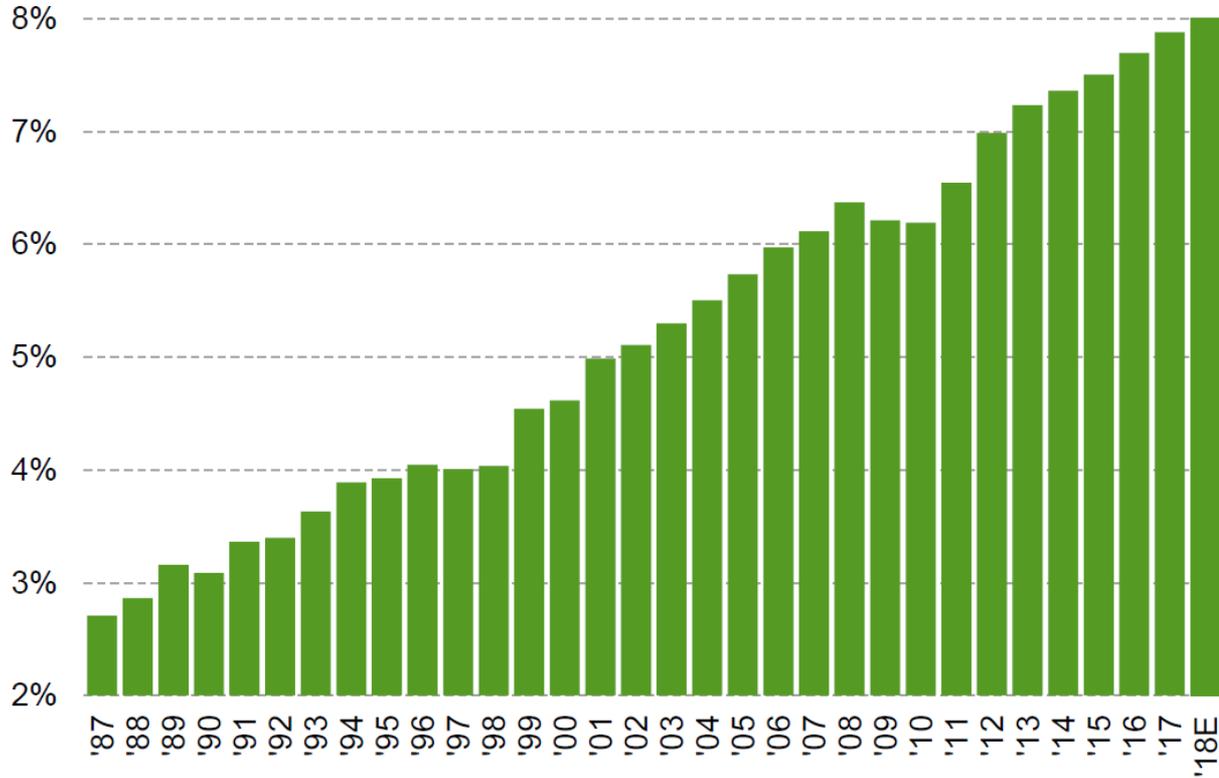


# INDUSTRY TRENDS

- Near peak occupancy levels
- Increasing utilization
- New supply in certain MSAs
- Positive rate growth
- Ownership and management consolidation
- Technology advantage of REITs

# INCREASING UTILIZATION

**Utilization**  
*% of U.S. Population Using Self-Storage*



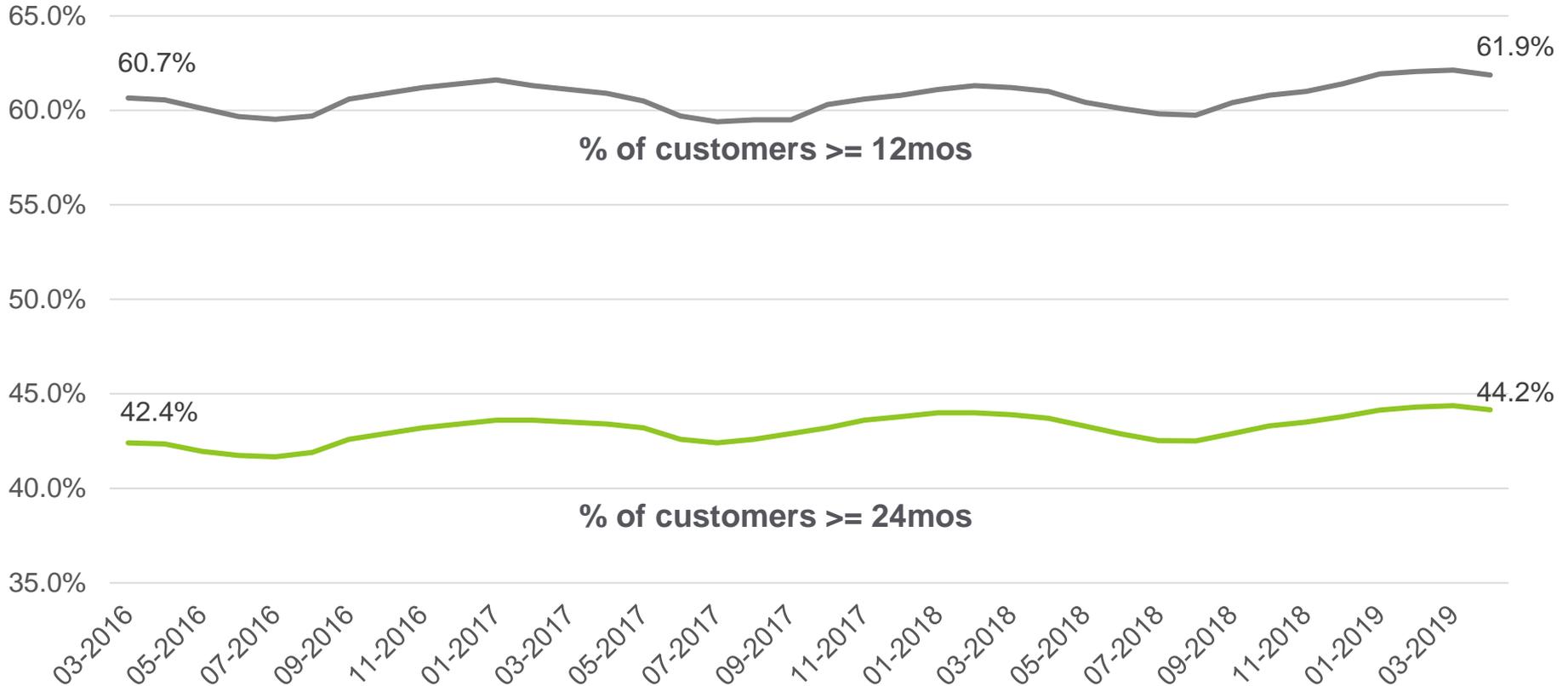
*Beyond '18?*

# CHANGES TO CONSUMER - DEMOGRAPHICS

## EXR Generational Customer Mix Vs. US Generational Mix



# INCREASING LENGTH OF STAY



\*Data measured for in-place customers mid-month to reduce volatility. 599 "Core" stores.

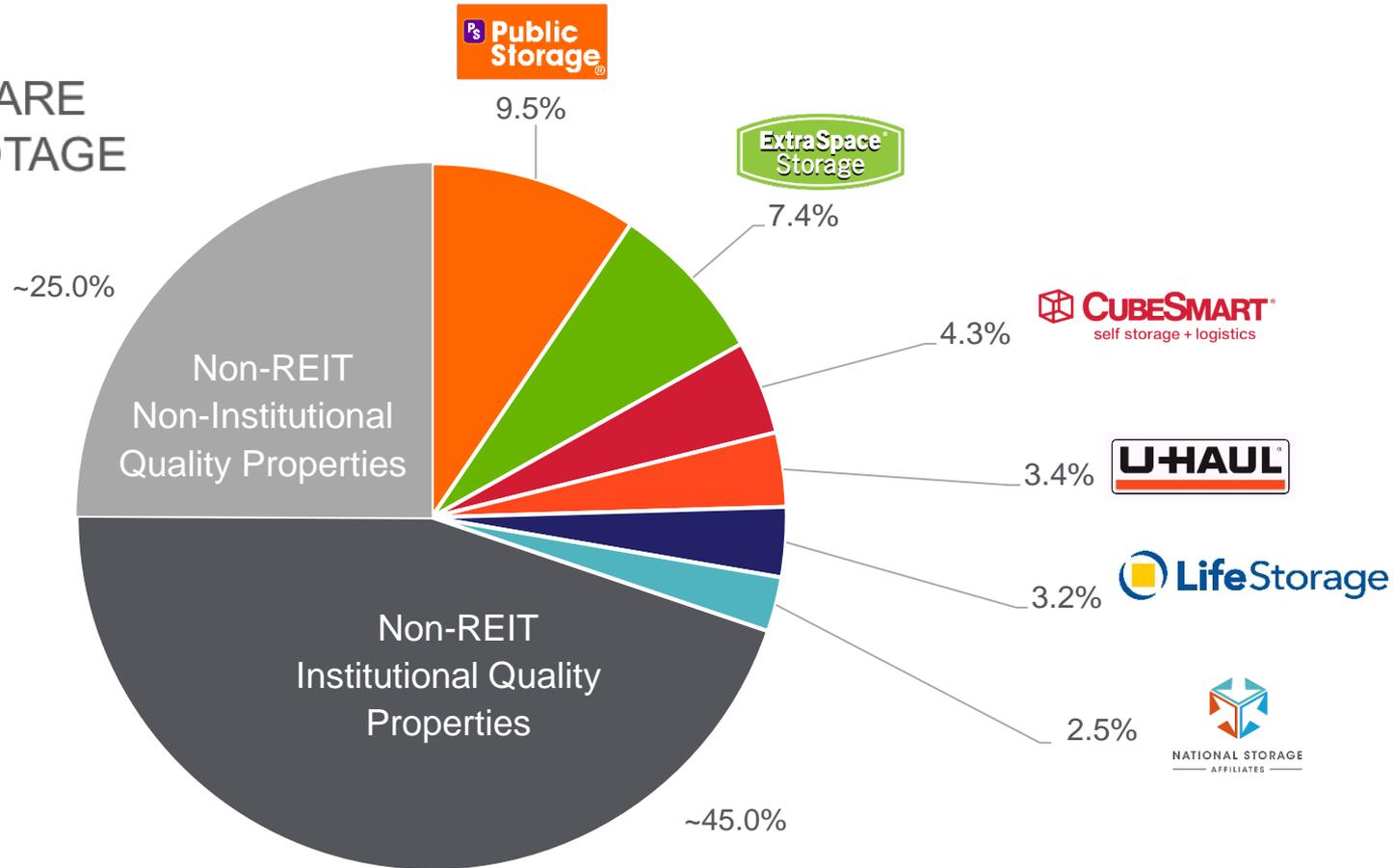


# NEW SUPPLY IN CERTAIN MARKETS

- Initially impacted primary markets, and now moving to secondary and tertiary markets
- Diversified portfolios are holding up well
- Lease-ups reverting to historical time frames
- Development yields compressing due to increased costs and moderating revenue projections
- Tighter construction lending parameters

# OPPORTUNITY FOR CONSOLIDATION

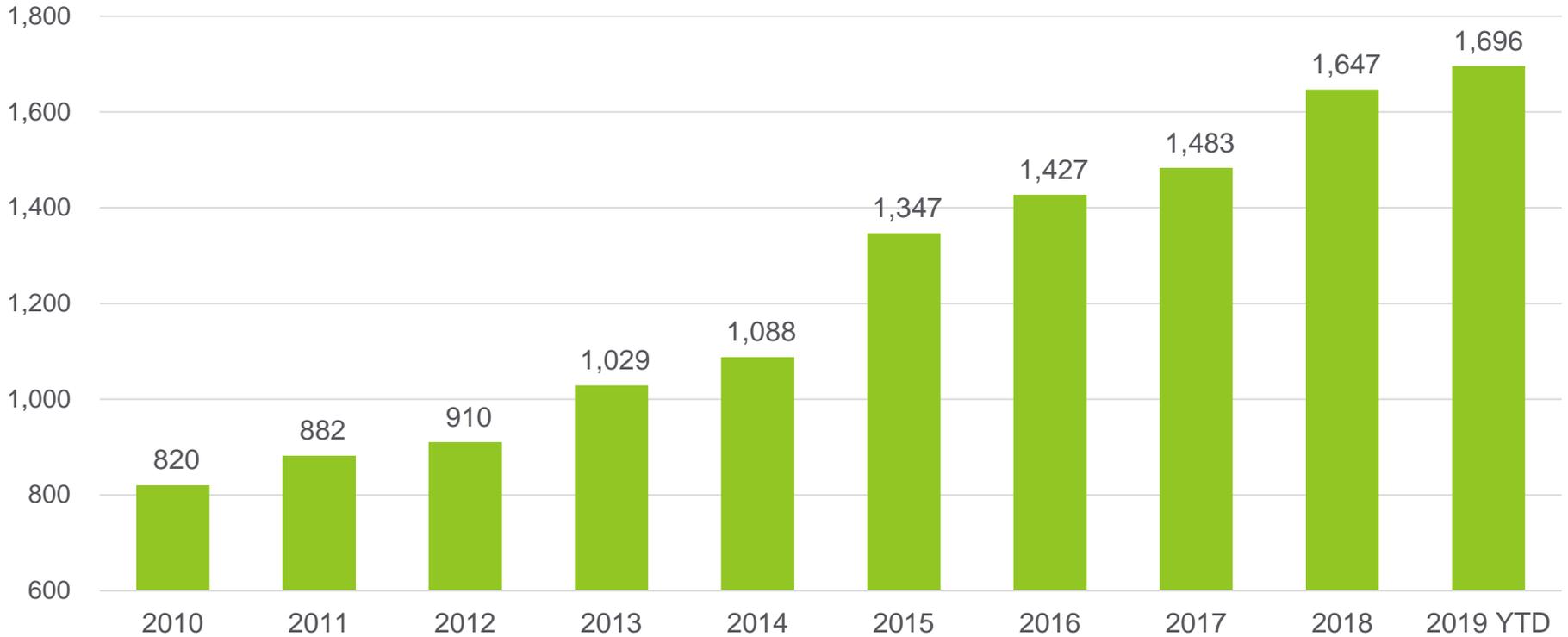
## U.S. MARKET SHARE BY SQUARE FOOTAGE



\*REIT data from public filings as of March 31, 2019. U-Haul and total U.S. storage square footage per the 2019 Self-Storage Almanac. Percentage of Institutional and Non-Institutional Quality Properties estimated by Extra Space Storage.

# CONSISTENT GROWTH

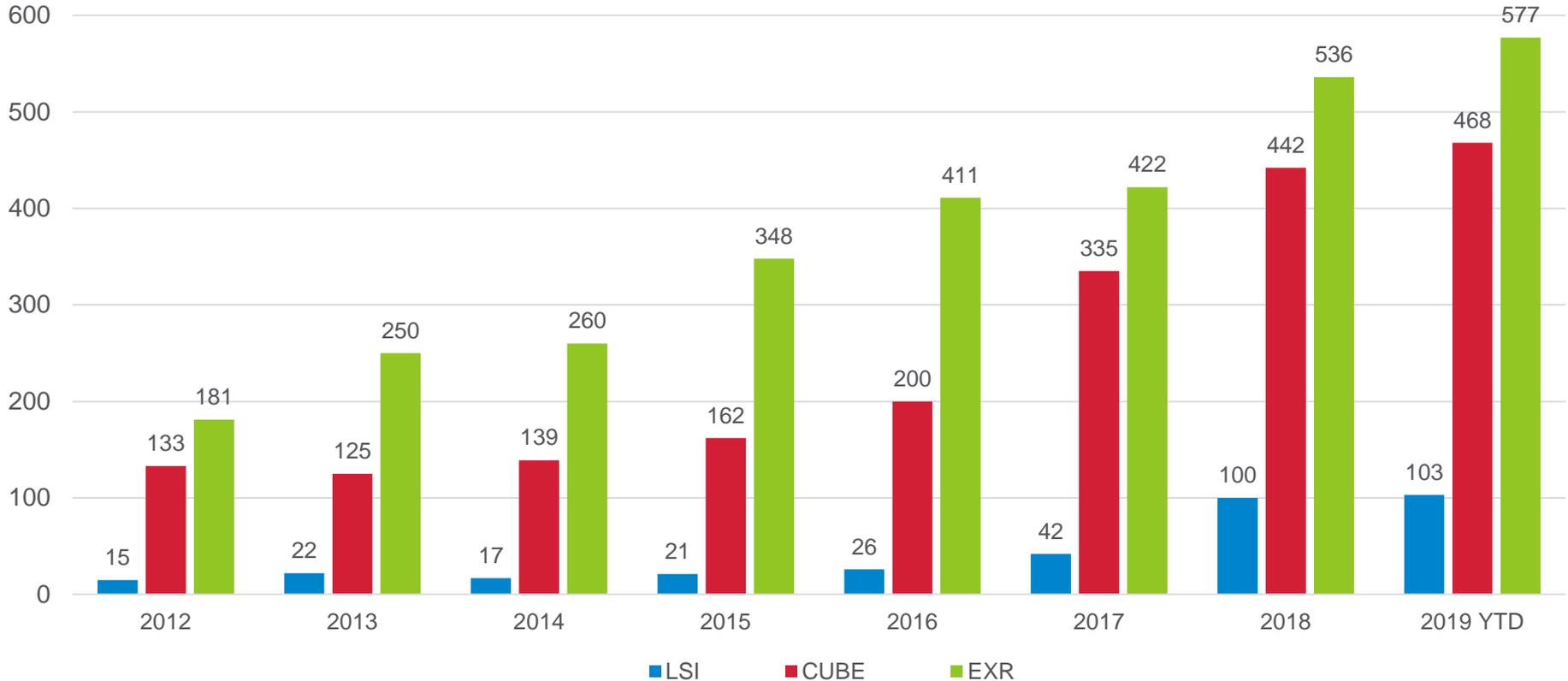
## Extra Space Storage Branded Stores



\*Data as of March 31, 2019 as reported in public filings

# THIRD-PARTY MANAGEMENT GROWTH

Total Stores Managed for Third-Party Owners (excludes joint ventures)



\*Data as of March 31, 2019 as reported in public filings. Third-party stores for Public Storage not available in public filings.

# THIRD-PARTY MANAGEMENT QUICK FACTS



*“My challenges before EXR were to stay afloat. Today, occupancy and profits are great. I have been in the business around 40 years and I could not think of the numbers or keeping the properties on the par that you (EXR) have done.”*

*-Partner since 2012, 6 stores in Florida*

## Partner Diversification

- Over 192 separate ownership groups
- 64% of stores are owned by partners with  $\leq 9$  properties
- 35-40% of 2018 additions were with new partners

## Customer Satisfaction

- Voted Best Third-Party Management 7 years in a row by ISS
- REIT, JV and Managed stores all on the same platform
- 98% partner satisfaction rating – Hulbert Consulting Group, June 2017

## 577 Third-Party Managed Stores

- 577 third party locations plus 228 in joint ventures
- All properties branded Extra Space Storage
- Nation's largest third-party management platform

## On-boarding Expertise

- Added 150 stores in 2018 (1 every 1.7 business days)
- Added 700+ stores over the last 11 years

# TECHNOLOGY ADVANTAGE

## SMALL OPERATORS



STATIC ADVERTISING



MANUAL PROCESSES



INTUITION

CUSTOMER ACQUISITION



SEARCH ENGINES



CALL CENTER



PAY-PER-CLICK



SOCIAL

PRICING



ALGORITHMIC PROPRIETARY REVENUE MANAGEMENT

DECISION MAKING



ANALYTICS



DATA



OPTIMIZATION

## EXTRA SPACE

# TECHNOLOGY AND DATA QUICK FACTS

39 Million

annual website  
views

970,000

calls to call  
center

3<sup>rd</sup> Gen

revenue  
management system

17

digital marketing  
employees

\$25  
Million+

in digital  
marketing spend

Millions

of key words bid  
daily

10 Million

website visitors

Over  
900,000

customers

Google

advisory board  
member

10

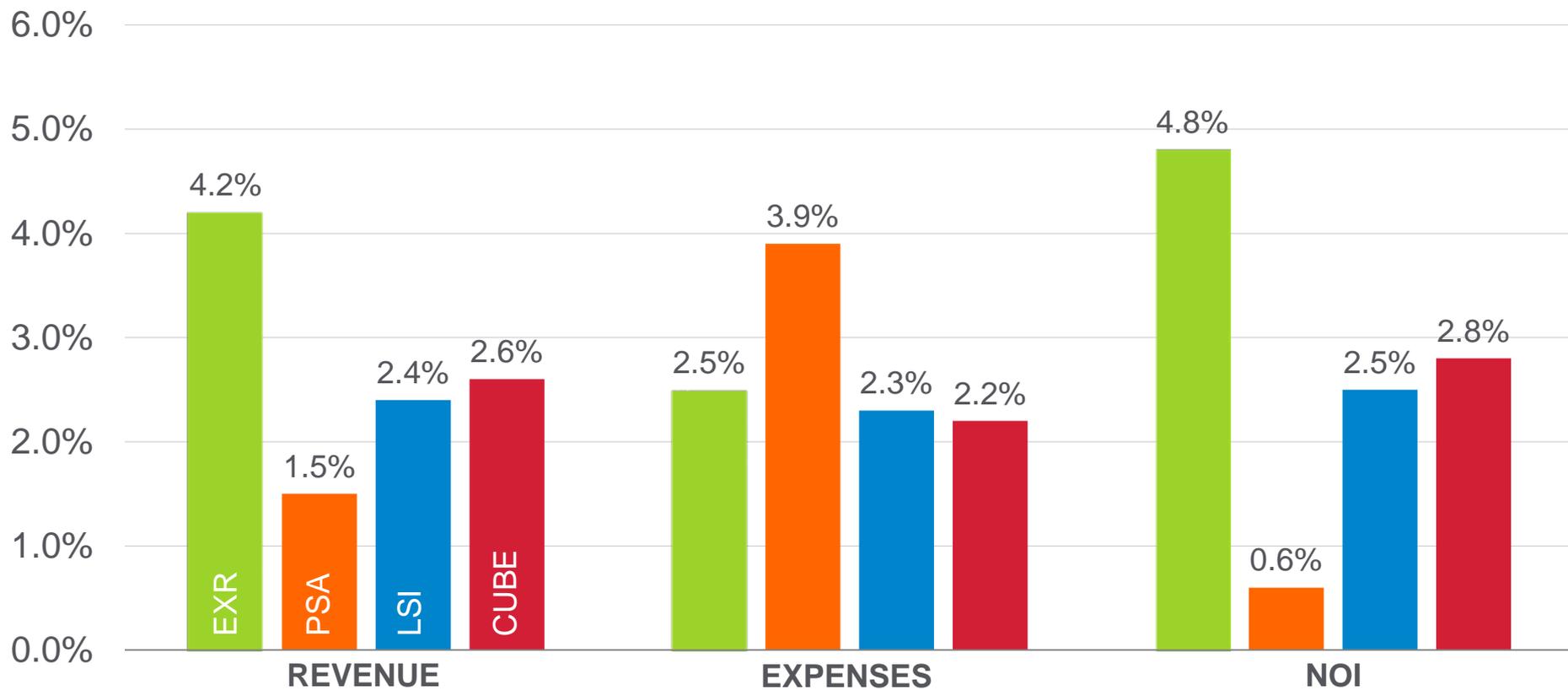
data scientists  
and pricing  
analysts



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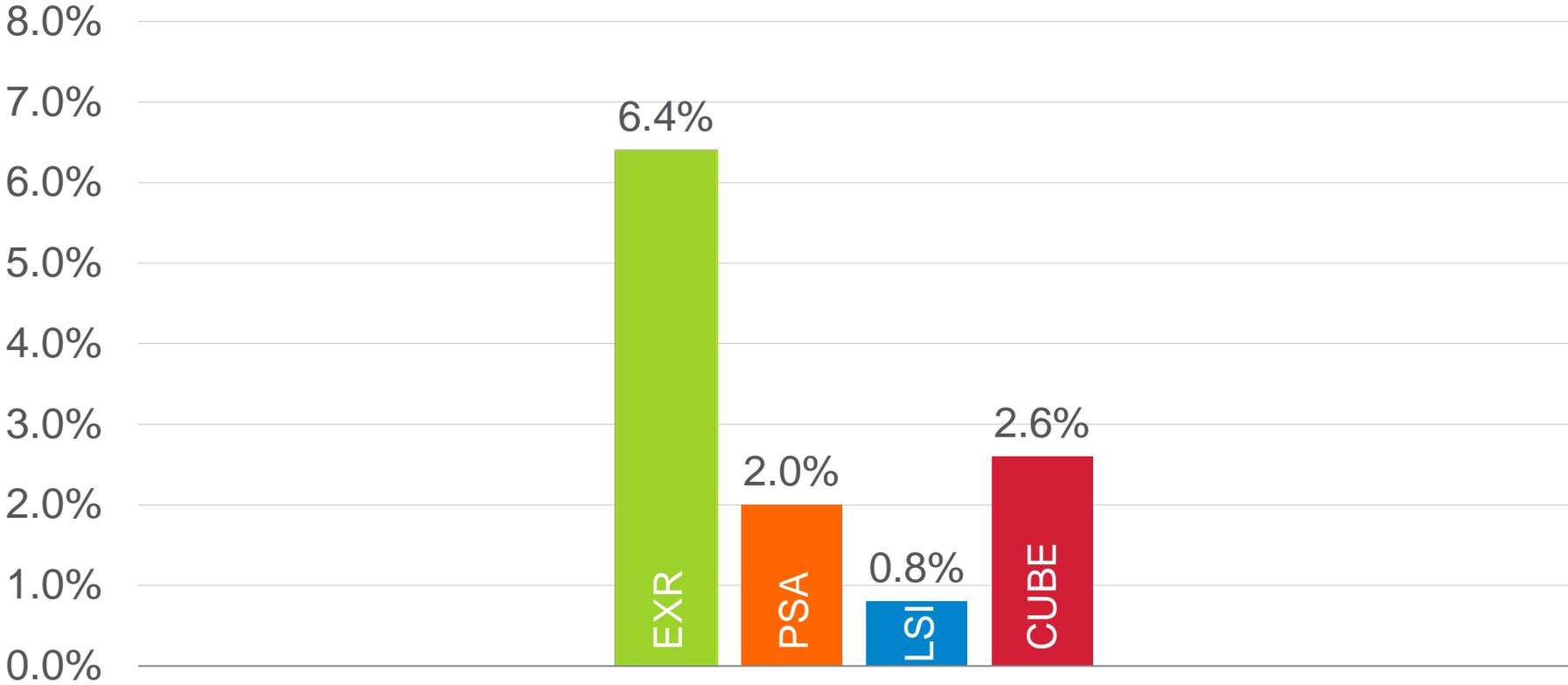
**QUARTERLY UPDATE**

# 2019 Q1 SAME-STORE PERFORMANCE\*



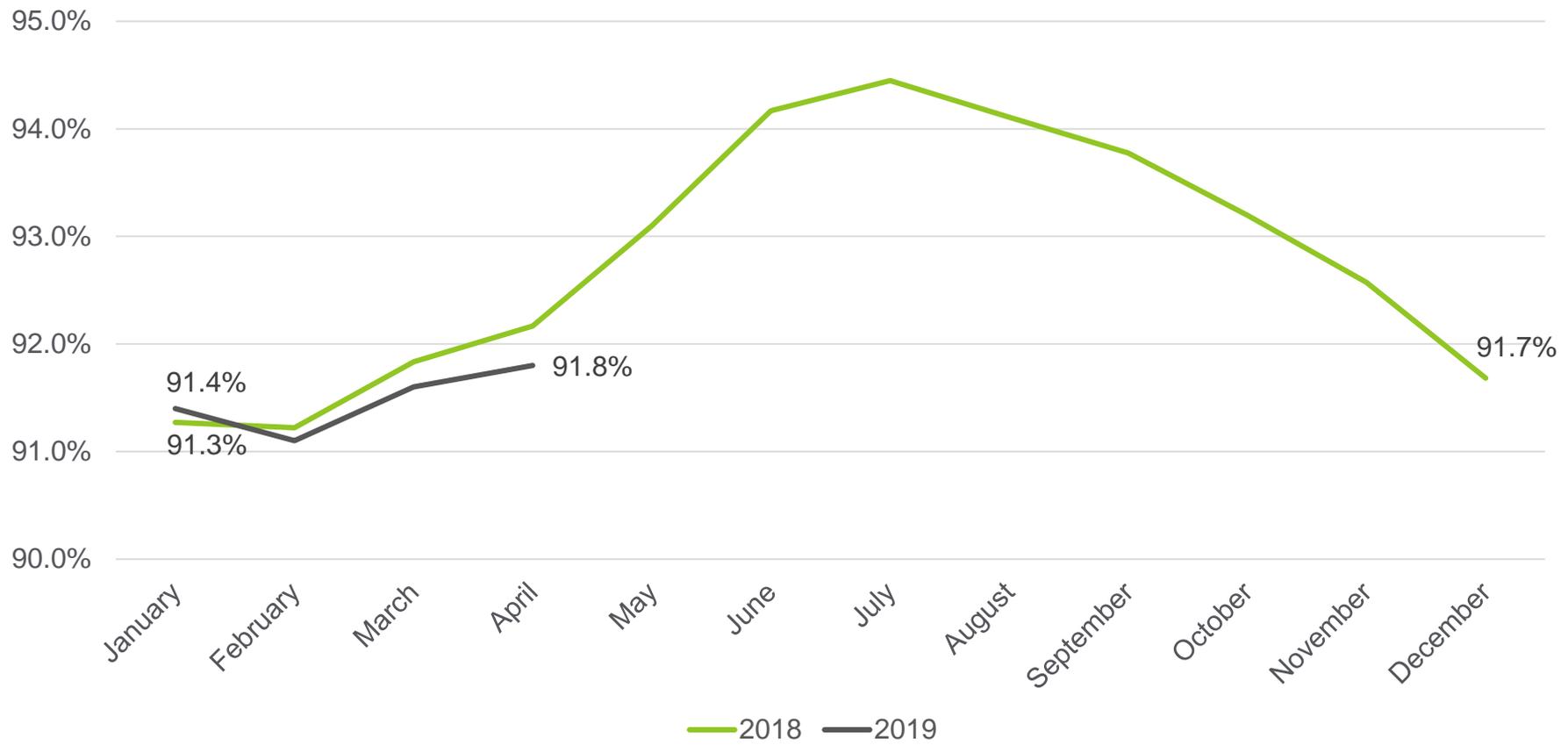
\* CUBE results include the benefit from tenant insurance revenue. Data as of March 31, 2019 as reported in public filings.

# 2019 Q1 CORE FFO PER SHARE GROWTH



\*Data as of March 31, 2019 as reported in public filings.

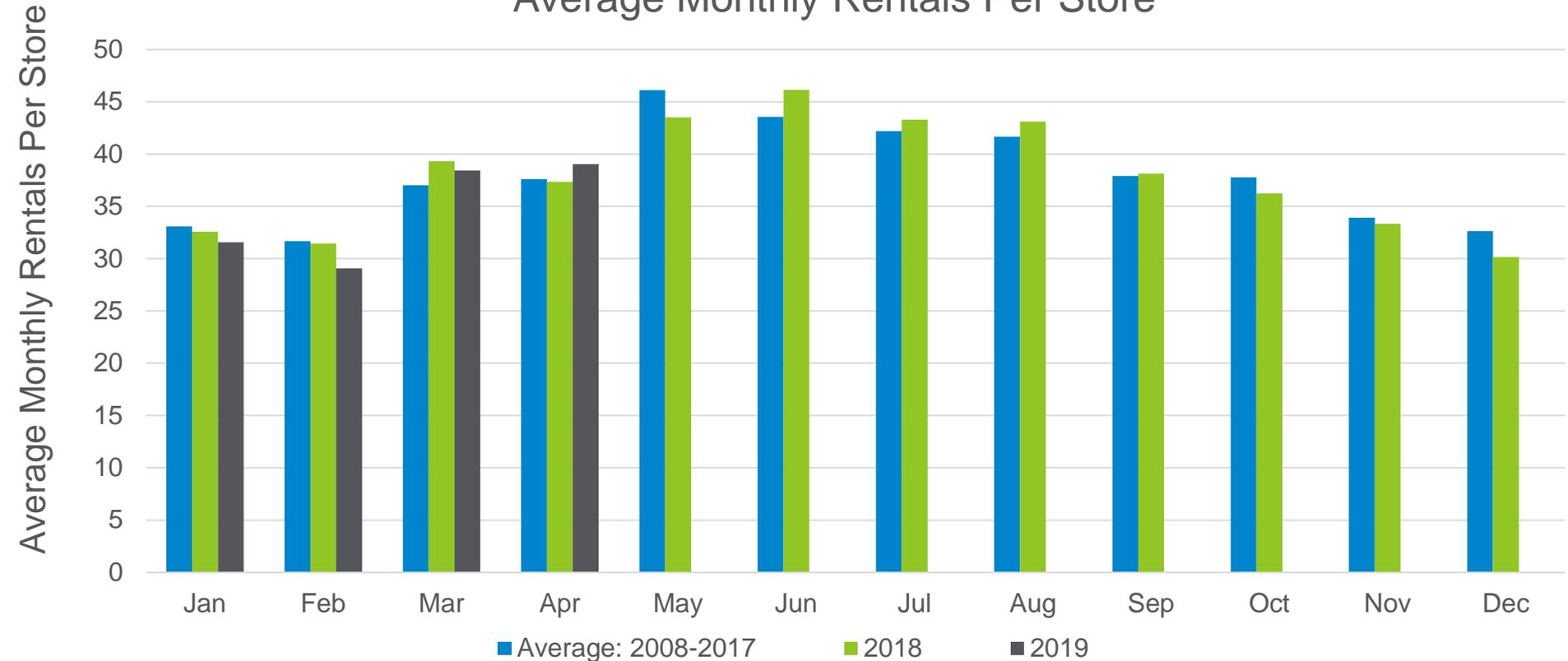
# OCCUPANCY TRENDS – SAME-STORE POOL



\*Data for "Same-store" pool of 821 stores

# STRONG RENTAL ACTIVITY

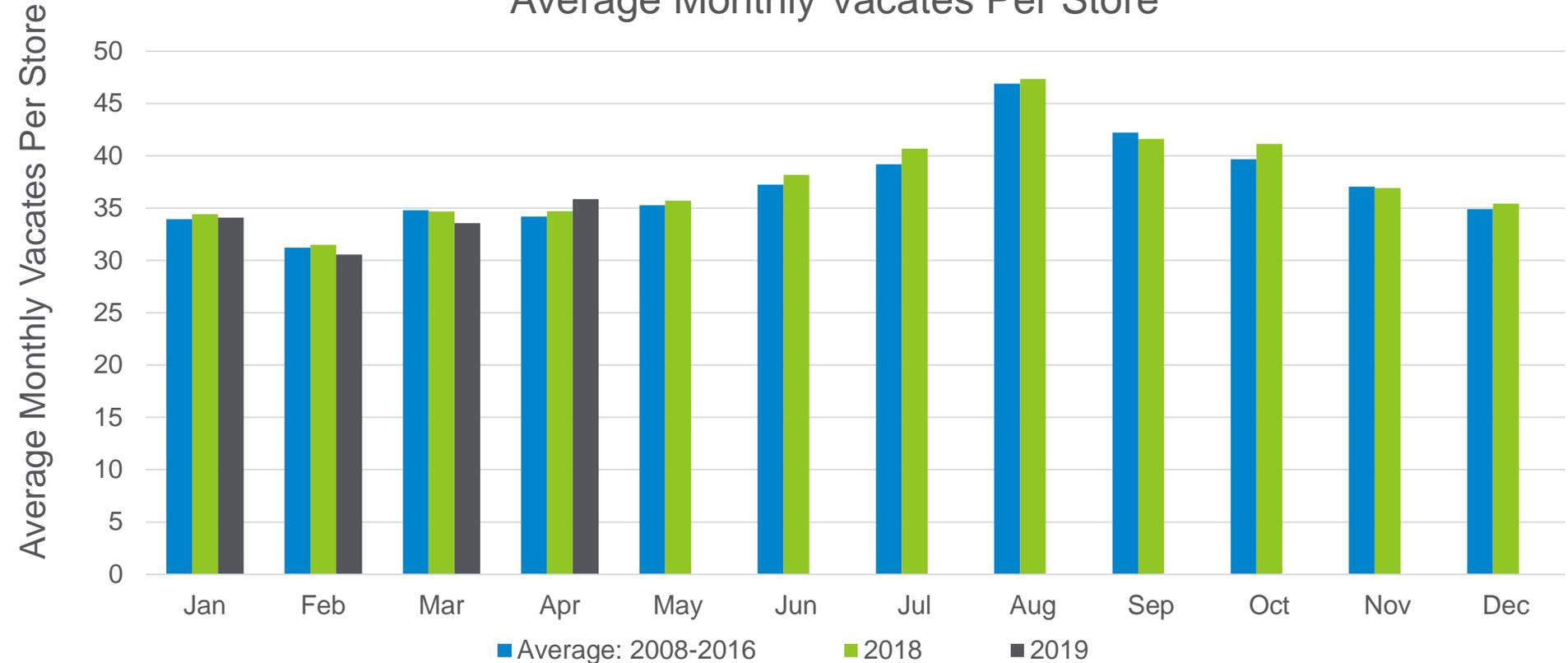
## Average Monthly Rentals Per Store



\*Data for "Core" pool of 597 stores

# STABLE VACATES

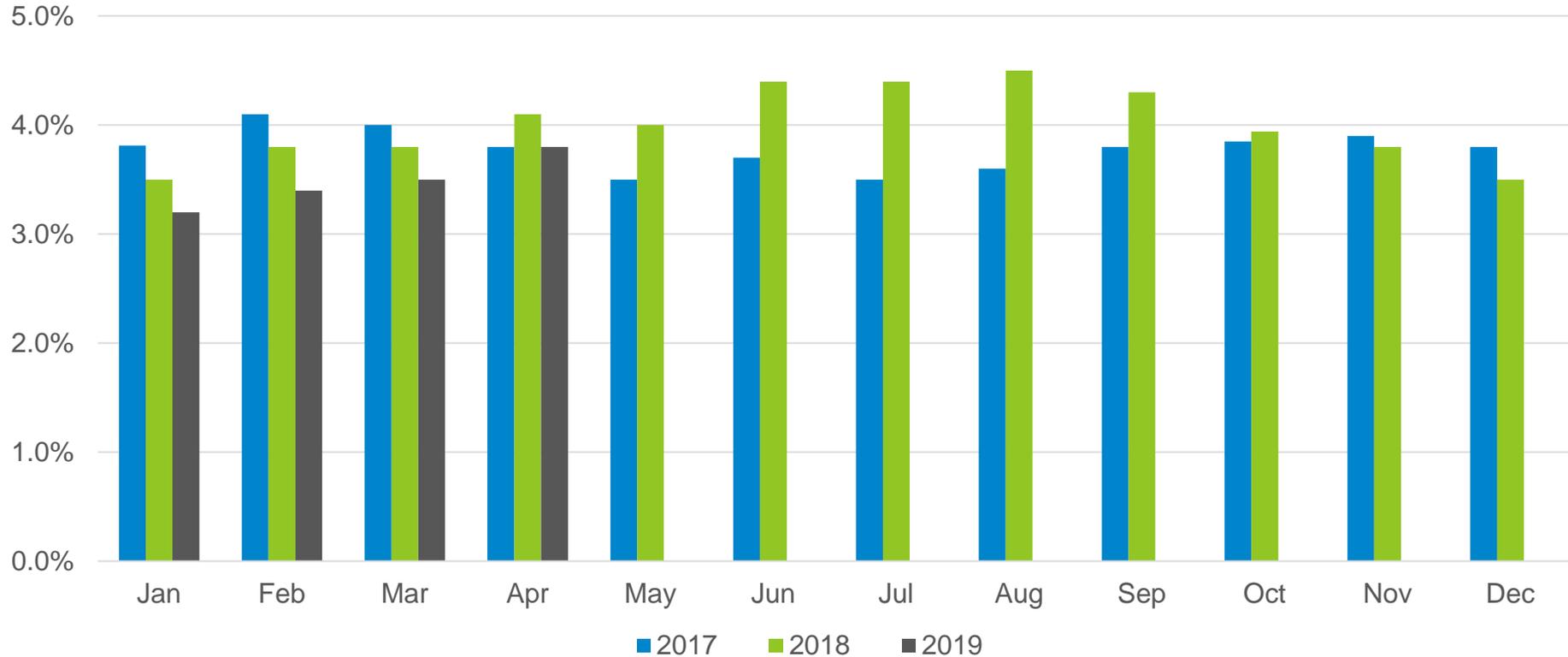
## Average Monthly Vacates Per Store



\*Data for "Core" pool of 597 stores

# DISCOUNT TRENDS

## Discounts as a Percentage of Rental Revenue



\*Data for "Core" pool of 597 stores

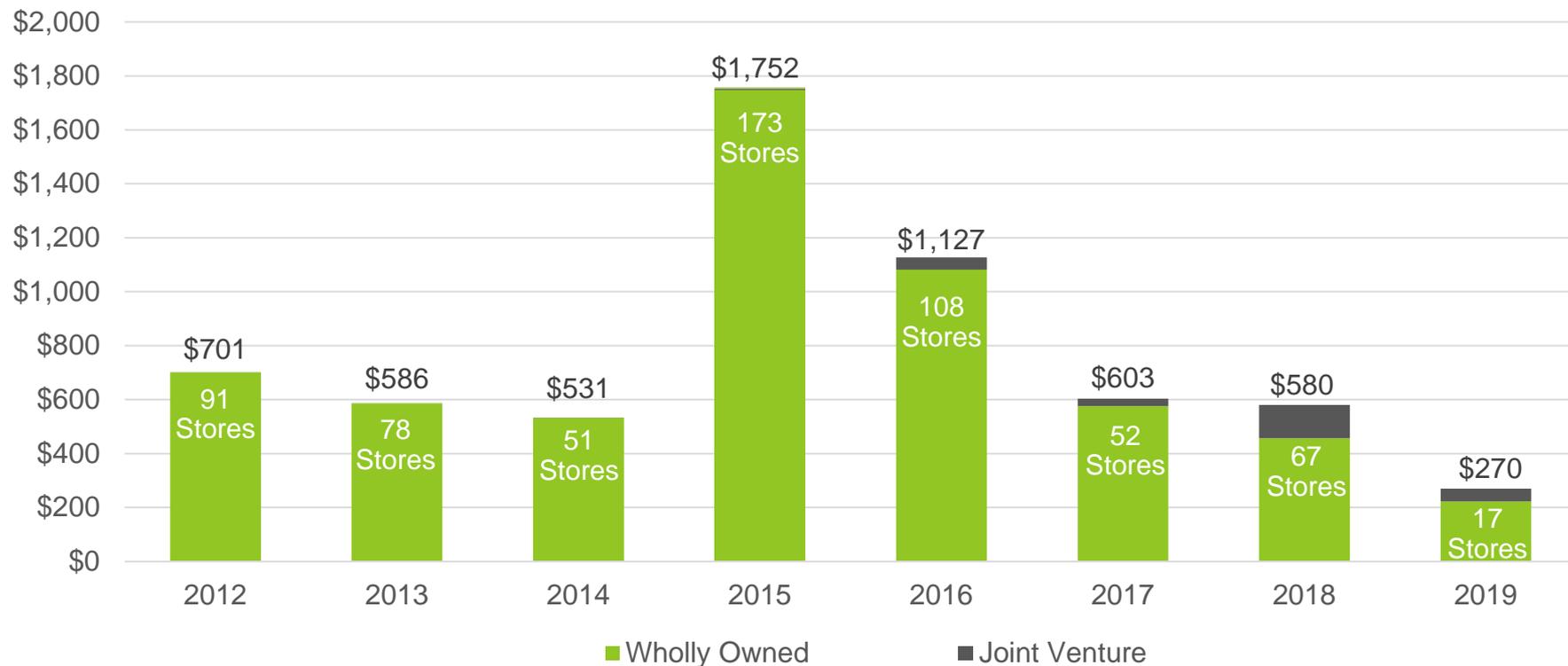


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**ACQUISITIONS AND REDEVELOPMENT**

# ROBUST ACQUISITION ACTIVITY

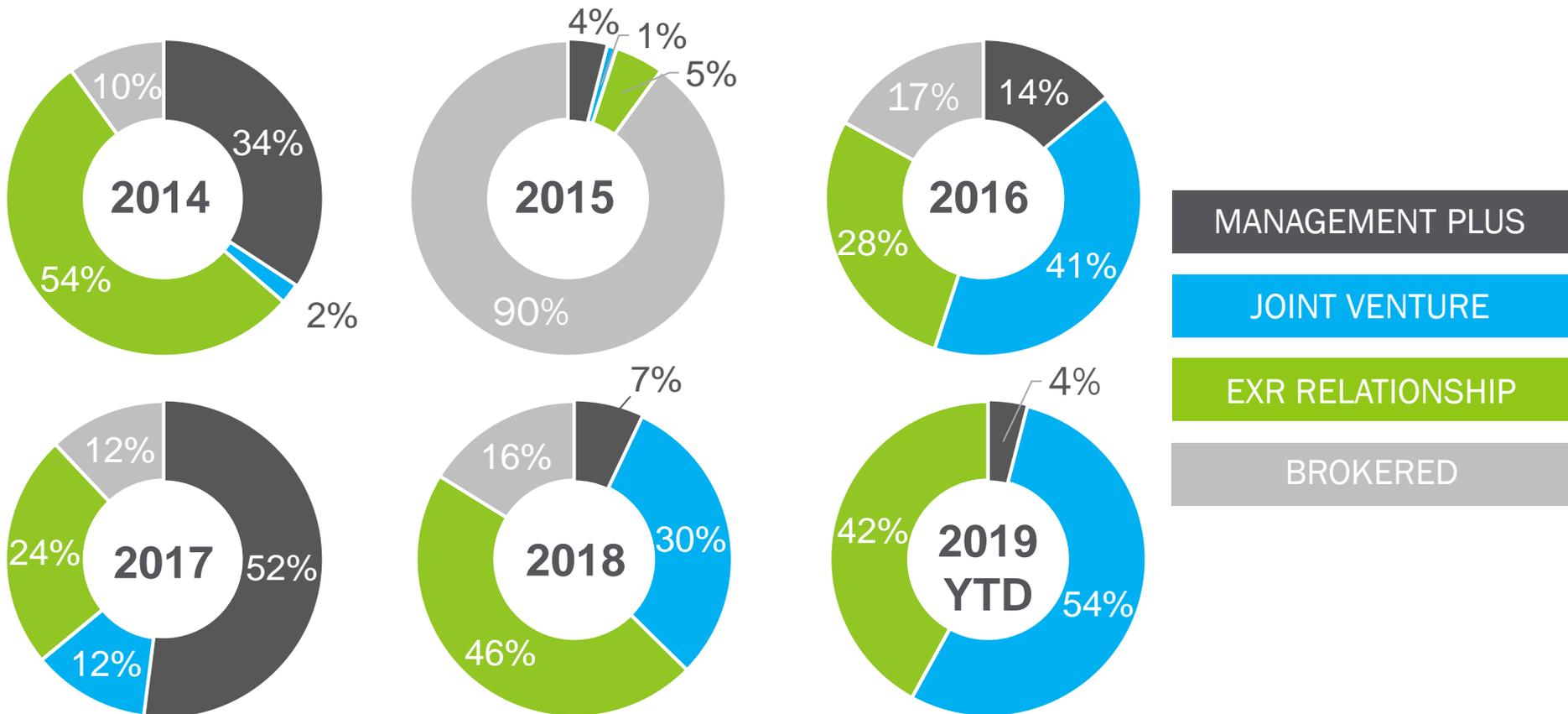
Annual Acquisition Volume  
(\$ in millions)



\*As of 1<sup>st</sup> Quarter Earnings Release dated April 30, 2019. Investments in joint ventures are considered at EXR net investment in the joint venture.

# SOURCES OF ACQUISITIONS

Percentage of Annual Acquisition Investment by Seller Type



\*As of 1<sup>st</sup> Quarter Earnings Release dated April 30, 2019.

# CERTIFICATE OF OCCUPANCY & DEVELOPMENT ACTIVITY

	WHOLLY-OWNED		JOINT VENTURE		
	STORES	PRICE	STORES	PRICE	EXR INV.
2014 CLOSED	2	\$29.3M	-	-	-
2015 CLOSED	5	\$46.1M	2	\$21.5M	\$8.6M
2016 CLOSED	8	\$79.6M	9	\$150.6M	\$45.6M
2017 CLOSED	9	\$110.2M	7	\$87.4M	\$26.7M
2018 CLOSED	5	\$68.5M	18	\$216.4M	\$64.1M
2019 CLOSED	2	\$29.8M	6	\$191.1M	\$45.7M
2019 to CLOSE	4	\$43.4M	6	\$109.6M	\$32.8M
2020+ to CLOSE	4	\$38.3M	2	\$26.9M	\$12.0M

\*As of 1<sup>st</sup> Quarter Earnings Release dated April 30, 2019. Stores are included in projected to close totals once they are under agreement.



# REDEVELOPMENT & CERTIFICATE OF OCCUPANCY STRATEGY

- Enhance NOI at existing properties, by increasing NRSF and optimizing unit mix
- Maintain balanced average portfolio life through addition of new, purpose-built assets in key markets
- Reduce effective age of existing assets through redevelopment in high-rent markets
- Improve Extra Space Storage brand consistency throughout portfolio

# PROACTIVE SITE REDEVELOPMENT: BEFORE



ALEXANDRIA, VA

# PROACTIVE SITE REDEVELOPMENT: AFTER



ALEXANDRIA, VA

# SITE EXPANSION

Project Cost: \$2.8 million

SF Added: 20,500

Expected ROI: 9.1%

ExtraSpace Storage

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CHARLOTTE, NC

# CERTIFICATE OF OCCUPANCY

Extra Space Storage

BROOKLYN, NY



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## APPENDIX

# NON-GAAP FINANCIAL MEASURES

## Definition of FFO:

FFO provides relevant and meaningful information about the Company's operating performance that is necessary, along with net income and cash flows, for an understanding of the Company's operating results. The Company believes FFO is a meaningful disclosure as a supplement to net income. Net income assumes that the values of real estate assets diminish predictably over time as reflected through depreciation and amortization expenses. The values of real estate assets fluctuate due to market conditions and the Company believes FFO more accurately reflects the value of the Company's real estate assets. FFO is defined by the National Association of Real Estate Investment Trusts, Inc. ("NAREIT") as net income computed in accordance with U.S. generally accepted accounting principles ("GAAP"), excluding gains or losses on sales of operating stores and impairment write downs of depreciable real estate assets, plus depreciation and amortization related to real estate and after adjustments to record unconsolidated partnerships and joint ventures on the same basis. The Company believes that to further understand the Company's performance, FFO should be considered along with the reported net income and cash flows in accordance with GAAP, as presented in the Company's consolidated financial statements. FFO should not be considered a replacement of net income computed in accordance with GAAP.

For informational purposes, the Company also presents Core FFO, which in previous quarters was referred to as FFO as adjusted. There have been no definitional changes between FFO as adjusted and Core FFO. Core FFO excludes revenues and expenses not core to our operations and non-cash interest. Although the Company's calculation of Core FFO differs from NAREIT's definition of FFO and may not be comparable to that of other REITs and real estate companies, the Company believes it provides a meaningful supplemental measure of operating performance.

(Continued from previous slide)

The Company believes that by excluding revenues and expenses not core to our operations, the costs related to acquiring stores and non-cash interest charges, stockholders and potential investors are presented with an indicator of its operating performance that more closely achieves the objectives of the real estate industry in presenting FFO.

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