



# **EXTRA SPACE STORAGE INC.**

Acquisition of SmartStop Self Storage, Inc.

June 2015

# Disclaimer

## Forward-Looking Statements:

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 based on current expectations, forecasts and assumptions that involve risks and uncertainties that could cause actual outcomes and results to differ materially. These statements involve risks and uncertainties that could cause actual results to differ materially from those reflected in such statements, including the expected timing, completion, benefits and other effects of Extra Space's acquisition of SmartStop, the company's ability to successfully complete debt and equity financings to fund the SmartStop acquisition, and its ability to improve operations at existing SmartStop stores. For a further list and description of risks and uncertainties related to Extra Space, see the reports filed by the company with the Securities and Exchange Commission (SEC), including the company's most recent annual report on Form 10-K and quarterly reports on Form 10-Q. The company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Extra Space has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should carefully read the preliminary prospectus supplement and the accompanying prospectus, together with the information incorporated by reference therein, that Extra Space or the underwriters provide you in connection with the offering, for more information about Extra Space and the offering. You may obtain those documents for free by visiting the SEC's website at [www.sec.gov](http://www.sec.gov).

For definitions of terms and reconciliations for certain financial measures disclosed herein, including but not limited to adjusted funds from operations (AFFO), please see the company's earnings press release issued on April 29, 2015 for the quarter ended March 31, 2015, available in the investor relations section of the company's website located at [www.extraspace.com](http://www.extraspace.com).



# SmartStop Acquisition Summary

- Public non-traded REIT, founded as Strategic Storage Trust in 2007 by H. Michael Schwartz.
- On September 4, 2014, SmartStop Self Storage, Inc. was incorporated upon the merger of multiple closely held entities including two REITs, an advisor and a management company.
- Currently the 7<sup>th</sup> largest self-storage owner and operator based on square footage<sup>(1)</sup>.



Owned Stores to be Acquired	121 Stores in 17 States
Managed Contracts to be Assumed	43 Stores in 12 States
Total Acquisition Cost <sup>(2)</sup>	\$1.29 Billion
Top 5 States	California Georgia South Carolina Texas Florida
Expected Closing	4Q 2015



(1) Source: Mini-Storage Messenger 2015 Self-Storage Almanac.

(2) Includes \$65 million of working capital.

# Strategic Rationale

Scale	<ul style="list-style-type: none"><li>• Gain additional scale in markets where EXR already has a strong operating presence.</li><li>• SmartStop stores fit well within existing footprint.</li><li>• Opportunity for larger Internet presence.</li></ul>
Quality	<ul style="list-style-type: none"><li>• The portfolio includes well-located, high-quality physical facilities.</li><li>• Attractive demographic characteristics and concentration in growth markets.</li></ul>
Value	<ul style="list-style-type: none"><li>• Occupancy and rate driven revenue gains.</li><li>• Other income opportunities (management fees, tenant insurance, etc.).</li><li>• Cost savings through economies of scale at existing stores.</li></ul>
Growth	<ul style="list-style-type: none"><li>• Adds 121 owned stores to the current portfolio.</li><li>• EXR will manage 43 additional stores on a third-party basis.</li><li>• Managed locations provide future acquisition opportunities.</li></ul>
On-Going Relationship	<ul style="list-style-type: none"><li>• SmartStop has two other self-storage funds that are raising capital and building additional portfolios.</li><li>• These funds will be managed by EXR and may present acquisition opportunities upon liquidation.</li></ul>



# Expected Financing of SmartStop Acquisition

## Equity Financing:

- Equity offering of 5,000,000 shares.
  - Potential 15.0% green shoe option of 750,000 shares.

## Debt Financing:

- \$600 million via CMBS or bank loans.
- \$300 million via secured lines of credit.

### Sources

Common Equity <sup>(1)</sup>	\$390 million
Term Mortgage Financing	600 million
Secured Lines of Credit	300 million
<b>Total Sources</b>	<b>\$1,290 million</b>

### Uses

Acquisition of SmartStop	\$1,225 million
Working Capital	65 million
<b>Total Uses</b>	<b>\$1,290 million</b>

(1) Includes the exercise of the over-allotment option.



# Pro Forma Capitalization

Pro forma for the transaction, overall leverage remains below 30%

(in thousands, except stock price)

Capitalization			
	As of 3/31/15	Transaction Adjustments	Pro Forma
EXR Stock Price on 6/12/15	\$67.20		\$67.20
Total Common Stock Equivalents <sup>(1)</sup>	123,895	5,804	129,699
<b>Equity Market Capitalization</b>	<b>\$8,325,744</b>		<b>\$8,715,744</b>
Total Debt (at face value)	2,441,547	900,000	3,341,547
<b>Total Enterprise Value</b>	<b>\$10,767,291</b>		<b>\$12,057,291</b>
<b>Debt / Total Enterprise Value</b>	<b>22.7%</b>		<b>27.7%</b>



Source: Company filings.

(1) Assumes full exercise of underwriters' option to purchase additional shares.

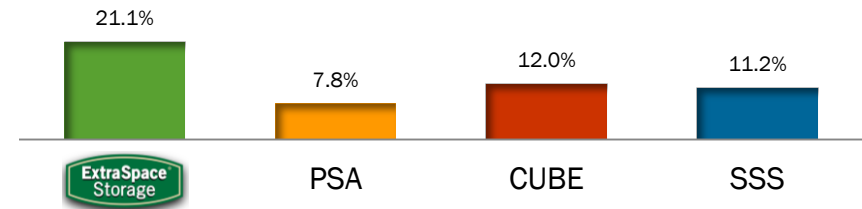
# Extra Space Storage Snapshot

## Company Overview (as of 3/31/15)

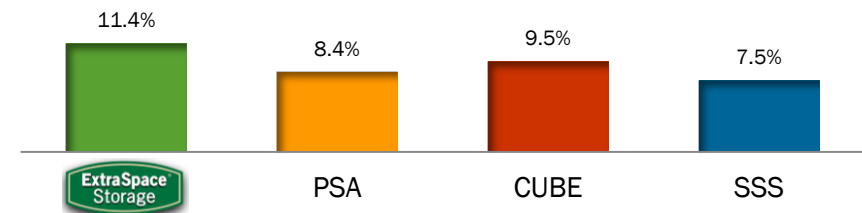
Initial Public Offering	2004
Equity Market Capitalization	\$8.3 Billion
Total Enterprise Value	\$10.8 Billion
<b>Properties</b>	
Wholly Owned	565
Joint Venture	270
Managed	271
<b>Total</b>	<b>1,106</b>
Net Rentable Square Feet	81.8 Million
Rent per Occupied SF <sup>(1)</sup>	\$15.44
Same Store Occupancy	92.5%
Same Store NOI Growth (1Q15)	11.4%

## Peer Comparison

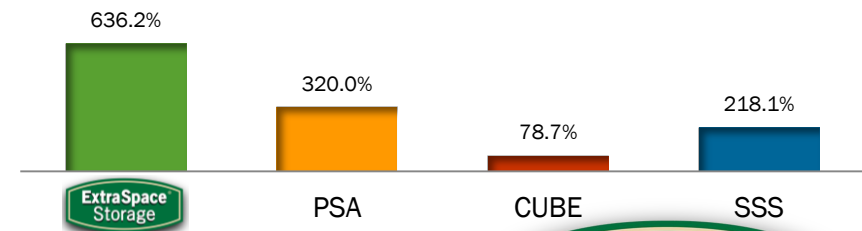
### Q1 2015 Year-over-year AFFO Growth



### Q1 2015 Same Store NOI Growth



### 10 Year Total Return<sup>(2)</sup>



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Source: Company filings.

(1) Average rent per occupied square foot for the same store portfolio, excluding parking SF.

(2) "KeyBanc Leaderboard" as of June 5, 2015.

# SmartStop Portfolio Snapshot

Stores to be Acquired <sup>(1)</sup> :	121 Stores
Stores to be Managed:	43 Stores
Total Stores Added to Platform:	164 Stores
Net Rentable SF Acquired:	9,892,105 SF
Units Acquired:	75,032 Units
3/31/2015 Occupancy <sup>(2)</sup> :	87.4%
States:	21 States
Average Store Age:	15 Years
3 Mile Population Density:	85K
3 Mile Household Income:	\$59K



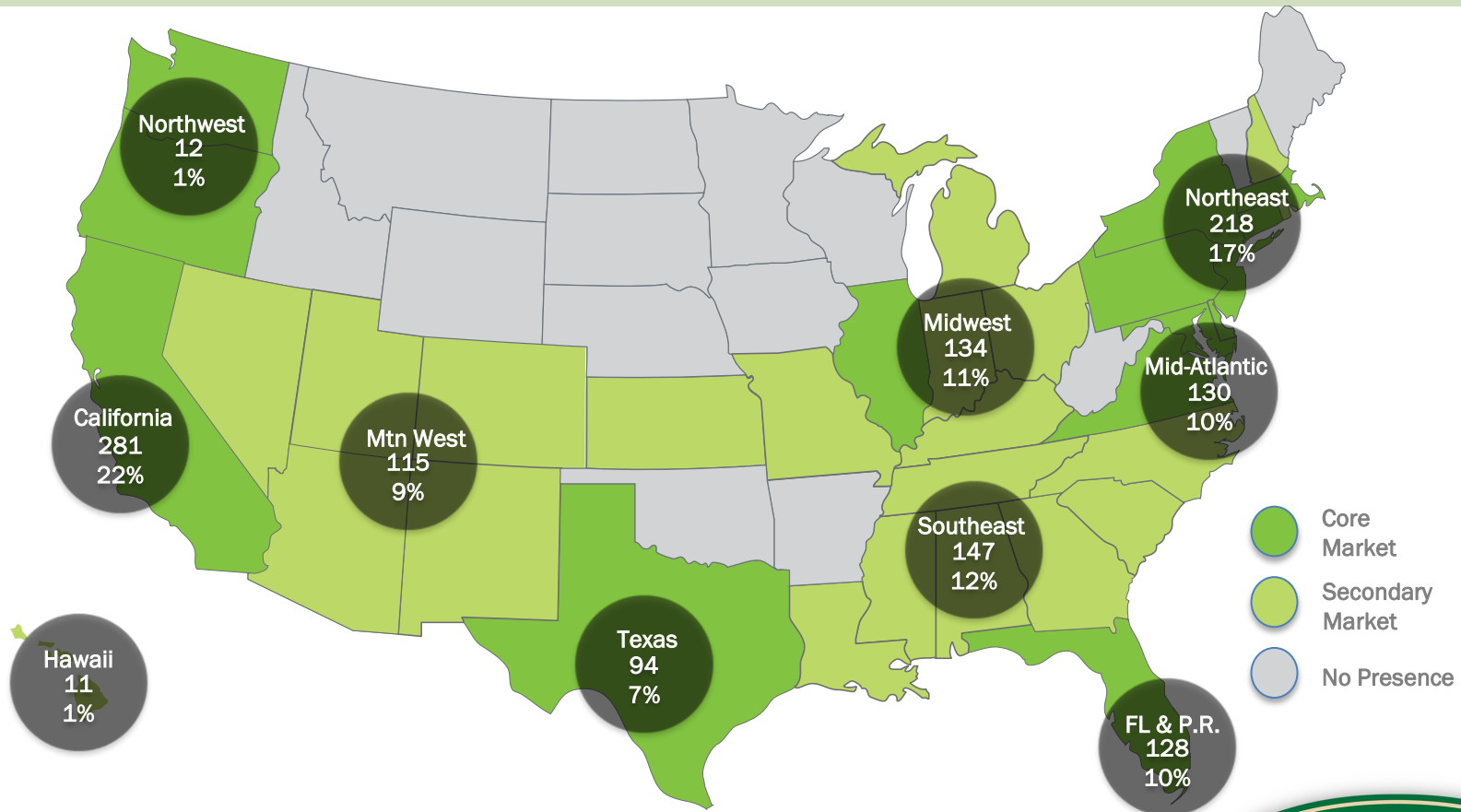
(1) SmartStop Self Storage, Inc. owns 127 stores as well as minority interests in two stores in Alabama, but will transfer ownership of one store in California, five stores in Ontario, Canada, and their minority interests in the Alabama stores prior to closing. EXR will not acquire these assets.

(2) Stores to be acquired.



# EXR Portfolio – Post Acquisition<sup>(1)</sup>

Overlapping portfolios should provide efficient integration of the SmartStop portfolio



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(1) Assumes EXR store count of 1,106 as of March 31, 2015 plus 121 stores to be acquired and 43 stores to be managed.

# Top 10 State Overlap

The majority of SmartStop's portfolio is located in markets where EXR currently operates, allowing management to improve performance of the SmartStop portfolio.

EXR Properties		
State	Stores <sup>(1)</sup>	%
California	255	23%
Florida	113	10%
Texas	79	7%
New Jersey	68	6%
Maryland	52	5%
Massachusetts	50	5%
Virginia	49	4%
Georgia	37	3%
Ohio	35	3%
New York	34	3%
<b>Top 10 States</b>	<b>772</b>	<b>70%</b>

SmartStop Properties		
State	Stores <sup>(1)</sup>	%
California	26	16%
Georgia	22	13%
South Carolina	15	9%
Texas	15	9%
Florida	11	7%
Nevada	10	6%
Illinois	8	5%
New Jersey	7	4%
Arizona	6	4%
North Carolina	6	4%
<b>Top 10 States</b>	<b>126</b>	<b>77%</b>

Pro Forma		
State	Stores <sup>(1)</sup>	%
California	281	22%
Florida	124	10%
Texas	94	7%
New Jersey	75	6%
Georgia	59	5%
Virginia	55	4%
Maryland	53	4%
Massachusetts	50	4%
Pennsylvania	38	3%
Illinois	38	3%
<b>Top 10 States</b>	<b>867</b>	<b>68%</b>



Source: Company filings.

Note: Grey shading indicates state that remains in EXR's top 10 pro forma for transaction.

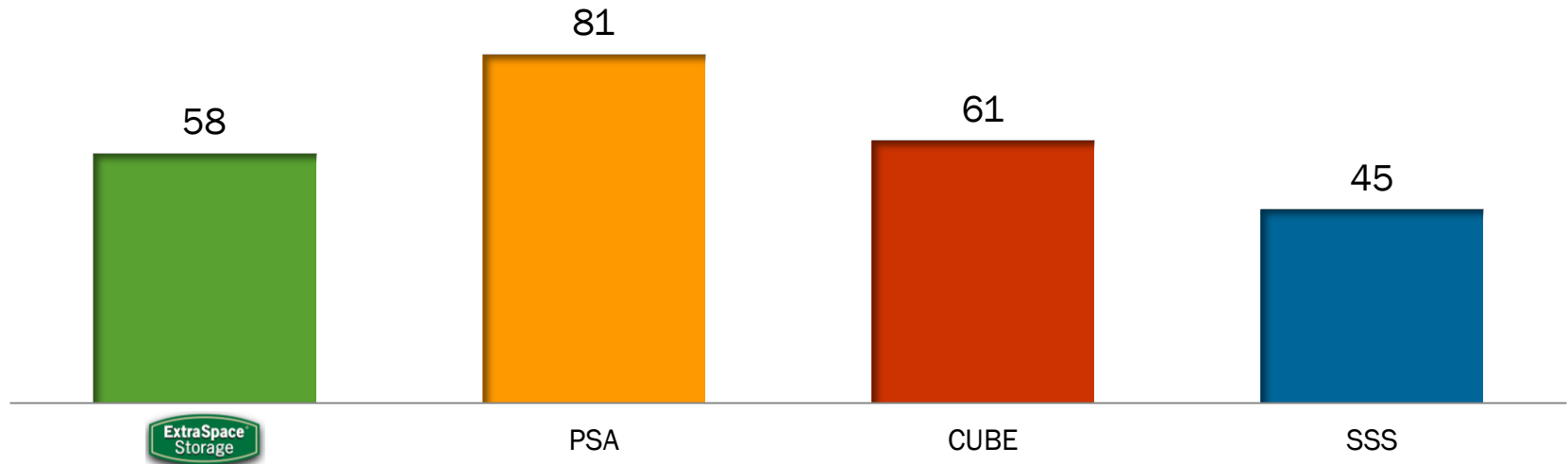
(1) Includes wholly owned, joint venture and managed stores.

# High Quality Locations

SmartStop has strong portfolio overlap with high quality public REIT locations.

87.7% of the portfolio is located within 5 miles of a public REIT's property.

## SmartStop Stores within 5 Miles of Public REIT Location

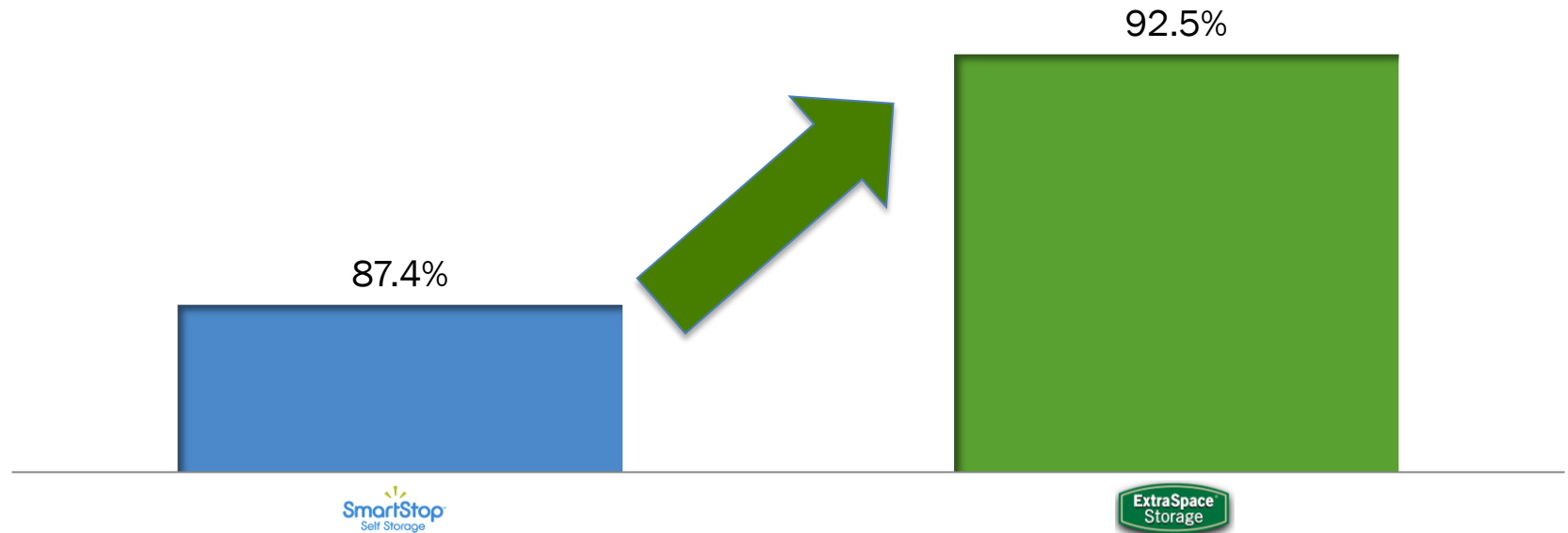


Source: Company filings and company websites.

# Portfolio Upside Potential

EXR's experience and expertise in driving occupancy should increase occupancy in the SmartStop portfolio

## Portfolio Occupancy<sup>(1)</sup>



Source: Company filings.

(1) EXR reflects same store portfolio.



# Pro Forma Portfolio Metrics

Rent per Occupied Square Foot<sup>(1)</sup>

Occupancy<sup>(2)</sup>

3 Mile HH Income<sup>(3)</sup>

3 Mile Population<sup>(3)</sup>



Source: Company filings, Evercore ISI Self Storage Flipbook 4Q 2014, ESRI.  
 (1) Average rent per occupied square foot for the same store portfolio, excluding parking SF.  
 (2) EXR reflects square footage of same store portfolio and SStop reflects acquired stores.  
 (3) Reflects wholly-owned stores.

# Integration and Transition

## Track Record

- Integration of stores onto the EXR platform is a core competency.
- EXR has acquired more than \$2 billion in stores over the last 4 years. The Company has also integrated 250 managed stores onto the platform since 2011.
- Acquired Storage USA in 2005 (458 stores for \$2.3 billion).

## Operations

- Existing operational presence in or near all of the markets of the acquired sites.
- Human resources, learning and development and facilities management teams are already in place in each of these regions.

## Facilities Management

- Existing facility services managers in these regions allow for quick CapEx completion and brand conversion (signage, brand colors and office design).

## Customer Acquisition / Revenue Management / Call Center

- Existing Internet presence in markets allows for more aggressive marketing.
- Additional pricing data in these markets enhances pricing sophistication.
- EXR is a technology industry leader. It has made substantial investments in its systems, and it is built for future growth.
- EXR's customer acquisition model is scalable. The additional stores provide more locations and larger inventory to offer prospective customers.



# Conclusion



EXR is a leading storage REIT in the United States.

- Sophisticated operating platform has exhibited the highest growth of EXR's self-storage peers.
- Largest total return for all REITs over 10 year period<sup>(1)</sup>.
- Highly experienced management team.



Extra Space is acquiring SmartStop, a high quality, complementary portfolio.

- Excellent growth potential as SmartStop is incorporated into EXR.
- Pipeline for additional management or acquisitions in the future.
- Leverage remains below 30%, pro forma for the transaction.



(1) "KeyBanc Leaderboard" as of June 5, 2015.