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Self-Storage Facilities for Household and Business needs located Throughout the United States in Dense Highly Populated Markets

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"Extra Space Storage has performed very well in terms of our stock price, and I think it is because our investors understand that our primary focus is to grow earnings per share. We expect to continue to grow. We do not just want to maintain and be a dividend stock. We want to be a growth company. If you look at our ten-year shareholder return, we have been the number one publicly-traded real estate investment trust in the country."- Scott Stubbs

CEOCFO: ***Mr. Stubbs, would you tell us about Extra Space Storage?***
Mr. Stubbs: Extra Space Storage is a publicly-traded company that owns and operates over 1,400 self-storage facilities. Our facilities are located throughout the United States primarily in the dense highly populated markets, including both coasts, Chicago and Texas.

CEOCFO: ***Are people looking for more space? What is the general atmosphere?***
Mr. Stubbs: The storage industry has never been stronger than it is today. We have had two or three of the best years that the industry has ever seen. That is a result of increased usage of self-storage as well as a lack of new supply. We have had very little new construction since the downturn and that is primary the result of lack of financing as well as lack of available land for self-storage. It is a great time to be in self-storage.

CEOCFO: ***What are the details and challenges of owning and operating storage space? What do you understand at Extra Space Storage that competitors might not?***
Mr. Stubbs: Self-storage has become much more management intensive than most people would guess. In the past you used to get a yellow page ad and you would try to name your self-storage facility something that started with the letter "A" to be at the front of the phone book. You would try to get as big of an ad as possible. Today, my children do not even know what the yellow pages are. Everybody finds what they are looking for on the internet today. My children would go straight to Google to get anything. One of the dynamics that has happened in self-storage is the large operators have gained an advantage over the small operators due to their size, scale and ability to be seen on the internet. If you are doing a Google search and if you own one property, it is tough to show up in the number one position either in the paid or the organic search sections. Smaller operators are typically not sophisticated enough or cannot spend the amount of money required to show up on page one. The other major change in self-storage over the last ten to fifteen years is revenue management. It used to be we raised our rate once a year in the spring. Today we are lowering and raising rates every day. You try to maximize your revenue similar to a hotel model where the last unit is going to go for more money than the unit that you rent when you have 10-20% vacancy.

CEOCFO: ***When people are looking to rent space, what do they want?***
Mr. Stubbs: Customers want a convenient location. Self-storage is still very much a real estate business and we want to have the best location we can possibly have. Typically cities do not necessarily want to give you the location next to Costco or Walmart, they want to move you to an industrial location. We would like to be in as prominent a location as possible since we still view self-storage as a need based product. What happens typically is the need arises in someone's

life. They may be moving or someone is coming home from college, or they may experience a divorce or a death in the family. When that need arises, the thought process is where is that place I have been driving by for the last five years? They search for the location on the internet so we want to be as visible as possible. Over 50% of our customers still just walk into our facilities and 80% plus of our customers report using the internet at some point in the process. We think we need to be well located and visible. What used to be a tight 3-mile ring where you would rent within three miles of your home has expanded somewhat due to the internet and part of that is because some sites are just not visible on the internet so they are not visible to people when it comes time to rent. People want to rent close to home but it has expanded from where it used to be.

CEOCFO: ***Do you have locations in major cities?***
Mr. Stubbs: We have locations in Manhattan, Chicago, Los Angeles, San Francisco and other very dense metropolitan areas. Those properties typically take on a slightly different look and feel than a property that is in suburban Salt Lake City. Urban properties are typically multi-story. They have elevators and are often climate controlled where you offer heating and cooling. The unit size is typically smaller so an average unit size in the Bronx or Brooklyn might be sixty to eighty square feet, whereas in suburban Dallas it may be 115 or 120 square feet.

CEOCFO: ***How do you keep the storage areas is large city locations from having a somewhat eerie feeling?***
Mr. Stubbs: Many of the storage buildings in large cities are old. Many need work and have narrow hallways so we are going to focus on things like adding a lot of light. We are going to paint the walls white and paint the doors white, we are going to try to make it as bright as possible. We are going to put cameras in them to offer some security. You will typically have music playing through the hallways. We do not want our tenants to feel uncomfortable. The reality is that over 50% of our tenants that sign leases are women. I think about my wife and where she is going to rent and frankly she would walk out of a facility that had an eerie feeling.

CEOCFO: ***Are you building new facilities?***
Mr. Stubbs: We continue to expand our existing facilities and have acquired existing as well as newly constructed facilities. In the past we have developed self-storage properties. We had employees on the ground looking for land and we had individuals doing the construction. What we found was the local developer has a bit of an edge on a national company unless you had local presence in every single market. Self-storage development tends to be a relationship business in terms of getting properties entitled and permitted. We have been very successful in providing the take-out for many local developers where they will develop the property and we will purchase the property upon completion.

CEOCFO: ***Do people look to break into storage facilities?***
Mr. Stubbs: We are focused on the security of our properties and want them to have locking entry and exit doors. We want them to have gates with key pads so there is limited access in terms of who can get in and out and we also put cameras throughout the properties. In addition, many of our properties also have an on-site manager. We want people to know that the property is clean, secure and that we have a competent manager that works with them.

CEOCFO: ***What about cyber security?***
Mr. Stubbs: The focus for us has been primarily on credit cards. We have installed new card readers that are chip enabled in each of our properties. We have tokenized everything so that we do not store the credit card numbers. From our perspective, we have tried to limit our risk and our liability by adding the new credit card readers and also tokenizing and not storing the credit card numbers.

CEOCFO: ***What do you look for in the manager of the facility?***
Mr. Stubbs: We look for managers that are sales oriented and not just caretakers. It is important that they care about our facility and take a personal interest in making sure it is clean, that it looks nice and is well maintained. Our main focus is finding an individual that is personable and is going to close the sale. If you think about the self-storage rental, the typical rental is much more significant than just going in to the store and buying a shirt or a pair of pants. Our typical tenant stays fourteen months. If the monthly rent is $140 or $150, each rental is very important to us, so we want to make sure our managers are well equipped and have the ability to rent units.

CEOCFO: ***Your recent second quarter results were good. Would you tell what should standout to investors?***
Mr. Stubbs: We continue to operate at record high occupancy. Our occupancy is 94% to 95%. We continue to have rate increases with our existing tenants as well as new customers. What investors are primarily looking for is the growth of our cash flow or funds from operation. We continue to grow that not only from our same-store revenue growth but also by buying properties. We are in the third-party management business which is a fee based business and gives us the

opportunity to buy properties. We are more diverse than just a company that is renting units. We have experienced 20% plus funds from operation growth for numerous quarters and we have continued to raise our dividend. Our most recent dividend increase was over 32%.

CEOCFO: ***Has the market recognized the value?***
Mr. Stubbs: We think we are well recognized by the market, but it is a constant educational process as new investors take interest in real estate and storage. Extra Space Storage has performed very well in terms of our stock price, and I think it is because our investors understand that our primary focus is to grow earnings per share. We expect to continue to grow. We do not just want to maintain and be a dividend stock. We want to be a growth company. If you look at our ten-year shareholder return, we have been the number one publicly-traded real estate investment trust in the country.

CEOCFO: ***What might someone miss when they look at Extra Space Storage?***
Mr. Stubbs: People sometimes think it is a simple business. I think people view it as garage doors and a manager that is renting a unit or two a week. I think people would be surprised at the complexity of the business in terms of technology and data. As we continue to grow, we have more data, which then enables us to do more with technology. It is an operations intensive business and it is a business that changes every day. We want to continue to grow earnings and we want to continue to find ways to improve not only how we bring our customers into our property but also the product we offer our customers.