
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

December 31, 2011

(Date of Report (Date of Earliest Event Reported))

EXTRA SPACE STORAGE INC.

(Exact Name of Registrant as Specified in Its Charter)

Maryland
(State or Other Jurisdiction
of Incorporation)

001-32269
(Commission File Number)

20-1076777
(IRS Employer
Identification Number)

2795 East Cottonwood Parkway, Suite 400
Salt Lake City, Utah 84121
(Address of Principal Executive Offices)

(801) 562-5556
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 8.01 Other Events.

During the year ended December 31, 2011, Extra Space Storage Inc. (the "Company") acquired, in separate transactions, 55 properties located in California, Colorado, Florida, Illinois, Indiana, Kentucky, Maryland, Massachusetts, Nevada, New Jersey, New York, Ohio, Rhode Island, Tennessee, Texas, Utah, and Virginia for an aggregate purchase price of approximately \$290 million. Under the rules and regulations of the Securities and Exchange Commission, these properties are individually insignificant, but, in the aggregate, are significant. Regulation S-X requires the presentation of audited statements of revenues and certain operating expenses for a majority of the individually insignificant properties when acquired properties are individually insignificant, but significant in the aggregate. As a result, the Company is presenting statements of revenues and certain operating expenses for the portfolios of properties purchased from Storage Solutions/Union Development Company, Inc. and Everest Real Estate Fund LLC (which represent a majority of all acquisitions during the year ended December 31, 2011).

Item 9.01 Financial Statements and Exhibits.

- (a) Financial Statements of Properties Acquired.

Audited historical financial statements with unaudited interim periods:

1. Storage Solutions/Union Development Company, Inc., acquired on October 19, 2011:
Report of Independent Certified Public Accountants
Statements of Revenues and Certain Operating Expenses
Notes to Statements of Revenues and Certain Operating Expenses
2. Everest Real Estate Fund LLC, acquired on December 1, 2011:
Report of Independent Certified Public Accountants
Statements of Revenues and Certain Operating Expenses
Notes to Statements of Revenues and Certain Operating Expenses

(b) Pro Forma Financial Information.

The following pro forma financial statements reflect the Company's completed 2011 acquisitions:

1. Unaudited Pro Forma Condensed Consolidated Balance Sheet as of September 30, 2011
2. Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Nine Months Ended September 30, 2011
3. Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Year Ended December 31, 2010

(d) Exhibits

| <u>Exhibit Number</u> | <u>Description of Exhibit</u> |
|-----------------------|--|
| 23.1 | Consent of Ernst & Young LLP, independent registered public accounting firm. |
| 23.2 | Consent of Ernst & Young LLP, independent registered public accounting firm. |

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

EXTRA SPACE STORAGE INC.

Date: January 3, 2012

By /s/ P. Scott Stubbs
 Name: P. Scott Stubbs
 Title: Executive Vice President and Chief
 Financial Officer

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Extra Space Storage Inc.
Unaudited Pro Forma Condensed Consolidated Financial Information

During the year ended December 31, 2011, Extra Space Storage Inc. (the “Company”) acquired, in separate transactions, 55 properties located in California, Colorado, Florida, Illinois, Indiana, Kentucky, Maryland, Massachusetts, Nevada, New Jersey, New York, Ohio, Rhode Island, Tennessee, Texas, Utah, and Virginia for an aggregate purchase price of approximately \$290 million.

No individual property (or portfolio of properties) purchased was an individually significant acquisition as defined under Rule 3-14 of Regulation S-X. Audits were performed on 25 of the acquired properties, which were comprised of a 19-property portfolio acquired from Storage Solutions/Union Development Company, Inc. (“Storage Solutions”), an unrelated third party, and a six-property portfolio acquired from Everest Real Estate Fund LLC (“Everest”), a joint venture in which the Company held a minority interest.

The following unaudited pro forma condensed consolidated financial information of the Company as of and for the nine months ended September 30, 2011 has been derived from (1) the historical unaudited financial statements of the Company as filed in the Company’s Form 10-Q for the nine months ended September 30, 2011, (2) the historical unaudited statements of revenues and certain operating expenses of the 25 audited properties that were acquired during 2011, and (3) the historical unaudited statements of revenues and certain operating expenses of the remaining 30 self-storage properties that were acquired during the year ended December 31, 2011.

The following unaudited pro forma condensed consolidated financial information of the Company for the year ended December 31, 2010 has been derived from (1) the historical audited financial statements of the Company as filed in the Company’s Form 10-K for the year ended December 31, 2010, (2) the historical statements of revenues and certain operating expenses of the 25 audited properties that were acquired during 2011, and (3) the historical unaudited statements of revenues and certain operating expenses of the remaining 30 self-storage properties that were acquired during the year ended December 31, 2011.

The unaudited pro forma condensed consolidated balance sheet as of September 30, 2011 reflects adjustments to the Company’s unaudited historical financial data to give effect to the 28 properties acquired subsequent to September 30, 2011 as if they had been acquired on September 30, 2011.

The pro forma condensed consolidated statements of operations for the nine months ended September 30, 2011 and for the year ended December 31, 2010 reflect adjustments to the Company’s historical financial data to give effect to the acquisition of all 55 self-storage properties as if each acquisition had occurred on the first day of each period presented. The pro forma amounts have been adjusted to exclude any operations from the date of acquisition to September 30, 2011 if such acquisition occurred before September 30, 2011 because such amounts are already included in the historical results.

The unaudited pro forma adjustments are based on available information. The unaudited pro forma condensed consolidated financial information is not necessarily indicative of what the Company’s actual financial position or results of operations for the period would have been as of the date and for the periods indicated, nor does it purport to represent the Company’s future financial position or results of operations. The unaudited pro forma condensed consolidated financial information should be read, together with the notes thereto, in conjunction with the more detailed information contained in the historical financial statements referenced in this filing.

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Extra Space Storage Inc.
Unaudited Pro Forma Condensed Consolidated Balance Sheet
as of September 30, 2011
(in thousands, except share data)

| | Historical Extra Space Storage Inc. (1) | Acquisitions Subsequent to September 30, 2011 (2) | Pro Forma Adjustments (3) | Pro Forma Total |
|--|--|---|---------------------------------|--------------------|
| Assets: | | | | |
| Real estate assets: | | | | |
| Net operating real estate assets | \$ 2,051,567 | \$ 196,607 | \$ — | \$ 2,248,174 |
| Real estate under development | 8,621 | — | — | 8,621 |
| Net real estate assets | 2,060,188 | 196,607 | — | 2,256,795 |
| Investments in real estate ventures | 134,219 | — | — | 134,219 |
| Cash and cash equivalents | 33,895 | (68,964) | 35,069 | — |
| Restricted cash | 30,352 | — | — | 30,352 |
| Receivables from related parties and affiliated real estate joint ventures | 61,184 | (50,140) | — | 11,044 |
| Other assets, net | 54,390 | 3,430 | — | 57,820 |
| Total assets | \$ 2,374,228 | \$ 80,933 | \$ 35,069 | \$ 2,490,230 |
| Liabilities, Noncontrolling Interests and Equity: | | | | |
| Notes payable | \$ 869,866 | \$ 78,334 | \$ — | \$ 948,200 |
| Notes payable to trusts | 119,590 | — | — | 119,590 |
| Exchangeable senior notes | 87,663 | — | — | 87,663 |
| Discount on exchangeable senior notes | (897) | — | — | (897) |
| Lines of credit | 166,000 | — | 35,069 | 201,069 |
| Accounts payable and accrued expenses | 39,891 | — | — | 39,891 |
| Other liabilities | 30,046 | 2,599 | — | 32,645 |
| Total liabilities | 1,312,159 | 80,933 | 35,069 | 1,428,161 |

Equity:

| | | | | |
|--|---------------------|------------------|------------------|---------------------|
| Extra Space Storage Inc. stockholders' equity: | | | | |
| Preferred stock, \$0.01 par value, 50,000,000 shares authorized, no shares issued or outstanding | — | — | — | — |
| Common stock, \$0.01 par value, 300,000,000 shares authorized, 94,357,528 and 87,587,322 shares issued and outstanding at September 30, 2011 and December 31, 2010, respectively | 943 | — | — | 943 |
| Paid-in capital | 1,281,378 | — | — | 1,281,378 |
| Accumulated other comprehensive deficit | (7,819) | — | — | (7,819) |
| Accumulated deficit | (267,122) | — | — | (267,122) |
| Total Extra Space Storage Inc. stockholders' equity | 1,007,380 | — | — | 1,007,380 |
| Noncontrolling interest represented by Preferred Operating | 29,665 | — | — | 29,665 |
| Noncontrolling interests in Operating Partnership | 23,924 | — | — | 23,924 |
| Other noncontrolling interests | 1,100 | — | — | 1,100 |
| Total noncontrolling interests and equity | 1,062,069 | — | — | 1,062,069 |
| Total liabilities, noncontrolling interests and equity | <u>\$ 2,374,228</u> | <u>\$ 80,933</u> | <u>\$ 35,069</u> | <u>\$ 2,490,230</u> |

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Extra Space Storage Inc.
Notes to Unaudited Pro Forma Condensed Consolidated Balance Sheet
as of September 30, 2011
(in thousands, except share data)

(1) Reflects the assets, liabilities and stockholders' equity of the Company as filed in its Form 10-Q for the nine months ended September 30, 2011, which includes the acquisitions of 27 properties that were completed prior to September 30, 2011.

(2) Represents the purchase of 28 properties subsequent to September 30, 2011 for a total of \$68,964 in cash, the issuance of a \$4,850 note payable to seller and the assumption of \$73,484 of notes payable (including a \$4,803 adjustment to record the assumed debt at its fair value as of the date of purchase). Additionally, during September 2011, the Company purchased a note receivable from Bank of America for \$51,000. The receivable was due from Everest. This receivable still exists subsequent to the acquisition of the six-property portfolio from Everest on December 1, 2011 and is eliminated in consolidation with the Company.

| | Total Cost | Cash Paid | Note Payable Issued to Seller | Debt Assumed | Note Receivable Eliminated in Consolidation | Net Liabilities/ (Assets) Assumed |
|-----------------------------|---------------------|------------------|-------------------------------|------------------|---|-----------------------------------|
| Audited Properties | | | | | | |
| Storage Solutions | \$ (103,930) | \$ 31,464 | \$ — | \$ 73,484 | \$ — | \$ (1,018) |
| Everest | (61,784) | 6,745 | 4,850 | — | 50,140 | 49 |
| Total | <u>(165,714)</u> | <u>38,209</u> | <u>4,850</u> | <u>73,484</u> | <u>50,140</u> | <u>(969)</u> |
| Unaudited Properties | | | | | | |
| North Bergen, NJ | (18,320) | 18,334 | — | — | — | (14) |
| Miami, FL | (5,832) | 5,615 | — | — | — | 217 |
| Mapleshade, NJ | (6,741) | 6,806 | — | — | — | (65) |
| Total | <u>(30,893)</u> | <u>30,755</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>138</u> |
| Grand Total | <u>\$ (196,607)</u> | <u>\$ 68,964</u> | <u>\$ 4,850</u> | <u>\$ 73,484</u> | <u>\$ 50,140</u> | <u>\$ (831)</u> |

(3) Represents draws that the Company would make from its lines of credit in order to fund the excess of cash needed for the acquisitions over cash and cash equivalents available.

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Extra Space Storage Inc.
Unaudited Pro Forma Condensed Consolidated Statement of Operations
for the Nine Months Ended September 30, 2011
(in thousands, except share data)

| | Historical Extra Space Storage Inc. (1) | Audited Acquisitions (2) | Unaudited Acquisitions (3) | Pro Forma Adjustments | Pro Forma Total |
|------------------|---|--------------------------|----------------------------|-----------------------|-----------------|
| Revenues: | | | | | |
| Property rental | \$ 195,265 | \$ 15,013 | \$ 8,507 | \$ — | \$ 218,785 |

| | | | | | |
|--|------------------|-----------------|-----------------|-------------------|------------------|
| Management and franchise fees | 18,464 | — | — | — | 18,464 |
| Tenant reinsurance | 22,889 | — | — | — | 22,889 |
| Total revenues | 236,618 | 15,013 | 8,507 | — | 260,138 |
| Expenses: | | | | | |
| Property operations | 70,326 | 5,743 | 3,227 | (526)(4) | 78,770 |
| Tenant reinsurance | 4,593 | — | — | — | 4,593 |
| Unrecovered development and acquisition costs | 2,165 | — | — | — | 2,165 |
| Loss on sublease | — | — | — | — | — |
| General and administrative | 36,396 | — | — | — | 36,396 |
| Depreciation and amortization | 42,041 | — | — | 5,616(5) | 47,657 |
| Total expenses | 155,521 | 5,743 | 3,227 | 5,090 | 169,581 |
| Income from operations | 81,097 | 9,270 | 5,280 | (5,090) | 90,557 |
| Interest expense | (49,431) | — | — | (3,510)(6) | (52,941) |
| Non-cash interest expense related to amortization of discount on exchangeable senior notes | (1,308) | — | — | — | (1,308) |
| Interest income | 556 | — | — | (318)(7) | 238 |
| Interest income on note receivable from Preferred Operating Partnership unit holder | 3,638 | — | — | — | 3,638 |
| Income before equity in earnings of real estate ventures and income tax expense | 34,552 | 9,270 | 5,280 | (8,918) | 40,184 |
| Equity in earnings of real estate ventures | 6,060 | — | — | — | 6,060 |
| Income tax expense | (603) | — | — | — | (603) |
| Net income | 40,009 | 9,270 | 5,280 | (8,918) | 45,641 |
| Net income allocated to Preferred Operating Partnership noncontrolling interests | (4,682) | — | — | (59)(8) | (4,741) |
| Net income allocated to Operating Partnership and other noncontrolling interests | (1,156) | — | — | (184)(8) | (1,340) |
| Net income attributable to common stockholders | \$ 34,171 | \$ 9,270 | \$ 5,280 | \$ (9,161) | \$ 39,560 |
| Net income per common share | | | | | |
| Basic | \$ 0.37 | | | | \$ 0.43 |
| Diluted | \$ 0.37 | | | | \$ 0.43 |
| Weighted average number of shares | | | | | |
| Basic | 91,277,261 | | | | 91,277,261 |
| Diluted | 95,866,290 | | | | 95,866,290 |
| Cash dividends paid per common share | \$ 0.42 | | | | \$ 0.42 |

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Extra Space Storage Inc.
Notes to Unaudited Pro Forma Condensed Consolidated Statement of Operations
for the Nine Months Ended September 30, 2011
(in thousands, except share data)

(1) Reflects the results of operations of the Company as filed in its Form 10-Q for the nine months ended September 30, 2011.

(2) Represents the pro forma revenues and operating expenses of the 25 audited properties that were acquired in 2011 for the period from January 1, 2011 to the earlier of the acquisition date or September 30, 2011, which were not reflected in the historical condensed consolidated statement of operations of the Company, as follows:

| Portfolio | Number of Properties | Acquisition Date | Revenues | Operating Expenses | Management Fee | Expenses Less Management Fee |
|-------------------|----------------------|------------------|------------------|--------------------|----------------|------------------------------|
| Everest | 6 | 12/1/2011 | \$ 5,085 | \$ 2,053 | \$ 329 | \$ 1,724 |
| Storage Solutions | 19 | 10/19/2011 | 9,928 | 3,690 | 197 | 3,493 |
| Total | 25 | | \$ 15,013 | \$ 5,743 | \$ 526 | \$ 5,217 |

(3) Represents the unaudited pro forma revenues and operating expenses (excluding management fees) of the 30 additional properties that were acquired in 2011 for the period from January 1, 2011 to the earlier of the acquisition date or September 30, 2011, which were not reflected in the historical condensed consolidated statement of operations of the Company, as follows:

| Property Location | Number of Properties | Acquisition Date | Revenues | Operating Expenses | Management Fee | Expenses less Management Fee |
|----------------------|----------------------|------------------|----------|--------------------|----------------|------------------------------|
| Orem, UT / Eules, TX | 2 | 4/1/2011 | \$ 271 | \$ 126 | \$ 32 | \$ 94 |
| Burlingame, CA | 1 | 4/7/2011 | 226 | 76 | 42 | 34 |

| | | | | | | |
|-----------------------|----|------------|----------|----------|--------|----------|
| Cordova, TN | 1 | 4/15/2011 | 125 | 87 | 10 | 77 |
| Castle Rock, CO | 1 | 5/25/2011 | 196 | 98 | 14 | 84 |
| Dumphries, VA | 1 | 5/26/2011 | 458 | 117 | 27 | 90 |
| Merchantville, NJ | 1 | 6/2/2011 | 341 | 164 | 19 | 145 |
| Colorado Springs, CO | 1 | 6/10/2011 | 312 | 282 | 20 | 262 |
| Las Vegas, NV | 1 | 6/22/2011 | 167 | 87 | 17 | 70 |
| American Self Storage | 15 | 6/27/2011 | 2,678 | 971 | — | 971 |
| Glen Burnie, MD | 1 | 7/8/2011 | 374 | 133 | 23 | 110 |
| Randallstown, MD | 1 | 8/1/2011 | 484 | 185 | 29 | 156 |
| Spring, TX | 1 | 8/2/2011 | 246 | 171 | 18 | 153 |
| North Bergen, NJ | 1 | 10/6/2011 | 1,455 | 520 | 102 | 418 |
| Miami, FL | 1 | 10/25/2011 | 490 | 283 | 25 | 258 |
| Mapleshade, NJ | 1 | 12/16/2011 | 684 | 350 | 45 | 305 |
| Total | 30 | | \$ 8,507 | \$ 3,650 | \$ 423 | \$ 3,227 |

(4) Adjustment to eliminate the management fee paid to a third party for the management of the audited properties. Subsequent to the acquisition by the Company, all properties are self-managed.

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(5) Adjustments include depreciation and amortization expense for the period from January 1, 2011 to the earlier of the acquisition date or September 30, 2011, which was not reflected in the historical condensed consolidated statement of operations of the Company. Adjustments to depreciation and amortization expense for audited and unaudited properties are summarized as follows:

| | Depreciable Assets | Depreciation Not Reflected in Historical Statement of Operations | Intangibles | Amortization Not Reflected in Historical Statement of Operations | Total Depreciation / Amortization Not Reflected in Historical Statement of Operations |
|---------------------------------------|--------------------|--|-------------|--|---|
| Audited Properties | | | | | |
| Storage Solutions | \$ 70,084 | \$ 1,420 | \$ 2,164 | \$ 1,082 | \$ 2,502 |
| Everest | 46,138 | 887 | — | — | 887 |
| Total | 116,222 | 2,307 | 2,164 | 1,082 | 3,389 |
| Unaudited Properties | | | | | |
| Orem, UT & Euleess, TX (2 properties) | 5,548 | 36 | 188 | 31 | 67 |
| Burlingame, CA | 5,831 | 40 | 163 | 29 | 69 |
| Cordova, TN | 1,791 | 13 | 79 | 15 | 28 |
| Castle Rock, CO | 3,088 | 33 | 61 | 16 | 49 |
| Dumfries, VA | 9,385 | 100 | 202 | 55 | 155 |
| Merchantville, NJ | 3,115 | 34 | 135 | 38 | 72 |
| Colorado Springs, CO | 4,212 | 49 | 98 | 29 | 78 |
| Las Vegas, NV | 1,810 | 22 | 98 | 31 | 53 |
| American Self Storage (15 properties) | 24,991 | 314 | 903 | 294 | 608 |
| Glen Burnie, MD | 4,218 | 56 | 125 | 43 | 99 |
| Randallstown, MD | 6,340 | 95 | 143 | 56 | 151 |
| Spring, TX | 1,347 | 20 | 73 | 29 | 49 |
| North Bergen, NJ | 17,127 | 329 | 333 | 166 | 495 |
| Miami, FL | 5,198 | 100 | 114 | 57 | 157 |
| Mapleshade, NJ | 5,324 | 68 | 87 | 29 | 97 |
| Total | 99,325 | 1,309 | 2,802 | 918 | 2,227 |
| Grand Total | \$ 215,547 | \$ 3,616 | \$ 4,966 | \$ 2,000 | \$ 5,616 |

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(6) Debt of \$82,191 was assumed or issued in the acquisition of 26 properties, and has an average fixed rate of 5.97%. Adjustments to interest expense represent interest for the period from January 1, 2011 to the earlier of the acquisition date or September 30, 2011, which was not reflected in the historical consolidated condensed statement of operations of the Company. These amounts are shown below with interest for the period shown as if the acquisitions occurred on January 1, 2011.

| | Debt | Rate | 2011 Interest Not Reflected in Historical Statement of Operations | Type |
|--------------------------------|----------|-------|---|-------------------------------|
| Audited Properties Debt | | | | |
| Everest | \$ 4,850 | 5.00% | \$ 182 | Note Payable Issued to Seller |
| Storage Solutions (ESP 81 - 8) | 45,519 | 6.15% | 2,099 | Assumed Debt |

| | | | | |
|---|------------------|-------|-----------------|--------------|
| properties) | | | | |
| Storage Solutions (ESP 82 - 8 properties) | 19,000 | 5.89% | 839 | Assumed Debt |
| Storage Solutions (ESP 83 - 1 property) | 4,162 | 5.86% | 183 | Assumed Debt |
| Total | <u>73,531</u> | | <u>3,303</u> | |
| Unaudited Properties Debt | | | | |
| Castle Rock, CO | 1,290 | 5.76% | 29 | Assumed Debt |
| Dumfries, VA | 5,463 | 5.87% | 128 | Assumed Debt |
| Colorado Springs, CO | <u>1,907</u> | 5.80% | <u>50</u> | Assumed Debt |
| Total | <u>8,660</u> | | <u>207</u> | |
| Grand Total | <u>\$ 82,191</u> | | <u>\$ 3,510</u> | |

(7) Interest income was reduced by \$318 for the use of net cash in the acquisitions as if the acquisitions had occurred on January 1, 2011.

(8) Income allocated to Preferred Operating Partnership noncontrolling units and Operating Partnership and other noncontrolling units was adjusted to reflect the increase in net income resulting from the acquisitions and other pro forma adjustments as follows:

| | Preferred Operating Partnership | Operating Partnership | Total |
|--|---------------------------------|-----------------------|---------------|
| Increase in net income as a result of acquisitions and other pro forma adjustments: | \$ 5,632 | \$ 5,632 | \$ 5,632 |
| Weighted average percentage OP units held by noncontrolling interests | 1.04% | 3.27% | 4.31% |
| Increase in net income allocated to Operating Partnership and other noncontrolling interests | <u>\$ 59</u> | <u>\$ 184</u> | <u>\$ 243</u> |

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Extra Space Storage Inc.
Unaudited Pro Forma Condensed Consolidated Statement of Operations
for the Year Ended December 31, 2010
(in thousands, except share data)

| | Historical Extra Space Storage Inc. (1) | Audited Acquisitions (2) | Unaudited Acquisitions (3) | Pro Forma Adjustments | Pro Forma Total |
|--|--|--------------------------------|----------------------------------|--------------------------|--------------------|
| Revenues: | | | | | |
| Property rental | \$ 232,447 | \$ 18,583 | \$ 16,052 | \$ — | \$ 267,082 |
| Management and franchise fees | 23,122 | — | — | — | 23,122 |
| Tenant reinsurance | 25,928 | — | — | — | 25,928 |
| Total revenues | <u>281,497</u> | <u>18,583</u> | <u>16,052</u> | <u>—</u> | <u>316,132</u> |
| Expenses: | | | | | |
| Property operations | 86,165 | 7,536 | 6,209 | (678)(4) | 99,232 |
| Tenant reinsurance | 6,505 | — | — | — | 6,505 |
| Unrecovered development and acquisition costs | 1,235 | — | — | — | 1,235 |
| Loss on sublease | 2,000 | — | — | — | 2,000 |
| General and administrative | 44,428 | — | — | — | 44,428 |
| Depreciation and amortization | 50,349 | — | — | 8,946(5) | 59,295 |
| Total expenses | <u>190,682</u> | <u>7,536</u> | <u>6,209</u> | <u>8,268</u> | <u>212,695</u> |
| Income from operations | 90,815 | 11,047 | 9,843 | (8,268) | 103,437 |
| Interest expense | (64,116) | — | — | (4,910)(6) | (69,026) |
| Non-cash interest expense related to amortization of discount on exchangeable senior notes | (1,664) | — | — | — | (1,664) |
| Interest income | 898 | — | — | (424)(7) | 474 |
| Interest income on note receivable from Preferred Operating Partnership unit holder | 4,850 | — | — | — | 4,850 |
| Income before equity in earnings of real estate ventures and income tax expense | 30,783 | 11,047 | 9,843 | (13,602) | 38,071 |
| Equity in earnings of real estate ventures | 6,753 | — | — | — | 6,753 |
| Income tax expense | (4,162) | — | — | — | (4,162) |
| Net income | <u>33,374</u> | <u>11,047</u> | <u>9,843</u> | <u>(13,602)</u> | <u>40,662</u> |
| Net income allocated to Preferred Operating Partnership noncontrolling interests | (6,048) | — | — | (79)(8) | (6,127) |
| Net income allocated to Operating Partnership and | (995) | — | — | (279)(8) | (1,274) |

| | | | | | |
|---------------------------------------|------------|----------|----------|----------|----------|
| Everest | 46,138 | 1,183 | — | — | 1,183 |
| Total | 116,222 | 3,075 | 2,164 | 1,443 | 4,518 |
| Unaudited Properties | | | | | |
| Orem, UT & Eules, TX (2 properties) | 5,548 | 142 | 188 | 125 | 267 |
| Burlingame, CA | 5,831 | 150 | 163 | 109 | 259 |
| Cordova, TN | 1,791 | 46 | 79 | 53 | 99 |
| Castle Rock, CO | 3,088 | 81 | 61 | 41 | 122 |
| Dumfries, VA | 9,385 | 247 | 202 | 135 | 382 |
| Merchantville, NJ | 3,115 | 80 | 135 | 90 | 170 |
| Colorado Springs, CO | 4,212 | 110 | 98 | 66 | 176 |
| Las Vegas, NV | 1,810 | 46 | 98 | 66 | 112 |
| American Self Storage (15 properties) | 24,991 | 641 | 903 | 602 | 1,243 |
| Glen Burnie, MD | 4,218 | 108 | 125 | 83 | 191 |
| Randallstown, MD | 6,340 | 163 | 143 | 95 | 258 |
| Spring, TX | 1,347 | 35 | 73 | 49 | 84 |
| North Bergen, NJ | 17,127 | 439 | 333 | 222 | 661 |
| Miami, FL | 5,198 | 133 | 114 | 76 | 209 |
| Mapleshade, NJ | 5,324 | 137 | 87 | 58 | 195 |
| Total | 99,325 | 2,558 | 2,802 | 1,870 | 4,428 |
| Grand Total | \$ 215,547 | \$ 5,633 | \$ 4,966 | \$ 3,313 | \$ 8,946 |

(6) Debt of \$82,191 was assumed or issued in the acquisition of 26 properties, and has an average fixed rate of 5.97%. Adjustments to interest expense are shown below with interest for the period shown as if the acquisitions had occurred on January 1, 2010.

| | Debt | Rate | 2010 Annual Interest | Type |
|---|-----------|-------|----------------------|-------------------------------|
| Audited Properties Debt | | | | |
| Everest | \$ 4,850 | 5.00% | \$ 243 | Note Payable Issued to Seller |
| Storage Solutions (ESP 81 - 8 properties) | 45,519 | 6.15% | 2,798 | Assumed Debt |
| Storage Solutions (ESP 82 - 8 properties) | 19,000 | 5.89% | 1,119 | Assumed Debt |
| Storage Solutions (ESP 83 - 1 property) | 4,162 | 5.86% | 244 | Assumed Debt |
| Total | 73,531 | | 4,404 | |
| Unaudited Properties Debt | | | | |
| Castle Rock, CO | 1,290 | 5.76% | 74 | Assumed Debt |
| Dumfries, VA | 5,463 | 5.87% | 321 | Assumed Debt |
| Colorado Springs, CO | 1,907 | 5.80% | 111 | Assumed Debt |
| Total | 8,660 | | 506 | |
| Grand Total | \$ 82,191 | | \$ 4,910 | |

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(7) Interest income was reduced by \$424 for the use of net cash in the acquisitions as if the acquisitions had occurred on January 1, 2010.

(8) Income allocated to Preferred Operating Partnership noncontrolling units and Operating Partnership and other noncontrolling units was adjusted to reflect the increase in net income resulting from the acquisitions and other pro forma adjustments as follows:

| | Preferred Operating Partnership | Operating Partnership | Total |
|--|---------------------------------|-----------------------|----------|
| Increase in net income as a result of acquisitions and other pro forma adjustments: | \$ 7,288 | \$ 7,288 | \$ 7,288 |
| Weighted average percentage OP units held by noncontrolling interests | 1.08% | 3.83% | 4.91% |
| Increase in net income allocated to Operating Partnership and other noncontrolling interests | \$ 79 | \$ 279 | \$ 358 |

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**For the Year ended December 31, 2010 and
for the Nine Months Ended September 30, 2011 and 2010 (unaudited)**

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Report of Independent Certified Public Accountants

To the Board of Directors of
Extra Space Storage Inc.

We have audited the accompanying statement of revenues and certain operating expenses of the properties owned by Storage Solutions / Union Development Company, Inc. (the "Properties") for the year ended December 31, 2010. This financial statement is the responsibility of the management of Storage Solutions / Union Development Company Inc. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the basis of accounting used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenues and certain operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the filing of a Form 8-K of Extra Space Storage Inc. as described in Note 1 to the financial statement and is not intended to be a complete presentation of the Properties' revenue and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and certain operating expenses described in Note 1 of the Properties for the year ended December 31, 2010, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Salt Lake City, Utah
January 3, 2012

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STORAGE SOLUTIONS/UNION DEVELOPMENT COMPANY, INC.
STATEMENTS OF REVENUES AND CERTAIN OPERATING EXPENSES
(dollars in thousands)

| | For the Nine Months Ended September 30, | | For the Year Ended December 31, |
|--|--|---------------------|---------------------------------------|
| | 2011 (unaudited) | 2010 (unaudited) | 2010 |
| Revenue: | | | |
| Rents | \$ 9,334 | \$ 8,409 | \$ 11,461 |
| Other | 594 | 510 | 705 |
| Total revenues | <u>9,928</u> | <u>8,919</u> | <u>12,166</u> |
| Certain Operating Expenses: | | | |
| Property operating expenses | 3,493 | 3,363 | 4,573 |
| Management fees | 197 | 196 | 261 |
| Total certain operating expenses | <u>3,690</u> | <u>3,559</u> | <u>4,834</u> |
| Revenues in Excess of Certain Operating Expenses | <u>\$ 6,238</u> | <u>\$ 5,360</u> | <u>\$ 7,332</u> |

The accompanying notes are an integral part of these financial statements

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1. ACQUISITION, ORGANIZATION AND BASIS OF PRESENTATION

Acquisition of properties

The accompanying statement of revenues and certain operating expenses relates to the operation of 19 properties owned by Storage Solutions / Union Development Company, Inc. (the "Properties"). The Properties were acquired by Extra Space Storage Inc. ("Extra Space") from Storage Solutions / Union Development Company, Inc. on October 19, 2011. Extra Space did not hold any ownership interests in the Properties prior to the acquisition. The Properties consist of land and self-storage facilities located in California.

Basis of presentation

The accompanying statement of revenues and certain operating expenses was prepared for the purpose of complying with Rule 3-14 of Regulation S-X. The statement is not representative of the actual operations of the Properties for the year ended December 31, 2010, as certain expenses, which may not be comparable to the expenses expected to be incurred by the Properties in future operations, have been excluded as discussed below. The management of the Properties is not aware of any material factors that would cause the reported financial information not to be indicative of future operating results.

Certain operating expenses include real estate taxes and certain other operating expenses related to the operations of the Properties. Excluded expenses include mortgage interest, depreciation and amortization and certain other costs not directly related to the future operations of the Properties.

The statements of revenues and certain operating expenses for the nine months ended September 30, 2011 and 2010 are unaudited. In the opinion of management, these interim financial statements reflect all necessary adjustments for a fair presentation of the revenues and certain operating expenses of the respective periods. All such adjustments are of a normal recurring nature.

2. REVENUE RECOGNITION

Revenue is principally obtained from tenant rentals under month-to-month operating leases. The Properties recognize rental revenue daily on a straight line basis over the terms of the leases. Tenants move in and out throughout the month and revenue is recognized on a pro-rata basis for the days each unit is occupied during the month. Revenue is recognized for past due tenants until the unit is vacated through either payment or auction.

The Properties recognize revenue for merchandise sales as the sales take place. Revenue for late fees and other miscellaneous items are included in other revenue as they are earned under the terms of the rental contracts.

3. EXPENSE RECOGNITION

Property expenses, including utilities, repairs and maintenance and other costs to manage the facilities are recognized as incurred. Expenses such as property taxes and property insurance are recognized over their respective assessment or coverage periods. The Properties recognize bad debt expense based upon the Properties' historical collection experience and current economic trends.

4. USE OF ESTIMATES

The preparation of the statement of revenues and certain operating expenses, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

5. COMMITMENTS AND CONTINGENCIES

The Properties are not presently involved in any material litigation nor, to management's knowledge, is any material litigation threatened against the Properties, other than routine legal matters arising in the ordinary course of business. Management believes the costs, if any, incurred by the Properties related to such litigation will not materially affect the operating results of the Properties.

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Statements of Revenues and Certain Operating Expenses and Report of Independent Certified Public Accountants

Everest Real Estate Fund LLC

**For the Years ended December 31, 2010, 2009 and 2008 and
for the Nine Months Ended September 30, 2011 and 2010 (unaudited)**

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Report of Independent Certified Public Accountants

To the Board of Directors of
Extra Space Storage Inc.

We have audited the accompanying statements of revenues and certain operating expenses of the properties owned by Everest Real Estate Fund LLC. (the "Properties") for each of the three years ended December 31, 2010, 2009 and 2008. These financial statements are the responsibility of the management of Everest Real Estate Fund LLC. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the basis of accounting used and significant

estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

The accompanying statements of revenues and certain operating expenses were prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the filing of a Form 8-K of Extra Space Storage Inc. as described in Note 1 to the financial statement and are not intended to be a complete presentation of the Properties' revenues and expenses.

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenues and certain operating expenses described in Note 1 of the Properties for each of the three years ended December 31, 2010, 2009 and 2008, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Salt Lake City, Utah

January 3, 2012

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EVEREST REAL ESTATE FUND LLC
STATEMENTS OF REVENUES AND CERTAIN OPERATING EXPENSES
(dollars in thousands)

| | For the Nine Months Ended September 30, | | For the Year Ended December 31, | | |
|---|--|---------------------|---------------------------------|-----------------|-----------------|
| | 2011 (unaudited) | 2010 (unaudited) | 2010 | 2009 | 2008 |
| Revenue: | | | | | |
| Rents | \$ 4,818 | \$ 4,499 | \$ 6,049 | \$ 5,650 | \$ 5,400 |
| Other | 267 | 282 | 368 | 375 | 398 |
| Total revenues | 5,085 | 4,781 | 6,417 | 6,025 | 5,798 |
| Certain Operating Expenses: | | | | | |
| Property operating expenses | 1,724 | 1,716 | 2,285 | 2,275 | 2,284 |
| Management fees | 329 | 311 | 417 | 395 | 386 |
| Total certain operating expenses | 2,053 | 2,027 | 2,702 | 2,670 | 2,670 |
| Revenues in Excess of Certain Operating Expenses | \$ 3,032 | \$ 2,754 | \$ 3,715 | \$ 3,355 | \$ 3,128 |

The accompanying notes are an integral part of these financial statements

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1. ACQUISITION, ORGANIZATION AND BASIS OF PRESENTATION

Acquisition of properties

The accompanying statements of revenues and certain operating expenses relate to the operation of six properties (the "Properties") owned by Everest Real Estate Fund LLC ("Everest"). The Properties were acquired by Extra Space Storage Inc. ("Extra Space") from Everest on December 1, 2011. Extra Space held a 10% minority equity interest in Everest prior to the acquisition. The majority interest was held by Equibase Capital Group, LLC. The Properties consist of land and self-storage facilities located in Florida, Illinois, Massachusetts, New York and Rhode Island.

Basis of presentation

The accompanying statements of revenues and certain operating expenses were prepared for the purpose of complying with Rule 3-14 of Regulation S-X. The statements are not representative of the actual operations of the Properties for the years ended December 31, 2010, 2009 and 2008, as certain expenses, which may not be comparable to the expenses expected to be incurred by the Properties in future operations, have been excluded as discussed below. The management of the Properties is not aware of any material factors that would cause the reported financial information not to be indicative of future operating results.

Certain operating expenses include real estate taxes and certain other operating expenses related to the operations of the Properties. Excluded expenses include mortgage interest, depreciation and amortization and certain other costs not directly related to the future operations of the Properties.

The statements of revenues and certain operating expenses for the nine months ended September 30, 2011 and 2010 are unaudited. In the opinion of management, these interim financial statements reflect all necessary adjustments for a fair presentation of the revenues and certain operating expenses of the respective periods. All such adjustments are of a normal recurring nature.

2. REVENUE RECOGNITION

Revenue is principally obtained from tenant rentals under month-to-month operating leases. The Properties recognize rental revenue daily on a straight line basis over the terms of the leases. Tenants move in and out throughout the month and revenue is recognized on a pro-rata basis for the days each unit is occupied during the month. Revenue is recognized for past due tenants until the unit is vacated through either payment or auction.

The Properties recognize revenue for merchandise sales as the sales take place. Revenue for late fees and other miscellaneous items are included in other revenue as they are earned under the terms of the rental contracts.

3. EXPENSE RECOGNITION

Property expenses, including utilities, repairs and maintenance and other costs to manage the facilities are recognized as incurred. Expenses such as property taxes and property insurance are recognized over their respective assessment or coverage periods. The Properties recognize bad debt expense based upon the Properties' historical collection experience and current economic trends.

4. USE OF ESTIMATES

The preparation of the statements of revenues and certain operating expenses, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

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5. COMMITMENTS AND CONTINGENCIES

The Properties are not presently involved in any material litigation nor, to management's knowledge, is any material litigation threatened against the Properties, other than routine legal matters arising in the ordinary course of business. Management believes the costs, if any, incurred by the Properties related to such litigation will not materially affect the operating results of the Properties.

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

Registration Statement (Form S-3 No. 333-176296, filed on August 12, 2011) of Extra Space Storage Inc.;

Registration Statement (Form S-3 No. 333-176277, filed on August 12, 2011) of Extra Space Storage Inc.;

Registration Statement (Form S-3 No. 333-176276, filed on August 12, 2011) of Extra Space Storage Inc.;

Registration Statement (Form S-8 No. 333-157559, filed on February 27, 2009) pertaining to the Extra Space Management, Inc. 401(k) Plan;

Registration Statement (Form S-3 No. 333-133407, filed on April 19, 2006) of Extra Space Storage Inc.;

Registration Statement (Form S-3 No. 333-128988, filed on October 13, 2005) of Extra Space Storage Inc.;

Registration Statement (Form S-3 No. 333-128504, filed on September 22, 2005) of Extra Space Storage Inc.; and

Registration Statement (Form S-8 No. 333-126742, filed on July 20, 2005) pertaining to the Extra Space Storage Inc. 2004 Non-Employee Directors' Share Plan and the Extra Space Storage Inc. 2004 Long Term Incentive Compensation Plan,

of our report dated January 3, 2012, with respect to the statement of revenues and certain operating expenses of the properties owned by Storage Solutions / Union Development Company, Inc. for the year ended December 31, 2010, which report appears in this Current Report on Form 8-K of Extra Space Storage Inc.

/s/ Ernst & Young LLP

Salt Lake City, Utah
January 3, 2012

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

Registration Statement (Form S-3 No. 333-176296, filed on August 12, 2011) of Extra Space Storage Inc.;

Registration Statement (Form S-3 No. 333-176277, filed on August 12, 2011) of Extra Space Storage Inc.;

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Registration Statement (Form S-3 No. 333-128504, filed on September 22, 2005) of Extra Space Storage Inc.; and

Registration Statement (Form S-8 No. 333-126742, filed on July 20, 2005) pertaining to the Extra Space Storage Inc. 2004 Non-Employee Directors' Share Plan and the Extra Space Storage Inc. 2004 Long Term Incentive Compensation Plan,

of our report dated January 3, 2012, with respect to the statements of revenues and certain operating expenses of the properties owned by Everest Real Estate Fund LLC for the years ended December 31, 2010, 2009, and 2008, which report appears in this Current Report on Form 8-K of Extra Space Storage Inc.

/s/ Ernst & Young LLP

Salt Lake City, Utah

January 3, 2012