
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

October 29, 2012

(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) 365-4600
(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 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On October 29, 2012, Extra Space Storage Inc. (the "Company") issued a press release announcing its financial results for the three and nine months ended September 30, 2012. A copy of the press release is furnished as Exhibit 99.1 to this report and is incorporated by reference herein.

The information contained in this Current Report, including the exhibit referenced herein, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. Such information shall not be incorporated by reference into any filing of Extra Space Storage Inc., whether made before or after the date hereof, regardless of any general incorporation language in such filing.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) The following exhibits are filed herewith:

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
99.1	Press Release dated October 29, 2012.

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: October 29, 2012

By /s/ P. Scott Stubbs

Name: P. Scott Stubbs

Title: Executive Vice President and Chief Financial Officer



Extra Space Storage Inc.
PHONE (801) 365-4600
FAX (801) 365-4855
 2795 East Cottonwood Parkway, Suite 400
 Salt Lake City, Utah 84121
 www.extraspace.com

FOR IMMEDIATE RELEASE

Extra Space Storage Inc. Reports 2012 Third Quarter Results

~ FFO Increases 34.4% to \$0.43 per Share ~

~ Same-Store Revenue Increases 6.8% ~

~ Same-Store NOI Increases 11.4% ~

SALT LAKE CITY, October 29, 2012 — Extra Space Storage Inc. (NYSE: EXR) (the “Company”), a leading owner and operator of self-storage properties in the United States, announced operating results for the three and nine months ended September 30, 2012.

Highlights for the three months ended September 30, 2012:

- Achieved funds from operations (“FFO”) of \$0.43 per diluted share, resulting in 34.4% FFO growth compared to the third quarter of 2011.
- Increased same-store revenue and net operating income (“NOI”) by 6.8% and 11.4%, respectively, compared to the same period in 2011.
- Grew same-store occupancy by 180 basis points to 89.8% at September 30, 2012, compared to 88.0% as of September 30, 2011.
- Acquired 53 properties for an approximate purchase price of \$449.5 million.
- Paid a quarterly dividend of \$0.20 per share.

Spencer F. Kirk, CEO of Extra Space Storage Inc., commented: “Our experienced management team, leading operational platform, advanced revenue management and online marketing systems are all performing well. This was evidenced in the third quarter where we were able to post notable increases in earnings, same-store revenue and NOI despite coming up against difficult year-over-year comparables. We remain optimistic about the self-storage sector and our ability to produce solid results for our shareholders.”

FFO Per Share:

The following table outlines the Company’s FFO and FFO as adjusted for the three and nine months ended September 30, 2012 and 2011. The table also provides a reconciliation to GAAP net income per diluted share for each period presented (amounts shown in thousands, except share data - unaudited):

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2012		2011		2012		2011	
	(per share)		(per share)		(per share)		(per share)	
Net income attributable to common stockholders	\$ 38,606	\$ 0.37	\$ 15,261	\$ 0.16	\$ 81,233	\$ 0.80	\$ 34,171	\$ 0.37
Adjustments:								
Real estate depreciation	16,886	0.15	12,958	0.12	46,380	0.43	38,000	0.40
Amortization of intangibles	2,090	0.02	651	0.01	4,130	0.03	1,371	—
Joint venture real estate depreciation and amortization	1,741	0.01	1,979	0.02	5,343	0.05	6,111	0.06
Joint venture (gain) loss on sale of properties and purchase of partner’s interest	(13,620)	(0.13)	512	0.01	(19,049)	(0.18)	182	—
Distributions paid on Preferred Operating Partnership units	(1,438)	(0.01)	(1,438)	(0.02)	(4,313)	(0.04)	(4,313)	(0.04)
Income allocated to Operating Partnership noncontrolling interests	2,938	0.02	2,092	0.02	7,563	0.07	5,846	0.06
Funds from operations	\$ 47,203	\$ 0.43	\$ 32,015	\$ 0.32	\$ 121,287	\$ 1.16	\$ 81,368	\$ 0.85
Adjustments:								
Non-cash interest expense related to amortization of discount on exchangeable senior notes	—	—	440	0.01	444	—	1,308	0.01
Acquisition related costs	2,486	0.03	346	—	3,564	0.03	2,165	0.02
Funds from operations - adjusted	\$ 49,689	\$ 0.46	\$ 32,801	\$ 0.33	\$ 125,295	\$ 1.19	\$ 84,841	\$ 0.88
Weighted average number of shares - diluted	108,755,316		98,867,803		104,981,176		95,866,290	

FFO and FFO as adjusted include the dilutive impact from lease-up properties of \$0.00 and \$0.02 per diluted share for the three and nine months ended September 30, 2012, respectively, compared to \$0.02 and \$0.06 for the same periods in 2011.

Operating Results and Same-Store Property Performance:

The following table outlines the Company’s same-store property performance for the three and nine months ended September 30, 2012 and 2011 (amounts shown in thousands, except property count data - unaudited):

	For the Three Months Ended September 30,		Percent Change	For the Nine Months Ended September 30,		Percent Change
	2012	2011		2012	2011	
Same-store rental and tenant reinsurance revenues	\$ 71,091	\$ 66,589	6.8%	\$ 206,060	\$ 193,300	6.6%
Same-store operating and tenant reinsurance expenses	21,269	21,871	(2.8)%	64,716	65,745	(1.6)%
Same-store net operating income	\$ 49,822	\$ 44,718	11.4%	\$ 141,344	\$ 127,555	10.8%

Non same-store rental and tenant reinsurance revenues	\$	32,469	\$	11,155	191.1%	\$	70,193	\$	24,854	182.4%
Non same-store operating and tenant reinsurance expenses	\$	10,225	\$	3,995	155.9%	\$	22,658	\$	9,174	147.0%
Total rental and tenant reinsurance revenues	\$	103,560	\$	77,744	33.2%	\$	276,253	\$	218,154	26.6%
Total operating and tenant reinsurance expenses	\$	31,494	\$	25,866	21.8%	\$	87,374	\$	74,919	16.6%
Same-store square foot occupancy as of quarter end		89.8%		88.0%		89.8%		88.0%		
Properties included in same-store		282		282		282		282		

As of September 30, 2012, same-store occupancy increased 180 basis points to 89.8% when compared to September 30, 2011. Expenses for the three months ended September 30, 2012, were lower primarily due to reduced repairs and maintenance, utility costs and lower credit card processing fees. Revenues for the same period were up primarily due to increases in occupancy and rates and decreases in discounts.

The Company's major markets with revenue growth above the portfolio average for the three months ended September 30, 2012, included Atlanta, Chicago, Dallas, Houston, San Francisco and Tampa. Major markets performing below the Company's portfolio average included Denver, Las Vegas, Memphis and Phoenix.

Acquisition and Third-Party Management Activity:

During the quarter, the Company purchased 53 properties for an approximate purchase price of \$449.5 million. Of the 53 properties, 36 came from the acquisition of Prudential Real Estate Investors' ("PREI@") 94.9% interest in the ESS PRISA III LLC joint venture that was formed in 2005. The joint venture owned 36 properties located in 18 states. The remaining 17 assets were located in California, Colorado, New Jersey, New York, South Carolina, Texas, Utah and Virginia.

The Company has six additional properties under contract for approximately \$51.6 million. The properties are located in Florida, Massachusetts and New Jersey. The purchase of these properties is currently expected to close by year end. These acquisitions are subject to due diligence and other customary closing conditions and no assurance can be provided that these acquisitions will be completed on the terms described, or at all.

As of September 30, 2012, the Company managed 190 properties for third-party owners. Including 304 properties owned and operated in joint ventures, the Company has a total of 494 properties under management. The Company continues to be the largest self-storage management company in the United States.

Balance Sheet:

As of September 30, 2012, the Company's percentage of fixed-rate debt to total debt was 74.2%. The weighted average interest rate on the Company's fixed and variable rate debt was 4.9% and 2.1%, respectively. The combined weighted average interest rate was 4.2% with a weighted average maturity of approximately 5.5 years. During the quarter, the Company obtained \$149.1 million in secured financing consisting of four loans with a weighted average interest rate of 2.9%.

Dividends:

The Company paid a third quarter dividend of \$0.20 per share on the common stock of the Company on September 28, 2012, to stockholders of record at the close of business on September 17, 2012.

Outlook:

The Company currently estimates that FFO per diluted share for the year ending December 31, 2012, will be between \$1.56 and \$1.58. FFO estimates for the year are fully diluted for an estimated average number of shares and Operating Partnership units ("OP units") outstanding during the year. The Company's estimates are forward-looking and based on management's view of current and future market conditions.

The Company's actual results may differ materially from these estimates, which include the following annual assumptions:

- Same-store property revenue growth, including tenant reinsurance, between 6.0% and 6.5%.
- Same-store property expense increase, including tenant reinsurance, between (0.25)% and 0.25%.
- Same-store property NOI growth, including tenant reinsurance, between 8.75% and 9.75%.
- Net tenant reinsurance income between \$29.5 million and \$30.0 million.
- General and administrative expenses between \$50.0 million and \$50.5 million, including non-cash compensation expense of approximately \$4.5 million.
- Average monthly cash balance of approximately \$50.0 million.
- Equity in earnings of real estate ventures between \$10.0 million and \$10.5 million.
- Acquisition activity of approximately \$535.0 million including the PREI transaction.

- Interest expense between \$71.5 million and \$72.5 million.
 - Weighted average LIBOR of 0.3%.
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- Weighted average number of outstanding shares, including OP units, of approximately 106.0 million.
- Dilution associated with the Company's lease-up properties of approximately \$1.0 million.
- Taxes associated with the Company's taxable Real Estate Investment Trust ("REIT") subsidiary between \$5.5 million and \$6.5 million, inclusive of approximately \$5.5 million in solar tax credits.
- Acquisition related costs of approximately \$4.5 million.

Supplemental Financial Information:

Supplemental unaudited financial information regarding the Company's performance can be found on the Company's website at www.extraspace.com. Click on the "Investor Relations" link at the bottom of the home page, then on "Financial & Stock Info," then on "Quarterly Earnings" on the left of the page. This supplemental information provides additional detail on items that include property occupancy and financial performance by portfolio and market, debt maturity schedules and performance of lease up assets.

Conference Call:

The Company will host a conference call at 1:00 p.m. Eastern Time on Tuesday, October 30, 2012, to discuss its financial results. To participate in the conference call, please dial 866-277-1181 or 617-597-5358 for international participants, conference ID: 16475739. The conference call will also be available on the Company's website at www.extraspace.com. To listen to a live broadcast, go to the site at least 15 minutes prior to the scheduled start time in order to register, download and install any necessary audio software. A replay of the call will be available for 30 days on the Company's website in the Investor Relations section.

A replay of the call will also be available by telephone, from 4:00 p.m. Eastern Time on October 30, 2012, until midnight Eastern Time on November 30, 2012. The replay dial-in numbers are 888-286-8010 or 617-801-6888 for international callers, conference ID: 97425335.

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 our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions 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;
- the effect of competition from new and existing self-storage facilities or other storage alternatives, which could cause rents and occupancy rates to decline;
- difficulties in our ability to evaluate, finance, complete and integrate acquisitions and developments successfully and to lease up those properties, which could adversely affect our profitability;
- potential liability for uninsured losses and environmental contamination;
- the impact of the regulatory environment as well as national, state, and local laws and regulations including, without limitation, those governing REITs, which could increase our expenses and reduce our cash available for distribution;
- 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;

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- increased interest rates and operating costs;
 - reductions in asset valuations and related impairment charges;
 - the failure of our joint venture partners to fulfill their obligations to us or their pursuit of actions that are inconsistent with our objectives;
 - the failure to maintain our REIT status for federal income tax purposes;
 - economic uncertainty due to the impact of war or terrorism, which could adversely affect our business plan; and
 - difficulties in our ability to attract and retain qualified personnel and management members.

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.

Notes to Financial Information:

The Company operates as a self-managed and self-administered REIT. Readers are encouraged to find further detail regarding Extra Space Storage's organizational structure in its most recent Annual Report and Form 10-K as filed with the SEC.

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 earnings. Net earnings assume 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 properties and impairment write downs of depreciable real estate assets, plus depreciation and amortization 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.

For informational purposes, the Company provides FFO as adjusted for the exclusion of non-recurring revenues and expenses, acquisition related costs and non-cash interest charges related to the Company's exchangeable senior notes. Although the Company's calculation of FFO as adjusted 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. The Company believes that by excluding non-recurring revenues and expenses, the costs related to acquiring properties and non-cash interest charges from the exchangeable senior notes, 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. FFO as adjusted by the Company should not be considered a replacement of the NAREIT definition of FFO and 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.

Definition of Same-Store Properties:

The Company's same-store properties for the three and nine months ended September 30, 2012, consisted of 282 properties that were wholly-owned and operated and that were stabilized by the first day of each period. The Company considers a property to be stabilized once it has been open three years or has sustained average square foot occupancy of 80.0% or more for one calendar year. Same-store results provide information relating to property operations without the effects of acquisitions or completed developments and should not be used as a basis for future same-store performance or for the performance of the Company's properties as a whole.

About Extra Space Storage Inc.:

Extra Space Storage Inc., headquartered in Salt Lake City, Utah, is a self-administered and self-managed REIT that owns and/or operates 910 self-storage properties in 34 states, Washington, D.C. and Puerto Rico. The Company's properties comprise approximately 610,000 units and approximately 66.7 million square feet of rentable space, offering customers a wide selection of conveniently located and secure storage solutions across the country, including boat storage, RV storage and business storage. The Company is the second largest owner and/or operator of self-storage properties in the United States and is the largest self-storage management company in the United States.

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For Information:

Clint Halverson
Extra Space Storage Inc.
(801) 365-4597

Extra Space Storage Inc. Consolidated Balance Sheets (In thousands, except share data)

	<u>September 30, 2012</u> (Unaudited)	<u>December 31, 2011</u>
Assets:		
Real estate assets, net	\$ 2,741,945	\$ 2,263,795
Investments in real estate ventures	121,269	130,410

Cash and cash equivalents	43,608	26,484
Restricted cash	23,384	25,768
Receivables from related parties and affiliated real estate joint ventures	10,930	18,517
Other assets, net	71,786	51,276
Total assets	\$ 3,012,922	\$ 2,516,250

Liabilities, Noncontrolling Interests and Equity:

Notes payable	\$ 1,226,899	\$ 937,001
Premium on notes payable	3,638	4,402
Notes payable to trusts	119,590	119,590
Exchangeable senior notes	—	87,663
Lines of credit	240,000	215,000
Accounts payable and accrued expenses	49,609	45,079
Other liabilities	43,034	33,754
Total liabilities	1,682,770	1,442,489

Commitments and contingencies

Noncontrolling Interests and 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, 104,322,435 and 94,783,590 shares issued and outstanding at September 30, 2012, and December 31, 2011, respectively	1,043	948
Paid-in capital	1,531,975	1,290,021
Accumulated other comprehensive deficit	(14,956)	(7,936)
Accumulated deficit	(243,546)	(264,086)
Total Extra Space Storage Inc. stockholders' equity	1,274,516	1,018,947
Noncontrolling interest represented by Preferred Operating Partnership units, net of \$100,000 note receivable	29,829	29,695
Noncontrolling interests in Operating Partnership	24,699	24,018
Other noncontrolling interests	1,108	1,101
Total noncontrolling interests and equity	1,330,152	1,073,761
Total liabilities, noncontrolling interests and equity	\$ 3,012,922	\$ 2,516,250

Consolidated Statement of Operations for the Three and Nine Months Ended September 30, 2012 and 2011 — Unaudited (In thousands, except share and per share data)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenues:				
Property rental	\$ 94,065	\$ 69,475	\$ 249,193	\$ 195,265
Tenant reinsurance	9,495	8,269	27,060	22,889
Management and franchise fees	6,231	6,353	19,476	18,464
Total revenues	109,791	84,097	295,729	236,618
Expenses:				
Property operations	30,115	24,270	82,723	70,326
Tenant reinsurance	1,379	1,596	4,651	4,593
Acquisition related costs	2,486	346	3,564	2,165
General and administrative	12,559	12,306	37,744	36,396
Depreciation and amortization	19,768	14,364	52,918	42,041
Total expenses	66,307	52,882	181,600	155,521
Income from operations	43,484	31,215	114,129	81,097
Interest expense	(18,423)	(16,756)	(52,348)	(49,431)
Non-cash interest expense related to amortization of discount on exchangeable senior notes	—	(440)	(444)	(1,308)
Interest income	461	185	1,184	556
Interest income on note receivable from Preferred Operating Partnership unit holder	1,213	1,213	3,638	3,638
Income before equity in earnings of real estate ventures and income tax expense	26,735	15,417	66,159	34,552
Equity in earnings of real estate ventures	2,854	1,873	7,848	6,060
Equity in earnings of real estate ventures - gain on sale of real estate assets and purchase of partner's interest	13,620	—	19,049	—
Income tax expense	(1,656)	62	(4,240)	(603)
Net income	41,553	17,352	88,816	40,009
Net income allocated to Preferred Operating Partnership noncontrolling interests	(1,805)	(1,598)	(5,108)	(4,682)

Net income allocated to Operating Partnership and other noncontrolling interests	(1,142)	(493)	(2,475)	(1,156)
Net income attributable to common stockholders	<u>\$ 38,606</u>	<u>\$ 15,261</u>	<u>\$ 81,233</u>	<u>\$ 34,171</u>
Net income per common share				
Basic	\$ 0.37	\$ 0.16	\$ 0.81	\$ 0.37
Diluted	\$ 0.37	\$ 0.16	\$ 0.80	\$ 0.37
Weighted average number of shares				
Basic	104,252,227	94,314,429	100,429,840	91,277,261
Diluted	108,755,316	98,867,803	104,981,176	95,866,290
Cash dividends paid per common share	\$ 0.20	\$ 0.14	\$ 0.60	\$ 0.42

Reconciliation of the Range of Estimated Fully Diluted Net Income Per Share to Estimated Fully Diluted FFO Per Share — for the Three Months and Year Ending December 31, 2012 — Unaudited

	For the Three Months Ending December 31, 2012		For the Year Ending December 31, 2012	
	Low End	High End	Low End	High End
Net income attributable to common stockholders per diluted share	\$ 0.19	\$ 0.21	\$ 0.95	\$ 0.97
Income allocated to noncontrolling interest - Preferred Operating Partnership and Operating Partnership	0.02	0.02	0.10	0.10
Fixed component of income allocated to non-controlling interest - Preferred Operating Partnership	(0.01)	(0.01)	(0.05)	(0.05)
Net income for diluted computations	0.20	0.22	1.00	1.02
Adjustments:				
Real estate depreciation	0.17	0.17	0.62	0.62
Amortization of intangibles	0.01	0.01	0.05	0.05
Joint venture real estate depreciation and amortization	0.02	0.02	0.07	0.07
Joint venture gain on sale of properties	—	—	(0.18)	(0.18)
Diluted funds from operations per share	<u>\$ 0.40</u>	<u>\$ 0.42</u>	<u>\$ 1.56</u>	<u>\$ 1.58</u>