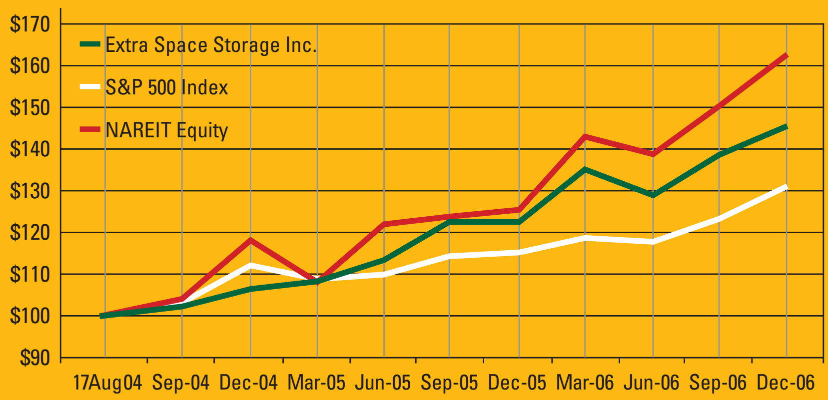
06 ANNUAL REPORT

BY THE NUMBERS

SELECTED DATA - Dollars in thousands, except share and per share data.

YEAR ENDED DECEMBER 31,	2006	2005	2004
OPERATING DATA:			
Total revenues	$ 197,264	$ 134,728	$ 65,720
Property operating expenses	$ 62,243	$ 45,963	$ 26,066
General and administrative expenses	$ 35,600	$ 24,081	$ 12,465
Depreciation and amortization	$ 37,172	$ 31,005	$ 15,552
Interest expense	$ (50,953)	$ (42,549)	$ (28,491)
Equity in earnings of real estate ventures	$ 4,693	$ 3,170	$ 1,387
Net income (loss)	$ 14,876	$ (4,966)	$ (18,462)
OTHER DATA:			
FFO - diluted[(1)]	$ 56,336	$ 27,236	$ NA[(2)]
Weighted average number of shares - diluted	59,291,749	35,481,538	15,282,725
Cash dividends paid per common share	$ 0.91	$ 0.91	$ 0.34[(3)]
Wholly-owned stabilized property occupancy at year-end	85.2%	85.2%	83.6%
BALANCE SHEET DATA:			
Total assets	$1,669,825	$1,420,192	$ 748,484
Total debt	$ 948,174	$ 866,783	$ 472,977
Minority interest	$ 35,158	$ 36,235	$ 21,453
Total stockholders' equity	$ 643,555	$ 480,128	$ 243,607



STOCK PRICE PERFORMANCE - Comparison of Cumulative Total Return

Prior to August 17, 2004, the Company was not publicly traded and there was no public market for the Company's securities. The graph compares the cumulative total return on the Company's common shares with that of the Standard and Poor's 500 Stock Index ("S&P 500 Index") and the National Association of Real Estate Investment Trusts Equity Index ("NAREIT Equity Index") from August 17, 2004 (the date that the Company's common shares began to trade publicly) through December 31, 2006. The stock price performance graph assumes that an investor invested $100 at the close of market on August 17, 2004 in shares of the Company's common stock and invested $100 at the same time in each of the indexes. The comparisons in the graph are provided in accordance with the Securities and Exchange Commission disclosure requirements and are not intended to forecast or be indicative of the future performance of the Company's shares of common stock.

EXTRA SPACE STORAGE INC. (NYSE: EXR), headquartered in Salt Lake City, Utah, is a fully integrated, self-administered and self-managed Real Estate Investment Trust (REIT) specializing in the development, acquisition and operation of self-storage properties. When it comes to performance, our results speak for themselves. We invite you to take a look at Extra Space Storage by the numbers; a company with an impressive growth trajectory.

(1) Funds from Operations ("FFO") provides relevant and meaningful information about our operating performance that is necessary, along with net income (loss) and cash flows, for an understanding of our operating results. We believe FFO is a meaningful disclosure as a supplement to net earnings because net earnings assume that the values of real estate assets diminish predictably over time as reflected through depreciation and amortization expenses. We believe that the values of real estate assets fluctuate due to market conditions and FFO more accurately reflects the value of our real estate assets. FFO is defined by the National Association of Real Estate Investment Trusts, Inc. ("NAREIT") as net income (loss) computed in accordance with U.S. generally accepted accounting principles ("GAAP"), excluding gains or losses on sales of operating properties, plus depreciation and amortization and after adjustments to record unconsolidated partnerships and joint ventures on the same basis. We believe that to further understand our performance, FFO should be considered along with the reported net income (loss) and cash flows in accordance with GAAP, as presented in the consolidated financial statements. The computation of FFO may not be comparable to FFO reported by other REITs or real estate companies that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently. FFO does not represent cash generated from operating activities determined in accordance with GAAP, and should not be considered as an alternative to net income (loss) as an indication of our performance, as an alternative to net cash flow from operating activities as a measure of our liquidity, or as an indicator of our ability to make cash distributions.
(2) Partial year FFO not reported (3) Based on annual dividend of $0.91 per share

As required by Section 303A.12(a) of the NYSE Listed Company Manual, our Chief Executive Officer made his annual certification to the NYSE stating that he was not aware of any violation by our Company of the corporate governance listing standards of the NYSE. In addition, we have filed, as exhibits to this Annual Report on Form 10-K, the certifications of our Chief Executive Officer and Chief Financial Officer required under Section 302 of the Sarbanes-Oxley Act of 2002 to be filed with the Securities and Exchange Commission regarding the quality of our public disclosure.

#1 REVENUE AND NOI GROWTH

IN SELF-STORAGE SECTOR

In 2006, we grew same-store revenues and net operating income (NOI) by 6.6% and 7.9% respectively – faster than any self-storage REIT. We successfully integrated our 2005 acquisition of Storage USA's 458 properties and moved forward as one company with one operational platform. After integrating our most mission-critical processes in 2005, we took full advantage of the positive operating climate in self storage during 2006. For Extra Space Storage, it all added up to industry-leading growth.

TOP 10 OVERALL IN REIT FFO GROWTH AND #1 AMONG SELF-STORAGE PEERS

In 2006, our growth in FFO – $0.95 per common share in 2006, up 36% from $0.70 in 2005 – far surpassed our self-storage peers. Even more impressive, our FFO growth ranked tenth* among all public REITs. Our formula is simple: combine operational excellence with best-of-class technology systems and a data-driven revenue management team. Our real-time, centralized approach lets us proactively optimize rents and maximize occupancy levels. Meanwhile, greater scale makes our promotions more powerful and our operations more efficient.

*Source: Thomson Financial


STORAGE

2nd LARGEST U.S. SELF-STORAGE PORTFOLIO

OUR PORTFOLIO: Today, Extra Space Storage is the operator of the second-largest self-storage portfolio in the country. At the end of 2006, our portfolio consisted of 641 properties in 32 states and Washington, D.C. Of those, 219 were wholly owned and generated 92% of our FFO last year. We also earned management fee income by operating 348 joint-venture properties, in which we hold a minority interest, and 74 properties for third parties. All told, we oversaw 46.5 million square feet of rentable space. For our 300,000-plus individual customers, the Extra Space Storage brand stands for something more than convenient locations coast-to-coast. It also means clean, high-quality properties, managed by storage professionals who are dedicated to provide an exceptional storage experience.

PROPERTY GROWTH

Over the years, we have strategically expanded our portfolio with quality properties that fit our profile. In 1998, we managed 31 self-storage facilities – a number that skyrocketed to 641 at the end of 2006. One of our key strategies has been to grow our wholly-owned properties, which represent the most profitable part of our portfolio. In 2006 we added 28 new wholly-owned properties for an increase of over 14%. Of those, we acquired 25 properties for approximately $167 million, well within our stated goal of $150 million to $200 million.

FROM 122 TO 219 WHOLLY-OWNED PROPERTIES IN THREE YEARS

In the past three years, we increased our wholly-owned holdings by nearly 80%, from 122 to 219 properties. The market remains ripe for continued consolidation through acquisition. In fact, just 12% of the country's 43,000 self-storage facilities* are owned by the top-10 self-storage operators. With a larger acquisitions target of $250 million to $300 million for 2007, we are looking for the right locations at the right price. Our joint venture and managed properties, which we know inside and out, give us a built-in pipeline of off-market deals. Twelve of our acquisitions in 2006 came from this source.

*Source: 2007 Self-Storage Almanac

$42 MILLION

IN CAPITAL IMPROVEMENTS

With our partners, we invested $42 million last year to upgrade over 400 properties from our Storage USA acquisition. We took properties in prime locations and made them even better, making needed property enhancements and installing over 1,000 new primary signs to welcome new and existing customers. We built Extra Space Storage into a national brand and energized employees while bringing properties up to our “Clean and Green” standard. Our re-branding, to be complete in early 2007, demonstrates our commitment to quality. It also supports our ability to increase rents – a truly capital idea.

70%

OF PROPERTIES IN THE BEST SELF-STORAGE MARKETS

Across the country you will find Extra Space Storage signs dotting the skylines of the best markets for self storage. In our business that means high-density, high-income and vibrant metropolitan areas; primarily along both coasts and in the greater Chicago area. Approximately 70% of our total properties are in the top self-storage markets, in turn generating 80% of our NOI. Our institutional-grade locations are irreplaceable, laying claim to the highest average population density in a three-mile radius of any self-storage REIT.*

*Source: ESRI and Company Filings


EXTRA SPACE
STORAGE

15 NEW DEVELOPMENT PROJECTS

Last year, our strategic focus on development once again set us apart from our peers. We delivered 15 development projects, consisting of 11 ground-up projects and four expansions, for a total cost of $101 million. With the most experienced and active development team in the industry, we successfully completed projects in high barrier-to-entry markets like Southern California and Phoenix. Understanding market nuances and working closely with the community were essential. Our development properties historically have achieved un-leveraged, cash-on-cash returns of 9% to 10%; up to 300 basis points higher than stabilized acquisitions.


noise makers
roller skates and ice skates
EXTRA SPACE
STORAGE
EST·1977
888-STORAGE | extraspace.com
boots
your growing basket collection
ancient office supplies
EXTRA SPACE
STORAGE
EST·1977
888-STORAGE | extraspace.com
memorable toys
comfy clothes
grandma's china
EXTRA SPACE
STORAGE
888-STORAGE | extraspace.com
alarm clocks
skates

63.4%
SINCE IPO

50.6%
TWO YEARS

24.5%
ONE YEAR

DELIVERING SHAREHOLDER RETURNS*

We have delivered outstanding returns since our initial public offering in August 2004 and there are even greater opportunities ahead. To maximize shareholder value, we are focusing on the three P's – our people, properties and processes. We plan to achieve continued growth through acquisition and development. To enhance operational efficiencies, we are leveraging real-time reporting and Enterprise Content Management tools and optimizing our revenue management and discounting policies. Our strategy is designed to make us the most value-producing company in the self-storage industry.

*Total returns including annual dividend of $0.91 per share

DEAR FELLOW SHAREHOLDERS

In the self-storage industry, there is strength in numbers. Nowhere is that more apparent than in our 2006 results, which show how far Extra Space Storage has come in creating a company with an outstanding platform for future growth. The hard work, innovation and professionalism of the Extra Space Storage team all added up to exceptional performance. That is why we decided to let our numbers tell the story in this year's annual report.

There is no question that 2006 was a pivotal year for Extra Space Storage. Less than one year after becoming a public company, our July 2005 acquisition of Storage USA was met with skepticism by the capital markets. We knew we needed to deliver solid results to prove that the acquisition was the right deal at the right time. For this reason, we diligently focused on operational performance as well as taking advantage of our new scale and scope.

As a result, our earnings growth was one of the most robust in the REIT universe, and we established ourselves as the leader in same-store growth among our self-storage peers. Not to be missed were the solid returns we delivered to our shareholders and our successful third-quarter equity raise. With these results in mind, we have proven that the acquisition of Storage USA has created value for Extra Space Storage shareholders. In our case, the combination is truly greater than the sum of its parts.

As proud as I am of our high level of performance, I am even more pleased with our ability to bring two companies together as one. Last year several of our senior executives and I traveled the country to become more familiar with our people and properties. No "virtual" tour can come close to seeing properties in-person and getting to know the highly skilled storage professionals who operate them.

I can now say with confidence that we are entering 2007 as one company. As we move forward, we will continue pursuing excellence in our properties, our processes and our people. For Extra Space Storage, it's a simple equation for maximizing shareholder value.

LEADING OPERATIONAL PERFORMANCE

The operational performance of our properties in 2006 was excellent. Growth was evident in every segment of our portfolio and was particularly strong in our group of 219 wholly-owned properties, which make up 34% of our total managed portfolio but constitute 92% of our 2006 earnings.

Our same-store group of 103 wholly-owned properties led the sector, finishing the year with a 6.6% increase in revenue and a 7.9% increase in NOI. Occupancy for this group of properties was strong, peaking at 89.4% in July and averaging 87.0% for the year. All of our properties benefited from our ability to rapidly integrate best-of-breed technology systems with innovative, data-driven revenue management strategies to drive our revenue and occupancy.

Miami, Northern California and Phoenix were our most prolific core markets with double-digit revenue and NOI growth. In addition, Atlanta, Chicago and Dallas were very robust.

We are constantly searching for ways to increase efficiencies and reduce expenses, and we implemented several key programs in 2006 to remain competitive. For these reasons, expenses were held in check, increasing 4.2% for the year among our same-store group of properties despite increases in uncontrollable line items such as property taxes, utilities and insurance. Efficiencies from our larger scale became evident as we were able to gain exposure and lower per site costs in our yellow page, online advertising and national account programs.

ACCELERATING FINANCIAL RESULTS

Our primary financial metrics—revenue, net income and FFO—increased dramatically, due to strong property operating performance coupled with a double-digit increase in our number of wholly-owned properties. We believe this is a validation of our successful integration with Storage USA.

In 2006 total revenue was $197.3 million compared to $134.7 million in 2005, an increase of 46%. Total FFO rose to $56.3 million in 2006 up from $27.2 million in 2005, an increase of 107%. On a fully diluted per share basis, FFO increased 36% to $0.95 in 2006 from $0.70 in 2005. Net income increased to $14.9 million in 2006 from a net loss of $5.0 million in 2005.

Most importantly, we were able to deliver solid shareholder returns, with a total return for 2006 of 24.5%. Extra Space Storage shareholders have enjoyed a total return of 63.4% since our initial public offering in August 2004.

CONTINUED PORTFOLIO GROWTH

Extra Space Storage continues to grow a portfolio of properties creating a solid foundation for future returns and operational performance. In total, we increased our wholly-owned portfolio of properties by 14%, growing to 219 properties in 2006 from 192 in 2005.

Though our acquisition volume was nowhere near the $500 million level seen in 2005, we were able to acquire 25 high-quality properties for approximately $167 million. This amount was well within our stated goal of between $150 million and $200 million. The properties are high quality and located in our core geographic markets.

One of the strategic advantages of the acquisition of Storage USA was its franchise and property management program, which provides us with a built-in acquisition pipeline. This pipeline proved to be very valuable, as 12 of the 25 acquisitions completed in 2006 came directly from this off-market, non-brokered source. We are looking to expand this business and look forward to tapping this pool of potential acquisitions for years to come.

Our development team had a fine year, completing 15 projects for $101 million and adding a total of nearly 876,000 square feet of rentable space to our operating portfolio. Eleven high-quality, ground-up development projects were completed, including three wholly-owned properties, adding 786,000 square feet at a cost of $93 million. In addition, expansion projects amounting to 90,000 square feet of space at a cost of $8 million were completed at four wholly-owned facilities.

BALANCE SHEET SOLIDIFIED

During 2006 we continued to proactively manage our balance sheet to position us for new opportunities and protect us from interest rate uncertainties. The vitality of our balance sheet improved from 2005 levels on almost every REIT industry measure, and we have retained plenty of “dry powder” to pursue accretive growth opportunities.

Our leverage, measured by percentage of debt (including trust preferred) to total market capitalization, was 43.3% at year end; down from 52.1% at the end of 2005. Our overall debt had a weighted average interest rate of 5.5% and consisted of 91% long-term fixed-rate debt, minimizing variable-rate exposure. Our fixed-charge coverage ratio was 2.0 times for the full year, finishing at 2.3 times for the fourth quarter—a solid improvement over the previous year.

Our financial position was bolstered as a result of a successful follow-on offering of common stock in September that raised $201.1 million in gross proceeds. In 2007 we plan to deploy this capital selectively on several key acquisitions. Our ability to raise equity in such an expedient fashion demonstrates the investment community’s confidence in our strategy and performance.

INTEGRATION SUCCESS

Completing the integration of Storage USA was a major accomplishment and served as the cornerstone of our success in 2006. Our work in 2006 was simplified due to our ability to quickly combine our key technology and operational systems in the third and fourth quarters of 2005. We were able to start 2006 with good operational momentum, which in turn produced strong operational results.

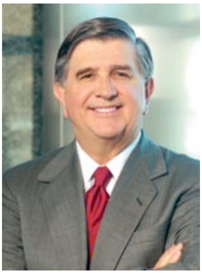
Our $42 million capital improvement program was a Herculean task that continued throughout the year. As of year end, we had completed signage installations of more than 1,000 primary signs at more than 400 former Storage USA properties. We also completed the vast majority of scheduled improvements, including painting, pavement repair and remodeling projects. There is still work to be done; however, it now falls in-line with our normal course of capital improvement instead of a large-scale catch-up project.

Perhaps the greatest integration challenge we faced was combining the two different company cultures. To aid in this transition, our executive team hit the road to foster a sense of community and buy-in with our strategy. Throughout the year, we visited nearly 2,000 employees and 550 self-storage properties in 32 states. It is invaluable meeting the employees, hearing first-hand what's working, what's not and being able to respond in person. Though it was a lot of travel and time, it may have been the single most important assignment we completed this year.

2007 OUTLOOK

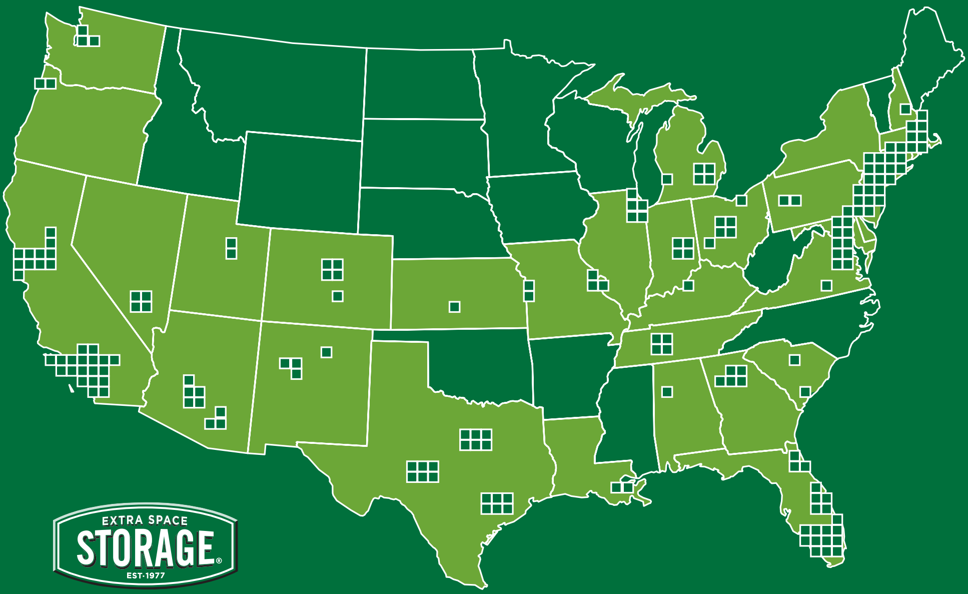
This past year was one of the better years during my three decades in the self-storage industry. Demand was strong in the vast majority of our markets, a trend that is continuing in 2007. The economy is growing at a healthy rate, interest rates remain at near-historic lows and consumers continue to purchase goods. All of these are positive signals for another solid year of growth.

In closing, I would like to thank you for your support and your confidence. I look forward to updating you on our progress throughout the coming year.



KENNETH M. WOOLLEY
Chairman and CEO, Extra Space Storage Inc.

State	JOINT VENTURE Facilities	JOINT VENTURE Net Rentable Square Feet	MANAGED Facilities	MANAGED Net Rentable Square Feet	WHOLLY-OWNED Facilities	WHOLLY-OWNED Net Rentable Square Feet	TOTAL Facilities	TOTAL Net Rentable Square Feet
AL	4	281,788					4	281,788
AZ	12	805,981			4	291,810	16	1,097,791
CA	72	5,315,479	16	1,147,259	34	2,483,323	122	8,946,061
CO	3	215,913	1	56,240	6	360,519	10	632,672
CT	9	750,984	1	55,260	2	122,990	12	929,234
DC	1	101,990	2	111,809			3	213,799
DE	1	71,655					1	71,655
FL	24	2,081,555	7	316,763	27	1,919,567	58	4,317,885
GA	3	251,510	5	300,385	9	649,758	17	1,201,653
IL	7	507,325	3	299,099	5	339,894	15	1,146,318
IN	9	498,278	1	68,690			10	566,968
KS	3	164,200			1	49,940	4	214,140
KY	4	268,339			3	194,351	7	462,690
LA					2	147,990	2	147,990
MD	15	1,150,576	9	626,555	6	573,157	30	2,350,288
MA	17	1,050,215	5	373,135	28	1,723,704	50	3,147,054
MI	10	783,032			2	134,722	12	917,754
MO	5	324,130			3	169,067	8	493,197
NV	7	620,698	2	171,555	2	130,935	11	923,188
NH	3	137,754			2	125,609	5	263,363
NJ	21	1,653,766	3	257,533	23	1,834,868	47	3,746,167
NM	10	588,406	2	131,492			12	719,898
NY	22	1,805,705	3	239,095	7	455,434	32	2,500,234
OH	12	825,812			4	275,291	16	1,101,103
OR	2	137,140			1	103,610	3	240,750
PA	11	809,743	1	61,235	9	689,082	21	1,560,060
RI	1	73,905	1	55,995	1	75,241	3	205,141
SC					4	245,734	4	245,734
TN	23	1,585,453	3	196,615	5	409,567	31	2,191,635
TX	19	1,603,935	4	260,140	19	1,343,041	42	3,207,116
UT	1	59,400	2	183,720	3	210,350	6	453,470
VA	16	1,191,029	3	211,587	3	200,909	22	1,603,525
WA	1	62,730			4	305,845	5	368,575
TOTAL	**348**	**25,778,426**	**74**	**5,124,162**	**219**	**15,566,308**	**641**	**46,468,896**



EXTRA SPACE STORAGE EST·1977

Approximate Extra Space Storage Facility Density

Total Revenue Comparison

$197,264
2006

$134,728
2005

$65,720
2004

Total Assets

$1,669,825
2006

$1,420,192
2005

$748,484
2004

Net Income Comparison

$14,876
2006

($4,966)
2005

($18,462)
2004

Wholly-Owned Property Comparison

219
2006

192
2005

122
2004

Dollars in thousands.

EXTRA SPACE STORAGE SENIOR MANAGEMENT TEAM

EXTRA SPACE STORAGE EST·1977

CORPORATE DATA

CORPORATE HEADQUARTERS
2975 East Cottonwood Parkway
Suite 400
Salt Lake City, Utah 84121
(801) 562-5556

TRANSFER AGENT
American Stock Transfer & Trust

INDEPENDENT AUDITORS
Ernst & Young LLP
Salt Lake City, Utah

LEGAL COUNCIL
Latham & Watkins
San Diego, California

STOCK INFORMATION
The Company's common stock trade on the New York Stock Exchange (NYSE) under the symbol EXR

ANNUAL MEETING OF STOCKHOLDERS
The Company's annual meeting of stockholders will be held Wednesday, May 23, 2007 at the Grand America Hotel in Salt Lake City, Utah

FORM 10-K INFORMATION
A copy of the Company's annual report on Form 10-K, filed with the Securities Exchange Commission, will be furnished, free of charge on written request to:

Investor Relations
2975 East Cottonwood Parkway
Suite 400
Salt Lake City, Utah 84121

A fully downloadable version of the Company's annual report can also be found in the investor relations section of the Company's website at www.extraspace.com

MANAGEMENT TEAM

KENNETH M. WOOLLEY
Chairman of the Board
Chief Executive Officer

CHARLES L. ALLEN
Executive Vice President
Chief Legal Officer

KENT W. CHRISTENSEN
Executive Vice President
Chief Financial Officer

KARL HAAS
Executive Vice President
Chief Operating Officer

BRUCE BOUCHER
Senior Vice President
Human Resources

BUCK BROWN
Senior Vice President
Marketing

BILL HOBAN
Senior Vice President
Information Technology

JAMES OVERTURF
Senior Vice President
Corporate Communications

DAVID L. RASMUSSEN
Vice President
General Counsel and Assistant Secretary

SAMRAT SONDHI
Vice President
Revenue Management

JIM STEVENS
Senior Vice President
Acquisitions

P. SCOTT STUBBS
Senior Vice President
Accounting

RICHARD S. TANNER
Senior Vice President
Development

BOARD OF DIRECTORS

KENNETH M. WOOLLEY
Chairman of the Board and
Chief Executive Officer
Extra Space Storage Inc.

ANTHONY FANTICOLA
Retired Chairman and
Chief Executive Officer
A. Fanticola Companies, Inc.

JOSEPH D. MARGOLIS
Co-founder and Partner
Arsenal Real Estate Funds

ROGER B. PORTER
IBM Professor of Business and
Government, Harvard University

K. FRED SKOUSEN
Vice President
Brigham Young University

HUGH W. HORNE
Former President and
Chief Executive Officer
Storageworld, L.P. and
Storage Spot, Inc.

SPENCER F. KIRK
Former Executive Vice President
Extra Space Storage Inc.

EXR LISTED NYSE

Designed and produced by Mentus, San Diego, California www.mentus.com

EXTRA SPACE STORAGE INC.

2795 East Cottonwood Parkway, Suite 400 Salt Lake City, UT 84121 www.extraspace.com NYSE Symbol: EXR