



## Extra Space Storage Inc. Reports 2012 First Quarter Results

April 30, 2012

**Achieves \$0.33 FFO per Share; Same-Store Revenue Increases 6.3%; Same-Store NOI Increases 10.8%**

SALT LAKE CITY, UT, Apr 30, 2012 (MARKETWIRE via COMTEX) --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 months ended March 31, 2012.

Highlights for the Three Months Ended March 31, 2012:

- Achieved funds from operations ("FFO") of \$0.33 per diluted share including lease up dilution of \$0.01 per share and additional interest expense of \$0.01 per share associated with the prepayment of debt, resulting in 32.0% quarter-over-quarter FFO growth compared to 2011.
- Increased same-store revenue and net operating income ("NOI") by 6.3% and 10.8%, respectively, as compared to the same period in 2011.
- Grew same-store occupancy by 340 basis points to 87.1% at March 31, 2012, compared to 83.7% as of March 31, 2011.
- Acquired two properties for an aggregate purchase price of \$15.5 million and opened one development property.
- Paid a quarterly dividend of \$0.20 per share.

Spencer F. Kirk, Chairman and CEO of Extra Space Storage Inc., commented: "We are pleased with the performance of our properties and our execution on the fundamentals of our business. Our same-store revenue growth and expense control were excellent and we are entering the busiest part of the year in a good position. The previously announced acquisition of 36 assets from Prudential Real Estate Investors will propel our future earnings growth and help provide ongoing returns to our stockholders. We are delighted with the opportunity to grow the Company through our partner relationships."

FFO Per Share:

The following table outlines the Company's FFO and FFO as adjusted for the three months ended March 31, 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 March 31,			
	2012		2011	
	(per share)		(per share)	
Net income attributable to common stockholders	\$ 20,214	\$ 0.21	\$ 8,301	\$ 0.09
Adjustments:				
Real estate depreciation	14,633	0.14	12,365	0.13

Amortization of intangibles	1,052	0.01	308	--
Joint venture real estate depreciation and amortization	1,774	0.01	2,075	0.02
Joint venture (gain) loss on sale of properties	(5,429)	(0.05)	36	--
Distributions paid on Preferred Operating Partnership units	(1,438)	(0.01)	(1,438)	(0.01)
Income allocated to Operating Partnership noncontrolling interests	2,300	0.02	1,844	0.02
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Funds from operations	\$ 33,106	\$ 0.33	\$ 23,491	\$ 0.25
	=====	=====	=====	=====

Adjustments:

Non-cash interest expense related to amortization of discount on exchangeable senior notes	444	--	428	0.01
Acquisition related costs	609	0.01	249	--
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Funds from operations - adjusted	\$ 34,159	\$ 0.34	\$ 24,168	\$ 0.26
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Weighted average number of shares - diluted	99,927,352	92,812,067
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FFO and FFO as adjusted include the dilutive impact from lease-up properties of \$0.01 per diluted share for the three months ended March 31, 2012, compared to \$0.02 for the same period in 2011. FFO and FFO as adjusted also include additional interest expense of \$0.01 per share associated with the prepayment of debt for the three months ended March 31, 2012.

Operating Results and Same-Store Property Performance:

The following table outlines the Company's same-store property performance for the three months ended March 31, 2012 and 2011 (amounts shown in thousands, except property count data - unaudited):

	Three Months Ended		
	March 31,		Percent Change
	2012	2011	
Same-store rental and tenant reinsurance revenues	\$ 66,420	\$ 62,479	6.3%
Same-store operating and tenant reinsurance expenses	22,212	22,595	(1.7)%
Same-store net operating income	\$ 44,208	\$ 39,884	10.8%
Non same-store rental and tenant reinsurance revenues	\$ 17,981	\$ 6,035	197.9%
Non same-store operating and tenant reinsurance expenses	\$ 6,232	\$ 2,364	163.6%
Total rental and tenant reinsurance revenues	\$ 84,401	\$ 68,514	23.2%
Total operating and tenant reinsurance			



- Same-store property NOI growth, including tenant reinsurance, between 4.0% and 7.0%.
  
- Net tenant reinsurance income between \$26.0 million and \$27.0 million.
  
- General and administrative expenses between \$50.0 million and \$52.0 million, including non-cash compensation expense of approximately \$5.0 million.
  
- Average monthly cash balance of approximately \$40.0 million.
  
- Equity in earnings of real estate ventures between \$9.0 million and \$10.0 million.
  
- Acquisition activity of approximately \$400.0 million including the PREI transaction.
  
- Interest expense between \$73.0 million and \$75.0 million.
  
- Weighted average LIBOR of 0.35%.
  
- 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 \$3.0 million and \$4.0 million, inclusive of approximately \$6.0 million in solar tax credits.
  
- Acquisition related costs of approximately \$2.7 million.
  
- Non-cash interest charges associated with exchangeable senior notes of approximately \$0.5 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](http://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 2:00 p.m. Eastern Time on Tuesday, May 1, 2012, to discuss its financial results. To participate in the conference call, please dial 866-314-9013 or 617-213-8053 for international participants, conference ID: 75181361. The conference call will also be available on the Company's website at [www.extraspace.com](http://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 May 1, 2012, until midnight Eastern Time on June 1, 2012. The replay dial-in numbers are 888-286-8010 or 617-801-6888 for international callers, conference ID: 68111867.

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:

- 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;
- 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
- 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 gains from early extinguishment of debt, 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 gains from early extinguishment of debt, 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 months ended March 31, 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 882 self-storage properties in 34 states and Washington, D.C. The Company's properties comprise approximately 585,000 units and approximately 64 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.

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

	March 31, 2012	December 31, 2011
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	(Unaudited)	
Assets:		
Real estate assets	\$ 2,266,535	\$ 2,263,795
Investments in real estate ventures	125,336	130,410
Cash and cash equivalents	37,575	26,484
Restricted cash	24,273	25,768
Receivables from related parties and		

affiliated real estate joint ventures	15,415	18,517
Other assets, net	54,002	51,276

Total assets	\$ 2,523,136	\$ 2,516,250
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Liabilities, Noncontrolling Interests and Equity:

Notes payable	\$ 1,025,923	\$ 937,001
Notes payable to trusts	119,590	119,590
Exchangeable senior notes	87,663	87,663
Premium on notes payable	4,273	4,402
Lines of credit	135,000	215,000
Accounts payable and accrued expenses	38,029	45,079
Other liabilities	32,916	33,754
Total liabilities	1,443,394	1,442,489

Commitments and contingencies

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, 95,042,862 and 94,783,590 shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively

Paid-in capital	1,294,572	1,290,021
Accumulated other comprehensive deficit	(8,142)	(7,936)
Accumulated deficit	(262,874)	(264,086)

Total Extra Space Storage Inc. stockholders' equity	1,024,506	1,018,947
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Noncontrolling interest represented by Preferred Operating Partnership units, net of \$100,000 note receivable

Noncontrolling interests in Operating Partnership	24,425	24,018
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Other noncontrolling interests	1,105	1,101
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Total noncontrolling interests and equity	1,079,742	1,073,761
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Total liabilities, noncontrolling interests and equity	\$ 2,523,136	\$ 2,516,250
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Consolidated Statement of Operations for the Three Months Ended March 31, 2012 and 2011 -- Unaudited (In thousands, except share data)

Three Months Ended March 31,

2012	2011
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Revenues:

Property rental	\$ 75,844	\$ 61,490
Management and franchise fees	6,586	5,967

Tenant reinsurance	8,557	7,024		
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Total revenues	90,987	74,481		
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Expenses:				
Property operations	26,596	23,344		
Tenant reinsurance	1,848	1,615		
Acquisition related costs	609	249		
General and administrative	12,640	11,658		
Depreciation and amortization	16,524	13,585		
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Total expenses	58,217	50,451		
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Income from operations	32,770	24,030		
Interest expense	(18,071)	(16,414)		
Non-cash interest expense related to amortization of discount on exchangeable senior notes	(444)	(428)		
Interest income	275	182		
Interest income on note receivable from Preferred Operating Partnership unit holder		1,213	1,213	
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Income before equity in earnings of real estate ventures and income tax expense		15,743	8,583	
Equity in earnings of real estate ventures		2,296	1,811	
Equity in earnings of real estate ventures - gain on sale of real estate assets		5,429	--	
Income tax expense	(950)	(254)		
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Net income	22,518	10,140		
Net income allocated to Preferred Operating Partnership noncontrolling interests		(1,649)	(1,532)	
Net income allocated to Operating Partnership and other noncontrolling interests		(655)	(307)	
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Net income attributable to common stockholders \$	20,214	\$ 8,301		
	=====	=====		
Net income per common share				
Basic	\$ 0.21	\$ 0.09		
Diluted	\$ 0.21	\$ 0.09		
Weighted average number of shares				
Basic	94,888,078	88,045,951		
Diluted	99,927,352	92,812,067		
Cash dividends paid per common share	0.20	0.14		

Reconciliation of the Range of Estimated Fully Diluted Net Income Per Share to Estimated Fully Diluted FFO Per Share -- for the Three Months Ending June 30, 2012 and the Year Ending December 31, 2012 -- Unaudited

	For the Three	For the Year		
	Months Ending	Ending		
	June 30, 2012	December 31, 2012		
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	Low End	High End	Low End	High End
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Net income attributable to common

stockholders per diluted share	\$ 0.15	\$ 0.17	\$ 0.73	\$ 0.79
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)
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Net income for diluted computations	0.16	0.18	0.78	0.84

Adjustments:

Real estate depreciation	0.14	0.14	0.57	0.57
Amortization of intangibles	0.01	0.01	0.03	0.03
Joint venture real estate depreciation and amortization	0.02	0.02	0.07	0.07
Joint venture gain on sale of properties	--	--	(0.05)	(0.05)
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Diluted funds from operations per share	\$ 0.33	\$ 0.35	\$ 1.40	\$ 1.46
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SOURCE: Extra Space Storage Inc.