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# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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## FORM 8-K

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

**May 4, 2006**

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

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### 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 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On May 4, 2006, Extra Space Storage Inc. announced its financial results for the quarter ended March 31, 2006. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 and is incorporated by reference herein.

#### ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

99.1 Press Release dated May 4, 2006

#### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

EXTRA SPACE STORAGE INC.

Date: May 4, 2006

By: /s/ Kent W. Christensen  
Kent W. Christensen  
Senior Vice President and Chief Financial  
Officer



**Extra Space Storage Inc.**  
**PHONE** (801) 562-5556 **FAX** (801) 562-5579  
 2795 East Cottonwood Parkway, Suite 400  
 Salt Lake City, Utah 84121  
[www.extraspace.com](http://www.extraspace.com)

**FOR IMMEDIATE RELEASE**

**Extra Space Storage Inc. Reports Operating Results for the Three Months Ended March 31, 2006**

***Company posts 6.4% increase in same-store revenue and 7.3% increase in same-store net operating income. Achieves \$0.20 FFO per share versus \$0.15 FFO per share in the first quarter of 2005.***

SALT LAKE CITY, Utah, May 4, 2006 – Extra Space Storage Inc. (the “Company”) (NYSE: EXR) announced today operating results for the three months ended March 31, 2006. “The first quarter was another positive step for Extra Space Storage. Our results show the solid performance of our property portfolio and the continued positive environment for self storage in the majority of our markets,” said Kenneth M. Woolley, CEO and Chairman of Extra Space Storage Inc.

The results for the three months ended March 31, 2006, include the operations of 553 properties, 198 of which were consolidated and 355 of which were held in joint ventures accounted for using the equity method, compared to the results for the three months ended March 31, 2005, which included the operations of 148 properties, 130 of which were consolidated and 18 of which were in joint ventures accounted for using the equity method. Results for both periods include equity in earnings of real estate joint ventures, third-party management fees and acquisition and development fees.

Supplemental unaudited financial information regarding the Company’s operating results can be found in the “Investor Info” section of the Company’s website at [www.extraspace.com](http://www.extraspace.com) under “Financial Reports.”

**First Quarter 2006 Highlights:**

- Posted quarter-over-quarter increases of 6.4% and 7.3% in revenue and net operating income (“NOI”) on 103 same-store properties
- Achieved funds from operations (“FFO”) of \$0.20 per diluted share, an increase of \$0.05 compared to first quarter of 2005.
- Completed the acquisition of seven self-storage properties for approximately \$40 million
- Declared and paid a regular quarterly dividend of \$0.2275 per share

**Operating Results for the Three Months Ended March 31, 2006:**

Total revenues for the three months ended March 31, 2006, were \$45.4 million compared to \$22.9 million for the three months ended March 31, 2005. Net income for the three months ended March 31, 2006 was \$738 thousand compared to a net loss of \$640 thousand for the three months ended March 31, 2005. Contributing to the increase in revenues and net income were the following:

- the acquisition of 70 wholly-owned properties, including 61 Storage USA properties, during 2005;
- the acquisition of seven properties during the three months ended March 31, 2006;
- the increase in management fees from properties under management;
- the increase in equity in earnings from joint-venture properties; and
- continued revenue gains from the Company’s wholly-owned lease-up and stabilized properties.

**Same-Store Portfolio:** The Company’s same-store stabilized portfolio consists of 103 properties wholly-owned and operated by the Company at the beginning and at the end of the applicable periods presented and that had achieved stabilization as of the first day of such period. These results provide information relating to property-level operating changes at these properties without the effects of acquisitions or completed developments. The results shown should not be used as a basis for future same-store performance or for the performance of the Company’s properties as a whole (dollars are in thousands, except for property data):

|                                   | <b>Three Months Ended March 31,</b> |             | <b>Percent</b> |
|-----------------------------------|-------------------------------------|-------------|----------------|
|                                   | <b>2006</b>                         | <b>2005</b> | <b>Change</b>  |
| Same-store rental revenues        | \$ 20,137                           | \$ 18,919   | 6.4%           |
| Same-store operating expenses     | 7,253                               | 6,909       | 5.0%           |
| Same-store net operating income   | 12,884                              | 12,010      | 7.3%           |
| Non same-store rental revenues    | 19,038                              | 3,303       | 476.4%         |
| Non same-store operating expenses | 7,489                               | 1,969       | 280.4%         |
| Total rental revenues             | 39,175                              | 22,222      | 76.3%          |
| Total operating expenses          | 14,742                              | 8,878       | 66.1%          |
| Properties included in same-store | 103                                 | 103         |                |

The increase in revenue at the Company's same-store stabilized portfolio was primarily due to increased rental rates and the Company's ability to maintain occupancy. The increase in expenses was primarily due to increases in property taxes and utilities.

Mr. Woolley commented, "Our properties, on a year-on-year comparison, performed well. Although we continue to expect more from ourselves as we seek to take advantage of the benefits of our increased scale, it is clear that some of our improved same-store performance is being generated by increased efficiencies and expertise transferred across a larger group of properties."

#### FFO Per Share:

Diluted FFO for the three months ended March 31, 2006, was \$0.20 per share. The following table sets forth the calculation of FFO per share (dollars are in thousands, except for per share data):

|   | <b>Three months ended March 31,</b> |                   |
|---|-------------------------------------|-------------------|
|   | <b>2006</b>                         | <b>2005</b>       |
| <b>Net income (loss)</b>                                  | <b>\$ 738</b>                       | <b>\$ (640)</b>   |
| <b>Plus:</b>  |                                     |                   |
| Real estate depreciation                                  | 6,473                               | 3,764             |
| Amortization of intangibles                               | 2,553                               | 1,927             |
| Joint venture real estate depreciation                    | 1,200                               | 101               |
| Gain allocated to operating partnership minority interest | 54                                  | —                 |
| <b>Less:</b>  |                                     |                   |
| Loss allocated to operating partnership minority interest | —                                   | (56)              |
| <b>Funds from operations</b>                              | <b>\$ 11,018</b>                    | <b>\$ 5,096</b>   |
| <b>Diluted funds from operations per share</b>            | <b>\$ 0.20</b>                      | <b>\$ 0.15</b>    |
| <b>Weighted average number of shares - diluted</b>        |                                     |                   |
| Common stock  | 51,883,643                          | 31,169,950        |
| OP units  | 3,825,787                           | 3,825,787         |
| <b>Total</b>  | <b>55,709,430</b>                   | <b>34,995,737</b> |

FFO provides relevant and meaningful information about the Company's operating performance that is necessary, along with net income (loss) and cash flows, for an understanding of the Company's operating results. 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 properties, 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 its 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 the Company's performance, as an alternative to net cash flow from operating activities as a measure of its liquidity, or as an indicator of the Company's ability to make cash distributions.

#### Property Acquisitions:

For the three months ended March 31, 2006, the Company acquired seven properties located in Florida, Georgia, Pennsylvania and Washington for approximately \$40.2 million in cash. Subsequent to March 31, 2006, the Company acquired six properties located in California, Kansas, Tennessee and Texas for approximately \$40.5 million. The thirteen properties acquired in 2006 are wholly-owned by the Company.

#### Operational Initiatives:

The business processes of the Company and Storage USA have now been merged into a single operational and management platform including all technology, accounting and operational systems. During the three months ended March 31, 2006, the transition of the Company's and Storage USA's call center operations to a single, third-party provider was completed. Mr. Woolley added: "The integration of Storage USA has been a major undertaking for Extra Space Storage, and we are pleased with what has been accomplished in a short amount of time. Our challenge remains to make the most of this opportunity. One task in process is the re-imaging and re-signing of the Storage USA properties to the Extra Space Storage brand and the improvement of the physical condition of these properties. Our plan is to execute these tasks throughout the year. We will continue to capitalize on the many other benefits of scale available to us by combining our expanded and consolidated property platform with best practice operational and revenue management processes delivered by our strengthened employee base."

#### Quarterly Dividend Declared and Paid:

On February 22, 2006, the Company announced its first quarter common stock dividend of \$0.2275 per share. The dividend was paid on March 31, 2006, to stockholders of record as of March 15, 2006. The dividend payment was calculated based on an annual dividend of \$0.91 per share.

## Financial Flexibility:

As of March 31, 2006, the ratio of total fixed rate debt to total debt was approximately 87.0%. The weighted average interest rate was 5.3% for fixed rate loans and 6.2% for variable rate loans. The weighted average interest rate of all fixed and variable rate loans was 5.4%. The Company had \$75.4 million of capacity on its line of credit, \$25.0 million of which was drawn as of March 31, 2006.

## Outlook:

**Same-store and legacy store portfolio:** For the three months ended March 31, 2006, the Company experienced strong year-on-year revenue and NOI growth and a consistent level of occupancy at its same-store stabilized and larger legacy store portfolio of non same-store stabilized properties. Florida and Georgia were the top performing markets while New Jersey and New York performed below the portfolio average. The Company believes that favorable conditions continue in the majority of its markets, and expects revenues from the same-store property portfolio in 2006 will be higher than revenues achieved in 2005.

**The newly acquired properties from Storage USA:** The 61 properties acquired from Storage USA on a wholly-owned basis, of which 57 are considered stabilized, again experienced growth in revenues and NOI for the three months ended March 31, 2006, compared with the three months ended March 31, 2005. Baltimore/Washington, D.C., Chicago, Phoenix and South Florida were the top performing markets while New Jersey and New York performed below the portfolio average. The Company expects revenues in 2006 will continue to be higher than revenues achieved in 2005.

The 337 properties acquired from Storage USA on a joint-venture basis, for which the Company has a minority equity interest and collects management fees, experienced growth in revenues for the three months ended March 31, 2006. As with the previous groups of properties, Chicago, Phoenix and South Florida were some of the better performing markets. The Company expects revenues in 2006 will continue to be higher than revenues achieved in 2005.

**Lease-up property portfolio:** The Company's wholly-owned 24 lease-up properties, including the 14 CCS/CCU properties, are expected to attain continued growth in revenues and occupancy with a number of these properties achieving full stabilization in 2006.

**Earnings Outlook:** For the calendar year 2006 the Company estimates diluted FFO to be between \$0.97 and \$1.01 per share. For the three months ending June 30, 2006, the Company estimates diluted FFO to be between \$0.23 and \$0.25 per share. The 2006 FFO outlook includes the thirteen acquisitions that have occurred during and subsequent to the three months ended March 31, 2006. No other acquisitions have been included in the Company's FFO estimates.

The Company's full year estimate is based on the following assumptions:

- Stabilized property revenue growth of 4%-6% for the full year
- Net operating income growth of 4%-6% for the full year
- Increases in LIBOR of 25 basis points per quarter
- General and administrative expenses (net of development and acquisition fees) of \$36 million for the full year. This amount includes non-cash compensation expense of approximately \$1.5 million.

Mr. Woolley concluded: "We are positioned to continue to perform at a high level in 2006, given the generally positive economic conditions in the majority of our markets, our industry-leading portfolio of properties, our innovative revenue management, operational and technological processes, and the hard work and creativity of the people of Extra Space Storage."

The following table sets forth additional information regarding the square foot occupancy of stabilized properties organized by state as of March 31, 2006 and March 31, 2005.

## Stabilized Property Data Based on Location

|                         |                         | Company   | Pro forma                                     | Company  | Pro forma   | Company                                      | Pro forma                                    |
|-------------------------|-------------------------|---|---|--|---|--|--|
|                         |                         | Number of<br>Units as of<br>March 31, 2006<br>(1) | Number of<br>Units as of<br>March 31,<br>2005 | Net Rentable<br>Square Feet as of<br>March 31, 2006<br>(2) | Net Rentable<br>Square Feet as of<br>March 31, 2005 | Square foot<br>Occupancy %<br>March 31, 2006 | Square foot<br>Occupancy %<br>March 31, 2005 |
| Location                | Number of<br>Properties |   |   |  |   |  |  |
| Wholly-Owned Properties |                         |   |   |  |   |  |  |
| Arizona                 | 2                       | 1,325   | 1,316   | 176,220  | 174,625   | 96.3%  | 93.2%  |
| California              | 29                      | 19,262  | 19,328  | 2,080,464  | 2,084,058   | 87.1%  | 86.2%  |
| Colorado                | 5                       | 2,402   | 2,412   | 293,541  | 302,656   | 85.4%  | 80.3%  |
| Florida                 | 24                      | 16,239  | 16,212  | 1,754,589  | 1,743,608   | 91.3%  | 91.0%  |
| Georgia                 | 8                       | 4,506   | 4,530   | 586,565  | 588,557   | 85.7%  | 85.6%  |
| Illinois                | 3                       | 2,147   | 2,144   | 196,937  | 188,034   | 78.8%  | 78.8%  |
| Kentucky                | 3                       | 1,577   | 1,584   | 194,290  | 194,215   | 87.1%  | 76.7%  |
| Louisiana               | 2                       | 1,410   | 1,411   | 147,490  | 147,900   | 98.0%  | 83.2%  |
| Maryland                | 5                       | 4,530   | 4,542   | 489,502  | 488,659   | 80.4%  | 74.5%  |
| Massachusetts           | 22                      | 12,005  | 12,028  | 1,310,140  | 1,305,090   | 80.7%  | 78.8%  |
| Michigan                | 2                       | 1,042   | 1,048   | 134,912  | 134,672   | 75.7%  | 71.5%  |
| Missouri                | 3                       | 1,340   | 1,334   | 167,907  | 167,412   | 78.0%  | 79.5%  |
| Nevada                  | 1                       | 462   | 463   | 56,500   | 57,100  | 88.0%  | 91.0%  |
| New Hampshire           | 2                       | 1,015   | 1,015   | 125,609  | 117,268   | 78.4%  | 78.2%  |
| New Jersey              | 18                      | 14,662  | 14,690  | 1,447,163  | 1,441,243   | 83.5%  | 84.1%  |
| New York                | 4                       | 4,446   | 4,445   | 259,924  | 262,004   | 76.7%  | 81.5%  |
| Ohio                    | 4                       | 2,059   | 2,073   | 275,425  | 276,522   | 81.2%  | 77.4%  |
| Oregon                  | 1                       | 764   | 767   | 103,690  | 105,810   | 85.2%  | 71.2%  |
| Pennsylvania            | 8                       | 6,126   | 5,916   | 636,394  | 609,985   | 77.3%  | 77.5%  |
| Rhode Island            | 1                       | 727   | 713   | 75,816   | 75,811  | 86.7%  | 78.1%  |
| South Carolina          | 4                       | 2,068   | 2,088   | 245,584  | 246,969   | 89.2%  | 89.4%  |
| Tennessee               | 4                       | 2,712   | 2,686   | 358,819  | 357,294   | 91.0%  | 80.7%  |
| Texas                   | 11                      | 6,449   | 6,444   | 723,850  | 723,144   | 82.2%  | 80.5%  |
| Utah                    | 3                       | 1,528   | 1,521   | 210,675  | 209,690   | 88.3%  | 81.9%  |
| Virginia                | 2                       | 1,220   | 1,229   | 125,507  | 126,069   | 86.4%  | 84.8%  |

|  |            |                |                |                   |                   |              |              |
|--|------------|----------------|----------------|-------------------|-------------------|--------------|--------------|
| Washington                               | 3          | 2,022          | 2,014          | 242,595           | 241,945           | 86.0%        | 90.5%        |
| <b>Total Wholly Owned Stabilized</b>     | <b>174</b> | <b>114,045</b> | <b>113,953</b> | <b>12,420,108</b> | <b>12,370,340</b> | <b>85.0%</b> | <b>83.4%</b> |
| <b>Properties held in Joint-Ventures</b> |            |                |                |                   |                   |              |              |
| Alabama                                  | 4          | 2,321          | 2,315          | 281,213           | 281,445           | 83.0%        | 82.4%        |
| Arizona                                  | 12         | 7,441          | 7,386          | 806,433           | 806,816           | 93.4%        | 86.4%        |
| California                               | 72         | 51,897         | 51,987         | 5,315,055         | 5,336,005         | 87.2%        | 84.6%        |
| Colorado                                 | 3          | 1,906          | 1,920          | 215,713           | 216,202           | 79.5%        | 77.8%        |
| Connecticut                              | 9          | 6,531          | 6,537          | 754,329           | 758,294           | 73.5%        | 73.2%        |
| Delaware                                 | 1          | 589            | 585            | 71,655            | 71,655            | 81.2%        | 80.6%        |
| Florida                                  | 24         | 20,352         | 20,541         | 2,075,155         | 2,066,257         | 87.1%        | 83.2%        |
| Georgia                                  | 3          | 1,917          | 1,919          | 251,738           | 251,772           | 77.6%        | 78.1%        |
| Illinois                                 | 5          | 3,321          | 3,333          | 361,987           | 358,297           | 71.6%        | 67.8%        |
| Indiana                                  | 9          | 3,733          | 3,733          | 469,528           | 470,029           | 83.3%        | 82.0%        |
| Kansas                                   | 4          | 1,713          | 1,718          | 214,285           | 216,500           | 80.2%        | 73.1%        |
| Kentucky                                 | 4          | 2,266          | 2,250          | 268,009           | 268,365           | 79.1%        | 76.0%        |
| Maryland                                 | 14         | 10,934         | 10,913         | 1,077,001         | 1,075,676         | 82.2%        | 79.5%        |
| Massachusetts                            | 17         | 9,250          | 9,320          | 1,049,338         | 1,049,159         | 77.0%        | 75.8%        |
| Michigan                                 | 10         | 5,960          | 5,976          | 784,677           | 785,353           | 74.9%        | 76.7%        |
| Missouri                                 | 5          | 2,778          | 2,757          | 326,740           | 324,230           | 79.6%        | 78.4%        |
| Nevada                                   | 7          | 4,626          | 4,626          | 622,464           | 623,834           | 88.1%        | 92.8%        |
| New Hampshire                            | 3          | 1,330          | 1,331          | 138,804           | 137,949           | 83.7%        | 86.5%        |
| New Jersey                               | 19         | 14,091         | 14,083         | 1,402,335         | 1,482,871         | 84.6%        | 84.3%        |
| New Mexico                               | 9          | 4,730          | 4,469          | 529,344           | 519,779           | 84.3%        | 87.8%        |
| New York                                 | 20         | 22,921         | 22,957         | 1,669,339         | 1,688,745         | 80.8%        | 76.2%        |
| Ohio                                     | 12         | 5,578          | 5,569          | 825,187           | 825,191           | 75.9%        | 79.0%        |
| Oregon                                   | 2          | 1,280          | 1,265          | 136,450           | 136,080           | 87.5%        | 84.8%        |
| Pennsylvania                             | 9          | 5,892          | 5,880          | 658,485           | 653,299           | 80.4%        | 81.3%        |
| Rhode Island                             | 1          | 611            | 611            | 74,005            | 74,005            | 58.8%        | 71.1%        |
| Tennessee                                | 24         | 12,610         | 12,597         | 1,636,176         | 1,638,280         | 84.0%        | 79.6%        |
| Texas                                    | 26         | 17,726         | 17,605         | 2,064,319         | 2,064,668         | 77.8%        | 77.3%        |
| Utah                                     | 1          | 520            | 510            | 59,400            | 59,400            | 79.3%        | 80.7%        |
| Virginia                                 | 15         | 10,359         | 10,349         | 1,106,241         | 1,105,596         | 81.2%        | 80.3%        |
| Washington                               | 1          | 551            | 551            | 62,730            | 62,730            | 92.3%        | 86.0%        |
| Washington, D.C.                         | 1          | 1,536          | 1,534          | 101,990           | 105,592           | 79.2%        | 83.0%        |
| <b>Total Stabilized Joint-Ventures</b>   | <b>346</b> | <b>237,270</b> | <b>237,127</b> | <b>25,410,125</b> | <b>25,514,074</b> | <b>82.7%</b> | <b>80.9%</b> |
| <b>Total Stabilized</b>                  | <b>520</b> | <b>351,315</b> | <b>351,080</b> | <b>37,830,233</b> | <b>37,884,414</b> | <b>83.2%</b> | <b>81.4%</b> |

(1) Represents unit count as of March 31, 2006 which may differ from March 31, 2005 unit count due to unit conversions or expansions.

(2) Represents net rentable square feet as of March 31, 2006 which may differ from March 31, 2005 net rentable square feet due to unit conversions or expansions.

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The following table sets forth additional information regarding the occupancy of the Company’s lease-up properties organized by state as of March 31, 2006 and March 31, 2005.

#### Lease-up Property Data Based on Location

|                                   |                         | Company   | Pro forma                                  | Company  | Pro forma  | Company                                      | Pro forma                                    |
|-----------------------------------|-------------------------|---|--|--|--|--|--|
|                                   |                         | Number of<br>Units as of<br>March 31, 2006<br>(1) | Number of<br>Units as of<br>March 31, 2005 | Net Rentable<br>Square Feet as<br>of March 31,<br>2006 (2) | Net Rentable<br>Square Feet as<br>of March 31,<br>2005 | Square foot<br>occupancy %<br>March 31, 2006 | Square foot<br>occupancy %<br>March 31, 2005 |
| Location                          | Number of<br>Properties |   |  |  |  |  |  |
| Wholly-Owned Properties           |                         |   |  |  |  |  |  |
| California                        | 2                       | 1,117   | 1,149                                      | 132,230  | 133,425  | 73.9%  | 61.0%  |
| Connecticut                       | 2                       | 1,364   | 1,366                                      | 123,000  | 123,715  | 63.0%  | 59.4%  |
| Florida                           | 2                       | 1,013   | 1,027                                      | 127,640  | 126,050  | 75.1%  | 65.5%  |
| Illinois                          | 2                       | 1,134   | 1,139                                      | 144,470  | 144,665  | 69.8%  | 57.9%  |
| Massachusetts                     | 5                       | 3,324   | 3,347                                      | 320,460  | 323,375  | 65.1%  | 50.5%  |
| Nevada                            | 1                       | 779   | —  | 75,135   | —  | 77.6%  | 0.0%   |
| New Jersey                        | 4                       | 3,238   | 3,356                                      | 279,700  | 283,263  | 81.9%  | 71.1%  |
| New York                          | 3                       | 2,523   | 2,522                                      | 196,445  | 198,120  | 82.2%  | 75.7%  |
| Pennsylvania                      | 1                       | 425   | 425  | 47,680   | 47,680   | 55.1%  | 35.1%  |
| Virginia                          | 1                       | 727   | 729  | 75,700   | 75,525   | 75.5%  | 53.4%  |
| Washington                        | 1                       | 529   | —  | 61,250   | —  | 52.4%  | 0.0%   |
| Total Wholly Owned Lease-up       | 24                      | 16,173  | 15,060                                     | 1,583,710  | 1,455,818  | 72.3%  | 61.3%  |
| Properties held in Joint-Ventures |                         |   |  |  |  |  |  |
| Illinois                          | 1                       | 689   | 683  | 74,345   | 72,195   | 57.8%  | 57.2%  |
| Maryland                          | 1                       | 961   | —  | 73,709   | —  | 3.0%   | 0.0%   |
| New Jersey                        | 2                       | 1,595   | 1,583                                      | 172,180  | 169,645  | 72.5%  | 66.4%  |
| New York                          | 2                       | 1,278   | 1,276                                      | 124,575  | 124,500  | 72.3%  | 66.8%  |
| Pennsylvania                      | 2                       | 1,694   | 1,700                                      | 150,148  | 149,963  | 68.3%  | 44.8%  |
| Virginia                          | 1                       | 878   | 882  | 85,025   | 85,025   | 49.3%  | 22.0%  |
| Total Lease-up Joint Ventures     | 9                       | 7,095   | 6,124                                      | 679,982  | 601,328  | 59.5%  | 53.7%  |
| Total Lease-up Properties         | 33                      | 23,268  | 21,184                                     | 2,263,692  | 2,057,146  | 68.5%  | 59.1%  |

(1) Represents unit count as of March 31, 2006 which may differ from March 31, 2005 unit count due to unit conversions or expansions.

(2) Represents net rentable square feet as of March 31, 2006 which may differ from March 31, 2005 net rentable square feet due to unit conversions or expansions.

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#### Forward Looking Statements

When used in this discussion and elsewhere in this press release, the words “believes,” “anticipates,” “projects,” “should,” “estimates,” “expects” and similar expressions are intended to identify forward-looking statements within the meaning of that term in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and in Section 21F of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”). Such forward-looking statements involve known and unknown risks, uncertainties, and other factors, which may cause the actual results, performance or achievements of the Company to be

materially different from those expressed or implied in the forward-looking statements. Such factors include, but are not limited to, changes in general economic conditions and in the markets in which the Company operates:

- the effect of competition from new self-storage facilities or other storage alternatives, which would cause rents and occupancy to decline;
- the Company's ability to effectively compete in the industry in which it does business;
- difficulties in the Company's ability to evaluate, finance and integrate acquired and developed properties into the Company's existing operations and to fill up those properties, which could adversely affect the Company's profitability;
- the impact of the regulatory environment as well as national, state, and local laws and regulations including, without limitation, those governing Real Estate Investment Trusts, which could increase the Company's costs and reduce the Company's cash available for distribution;
- difficulties in raising capital at reasonable rates, which could impede the Company's ability to grow; and
- delays in development and construction processes, which could adversely affect the Company's profitability; and economic uncertainty due to the impact of war or terrorism which could adversely affect its business plan.

The Company disclaims any obligation to publicly release the results of any revisions to these forward-looking statements reflecting new estimates, events or circumstances after the date of this report.

#### Conference Call

Extra Space Storage Inc. will host a conference call at 12:30 p.m. Mountain Time (2:30 p.m. Eastern Time) on Thursday, May 4, 2006, to discuss its first quarter 2006 results.

The conference call will be broadcast live over the internet and can be accessed by all interested parties through Extra Space Storage's website at [www.extraspace.com](http://www.extraspace.com) (then click on "Investor Info" tab.) To listen to the live call, please go to the website at least fifteen minutes prior to the start of the call to register, download, and install any necessary audio software.

A digital replay will be available on Thursday, May 4, 2006, at 4:30 p.m. Eastern Time through Thursday, May 18, 2006, at midnight Eastern Time. Dial 888-286-8010 and enter the conference ID number 77635307. International callers should dial 617-801-6888 and enter the same conference ID number.

#### **About Extra Space Storage Inc.**

Extra Space Storage Inc., headquartered in Salt Lake City, Utah, is a fully integrated, self-administered and self-managed real estate investment trust that owns or operates 635 self-storage properties in 34 states and Washington, D.C. The Company's properties comprise more than 425,000 units and 47 million square feet rented by over 340,000 tenants. The Company is the second largest operator of self storage in the United States. Additional Extra Space Storage information is available at [www.extraspace.com](http://www.extraspace.com).

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**- Financial Tables Follow -**

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#### **Extra Space Storage Inc.**

#### **Condensed Consolidated Balance Sheets**

**(Dollars in thousands, except per share data)**

|  | <b>March 31, 2006</b><br><b>(unaudited)</b> | <b>December 31, 2005</b> |
|--|---|--------------------------|
| <b>Assets:</b>   |   |                          |
| Real estate assets, net  | \$ 1,251,315                                | \$ 1,212,678             |
| Investments in real estate ventures  | 89,652                                      | 90,898                   |
| Cash and cash equivalents  | 11,061                                      | 28,653                   |
| Restricted cash  | 16,758                                      | 18,373                   |
| Receivables from related parties and affiliated real estate joint ventures | 16,590                                      | 23,683                   |
| Notes receivable   | 11,996                                      | 12,109                   |
| Other assets, net  | 30,896                                      | 33,798                   |
| Total assets   | <u>\$ 1,428,268</u>                         | <u>\$ 1,420,192</u>      |
| <b>Liabilities, Minority Interests, and Stockholders' Equity:</b>          |   |                          |
| Notes payable  | \$ 748,204                                  | \$ 747,193               |
| Notes payable to trusts  | 119,590                                     | 119,590                  |
| Line of credit   | 25,000                                      | —                        |
| Accounts payable and accrued expenses                                      | 7,326                                       | 13,261                   |
| Other liabilities  | 23,588                                      | 23,785                   |
| Total liabilities  | <u>923,708</u>                              | <u>903,829</u>           |

|  |              |              |
|--|--------------|--------------|
| Minority interest in Operating Partnership   | 35,194       | 36,010       |
| Other minority interests   | 225          | 225          |
| Commitments and contingencies  |              |              |
| Stockholders' equity:  |              |              |
| Preferred stock, \$0.01 par value, 50,000,000 shares authorized, no shares issued or outstanding   | —            | —            |
| Common stock, \$0.01 par value, 200,000,000 shares authorized, 51,775,816 and 51,765,795 shares issued and outstanding at March 31, 2006 and December 31, 2005, respectively | 518          | 518          |
| Paid-in capital  | 623,801      | 626,123      |
| Deferred stock compensation  | —            | (2,374)      |
| Accumulated deficit  | (155,178)    | (144,139)    |
| Total stockholders' equity   | 469,141      | 480,128      |
| Total liabilities, minority interests, and stockholders' equity  | \$ 1,428,268 | \$ 1,420,192 |

**Extra Space Storage Inc.**  
**Condensed Consolidated Statements of Operations**  
(Dollars in thousands, except per share data)

|  | Three months ended March 31, |                |
|--|------------------------------|----------------|
|  | 2006                         | 2005           |
| <b>Revenues:</b>   |                              |                |
| Property rental  | \$ 39,175                    | \$ 22,222      |
| Management and franchise fees  | 5,159                        | 368            |
| Tenant insurance   | 921                          | —              |
| Acquisition and development fees   | 50                           | 267            |
| Other income   | 65                           | 51             |
| Total revenues   | 45,370                       | 22,908         |
| <b>Expenses:</b>   |                              |                |
| Property operations  | 14,742                       | 8,878          |
| Tenant insurance   | 633                          | —              |
| Unrecovered development/acquisition costs and support payments                           | 318                          | 107            |
| General and administrative   | 9,245                        | 2,977          |
| Depreciation and amortization  | 9,276                        | 5,730          |
| Total expenses   | 34,214                       | 17,692         |
| Income before interest, minority interest and equity in earnings of real estate ventures | 11,156                       | 5,216          |
| Interest expense   | (11,985)                     | (6,239)        |
| Interest income  | 482                          | 10             |
| Minority interest - Operating Partnership  | (54)                         | 56             |
| Equity in earnings of real estate ventures   | 1,139                        | 317            |
| <b>Net income (loss)</b>   | <b>738</b>                   | <b>(640)</b>   |
| Net income (loss) per common share   |                              |                |
| Basic  | \$ 0.01                      | \$ (0.02)      |
| Diluted  | \$ 0.01                      | \$ (0.02)      |
| Weighted average number of shares  |                              |                |
| Basic  | \$ 51,593,729                | 31,169,950     |
| Diluted  | 55,709,430                   | 31,169,950     |
| <b>Cash dividends paid per common share</b>  | <b>\$ 0.23</b>               | <b>\$ 0.23</b> |

**Extra Space Storage Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
(Dollars in thousands, except per share data)

|   | Three months ended March 31, |          |
|---|------------------------------|----------|
|   | 2006                         | 2005     |
| <b>Cash flows from operating activities:</b>                                    |                              |          |
| Net income (loss)   | \$ 738                       | \$ (640) |
| Adjustments to reconcile net loss to net cash provided by operating activities: |                              |          |
| Depreciation and amortization   | 9,276                        | 5,730    |

|   |               |              |
|---|---------------|--------------|
| Amortization of deferred stock compensation                   | 186           | —            |
| Gain (loss) allocated to minority interests                   | 54            | (56)         |
| Non-cash stock compensation for options                       | 200           | —            |
| Distributions from real estate ventures in excess of earnings | 1,303         | 69           |
| Accrued interest on notes receivable                          | (251)         | —            |
| Changes in operating assets and liabilities:                  |               |              |
| Receivables from related parties                              | 7,093         | 247          |
| Other assets  | 3,643         | (716)        |
| Accounts payable  | (5,935)       | (1,825)      |
| Other liabilities   | (1,277)       | 447          |
| Net cash provided by operating activities                     | <u>15,030</u> | <u>3,256</u> |

**Cash flows from investing activities:**

|  |                 |                 |
|--|-----------------|-----------------|
| Acquisition of real estate assets                  | (42,910)        | (55,327)        |
| Development and construction of real estate assets | (5,543)         | (1,067)         |
| Proceeds from sale of real estate assets           | 728             | —               |
| Investments in real estate ventures                | (57)            | (8)             |
| Change in restricted cash                          | 1,615           | (1,080)         |
| Principal payments received on notes receivable    | 364             | —               |
| Purchase of equipment and fixtures                 | (241)           | (197)           |
| Net cash used in investing activities              | <u>(46,044)</u> | <u>(57,679)</u> |

**Cash flows from financing activities:**

|   |                  |                  |
|---|------------------|------------------|
| Proceeds from notes payable, notes payable to trust and line of credit  | 30,635           | 53,257           |
| Principal payments on notes payable and line of credit                  | (4,049)          | (2,765)          |
| Deferred financing costs  | (608)            | (400)            |
| Distributions to Operating Partnership units held by minority interests | (870)            | (621)            |
| Proceeds from exercise of stock options                                 | 91               | —                |
| Dividends paid on common stock  | (11,777)         | (7,091)          |
| Net cash provided by financing activities                               | <u>13,422</u>    | <u>42,380</u>    |
| Net decrease in cash and cash equivalents                               | <u>(17,592)</u>  | <u>(12,043)</u>  |
| Cash and cash equivalents, beginning of the period                      | 28,653           | 24,329           |
| Cash and cash equivalents, end of the period                            | <u>\$ 11,061</u> | <u>\$ 12,286</u> |

**Supplemental schedule of cash flow information**

|   |           |          |
|---|-----------|----------|
| Interest paid, net of amounts capitalized | \$ 10,964 | \$ 5,103 |
|---|-----------|----------|