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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2009

OR

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

For the transition period from to .

Commission File Number: 001-32269

EXTRA SPACE STORAGE INC.
(Exact name of registrant as specified in its charter)

Maryland	**20-1076777**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2795 East Cottonwood Parkway, Suite 400
Salt Lake City, Utah 84121
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(801) 562-5556**

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of exchange on which registered**
Common Stock, $0.01 par value	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment of this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ☒.

The aggregate market value of the common stock held by non-affiliates of the registrant was $656,132,638 based upon the closing price on the New York Stock Exchange on June 30, 2009, the last business day of the registrant's most recently completed second fiscal quarter. This calculation does not reflect a determination that persons whose shares are excluded from the computation are affiliates for any other purpose.

The number of shares outstanding of the registrant's common stock, $0.01 par value per share, as of February 12, 2010 was 86,723,391.

Documents Incorporated by Reference

Portions of the registrant's definitive proxy statement to be issued in connection with the registrant's annual stockholders' meeting to be held in 2010 are incorporated by reference into Part III of this Annual Report on Form 10-K.

EXTRA SPACE STORAGE INC.

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Statements Regarding Forward-Looking Information

Certain information set forth in this report 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," "expects," "estimates," "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.

All forward-looking statements, including without limitation, management's examination of historical operating trends and estimates of future earnings, 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.

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 report. Any forward-looking statements should be considered in light of the risks referenced in "Part I. Item 1A. Risk Factors" below. Such factors include, but are not limited to:

- *changes in general economic conditions and in the markets in which we operate;*
- *the effect of competition from new and existing self-storage facilities or other storage alternatives, which would cause rents and occupancy rates to decline;*
- *potential liability for uninsured losses and environmental contamination*;
- *difficulties in our ability to evaluate, finance and integrate acquired and developed properties into our existing operations and to lease up those properties, which could adversely affect our 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 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;*
- *delays in the development and construction process, which could adversely affect our profitability;*
- *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.*

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations are subject to risks and uncertainties and can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. You should carefully consider these risks before you make an investment decision with respect to our securities.

We disclaim any duty or obligation to update or revise any forward-looking statements set forth in this Annual Report on Form 10-K to reflect new information, future events or otherwise.

PART I

Item 1. Business

General

Extra Space Storage Inc. ("we," "our," "us" or the "Company") is a self-administered and self-managed real estate investment trust ("REIT") formed as a Maryland corporation on April 30, 2004 to own, operate, manage, acquire, develop and redevelop professionally managed self-storage facilities. We closed our initial public offering ("IPO") on August 17, 2004. Our common stock is traded on the New York Stock Exchange under the symbol "EXR."

We were formed to continue the business of Extra Space Storage LLC and its subsidiaries (the "Predecessor"), which had engaged in the self-storage business since 1977. These companies were reorganized after the consummation of our IPO and various formation transactions. As of December 31, 2009, we held ownership interests in 642 operating properties. Of these 642 operating properties, 290 are wholly-owned, and 352 are owned in joint-venture partnerships. An additional 124 operating properties are owned by franchisees or third parties and operated by us in exchange for a management fee, bringing the total number of operating properties which we own and/or manage to 766. These operating properties are located in 33 states and Washington, D.C. and contain approximately 55 million square feet of net rentable space in approximately 500,000 units and currently serve a customer base of over 350,000 tenants.

We operate in three distinct segments: (1) property management, acquisition and development; (2) rental operations; and (3) tenant reinsurance. Our property management, acquisition and development activities include managing, acquiring, developing and selling self-storage facilities. On June 2, 2009, we announced the wind-down of our development activities. As of December 31, 2009, there were ten development projects remaining to be completed in our development pipeline. Our rental operations activities include the direct and indirect ownership and operation of self-storage facilities. Tenant reinsurance activities include the reinsurance of risks relating to the loss of goods stored by tenants in the Company's self storage facilities.

Substantially all of our business is conducted through Extra Space Storage LP (the "Operating Partnership"). Our primary assets are general partner and limited partner interests in the Operating Partnership. This structure is commonly referred to as an umbrella partnership REIT, or UPREIT. We have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). To the extent we continue to qualify as a REIT we will not be subject to tax, with certain exceptions, on our net taxable income that is distributed to our stockholders.

We file our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports with the Securities and Exchange Commission (the "SEC"). You may obtain copies of these documents by visiting the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549, by calling the SEC at 1-800-SEC-0330 or by accessing the SEC's website at www.sec.gov. In addition, as soon as reasonably practicable after such materials are furnished to the SEC, we make copies of these documents available to the public free of charge through our website at www.extraspace.com, or by contacting our Secretary at our principal offices, which are located at 2795 East Cottonwood Parkway, Suite 400, Salt Lake City, Utah 84121, telephone number (801) 562-5556.

Management

Members of our executive management team have significant experience in all aspects of the self-storage industry. The senior management team has collectively acquired and/or developed more than 725 properties since 1996 for the Company, the Predecessor and other entities. Our executive management team and their years of industry experience are as follows: Spencer F. Kirk, Chairman and

Chief Executive Officer, 9 years; Kent W. Christensen, Executive Vice President and Chief Financial Officer, 12 years; Charles L. Allen, Executive Vice President and Chief Legal Officer, 12 years, and Karl Haas, Executive Vice President and Chief Operating Officer, 22 years.

On February 2, 2009, we announced that Kenneth M. Woolley, former Chairman and Chief Executive Officer, had accepted an invitation to serve a mission for The Church of Jesus Christ of Latter-day Saints. Mr. Woolley stepped down from his position as Chief Executive Officer beginning April 1, 2009. Our board of directors selected Mr. Kirk to succeed him as Chairman and Chief Executive Officer. The composition of the board of directors remained the same with the exception of the Chairman position which was assumed by Mr. Kirk.

Members of the executive management team have guided the Company through substantial growth, developing and acquiring over $4.0 billion in assets since 1996. This growth has been funded through public equity offerings and more than $2.0 billion in private equity capital since 1998. This private equity capital has come primarily from sophisticated, high net-worth individuals and institutional investors such as affiliates of Prudential Financial, Inc. and Fidelity Investments.

Our executive management and board of directors have a significant ownership position in the Company with executive officers and directors owning approximately 7,035,533 shares or 8.1% of our outstanding common stock as of February 12, 2010.

Industry & Competition

Self-storage facilities refers to properties that offer month-to-month storage space rental for personal or business use. Self-storage offers a cost-effective and flexible storage alternative. Tenants rent fully enclosed spaces that can vary in size according to their specific needs and to which they have unlimited, exclusive access. Tenants have responsibility for moving their items into and out of their units. Self-storage unit sizes typically range from five feet by five feet to 20 feet by 20 feet, with an interior height of eight to 12 feet. Properties generally have on-site managers who supervise and run the day-to-day operations, providing tenants with assistance as needed.

Self-storage provides a convenient way for individuals and businesses to store their possessions due to life changes, or simply because of a need for storage space. The mix of residential tenants using a self-storage property is determined by a property's local demographics and often includes people who are looking to downsize their living space or others who are not yet settled into a permanent residence. Items that residential tenants place in self-storage properties range from cars, boats and recreational vehicles, to furniture, household items and appliances. Commercial tenants tend to include small business owners who require easy and frequent access to their goods, records, inventory or storage for seasonal goods.

Our research has shown that tenants choose a self-storage property based primarily on the convenience of the site to their home or business, making high-density, high-traffic population centers ideal locations for self-storage properties. A property's perceived security and the general professionalism of the site managers and staff are also contributing factors to a site's ability to successfully secure rentals. Although most self-storage properties are leased to tenants on a month-to-month basis, tenants tend to continue their leases for extended periods of time.

There are seasonal fluctuations in occupancy rates for self-storage properties. Based on our experience, generally, there is increased leasing activity at self-storage properties during the summer months due to the higher number of people who relocate during this period. The highest level of occupancy is typically at the end of July, while the lowest level of occupancy is seen in late February and early March.

Since inception in the early 1970's, the self-storage industry has experienced significant growth. In the past ten years, there has been even greater growth. According to the Self-Storage Almanac (the

"Almanac"), in 1999 there were only 29,955 self-storage properties in the United States, with an average occupancy rate of 86.9% of net rentable square feet, compared to 48,721 self-storage properties in 2009 with an average occupancy rate of 76.7% of net rentable square feet. As population densities have increased in the United States, there has been an increase in self-storage awareness and corresponding development, which we expect will continue in the future.

Increased competition has affected our business and has led to both pricing and discount pressure. The increased competition has limited our ability to increase revenues in many markets in which we operate. Many markets have been able to absorb the increase in self-storage development due to superior demographics and density. However, select markets have not been able to absorb the new facilities and have not performed as well.

We have encountered competition when we have sought to acquire properties, especially for brokered portfolios. Aggressive bidding practices have been commonplace between both public and private entities, and this competition will likely continue to be a challenge for the Company's growth strategy.

The industry is also characterized by fragmented ownership. According to the Almanac, the top ten self-storage companies in the United States owned approximately 10.8% of total U.S. self-storage properties, and the top 50 self-storage companies owned approximately 14.9% of the total U.S. properties as of December 31, 2009. We believe this fragmentation will contribute to continued consolidation at some level in the future. We also believe that we are well positioned to be able to compete for acquisitions given our historical reputation for closing deals.

We are the second largest self-storage operator in the United States. We are one of four public self-storage REITs along with Public Storage Inc., Sovran Self-Storage, Inc., and U-Store-It Inc.

Long-Term Growth and Investment Strategies

Our primary business objectives are to maximize cash flow available for distribution to our stockholders and to achieve sustainable long-term growth in cash flow per share in order to maximize long-term stockholder value. We continue to evaluate a range of growth initiatives and opportunities, including the following:

- ***Maximize the performance of properties through strategic, efficient and proactive management.*** We plan to pursue revenue generating and expense minimizing opportunities in our operations. Our revenue management team will seek to maximize revenue by responding to changing market conditions through our technology system's ability to provide real-time, interactive rental rate and discount management. Our size allows us greater ability than the majority of our competitors to implement national, regional and local marketing programs, which we believe will attract more customers to our stores at a lower net cost.

- ***Expand our management business.*** Our management business enables us to generate increased revenues through management fees and expand our geographic footprint. This expanded footprint enables us to reduce our operating costs through economies of scale. In addition, we see our management business as a future acquisition pipeline. We pursue strategic relationships with owners that strengthen our acquisition pipeline through agreements which give us first right of refusal to purchase the managed property in the event of a potential sale.

- ***Acquire self-storage properties from strategic partners and third parties.*** Our acquisitions team will continue to selectively pursue the acquisition of single properties and multi-property portfolios that we believe can provide stockholder value. We believe we have established a reputation as a reliable, ethical buyer, which enhances our ability to negotiate and close acquisitions. In addition, our status as an UPREIT enables flexibility when structuring deals.

Financing of Our Long-Term Growth Strategies

- ***Acquisition and Development Financing***

  We currently have a $100.0 million revolving line of credit (the "Credit Line") that is collateralized by certain of our self-storage properties. As of December 31, 2009, the Credit Line had asset collateralizing capacity of $100.0 million of which $100.0 million was drawn. On February 13, 2009, we entered into a $50.0 million revolving secured line of credit (the "Secondary Credit Line" and together with the Credit Line, collectively the "Credit Lines") that is collateralized by certain of our self-storage properties. As of December 31, 2009, the Secondary Credit Line had asset collateralizing capacity of approximately $50.0 million of which $0 was drawn. We expect to maintain a flexible approach in financing new property acquisitions. We plan to finance future acquisitions and development through a combination of cash, borrowings under the Credit Lines, traditional secured mortgage financing, joint ventures and additional equity offerings.

- ***Joint Venture Financing***

  We own 336 of our stabilized properties and 16 of our lease-up properties through joint ventures with third parties, including affiliates of Prudential Financial, Inc. In each joint venture, we generally manage the day-to-day operations of the underlying properties and have the right to participate in major decisions relating to sales of properties or financings by the applicable joint venture. Our joint venture partners typically provide most of the equity capital required for the operation of the respective business. Under the operating agreements for the joint ventures, we typically maintain the right to receive between 17.0% and 50.0% of the available cash flow from operations after our joint venture partners and the Company have received a predetermined return, and between 17.0% and 50.0% of the available cash flow from capital transactions after our joint venture partners and the Company have received a return of their capital plus such predetermined return. Most joint venture agreements include buy-sell rights, as well as rights of first refusal in connection with the sale of properties by the joint venture.

- ***Disposition of Properties***

  We will continue to review our portfolio for properties or groups of properties that are not strategically located and determine whether to dispose of these properties to fund other growth.

Regulation

Generally, self-storage properties are subject to various laws, ordinances and regulations, including regulations relating to lien sale rights and procedures. Changes in any of these laws or regulations, as well as changes in laws, such as the Comprehensive Environmental Response and Compensation Liability Act ("CERCLA"), which increase the potential liability for environmental conditions or circumstances existing or created by tenants or others on properties, or laws affecting development, construction, operation, upkeep, safety and taxation may result in significant unanticipated expenditures, loss of self-storage sites or other impairments to operations, which would adversely affect our financial position, results of operations or cash flows.

Under the Americans with Disabilities Act of 1990 (the "ADA"), all places of public accommodation are required to meet certain federal requirements related to access and use by disabled persons. These requirements became effective in 1992. A number of additional U.S. federal, state and local laws also exist that may require modifications to the properties, or restrict further renovations thereof, with respect to access thereto by disabled persons. Noncompliance with the ADA could result in the imposition of fines or an award of damages to private litigants and also could result in an order to correct any non-complying feature, thereby requiring substantial capital expenditures. To the extent our properties are not in compliance, we are likely to incur additional costs to comply with the ADA.

Insurance activities are subject to state insurance laws and regulations as determined by the particular insurance commissioner for each state in accordance with the McCarran-Ferguson Act, and are subject to the Gramm-Leach-Bliley Act and the privacy regulations promulgated by the Federal Trade Commission pursuant thereto.

Property management activities are often subject to state real estate brokerage laws and regulations as determined by the particular real estate commission for each state.

Changes in any of the laws governing our conduct could have an adverse impact on our ability to conduct our business or could materially affect our financial position, results of operations or cash flows.

Employees

As of February 12, 2010, we had 2,001 employees and believe our relationship with our employees to be good. Our employees are not represented by a collective bargaining agreement.

Item 1A. Risk Factors

An investment in our securities involves various risks. All investors should carefully consider the following risk factors in conjunction with the other information contained in this Annual Report before trading in our securities. If any of the events set forth in the following risks actually occur, our business, operating results, prospects and financial condition could be harmed.

Our performance is subject to risks associated with real estate investments. We are a real estate company that derives our income from operation of our properties. There are a number of factors that may adversely affect the income that our properties generate, including the following:

Risks Related to Our Properties and Operations

Adverse economic or other conditions in the markets in which we do business could negatively affect our occupancy levels and rental rates and therefore our operating results.

Our operating results are dependent upon our ability to maximize occupancy levels and rental rates in our self-storage properties. Adverse economic or other conditions in the markets in which we operate may lower our occupancy levels and limit our ability to increase rents or require us to offer rental discounts. If our properties fail to generate revenues sufficient to meet our cash requirements, including operating and other expenses, debt service and capital expenditures, our net income, funds from operations ("FFO"), cash flow, financial condition, ability to make cash distributions to stockholders and the trading price of our securities could be adversely affected. The following factors, among others, may adversely affect the operating performance of our properties:

- the national economic climate and the local or regional economic climate in the markets in which we operate, which may be adversely impacted by, among other factors, industry slowdowns, relocation of businesses and changing demographics;
- periods of economic slowdown or recession, rising interest rates, or declining demand for self-storage or the public perception that any of these events may occur could result in a general decline in rental rates or an increase in tenant defaults;
- the continuation or worsening of the current economic environment;
- local or regional real estate market conditions such as competing properties, the oversupply of self-storage or a reduction in demand for self-storage in a particular area;
- perceptions by prospective users of our self-storage properties of the safety, convenience and attractiveness of our properties and the neighborhoods in which they are located;

- increased operating costs, including the need for capital improvements, insurance premiums, real estate taxes and utilities;
- the impact of environmental protection laws;
- earthquakes, hurricanes and other natural disasters, terrorist acts, civil disturbances or acts of war which may result in uninsured or underinsured losses; and
- changes in tax, real estate and zoning laws.

Recent U.S. and international market and economic conditions have been unprecedented and challenging, with tighter credit conditions and slower growth through the third and fourth quarters of 2008 and all of 2009. For the year ended December 31, 2009, continued concerns about the systemic impact of inflation, energy costs, geopolitical issues, the availability and cost of credit and other macro-economic factors have contributed to increased market volatility and diminished expectations for the global economy and increased market uncertainty and instability. Continued turbulence in U.S. and international markets may adversely affect our liquidity and financial condition, and the financial condition of our customers. If these market conditions continue, they may result in an adverse effect on our financial condition and results of operations.

If we are unable to promptly re-let our units or if the rates upon such re-letting are significantly lower than expected, then our business and results of operations would be adversely affected.

Virtually all of our leases are on a month-to-month basis. Any delay in re-letting units as vacancies arise would reduce our revenues and harm our operating results. In addition, lower than expected rental rates upon re-letting could adversely affect our revenues and impede our growth.

We depend upon our on-site personnel to maximize tenant satisfaction at each of our properties, and any difficulties we encounter in hiring, training and maintaining skilled field personnel may harm our operating performance.

We had 1,684 field personnel as of February 12, 2010 in the management and operation of our properties. The general professionalism of our site managers and staff are contributing factors to a site's ability to successfully secure rentals and retain tenants. We also rely upon our field personnel to maintain clean and secure self-storage properties. If we are unable to successfully recruit, train and retain qualified field personnel, the quality of service we strive to provide at our properties could be adversely affected which could lead to decreased occupancy levels and reduced operating performance.

Uninsured losses or losses in excess of our insurance coverage could adversely affect our financial condition and our cash flow.

We maintain comprehensive liability, fire, flood, earthquake, wind (as deemed necessary or as required by our lenders), extended coverage and rental loss insurance with respect to our properties. Certain types of losses, however, may be either uninsurable or not economically insurable, such as losses due to earthquakes, hurricanes, tornadoes, riots, acts of war or terrorism. Should an uninsured loss occur, we could lose both our investment in and anticipated profits and cash flow from a property. In addition, if any such loss is insured, we may be required to pay significant amounts on any claim for recovery of such a loss prior to our insurer being obligated to reimburse us for the loss, or the amount of the loss may exceed our coverage for the loss. As a result, our operating results may be adversely affected.

Increases in taxes and regulatory compliance costs may reduce our income.

Costs resulting from changes in real estate tax laws generally are not passed through to tenants directly and will affect us. Increases in income, property or other taxes generally are not passed through

to tenants under leases and may reduce our net income, FFO, cash flow, financial condition, ability to pay or refinance our debt obligations, ability to make cash distributions to stockholders, and the trading price of our securities. Similarly, changes in laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions may result in significant unanticipated expenditures, which could similarly adversely affect our business and results of operations.

Environmental compliance costs and liabilities associated with operating our properties may affect our results of operations.

Under various U.S. federal, state and local laws, ordinances and regulations, owners and operators of real estate may be liable for the costs of investigating and remediating certain hazardous substances or other regulated materials on or in such property. Such laws often impose such liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such substances or materials. The presence of such substances or materials, or the failure to properly remediate such substances, may adversely affect the owner's or operator's ability to lease, sell or rent such property or to borrow using such property as collateral. Persons who arrange for the disposal or treatment of hazardous substances or other regulated materials may be liable for the costs of removal or remediation of such substances at a disposal or treatment facility, whether or not such facility is owned or operated by such person. Certain environmental laws impose liability for release of asbestos-containing materials into the air and third parties may seek recovery from owners or operators of real properties for personal injury associated with asbestos-containing materials.

Certain environmental laws also impose liability, without regard to knowledge or fault, for removal or remediation of hazardous substances or other regulated materials upon owners and operators of contaminated property even after they no longer own or operate the property. Moreover, the past or present owner or operator from which a release emanates could be liable for any personal injuries or property damages that may result from such releases, as well as any damages to natural resources that may arise from such releases.

Certain environmental laws impose compliance obligations on owners and operators of real property with respect to the management of hazardous materials and other regulated substances. For example, environmental laws govern the management of asbestos-containing materials and lead-based paint. Failure to comply with these laws can result in penalties or other sanctions.

No assurances can be given that existing environmental studies with respect to any of our properties reveal all environmental liabilities, that any prior owner or operator of our properties did not create any material environmental condition not known to us, or that a material environmental condition does not otherwise exist as to any one or more of our properties. There also exists the risk that material environmental conditions, liabilities or compliance concerns may have arisen after the review was completed or may arise in the future. Finally, future laws, ordinances or regulations and future interpretations of existing laws, ordinances or regulations may impose additional material environmental liability.

Costs associated with complying with the Americans with Disabilities Act of 1990 may result in unanticipated expenses.

Under the ADA, all places of public accommodation are required to meet certain federal requirements related to access and use by disabled persons. These requirements became effective in 1992. A number of additional U.S. federal, state and local laws may also require modifications to our properties, or restrict certain further renovations of the properties, with respect to access thereto by disabled persons. Noncompliance with the ADA could result in the imposition of fines or an award of damages to private litigants and also could result in an order to correct any non-complying feature,

which could result in substantial capital expenditures. We have not conducted an audit or investigation of all of our properties to determine our compliance and we cannot predict the ultimate cost of compliance with the ADA or other legislation. If one or more of our properties is not in compliance with the ADA or other legislation, then we would be required to incur additional costs to bring the facility into compliance. If we incur substantial costs to comply with the ADA or other legislation, our financial condition, results of operations, cash flow, per share trading price of our securities and our ability to satisfy our debt service obligations and to make cash distributions to our stockholders could be adversely affected.

Our investments in development and redevelopment projects may not yield anticipated returns, which would harm our operating results and reduce the amount of funds available for distributions.

To the extent that we engage in development and redevelopment activities, we will be subject to the following risks normally associated with these projects:

- we may be unable to obtain financing for these projects on favorable terms or at all;
- we may not complete development projects on schedule or within budgeted amounts;
- we may encounter delays or refusals in obtaining all necessary zoning, land use, building, occupancy and other required governmental permits and authorizations; and
- occupancy rates and rents at newly developed or redeveloped properties may fluctuate depending on a number of factors, including market and economic conditions, and may result in our investment not being profitable.

In deciding whether to develop or redevelop a particular property, we make certain assumptions regarding the expected future performance of that property. We may underestimate the costs necessary to bring the property up to the standards established for its intended market position or may be unable to increase occupancy at a newly acquired property as quickly as expected or at all. Any substantial unanticipated delays or expenses could adversely affect the investment returns from these development or redevelopment projects and harm our operating results, liquidity and financial condition, which could result in a decline in the value of our securities.

We may rely on the investments of our joint venture partners for funding certain of our development and redevelopment projects. If our reputation in the self-storage industry changes or the number of investors considering us an attractive strategic partner is otherwise reduced, our ability to develop or redevelop properties could be affected, which would limit our growth.

We face competition for the acquisition of self-storage properties and other assets, which may impede our ability to make future acquisitions or may increase the cost of these acquisitions.

We compete with many other entities engaged in real estate investment activities for acquisitions of self-storage properties and other assets, including national, regional and local operators and developers of self-storage properties. These competitors may drive up the price we must pay for self-storage properties or other assets we seek to acquire or may succeed in acquiring those properties or assets themselves. In addition, our potential acquisition targets may find our competitors to be more attractive suitors because they may have greater resources, may be willing to pay more or may have a more compatible operating philosophy. In addition, the number of entities and the amount of funds competing for suitable investment properties may increase. This competition would result in increased demand for these assets and therefore increased prices paid for them. Because of an increased interest in single-property acquisitions among tax-motivated individual purchasers, we may pay higher prices if we purchase single properties in comparison with portfolio acquisitions. If we pay higher prices for self-storage properties or other assets, our profitability will be reduced.

We may not be successful in identifying and consummating suitable acquisitions that meet our criteria, which may impede our growth.

Our ability to expand through acquisitions is integral to our business strategy and requires us to identify suitable acquisition candidates or investment opportunities that meet our criteria and are compatible with our growth strategy. We may not be successful in identifying suitable properties or other assets that meet our acquisition criteria or in consummating acquisitions or investments on satisfactory terms or at all. Failure to identify or consummate acquisitions will slow our growth, which could in turn adversely affect our stock price.

Our ability to acquire properties on favorable terms and successfully integrate and operate them may be constrained by the following significant risks:

- competition from local investors and other real estate investors with significant capital, including other publicly-traded REITs and institutional investment funds;
- competition from other potential acquirers may significantly increase the purchase price which could reduce our profitability;
- the inability to achieve satisfactory completion of due diligence investigations and other customary closing conditions;
- failure to finance an acquisition on favorable terms or at all;
- we may spend more than the time and amounts budgeted to make necessary improvements or renovations to acquired properties; and
- we may acquire properties subject to liabilities without any recourse, or with only limited recourse, with respect to unknown liabilities such as liabilities for clean-up of undisclosed environmental contamination, claims by persons dealing with the former owners of the properties and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

In addition, strategic decisions by us, such as acquisitions, may adversely affect the price of our securities.

We may not be successful in integrating and operating acquired properties.

We expect to make future acquisitions of self-storage properties. If we acquire any self-storage properties, we will be required to integrate them into our existing portfolio. The acquired properties may turn out to be less compatible with our growth strategy than originally anticipated, may cause disruptions in our operations or may divert management's attention away from day-to-day operations, which could impair our results of operations as a whole.

We do not always obtain independent appraisals of our properties, and thus the consideration paid for these properties may exceed the value that may be indicated by third-party appraisals.

We do not always obtain third-party appraisals in connection with our acquisition of properties and the consideration being paid by us in exchange for those properties may exceed the value as determined by third-party appraisals. In such cases, the terms of any agreements and the valuation methods used to determine the value of the properties were determined by our senior management team.

Risks Related to Our Organization and Structure

Our business could be harmed if key personnel with long-standing business relationships in the self-storage industry terminate their employment with us.

Our success depends, to a significant extent, on the continued services of members of our executive management team. Our executive management team has substantial experience in the self-storage industry. In addition, our ability to develop properties in the future depends on the significant relationships our executive management team has developed with our institutional joint venture partners such as affiliates of Prudential Financial, Inc. There is no guarantee that any of them will remain employed by us. We do not maintain key person life insurance on any of our officers. The loss of services of one or more members of our executive management team could harm our business and our prospects.

We may change our investment and financing strategies and enter into new lines of business without stockholder consent, which may subject us to different risks.

We may change our investment and financing strategies and enter into new lines of business at any time without the consent of our stockholders, which could result in our making investments and engaging in business activities that are different from, and possibly riskier than, the investments and businesses described in this document. A change in our investment strategy or our entry into new lines of business may increase our exposure to other risks or real estate market fluctuations.

If other self-storage companies convert to an UPREIT structure or if tax laws change, we may no longer have an advantage in competing for potential acquisitions.

Because we are structured as an UPREIT, we are a more attractive acquirer of properties to tax-motivated sellers than our competitors that are not structured as UPREITs. However, if other self-storage companies restructure their holdings to become UPREITs, this competitive advantage will disappear. In addition, new legislation may be enacted or new interpretations of existing legislation may be issued by the Internal Revenue Service ("IRS"), or the U.S. Treasury Department that could affect the attractiveness of our UPREIT structure so that it may no longer assist us in competing for acquisitions.

Tax indemnification obligations may require the Operating Partnership to maintain certain debt levels.

In connection with the formation transactions entered into prior to our IPO in 2004, we agreed to make available to each of Kenneth M. Woolley, a director and our former Chairman and Chief Executive Officer, Richard S. Tanner, our Senior Vice President, Development, and other third parties, the following tax protections: for nine years, with a three-year extension if the applicable party continues to own at least 50% of the units in our Operating Partnership ("OP units") received by it in the formation transactions at the expiration of the initial nine-year period, the opportunity to (1) guarantee debt or (2) enter into a special loss allocation and deficit restoration obligation, in an aggregate amount, with respect to the foregoing contributors, of at least $60.0 million. Similar tax protections were provided to third party contributors in connection with property contributions to the Operating Partnership subsequent to the IPO. We agreed to these provisions in order to assist these contributors in preserving their tax position after their contributions. These obligations may require us to maintain certain indebtedness levels that we would not otherwise require for our business.

Our joint venture investments could be adversely affected by our lack of sole decision-making authority.

As of December 31, 2009, we held interests in 352 operating properties through joint ventures. Some of these arrangements could be adversely affected by our lack of sole decision-making authority, our reliance on co-venturers financial conditions and disputes between us and our co-venturers. We

expect to continue our joint venture strategy by entering into more joint ventures for the purpose of developing new self-storage properties and acquiring existing properties. In such event, we would not be in a position to exercise sole decision-making authority regarding the property, partnership, joint venture or other entity. The decision-making authority regarding the properties we currently hold through joint ventures is either vested exclusively with our joint venture partners, is subject to a majority vote of the joint venture partners or equally shared by us and the joint venture partners. In addition, investments in partnerships, joint ventures or other entities may, under certain circumstances, involve risks not present were a third party not involved, including the possibility that partners or co-venturers might become bankrupt or fail to fund their share of required capital contributions. Partners or co-venturers may have economic or other business interests or goals which are inconsistent with our business interests or goals, and may be in a position to take actions contrary to our policies or objectives. Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither we nor the partner or co-venturer would have full control over the partnership or joint venture. Disputes between us and partners or co-venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and/or directors from focusing their time and efforts on our business. Consequently, actions by or disputes with partners or co-venturers might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of our third-party partners or co-venturers, which could harm our financial condition.

Spencer F. Kirk, Chairman and Chief Executive Officer, Kent W. Christensen, Executive Vice President and Chief Financial Officer, Charles L. Allen, Executive Vice President and Chief Legal Officer, and other members of our senior management team have outside business interests which could divert their time and attention away from us, which could harm our business.

Spencer F. Kirk, our Chairman and Chief Executive Officer, as well as certain other members of our senior management team, have outside business interests. These business interests include the ownership of a self-storage property located in Pico Rivera, California. Other than this property, the members of our senior management are not currently engaged in any other self-storage activities outside the Company. These outside business interests could interfere with their ability to devote time to our business and affairs as a result, our business could be harmed.

Conflicts of interest could arise as a result of our relationship with our Operating Partnership.

Conflicts of interest could arise in the future as a result of the relationships between us and our affiliates, and our Operating Partnership or any partner thereof. Our directors and officers have duties to our Company under applicable Maryland law in connection with their management of our Company. At the same time, we, through our wholly-owned subsidiary, have fiduciary duties, as a general partner, to our Operating Partnership and to the limited partners under Delaware law in connection with the management of our Operating Partnership. Our duties, through our wholly-owned subsidiary, as a general partner to our Operating Partnership and its partners may come into conflict with the duties of our directors and officers to our Company. The partnership agreement of our Operating Partnership does not require us to resolve such conflicts in favor of either our Company or the limited partners in our Operating Partnership. Unless otherwise provided for in the relevant partnership agreement, Delaware law generally requires a general partner of a Delaware limited partnership to adhere to fiduciary duty standards under which it owes its limited partners the highest duties of good faith, fairness, and loyalty and which generally prohibit such general partner from taking any action or engaging in any transaction as to which it has a conflict of interest.

Additionally, the partnership agreement expressly limits our liability by providing that neither we, our direct wholly-owned Massachusetts business trust subsidiary, as the general partner of the Operating Partnership, nor any of our or their trustees, directors or officers, will be liable or

accountable in damages to our Operating Partnership, the limited partners or assignees for errors in judgment, mistakes of fact or law or for any act or omission if we, or such trustee, director or officer, acted in good faith. In addition, our Operating Partnership is required to indemnify us, our affiliates and each of our respective trustees, officers, directors, employees and agents to the fullest extent permitted by applicable law against any and all losses, claims, damages, liabilities (whether joint or several), expenses (including, without limitation, attorneys' fees and other legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the Operating Partnership, provided that our Operating Partnership will not indemnify for (1) willful misconduct or a knowing violation of the law, (2) any transaction for which such person received an improper personal benefit in violation or breach of any provision of the partnership agreement, or (3) in the case of a criminal proceeding, the person had reasonable cause to believe the act or omission was unlawful.

The provisions of Delaware law that allow the common law fiduciary duties of a general partner to be modified by a partnership agreement have not been resolved in a court of law, and we have not obtained an opinion of counsel covering the provisions set forth in the partnership agreement that purport to waive or restrict our fiduciary duties that would be in effect under common law were it not for the partnership agreement.

We may pursue less vigorous enforcement of terms of contribution and other agreements because of conflicts of interest with certain of our officers.

Spencer F. Kirk, Chairman and Chief Executive Officer, Kent W. Christensen, Executive Vice President and Chief Financial Officer, Charles L. Allen, Executive Vice President and Chief Legal Officer, and other members of our senior management team, and Kenneth M. Woolley, Director, had direct or indirect ownership interests in certain properties that were contributed to our Operating Partnership in the formation transactions. Following the completion of the formation transactions, we, under the agreements relating to the contribution of such interests, became entitled to indemnification and damages in the event of breaches of representations or warranties made by the contributors. None of these contribution and non-competition agreements was negotiated at an arm's-length basis. We may choose not to enforce, or to enforce less vigorously, our rights under these contribution and non-competition agreements because of our desire to maintain our ongoing relationships with the individuals party to these agreements.

Certain provisions of Maryland law and our organizational documents, including the stock ownership limit imposed by our charter, may inhibit market activity in our stock and could prevent or delay a change in control transaction.

Our charter, subject to certain exceptions, authorizes our directors to take such actions as are necessary and desirable to preserve our qualification as a REIT and to limit any person to actual or constructive ownership of no more than 7.0% (by value or by number of shares, whichever is more restrictive) of our outstanding common stock or 7.0% (by value or by number of shares, whichever is more restrictive) of our outstanding capital stock. Our board of directors, in its sole discretion, may exempt a proposed transferee from the ownership limit. However, our board of directors may not grant an exemption from the ownership limit to any proposed transferee whose ownership could jeopardize our qualification as a REIT. These restrictions on ownership will not apply if our board of directors determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT. The ownership limit may delay or impede a transaction or a change of control that might involve a premium price for our securities or otherwise be in the best interests of our stockholders. Different ownership limits apply to the family of Kenneth M. Woolley, certain of his affiliates, family members and estates and trusts formed for the benefit of the foregoing and Spencer F. Kirk, certain of his

affiliates, family members and estates and trusts formed for the benefit of the foregoing and certain designated investment entities (as defined in our charter).

Our board of directors has the power to issue additional shares of our stock in a manner that may not be in the best interest of our stockholders.

Our charter authorizes our board of directors to issue additional authorized but unissued shares of common stock or preferred stock and to increase the aggregate number of authorized shares or the number of shares of any class or series without stockholder approval. In addition, our board of directors may classify or reclassify any unissued shares of common stock or preferred stock and set the preferences, rights and other terms of the classified or reclassified shares. Our board of directors could issue additional shares of our common stock or establish a series of preferred stock that could have the effect of delaying, deferring or preventing a change in control or other transaction that might involve a premium price for our securities or otherwise not be in the best interests of our stockholders.

Our rights and the rights of our stockholders to take action against our directors and officers are limited.

Maryland law provides that a director or officer has no liability in that capacity if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in our best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. In addition, our charter eliminates our directors' and officers' liability to us and our stockholders for money damages except for liability resulting from actual receipt of an improper benefit in money, property or services or active and deliberate dishonesty established by a final judgment and which is material to the cause of action. Our bylaws require us to indemnify our directors and officers for liability resulting from actions taken by them in those capacities to the maximum extent permitted by Maryland law. As a result, we and our stockholders may have more limited rights against our directors and officers than might otherwise exist under common law. In addition, we may be obligated to fund the defense costs incurred by our directors and officers.

To the extent our distributions represent a return of capital for U.S. federal income tax purposes, our stockholders could recognize an increased capital gain upon a subsequent sale of common stock.

Distributions in excess of our current and accumulated earnings and profits and not treated by us as a dividend will not be taxable to a U.S. stockholder under current U.S. federal income tax law to the extent those distributions do not exceed the stockholder's adjusted tax basis in his, her, or its common stock, but instead will constitute a return of capital and will reduce such adjusted basis. If distributions result in a reduction of a stockholder's adjusted basis in such holder's common stock, subsequent sales of such holder's common stock will result in recognition of an increased capital gain or decreased capital loss due to the reduction in such adjusted basis.

Risks Related to the Real Estate Industry

Our primary business involves the ownership and operation of self-storage properties.

Our current strategy is to own, operate, manage, acquire, develop and redevelop only self-storage properties. Consequently, we are subject to risks inherent in investments in a single industry. Because investments in real estate are inherently illiquid, this strategy makes it difficult for us to diversify our investment portfolio and to limit our risk when economic conditions change. Decreases in market rents, negative tax, real estate and zoning law changes and changes in environmental protection laws may also increase our costs, lower the value of our investments and decrease our income, which would adversely affect our business, financial condition and operating results.

Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our properties.

Because real estate investments are relatively illiquid, our ability to promptly sell one or more properties in our portfolio in response to changing economic, financial and investment conditions is limited. The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond our control. We cannot predict whether we will be able to sell any property for the price or on the terms set by us or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property.

We may be required to expend funds to correct defects or to make improvements before a property can be sold. We cannot assure you that we will have funds available to correct those defects or to make those improvements. In acquiring a property, we may agree to transfer restrictions that materially restrict us from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. These transfer restrictions would impede our ability to sell a property even if we deem it necessary or appropriate.

Any investments in unimproved real property may take significantly longer to yield income-producing returns, if at all, and may result in additional costs to us to comply with re-zoning restrictions or environmental regulations.

We have invested in the past, and may invest in the future, in unimproved real property. Unimproved properties generally take longer to yield income-producing returns based on the typical time required for development. Any development of unimproved property may also expose us to the risks and uncertainties associated with re-zoning the land for a higher use or development and environmental concerns of governmental entities and/or community groups. Any unsuccessful investments or delays in realizing an income-producing return or increased costs to develop unimproved real estate could restrict our ability to earn our targeted rate of return on an investment or adversely affect our ability to pay operating expenses which would harm our financial condition and operating results.

Any negative perceptions of the self-storage industry generally may result in a decline in our stock price.

To the extent that the investing public has a negative perception of the self-storage industry, the value of our securities may be negatively impacted, which could result in our securities trading below the inherent value of our assets.

Risks Related to Our Debt Financings

Disruptions in the financial markets could affect our ability to obtain debt financing on reasonable terms and have other adverse effects on us.

The United States credit markets are experiencing significant dislocations and liquidity disruptions which have caused the spreads on prospective debt financings to widen. These circumstances have materially impacted liquidity in the debt markets, making financing terms for borrowers less attractive, and in certain cases have resulted in the unavailability of certain types of debt financing. Continued uncertainty in the credit markets may negatively impact our ability to access additional debt financing or to refinance existing debt maturities on favorable terms (or at all), which may negatively affect our ability to make acquisitions and fund development projects. A prolonged downturn in the credit markets may cause us to seek alternative sources of potentially less attractive financing, and may require us to adjust our business plan accordingly. In addition, these factors may make it more difficult for us to sell properties or may adversely affect the price we receive for properties that we do sell, as

prospective buyers may experience increased costs of debt financing or difficulties in obtaining debt financing. These events in the credit markets have also had an adverse effect on other financial markets in the United States, which may make it more difficult or costly for us to raise capital through the issuance of common stock, preferred stock or other equity securities. These disruptions in the financial markets may have other adverse effects on us or the economy generally, which could cause our stock price to decline.

Required payments of principal and interest on borrowings may leave us with insufficient cash to operate our properties or to pay the distributions currently contemplated or necessary to maintain our qualification as a REIT and may expose us to the risk of default under our debt obligations.

As of December 31, 2009, we had approximately $1.4 billion of outstanding indebtedness. We may incur additional debt in connection with future acquisitions and development. We may borrow under our Credit Lines or borrow new funds to finance these future properties. Additionally, we do not anticipate that our internally generated cash flow will be adequate to repay our existing indebtedness upon maturity and, therefore, we expect to repay our indebtedness through refinancings and equity and/or debt offerings. Further, we may need to borrow funds in order to make cash distributions to maintain our qualification as a REIT or to make our expected distributions.

If we are required to utilize our Credit Lines for purposes other than acquisition activity, this will reduce the amount available for acquisitions and could slow our growth. Therefore, our level of debt and the limitations imposed on us by our debt agreements could have significant adverse consequences, including the following:

- our cash flow may be insufficient to meet our required principal and interest payments;
- we may be unable to borrow additional funds as needed or on favorable terms, including to make acquisitions or to continue to make distributions required to maintain our qualification as a REIT;
- we may be unable to refinance our indebtedness at maturity or the refinancing terms may be less favorable than the terms of our original indebtedness;
- because a portion of our debt bears interest at variable rates, an increase in interest rates could materially increase our interest expense;
- we may be forced to dispose of one or more of our properties, possibly on disadvantageous terms;
- after debt service, the amount available for cash distributions to our stockholders is reduced;
- our debt level could place us at a competitive disadvantage compared to our competitors with less debt;
- we may experience increased vulnerability to economic and industry downturns, reducing our ability to respond to changing business and economic conditions;
- we may default on our obligations and the lenders or mortgagees may foreclose on our properties that secure their loans and receive an assignment of rents and leases;
- we may default on our obligations and the lenders or mortgages may enforce our guarantees;
- we may violate restrictive covenants in our loan documents, which would entitle the lenders to accelerate our debt obligations; and
- our default under any one of our mortgage loans with cross-default or cross-collateralization provisions could result in a default on other indebtedness or result in the foreclosures of other properties.

We could become highly leveraged in the future because our organizational documents contain no limitation on the amount of debt we may incur.

Our organizational documents contain no limitations on the amount of indebtedness that we or our Operating Partnership may incur. We could alter the balance between our total outstanding indebtedness and the value of our portfolio at any time. If we become more highly leveraged, then the resulting increase in debt service could adversely affect our ability to make payments on our outstanding indebtedness and to pay our anticipated cash distributions and/or to continue to make cash distributions to maintain our REIT qualification, and could harm our financial condition.

Increases in interest rates may increase our interest expense and adversely affect our cash flow and our ability to service our indebtedness and make cash distributions to our stockholders.

As of December 31, 2009, we had approximately $1.4 billion of debt outstanding, of which approximately $304.1 million or 21.6% was subject to variable interest rates. This variable rate debt had a weighted average interest rate of approximately 3.3% per annum. Increases in interest rates on this variable rate debt would increase our interest expense, which could harm our cash flow and our ability to pay cash distributions. For example, if market rates of interest on this variable rate debt increased by 100 basis points, the increase in interest expense would decrease future earnings and cash flows by approximately $3.0 million annually.

Failure to hedge effectively against interest rate changes may adversely affect our results of operations.

In certain cases we may seek to manage our exposure to interest rate volatility by using interest rate hedging arrangements. Hedging involves risks, such as the risk that the counterparty may fail to honor its obligations under an arrangement. Failure to hedge effectively against interest rate changes may adversely affect our financial condition, results of operations and ability to make cash distributions to our stockholders.

Risks Related to Qualification and Operation as a REIT

To maintain our qualification as a REIT, we may be forced to borrow funds on a short-term basis during unfavorable market conditions.

To qualify as a REIT, we generally must distribute to our stockholders at least 90% of our net taxable income each year, excluding net capital gains, and we are subject to regular corporate income taxes to the extent that we distribute less than 100% of our net taxable income each year. In addition, we are subject to a 4% nondeductible excise tax on the amount, if any, by which distributions made by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. While historically we have satisfied these distribution requirements by making cash distributions to our shareholders, a REIT is permitted to satisfy these requirements by making distributions of cash or other property, including, in limited circumstances, its own stock. For distributions with respect to taxable years ending on or before December 31, 2011, recent Internal Revenue Service guidance allows us to satisfy up to 90% of the distribution requirements discussed above through the distribution of shares of our stock, if certain conditions are met. Assuming we continue to satisfy these distributions requirements with cash, we may need to borrow funds on a short-term basis, or possibly long-term, to meet the REIT distribution requirements even if the then prevailing market conditions are not favorable for these borrowings. These borrowing needs could result from a difference in timing between the actual receipt of cash and inclusion of income for U.S. federal income tax purposes, or the effect of non-deductible capital expenditures, the creation of reserves or required debt amortization payments.

Dividends payable by REITs generally do not qualify for reduced tax rates.

The maximum U.S. federal income tax rate for dividends paid by domestic corporations to individual U.S. stockholders is 15% (through 2010). Dividends paid by REITs, however, are generally not eligible for the reduced rates. The more favorable rates applicable to regular corporate dividends could cause stockholders who are individuals to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including our securities.

In addition, the relative attractiveness of real estate in general may be adversely affected by the favorable tax treatment given to corporate dividends, which could negatively affect the value of our properties.

Possible legislative or other actions affecting REITs could adversely affect our stockholders.

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. Changes to tax laws (which changes may have retroactive application) could adversely affect our stockholders. It cannot be predicted whether, when, in what forms, or with what effective dates, the tax laws applicable to us or our stockholders will be changed.

The power of our board of directors to revoke our REIT election without stockholder approval may cause adverse consequences to our stockholders.

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interests to continue to qualify as a REIT. If we cease to qualify as a REIT, we would become subject to U.S. federal income tax on our taxable income and would no longer be required to distribute most of our net taxable income to our stockholders, which may have adverse consequences on the total return to our stockholders.

Our failure to qualify as a REIT would have significant adverse consequences to us and the value of our stock.

We believe we operate in a manner that allows us to qualify as a REIT for U.S. federal income tax purposes under the Internal Revenue Code. If we fail to qualify as a REIT or lose our qualification as a REIT at any time, we will face serious tax consequences that would substantially reduce the funds available for distribution for each of the years involved because:

- we would not be allowed a deduction for distributions to stockholders in computing our taxable income and would be subject to U.S. federal income tax at regular corporate rates;
- we also could be subject to the U.S. federal alternative minimum tax and possibly increased state and local taxes; and
- unless we are entitled to relief under applicable statutory provisions, we could not elect to be taxed as a REIT for four taxable years following a year during which we were disqualified.

In addition, if we fail to qualify as a REIT, we will not be required to make distributions to stockholders, and all distributions to stockholders will be subject to tax as regular corporate dividends to the extent of our current and accumulated earnings and profits. This means that our U.S. individual stockholders would be taxed on our dividends at capital gains rates, and our U.S. corporate stockholders would be entitled to the dividends received deduction with respect to such dividends, subject, in each case, to applicable limitations under the Internal Revenue Code. If we fail to qualify as a REIT for federal income tax purposes and are able to avail ourselves of one or more of the relief

provisions under the Internal Revenue Code in order to maintain our REIT status, we may nevertheless be required to pay penalty taxes of $50,000 or more for each such failure. As a result of all these factors, our failure to qualify as a REIT also could impair our ability to expand our business and raise capital, and could adversely affect the value of our securities.

Qualification as a REIT involves the application of highly technical and complex Internal Revenue Code provisions for which there are only limited judicial and administrative interpretations. The complexity of these provisions and of the applicable Treasury regulations that have been promulgated under the Internal Revenue Code is greater in the case of a REIT that, like us, holds its assets through a partnership. The determination of various factual matters and circumstances not entirely within our control may affect our ability to qualify as a REIT. In order to qualify as a REIT, we must satisfy a number of requirements, including requirements regarding the composition of our assets, the sources of our gross income and the owners of our stock. Our ability to satisfy the asset tests depends upon our analysis of the fair market value of our assets, some of which are not susceptible to precise determination, and for which we will not obtain independent appraisals. Also, we must make distributions to stockholders aggregating annually at least 90% of our net taxable income, excluding capital gains, and we will be subject to income tax at regular corporate rates to the extent we distribute less than 100% of our net taxable income including capital gains. In addition, legislation, new regulations, administrative interpretations or court decisions may adversely affect our investors, our ability to qualify as a REIT for U.S. federal income tax purposes or the desirability of an investment in a REIT relative to other investments. Although we believe that we have been organized and have operated in a manner that is intended to allow us to qualify for taxation as a REIT, we can give no assurance that we have qualified or will continue to qualify as a REIT for tax purposes. We have not requested and do not plan to request a ruling from the Internal Revenue Service regarding our qualification as a REIT.

We will pay some taxes.

Even though we qualify as a REIT for U.S. federal income tax purposes, we will be required to pay some U.S. federal, state and local taxes on our income and property. Extra Space Management, Inc. manages self-storage properties for our joint venture properties and properties owned by third parties. We, jointly with Extra Space Management, Inc., elected to treat Extra Space Management, Inc. as a "taxable REIT subsidiary" of our Company for U.S. federal income tax purposes. A taxable REIT subsidiary is a fully taxable corporation, and may be limited in its ability to deduct interest payments made to us. In addition, we will be subject to a 100% penalty tax on certain amounts if the economic arrangements among our tenants, our taxable REIT subsidiary and us are not comparable to similar arrangements among unrelated parties or if we receive payments for inventory or property held for sale to customers in the ordinary course of business. Also, if we sell property as a dealer (i.e., to customers in the ordinary course of our trade or business), we will be subject to a 100% penalty tax on any gain arising from such sales. While we don't intend to sell properties as a dealer, the IRS could take a contrary position. To the extent that we are or our taxable REIT subsidiary is required to pay U.S. federal, state or local taxes, we will have less cash available for distribution to stockholders.

Complying with REIT requirements may cause us to forego otherwise attractive opportunities.

To qualify as a REIT for U.S. federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our stock. In order to meet these tests, we may be required to forego attractive business or investment opportunities. Thus, compliance with the REIT requirements may adversely affect our ability to operate solely to maximize profits.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2009, we owned or had ownership interests in 642 operating self-storage properties. Of these properties, 290 are wholly-owned and 352 are held in joint ventures. In addition, we managed an additional 124 properties for franchisees or third parties bringing the total number of properties which we own and/or manage to 766. These properties are located in 33 states and Washington, D.C. We receive a management fee equal to approximately 6% of gross revenues to manage the joint venture, third party and franchise sites. As of December 31, 2009, we own and/or manage approximately 55 million square feet of rentable space configured in approximately 500,000 separate storage units. Approximately 70% of our properties are clustered around large population centers, such as Atlanta, Baltimore/Washington, D.C., Boston, Chicago, Dallas, Houston, Las Vegas, Los Angeles, Miami, New York City, Orlando, Philadelphia, Phoenix, St. Petersburg/Tampa and San Francisco/Oakland. These markets contain above-average population and income demographics for new self-storage properties. The clustering of assets around these population centers enables us to reduce our operating costs through economies of scale. Our acquisitions have given us an increased scale in many core markets as well as a foothold in many markets where we had no previous presence.

We consider a property to be in the lease-up stage after it has been issued a certificate of occupancy, but before it has achieved stabilization. We consider a property to be stabilized once it has achieved either an 80% occupancy rate for a full year measured as of January 1, or has been open for three years.

As of December 31, 2009, over 350,000 tenants were leasing storage units at the 766 operating properties that we own and/or manage, primarily on a month-to-month basis, providing the flexibility to increase rental rates over time as market conditions permit. Although leases are short-term in duration, the typical tenant tends to remain at our properties for an extended period of time. For properties that were stabilized as of December 31, 2009, the median length of stay was approximately eleven months. The average annual rent per square foot at these stabilized properties was $13.46 at December 31, 2009 compared to $14.21 at December 31, 2008.

Our property portfolio is made up of different types of construction and building configurations depending on the site and the municipality where it is located. Most often sites are what we consider "hybrid" facilities, a mix of both drive-up buildings and multi-floor buildings. We have a number of multi-floor buildings with elevator access only, and a number of facilities featuring ground-floor access only.

The following table sets forth additional information regarding the occupancy of our stabilized properties on a state-by-state basis as of December 31, 2009 and 2008. The information as of December 31, 2008 is on a pro forma basis as though all the properties owned at December 31, 2009 were under our control as of December 31, 2008.

Stabilized Property Data Based on Location

Location	Number of Properties	Company Number of Units as of December 31, 2009(1)	Pro forma Number of Units as of December 31, 2008	Company Net Rentable Square Feet as of December 31, 2009(2)	Pro forma Net Rentable Square Feet as of December 31, 2008	Company Square Foot Occupancy % December 31, 2009	Pro forma Square Foot Occupancy % December 31, 2008
Wholly-owned properties							
Alabama	1	587	582	77,600	76,260	79.4%	78.6%
Arizona	5	2,818	2,844	346,998	347,238	83.6%	80.4%
California	46	36,877	37,001	3,647,805	3,630,797	81.9%	82.2%
Colorado	8	3,790	3,803	476,484	476,409	84.4%	82.7%
Connecticut	3	2,023	2,028	178,040	178,115	78.9%	75.5%
Florida	31	20,490	20,571	2,184,586	2,186,056	81.9%	80.8%
Georgia	12	6,425	6,433	836,922	837,292	82.1%	82.5%
Hawaii	2	2,858	2,862	145,816	151,445	80.4%	78.8%
Illinois	5	3,320	3,263	341,724	339,844	79.9%	79.9%
Indiana	6	3,477	3,525	412,759	415,156	82.3%	84.4%
Kansas	1	507	506	50,190	49,940	82.2%	87.1%
Kentucky	3	1,578	1,583	194,051	194,220	88.9%	84.2%
Louisiana	2	1,412	1,408	150,335	148,915	81.8%	87.0%
Maryland	10	7,936	7,948	847,577	846,979	86.0%	81.1%
Massachusetts	26	15,241	15,276	1,569,495	1,573,680	83.3%	81.4%
Michigan	2	1,026	1,021	135,026	132,410	85.7%	86.3%
Missouri	6	3,141	3,159	374,292	374,587	82.4%	80.0%
Nevada	2	1,239	1,250	132,015	132,215	83.0%	87.0%
New Hampshire	2	1,006	1,006	125,473	125,909	88.2%	84.7%
New Jersey	23	18,801	18,860	1,834,626	1,838,021	84.7%	82.6%
New Mexico	1	541	541	71,555	69,030	78.7%	83.9%
New York	10	8,423	8,690	608,510	610,707	81.3%	79.4%
Ohio	4	2,024	2,032	273,532	274,132	85.9%	85.8%
Oregon	1	767	766	103,150	103,530	84.7%	79.4%
Pennsylvania	9	6,573	6,570	689,768	685,255	86.6%	81.5%
Rhode Island	1	722	730	75,521	75,521	81.3%	89.0%
South Carolina	3	1,553	1,554	178,749	178,719	83.4%	83.1%
Tennessee	6	3,694	3,492	488,334	474,047	79.9%	82.8%
Texas	20	12,378	12,423	1,403,414	1,402,493	85.0%	84.7%
Utah	3	1,543	1,540	210,749	210,876	80.7%	84.4%
Virginia	5	3,561	3,581	346,862	346,907	82.5%	84.5%
Washington	4	2,548	2,548	308,015	307,025	90.6%	84.4%
Total Wholly-Owned Stabilized	**263**	**178,879**	**179,396**	**18,819,973**	**18,793,730**	**83.2%**	**82.2%**

Location	Number of Properties	Company Number of Units as of December 31, 2009(1)	Pro forma Number of Units as of December 31, 2008	Company Net Rentable Square Feet as of December 31, 2009(2)	Pro forma Net Rentable Square Feet as of December 31, 2008	Company Square Foot Occupancy % December 31, 2009	Pro forma Square Foot Occupancy % December 31, 2008
Joint-venture properties							
Alabama	3	1,705	1,709	205,638	205,883	82.5%	84.9%
Arizona	11	6,829	6,861	751,889	751,364	82.6%	84.2%
California	77	55,187	55,140	5,634,040	5,636,931	84.2%	85.0%
Colorado	2	1,325	1,334	158,583	158,413	82.7%	80.6%
Connecticut	8	5,983	5,988	691,406	692,320	82.8%	78.8%
Delaware	1	584	588	71,680	71,655	92.2%	82.9%
Florida	23	19,079	19,238	1,937,868	1,938,511	81.4%	80.2%
Georgia	3	1,871	1,885	245,520	246,926	80.1%	77.1%
Illinois	7	4,661	4,670	503,416	503,316	83.3%	84.1%
Indiana	7	2,769	2,769	366,173	365,803	86.4%	80.9%
Kansas	3	1,211	1,214	160,060	161,240	79.1%	79.7%
Kentucky	4	2,268	2,285	268,886	268,434	83.1%	83.7%
Maryland	14	11,055	11,110	1,085,468	1,081,927	84.5%	81.4%
Massachusetts	17	9,252	9,243	1,049,070	1,046,534	81.6%	80.0%
Michigan	10	5,917	5,930	784,683	784,263	81.8%	82.5%
Missouri	2	956	956	118,045	117,795	80.2%	82.9%
Nevada	7	4,615	4,614	619,273	618,998	82.8%	81.8%
New Hampshire	3	1,316	1,317	137,434	137,754	84.2%	84.1%
New Jersey	21	15,656	15,680	1,647,200	1,648,331	83.0%	80.4%
New Mexico	9	4,673	4,691	542,799	538,144	82.9%	81.9%
New York	21	21,638	21,645	1,733,870	1,735,650	86.2%	84.3%
Ohio	11	5,008	5,019	754,447	754,187	79.3%	78.0%
Oregon	2	1,290	1,294	136,290	136,980	84.2%	79.1%
Pennsylvania	10	7,224	7,228	764,860	764,300	85.0%	83.9%
Rhode Island	1	607	607	73,880	73,880	71.5%	73.3%
Tennessee	22	11,753	11,784	1,547,896	1,547,846	82.8%	81.7%
Texas	18	11,697	11,738	1,548,180	1,549,071	83.5%	80.4%
Utah	1	520	519	59,000	59,050	81.7%	83.7%
Virginia	16	11,275	11,282	1,191,293	1,191,543	85.3%	83.6%
Washington	1	546	551	62,730	62,730	86.4%	83.4%
Washington, DC	1	1,536	1,536	102,003	102,003	91.7%	88.5%
Total Stabilized Joint-Ventures	**336**	**230,006**	**230,425**	**24,953,580**	**24,951,782**	**83.4%**	**82.4%**
Managed properties							
Alabama	2	783	825	95,899	95,175	81.2%	80.6%
California	5	3,371	3,366	399,460	399,070	72.2%	72.4%
Colorado	1	339	339	31,629	31,639	87.9%	82.1%
Florida	1	651	650	52,066	51,966	85.2%	84.4%
Georgia	5	2,705	2,726	401,289	406,476	73.3%	72.3%
Illinois	4	2,319	2,328	261,219	263,120	72.4%	69.8%
Indiana	1	502	499	55,425	55,425	67.5%	64.0%
Kansas	3	1,518	1,534	226,120	225,460	71.3%	68.8%
Kentucky	1	532	541	66,000	65,900	76.6%	72.6%
Maryland	12	7,627	7,678	842,865	848,038	74.3%	72.4%
Massachusetts	1	1,168	1,198	108,830	108,880	64.4%	58.2%
Missouri	3	1,532	1,525	305,138	306,333	72.9%	76.4%
Nevada	2	1,576	1,576	170,775	171,555	81.8%	80.3%
New Jersey	5	4,322	4,341	418,450	419,775	81.9%	75.9%
New Mexico	2	1,101	1,106	131,857	131,767	85.0%	81.2%
New York	1	704	703	83,055	77,955	81.5%	81.2%
Ohio	4	1,087	1,095	161,760	162,200	59.3%	57.5%
Pennsylvania	20	8,380	8,379	1,017,521	1,022,897	63.6%	60.8%
Tennessee	2	883	883	131,140	130,385	84.2%	83.6%
Texas	4	2,231	2,244	300,015	301,519	82.7%	85.1%
Utah	1	371	371	46,805	46,905	96.7%	98.1%
Virginia	4	2,767	2,782	274,583	270,202	83.0%	79.0%
Washington, DC	2	1,263	1,255	112,459	111,759	87.2%	82.8%
Total Stabilized Managed Properties	**86**	**47,732**	**47,944**	**5,694,360**	**5,704,401**	**74.2%**	**72.3%**
Total Stabilized Properties	**685**	**456,617**	**457,765**	**49,467,913**	**49,449,913**	**82.3%**	**81.1%**

(1) *Represents unit count as of December 31, 2009, which may differ from December 31, 2008 unit count due to unit conversions or expansions.*

(2) *Represents net rentable square feet as of December 31, 2009, which may differ from December 31, 2008 net rentable square feet due to unit conversions or expansions.*

The following table sets forth additional information regarding the occupancy of our lease-up properties on a state-by-state basis as of December 31, 2009 and 2008. The information as of December 31, 2008 is on a pro forma basis as though all the properties owned at December 31, 2009 were under our control as of December 31, 2008.

Lease-up Property Data Based on Location

Location	Number of Properties	Company Number of Units as of December 31, 2009(1)	Pro forma Number of Units as of December 31, 2008	Company Net Rentable Square Feet as of December 31, 2009(2)	Pro forma Net Rentable Square Feet as of December 31, 2008	Company Square Foot Occupancy % December 31, 2009	Pro forma Square Foot Occupancy % December 31, 2008
Wholly-owned properties							
California	11	8,029	4,283	867,459	463,433	36.2%	29.4%
Florida	3	2,710	816	260,830	72,345	15.8%	0.0%
Illinois	4	2,689	2,745	276,265	276,315	50.2%	23.9%
Maryland	2	1,394	1,408	149,937	149,758	55.1%	27.0%
Massachusetts	3	2,125	2,067	211,652	215,532	65.2%	58.4%
New Jersey	1	636	633	57,190	57,140	64.3%	27.5%
Oregon	1	744	—	76,375	—	7.5%	0.0%
South Carolina	1	622	488	74,657	59,367	85.4%	82.2%
Total Wholly-Owned Lease up	**27**	**19,578**	**13,007**	**2,050,976**	**1,360,554**	**42.0%**	**33.8%**
Joint-venture properties							
California	7	4,860	2,870	531,948	329,192	43.5%	56.9%
Florida	1	894	906	113,485	108,085	53.3%	38.4%
Illinois	4	2,796	2,835	298,605	298,569	70.0%	68.0%
Maryland	1	853	855	71,349	71,349	73.7%	74.4%
New Jersey	2	1,329	712	127,380	60,098	22.6%	0.0%
Rhode Island	1	482	494	55,985	55,805	74.0%	56.1%
Total Lease up Joint-Ventures	**16**	**11,214**	**8,672**	**1,198,752**	**923,098**	**52.0%**	**56.4%**
Managed properties							
Alabama	1	627	—	77,452	—	10.6%	0.0%
California	2	1,737	1,594	236,174	189,080	50.9%	49.4%
Colorado	1	508	536	61,070	60,870	78.4%	45.3%
Florida	8	5,449	1,396	508,315	134,751	24.8%	23.5%
Georgia	10	5,388	5,099	764,217	667,413	45.4%	32.6%
Massachusetts	3	2,156	1,590	204,327	151,529	49.9%	46.5%
New Jersey	1	848	860	77,895	77,905	57.4%	45.8%
New York	1	914	—	46,197	—	21.9%	0.0%
Pennsylvania	2	1,990	1,994	173,019	174,211	39.8%	27.3%
Tennessee	1	505	510	69,550	68,960	62.1%	45.4%
Utah	1	653	—	75,451	—	61.2%	0.0%
Virginia	1	476	480	63,709	63,809	45.0%	22.1%
Total Lease up Managed Properties	**38**	**25,711**	**16,485**	**2,770,935**	**1,802,539**	**40.2%**	**37.6%**
Total Lease up Properties	**81**	**56,503**	**38,164**	**6,020,663**	**4,086,191**	**43.2%**	**40.6%**

(1) *Represents unit count as of December 31, 2009, which may differ from December 31, 2008 unit count due to unit conversions or expansions.*

(2) *Represents net rentable square feet as of December 31, 2009, which may differ from December 31, 2008 net rentable square feet due to unit conversions or expansions.*

Item 3. Legal Proceedings

We are involved in various litigation and legal proceedings in the ordinary course of business. We are not a party to any material litigation or legal proceedings, or to the best of our knowledge, any threatened litigation or legal proceedings which, in the opinion of management, will have a material adverse effect on our financial condition or results of operations either individually or in the aggregate.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of our security holders during the quarter ended December 31, 2009.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock has been traded on the New York Stock Exchange ("NYSE") under the symbol "EXR" since our IPO on August 17, 2004. Prior to that time there was no public market for our common stock.

The following table sets forth, for the periods indicated, the high and low sales price for our common stock as reported by the NYSE and the per share dividends declared:

		Range		Dividends
Year	Quarter	High	Low	Declared
2008	1st	17.41	12.33	0.2500
	2nd	17.90	15.08	0.2500
	3rd	17.74	13.67	0.2500
	4th	15.53	5.98	0.2500
2009	1st	10.49	4.93	0.2500
	2nd	9.04	5.36	0.0000
	3rd	11.58	7.38	0.0000
	4th	12.23	9.13	0.1300

On February 12, 2010, the closing price of our common stock as reported by the NYSE was $11.36. At February 12, 2010, we had 268 holders of record of our common stock.

Holders of shares of common stock are entitled to receive distributions when declared by our board of directors out of any assets legally available for that purpose. As a REIT, we are required to distribute at least 90% of our "REIT taxable income," which is generally equivalent to our net taxable ordinary income, determined without regard to the deduction for dividends paid to our stockholders annually in order to maintain our REIT qualification for U.S. federal income tax purposes.

Information about our equity compensation plans is incorporated by reference in Item 12 of Part III of this annual Report on Form 10-K.

Unregistered Sales of Equity Securities

None.

Item 6. Selected Financial Data

The following table sets forth the selected financial data and should be read in conjunction with the Financial Statements and notes thereto included in Item 8, "Financial Statements and Supplementary Data" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-K. (Amounts in thousands, except share and per share data.)

	For the Year Ended December 31,				
	2009	2008 (As Revised)	2007 (As Revised)	2006	2005
Revenues:					
Property rental	$ 238,256	$ 235,695	$ 206,315	$ 170,993	$ 120,640
Fees, tenant reinsurance and other income	42,220	37,556	32,551	26,271	14,088
Total revenues	280,476	273,251	238,866	197,264	134,728
Expenses:					
Property operations	88,935	84,522	73,070	62,243	45,963
Tenant reinsurance	5,461	5,066	4,710	2,328	1,023
Unrecovered development and acquisition costs and severance	21,236	1,727	765	269	302
General and administrative	40,554	39,908	36,722	35,600	24,081
Depreciation and amortization	52,403	49,566	39,801	37,172	31,005
Total expenses	208,589	180,789	155,068	137,612	102,374
Income from operations	71,887	92,462	83,798	59,652	32,354
Interest expense	(69,818)	(68,671)	(64,045)	(50,953)	(42,549)
Interest income	6,432	8,249	10,417	2,469	1,625
Gain on repurchase of exchangeable senior notes	27,928	6,311	—	—	—
Loss on investments available for sale	—	(1,415)	(1,233)	—	—
Fair value adjustment of obligation associated with Preferred Operating Partnership units	—	—	1,054	—	—
Income (loss) before equity in earnings of real estate ventures and income tax expense	36,429	36,936	29,991	11,168	(8,570)
Equity in earnings of real estate ventures	6,964	6,932	5,300	4,693	3,170
Income tax expense	(4,300)	(519)	—	—	—
Net income (loss)	39,093	43,349	35,291	15,861	(5,400)
Noncontrolling interests in Operating Partnership and other	(7,116)	(7,568)	(3,562)	(985)	434
Fixed distribution paid to Preferred Operating Partnership unit holder	—	—	(1,510)	—	—
Net income (loss) attributable to common stockholders	$ 31,977	$ 35,781	$ 30,219	$ 14,876	$ (4,966)
Net income (loss) per common share					
Basic	$ 0.37	$ 0.46	$ 0.47	$ 0.27	$ (0.14)
Diluted	$ 0.37	$ 0.46	$ 0.46	$ 0.27	$ (0.14)
Weighted average number of shares					
Basic	86,343,029	76,996,754	64,900,713	55,117,021	35,481,538
Diluted	91,082,834	82,352,988	70,715,640	59,409,836	35,481,538
Cash dividends paid per common share	$ 0.38	$ 1.00	$ 0.93	$ 0.91	$ 0.91
Balance Sheet Data					
Total assets	$ 2,407,556	$ 2,291,008	$ 2,054,075	$ 1,669,825	$ 1,420,192
Total notes payable, notes payable to trusts and lines of credit	$ 1,402,977	$ 1,286,820	$ 1,299,997	$ 948,174	$ 866,783
Noncontrolling interests	$ 62,040	$ 68,023	$ 66,217	$ 35,158	$ 36,235
Total stockholders' equity	$ 884,179	$ 878,770	$ 638,461	$ 643,555	$ 480,128
Other Data					
Net cash provided by operating activities	$ 81,165	$ 98,391	$ 102,096	$ 76,885	$ 17,463
Net cash used in investing activities	$ (104,410)	$ (224,481)	$ (254,344)	$ (239,778)	$ (614,834)
Net cash provided by financing activities	$ 91,223	$ 172,685	$ 98,824	$ 205,041	$ 601,695

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this report. We make statements in this section that are forward-looking statements within the meaning of the federal securities laws. For a complete discussion of forward-looking statements, see the section in this Form 10-K entitled "Statements Regarding Forward-Looking Information." Certain risk factors may cause actual results, performance or achievements to differ materially from those expressed or implied by the following discussion. For a discussion of such risk factors, see the section in this Form 10-K entitled "Risk Factors." (Amounts in thousands, except share and per share data.)

Overview

We are a fully integrated, self-administered and self-managed real estate investment trust, or REIT, formed to continue the business commenced in 1977 by our predecessor companies to own, operate, manage, acquire, develop and redevelop professionally managed self-storage properties. Since 1996, our fully integrated development and acquisition teams have completed the development or acquisition of more than 725 self-storage properties.

At December 31, 2009, we owned, had ownership interests in, or managed 766 operating properties in 33 states and Washington, D.C. Of these 766 operating properties, 290 were wholly-owned, we held joint venture interests in 352 properties, and our taxable REIT subsidiary, Extra Space Management, Inc., operated an additional 124 properties that are owned by franchisees or third parties in exchange for a management fee. These operating properties contain approximately 55 million square feet of rentable space contained in approximately 500,000 units and currently serve a customer base of over 350,000 tenants.

Our properties are generally situated in convenient, highly visible locations clustered around large population centers such as Atlanta, Baltimore/Washington, D.C., Boston, Chicago, Dallas, Houston, Las Vegas, Los Angeles, Miami, New York City, Orlando, Philadelphia, Phoenix, St. Petersburg/Tampa and San Francisco/Oakland. These areas all enjoy above average population growth and income levels. The clustering of our assets around these population centers enables us to reduce our operating costs through economies of scale. We consider a property to be in the lease-up stage after it has been issued a certificate of occupancy, but before it has achieved stabilization. A property is considered to be stabilized once it has achieved an 80% occupancy rate for a full year measured as of January 1, or has been open for three years.

To maximize the performance of our properties, we employ a state-of-the-art, web-based tracking and yield management technology called STORE. Developed by our management team, STORE enables us to analyze, set and adjust rental rates in real time across our portfolio in order to respond to changing market conditions. In addition, we also have an industry leading revenue management system called "RevMan." We believe that the combination of STORE's yield management capabilities and the systematic processes developed by our team using RevMan allows us to more proactively manage revenues.

We derive substantially all of our revenues from rents received from tenants under existing leases at each of our self-storage properties, from management fees on the properties we manage for joint-venture partners, franchisees and unaffiliated third parties and from our tenant reinsurance program. Our management fee is equal to approximately 6% of total revenues generated by the managed properties.

We operate in competitive markets, often where consumers have multiple self-storage properties from which to choose. Competition has impacted, and will continue to impact our property results. We experience seasonal fluctuations in occupancy levels, with occupancy levels generally higher in the summer months due to increased moving activity. Our operating results depend materially on our

ability to lease available self-storage units, to actively manage unit rental rates, and on the ability of our tenants to make required rental payments. We believe that we are able to respond quickly and effectively to changes in local, regional and national economic conditions by adjusting rental rates through the use of STORE, and through the use of RevMan.

We continue to evaluate and implement a range of new initiatives and opportunities in order to enable us to maximize stockholder value. Our strategies to maximize stockholder value include the following:

- ***Maximize the performance of properties through strategic, efficient and proactive management.*** We pursue revenue generating and expense minimizing opportunities in our operations. Our revenue management team seeks to maximize revenue by responding to changing market conditions through our technology system's ability to provide real-time, interactive rental rate and discount management. Our size allows us greater ability than the majority of our competitors to implement national, regional and local marketing programs, which we believe will attract more customers to our stores at a lower net cost.

- ***Expand our management business.*** Our management business enables us to generate increased revenues through management fees and expand our geographic footprint. This expanded footprint enables us to reduce our operating costs through economies of scale. In addition, we see our management business as a future acquisition pipeline. We pursue strategic relationships with owners that strengthen our acquisition pipeline through agreements which give us first right of refusal to purchase the managed property in the event of a potential sale.

- ***Acquire self-storage properties from strategic partners and third parties.*** Our acquisitions team continues to selectively pursue the acquisition of single properties and multi-property portfolios that we believe can provide stockholder value. We believe we have established a reputation as a reliable, ethical buyer, which enhances our ability to negotiate and close acquisitions. In addition, our status as an UPREIT enables flexibility when structuring deals.

During 2009, we acquired two wholly-owned properties and completed the development of 12 properties, all in our core markets. Of the completed development properties, eight are wholly-owned and consolidated, and four are owned by us in joint ventures, three of which are consolidated. We have ten wholly-owned development properties remaining that are scheduled for completion through 2010 and 2011.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our financial statements have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. On an ongoing basis, we evaluate our estimates and assumptions, including those that impact our most critical accounting policies. We base our estimates and assumptions on historical experience and on various other factors that we believe are reasonable under the circumstances. Actual results may differ from these estimates. We believe the following are our most critical accounting policies:

CONSOLIDATION: Arrangements that are not controlled through voting or similar rights are accounted for as variable interest entities ("VIEs"). An enterprise is required to consolidate a VIE if it is the primary beneficiary of the VIE.

A VIE is created when (i) the equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support from other parties, or (ii) the entity's equity holders as a group either: (a) lack direct or indirect ability to make decisions about the entity through voting or similar rights, (b) are not obligated to absorb expected losses of the entity if

they occur, or (c) do not have the right to receive expected residual returns of the entity if they occur. If an entity is deemed to be a VIE, the enterprise that is deemed to absorb a majority of the expected losses or receive a majority of expected residual returns of the VIE is considered the primary beneficiary and must consolidate the VIE.

We have concluded that under certain circumstances when we (1) enter into option agreements for the purchase of land or facilities from an entity and pay a non-refundable deposit, or (2) enter into arrangements for the formation of joint ventures, a VIE may be created under condition (i), (ii) (b) or (c) of the previous paragraph. For each VIE created, we have considered expected losses and residual returns based on the probability of future cash flows. If we are determined to be the primary beneficiary of the VIE, the assets, liabilities and operations of the VIE are consolidated with our financial statements. Additionally, our Operating Partnership has notes payable to three trusts that are VIEs under condition (ii)(a) above. Since the Operating Partnership is not the primary beneficiary of the trusts, these VIEs are not consolidated.

REAL ESTATE ASSETS: Real estate assets are stated at cost, less accumulated depreciation. Direct and allowable internal costs associated with the development, construction, renovation, and improvement of real estate assets are capitalized. Interest, property taxes, and other costs associated with development incurred during the construction period are capitalized.

Expenditures for maintenance and repairs are charged to expense as incurred. Major replacements and betterments that improve or extend the life of the asset are capitalized and depreciated over their estimated useful lives. Depreciation is computed using the straight-line method over the estimated useful lives of the buildings and improvements, which are generally between five and 39 years.

In connection with our acquisition of properties, the purchase price is allocated to the tangible and intangible assets and liabilities acquired based on their fair values, which are estimated using significant unobservable inputs. The value of the tangible assets, consisting of land and buildings, are determined as if vacant, that is, at replacement cost. Intangible assets, which represent the value of existing tenant relationships, are recorded at their fair values. We measure the value of tenant relationships based on the amount of time required to replace existing customers which is based on our historical experience with turnover in our facilities. Debt assumed as part of an acquisition is recorded at fair value based on current interest rates compared to contractual rates. Acquisition-related transaction costs are expensed as incurred.

Intangible lease rights include: (1) purchase price amounts allocated to leases on two properties that cannot be classified as ground or building leases; these rights are amortized to expense over the term of the leases and (2) intangibles related to ground leases on four properties where the ground leases were assumed by the Company at rates that were different than the current market rates for similar leases. The value associated with these assumed leases were recorded as intangibles, which will be amortized over the lease terms.

EVALUATION OF ASSET IMPAIRMENT: We evaluate long lived assets held for use when events or circumstances indicate that there may be impairment. We review each property at least annually to determine if any such events or circumstances have occurred or exist. We focus on properties where occupancy and/or rental income have decreased by a significant amount. For these properties, we determine whether the decrease is temporary or permanent and whether the property will likely recover the lost occupancy and/or revenue in the short term. In addition, we carefully review properties in the lease-up stage and compare actual operating results to original projections.

When we determine that an event that may indicate impairment has occurred, we compare the carrying value of the related long-lived assets to the undiscounted future net operating cash flows attributable to the assets. An impairment loss is recorded if the net carrying value of the assets exceeds

the undiscounted future net operating cash flows attributable to the assets. The impairment loss recognized equals the excess of net carrying value over the related fair value of the assets.

When real estate assets are identified as held for sale, we discontinue depreciating the assets and estimate the fair value of the assets, net of selling costs, using significant unobservable inputs. If the estimated fair values, net of selling costs, of the assets that have been identified for sale are less than the net carrying value of the assets, then a valuation allowance is established. The operations of assets held for sale or sold during the period are generally presented as discontinued operations for all periods presented.

FAIR VALUE OF FINANCIAL INSTRUMENTS: The carrying values of cash and cash equivalents, receivables, other financial instruments included in other assets, accounts payable and accrued expenses, variable rate notes payable, lines of credit and other liabilities reflected in the consolidated balance sheets at December 31, 2009 and 2008 approximate fair value. The fair values of our notes receivable and our fixed rate notes payable are as follows:

	December 31, 2009		December 31, 2008	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Note receivable from Preferred OP unit holder	$ 112,740	$ 100,000	$ 124,024	$ 100,000
Fixed rate notes payable and notes payable to trusts	$ 1,067,653	$ 1,015,063	$ 1,062,949	$ 937,756
Exchangeable senior notes	$ 110,122	$ 87,663	$ 131,039	$ 209,663

INVESTMENTS IN REAL ESTATE VENTURES: Our investments in real estate joint ventures where we have significant influence but not control, and joint ventures which are VIEs in which we are not the primary beneficiary, are recorded under the equity method of accounting on the accompanying consolidated financial statements.

Under the equity method, our investment in real estate ventures is stated at cost and adjusted for our share of net earnings or losses and reduced by distributions. Equity in earnings of real estate ventures is generally recognized based on our ownership interest in the earnings of each of the unconsolidated real estate ventures. For the purposes of presentation in the statement of cash flows, we follow the "look through" approach for classification of distributions from joint ventures. Under this approach, distributions are reported under operating cash flow unless the facts and circumstances of a specific distribution clearly indicate that it is a return of capital (e.g., a liquidating dividend or distribution of the proceeds from the joint venture's sale of assets) in which case it is reported as an investing activity.

Our management assesses whether there are any indicators that the value of our investments in unconsolidated real estate ventures may be impaired annually and when events or circumstances indicate that there may be impairment. An investment is impaired if management's estimate of the fair value of the investment, using significant unobservable inputs, is less than its carrying value. To the extent impairment has occurred and is considered to be other than temporary, the loss is measured as the excess of the carrying amount of the investment over the fair value of the investment.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES: The accounting for changes in the fair value of derivatives depends on the intended use of the derivative and the resulting designation. Derivatives used to hedge the exposure to changes in the fair value of an asset, liability or firm commitment attributable to a particular risk, are considered fair value hedges. Derivatives used to hedge the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges.

For derivatives designated as fair value hedges, changes in the fair value of the derivative and the hedged item related to the hedged risk are recognized in earnings. For derivatives designated as cash

flow hedges, the effective portion of changes in the fair value of the derivative is initially reported in other comprehensive income, outside of earnings and subsequently reclassified to earnings when the hedged transaction affects earnings.

CONVERSION OF OPERATING PARTNERSHIP UNITS: Conversions of Operating Partnership units to common stock, when converted under the original provisions of the Operating Partnership agreement, are accounted for by reclassifying the underlying net book value of the units from noncontrolling interest to our equity. The difference between the fair value of the consideration paid and the adjustment to the carrying amount of the noncontrolling interest is recognized as additional paid in capital of the Company.

REVENUE AND EXPENSE RECOGNITION: Rental revenues are recognized as earned based upon amounts that are currently due from tenants. Leases are generally on month-to-month terms. Prepaid rents are recognized on a straight-line basis over the term of the leases. Promotional discounts are recognized as a reduction to rental income over the promotional period. Late charges, administrative fees, merchandise sales and truck rentals are recognized in income when earned. Management and franchise fee revenues are recognized monthly as services are performed and in accordance with the terms of the related management agreements. Tenant reinsurance premiums are recognized as revenues over the period of insurance coverage. Equity in earnings of real estate entities is recognized based on our ownership interest in the earnings of each of the unconsolidated real estate entities. Interest income is recognized as earned.

Property expenses, including utilities, property taxes, repairs and maintenance and other costs to manage the facilities are recognized as incurred. We accrue for property tax expense based upon invoice amounts, estimates and historical trends. If these estimates are incorrect, the timing of expense recognition could be affected.

REAL ESTATE SALES: In general, sales of real estate and related profits/losses are recognized when all consideration has changed hands and risks and rewards of ownership have been transferred. Certain types of continuing involvement preclude sale treatment and related profit recognition; other forms of continuing involvement allow for sale recognition but require deferral of profit recognition.

INCOME TAXES: We have elected to be treated as a REIT under Sections 856 through 860 of the Internal Revenue Code. In order to maintain our qualification as a REIT, among other things, we are required to distribute at least 90% of our REIT taxable income to our stockholders and meet certain tests regarding the nature of our income and assets. As a REIT, we are not subject to federal income tax with respect to that portion of our income which meets certain criteria and is distributed annually to our stockholders. We plan to continue to operate so that we meet the requirements for taxation as a REIT. Many of these requirements, however, are highly technical and complex. If we were to fail to meet these requirements, we would be subject to federal income tax. We are subject to certain state and local taxes. Provision for such taxes has been included in property operating and general and administrative expenses in our consolidated statements of operations.

We have elected to treat one of our corporate subsidiaries, Extra Space Management, Inc., as a taxable REIT subsidiary ("TRS"). In general, our TRS may perform additional services for tenants and generally may engage in any real estate or non-real estate related business (except for the operation or management of health care facilities or lodging facilities or the provision to any person, under a franchise, license or otherwise, of rights to any brand name under which any lodging facility or health care facility is operated). A TRS is subject to corporate federal income tax. Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities. Interest and penalties relating to uncertain tax positions will be recognized in income tax expense when incurred.

STOCK-BASED COMPENSATION: The measurement and recognition of compensation expense for all share-based payment awards to employees and directors are based on estimated fair values. Awards are valued at fair value and recognized on a straight line basis over the service periods of each award.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 2009, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 167, *"Amendments to FASB Interpretation No. 46(R),"* ("FAS 167"), (Accounting Standards Codification ("ASC") 810), which amends guidance for determining whether an entity is a VIE, and requires the performance of a qualitative rather than a quantitative analysis to determine the primary beneficiary of a VIE. Under this guidance, an entity would be required to consolidate a VIE if it has (i) the power to direct the activities that most significantly impact the entity's economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could be significant to the VIE. This guidance is effective for the first annual reporting period that begins after November 15, 2009, with early adoption prohibited. We are currently evaluating the effect of the adoption of this guidance on its financial statements. As a result of this guidance we may be required to consolidate or deconsolidate certain of our joint ventures.

RESULTS OF OPERATIONS

Comparison of the Year Ended December 31, 2009 to the Year Ended December 31, 2008

Overview

Results for the year ended December 31, 2009 included the operations of 642 properties (298 of which were consolidated and 344 of which were in joint ventures accounted for using the equity method) compared to the results for the year ended December 31, 2008, which included operations of 627 properties (283 of which were consolidated and 344 of which were in joint ventures accounted for using the equity method). Results for both periods also included equity in earnings of real estate ventures, third-party management and franchise fees, tenant reinsurance and other income.

Revenues

The following table sets forth information on revenues earned for the years indicated:

	For the Year Ended December 31,			
	2009	2008	$ Change	% Change
Revenues:				
Property rental	$ 238,256	$ 235,695	$ 2,561	1.1%
Management and franchise fees	20,961	20,945	16	0.1%
Tenant reinsurance	20,929	16,091	4,838	30.1%
Other income	330	520	(190)	(36.5)%
Total revenues	$ 280,476	$ 273,251	$ 7,225	2.6%

Property Rental—The increase in property rental revenues consists of $8,554 associated with acquisitions and consolidations completed in 2009 and 2008 and $2,462 associated with increases in occupancy and rental rates at lease-up properties. These increases were offset by a decrease of $8,455 in revenues at stabilized properties mainly due to a decreased incoming rental rates and a decrease in average occupancy compared with the prior year.

Management and Franchise Fees—Our taxable REIT subsidiary, Extra Space Management, Inc., manages properties owned by our joint ventures, franchisees and third parties. Management fees generally represent 6% of cash collected from properties owned by third party, franchisees and unconsolidated joint ventures. Revenues from management and franchise fees have remained fairly stable compared to the previous year. Decreased revenues at our joint venture, franchise, and third-party managed sites related to rental rate and average occupancy decreases have been offset by additional management fees earned as a result of additional third party properties managed in 2009 compared to the prior year.

Tenant Reinsurance—The increase in tenant reinsurance revenues is due to the fact that during the year ended December 31, 2009, we successfully increased overall customer participation to approximately 54% at December 31, 2009 compared to approximately 47% at December 31, 2008.

Other Income—The decrease in other income is primarily due to the expiration of a sublease agreement.

Expenses

The following table sets forth information on expenses for the years indicated:

	For the Year Ended December 31,			
	2009	2008	$ Change	% Change
Expenses:				
Property operations	$ 88,935	$ 84,522	$ 4,413	5.2%
Tenant reinsurance	5,461	5,066	395	7.8%
Unrecovered development and acquisition costs	19,011	1,727	17,284	1,000.8%
Severance costs	2,225	—	2,225	100.0%
General and administrative	40,554	39,908	646	1.6%
Depreciation and amortization	52,403	49,566	2,837	5.7%
Total expenses	$ 208,589	$ 180,789	$ 27,800	15.4%

Property Operations—The increase in property operations expense in 2009 was primarily due to increases of $2,313 associated with acquisitions completed in 2009 and 2008. Expenses also increased by $2,721 at existing properties related to increases in expenses at lease-up properties. These increases were partially offset by a decrease in expenses at stabilized properties of $344.

Tenant Reinsurance—Tenant reinsurance expense represents the costs that are incurred to provide tenant reinsurance. The increase in tenant reinsurance expense is related to the increase in overall customer participation in the tenant reinsurance program to approximately 54% at December 31, 2009 compared to approximately 47% at December 31, 2008.

Unrecovered Development and Acquisition Costs—These costs relate to unsuccessful development and acquisition activities during the periods indicated. On June 2, 2009, the Company announced that it had begun a wind-down of its development program. As a result of this decision, the Company recorded $18,883 of one-time impairment charges in order to write down the carrying value of undeveloped land, development projects that will be completed and investments in development projects to their estimated fair values less cost to sell. The unrecovered development and acquisition costs incurred during the year ended December 31, 2008 include $1,257 relating to due diligence costs that were part of an unsuccessful attempt by the Company to purchase a large portfolio of properties during the second quarter of 2008. The remainder of these costs relate to entitlement and other due diligence work done on development projects that the Company elected not to pursue.

Severance Costs—On June 2, 2009, the Company announced that it had begun a wind-down of its development program. As a result of this decision, the Company recorded severance costs of $1,400. In December 2009, the Company began the closure of its marketing office in Memphis, TN. As a result of this closure, the Company recorded severance costs of $825.

General and Administrative—General and administrative expenses increased nominally when compared to the prior year while the number of properties under management increased by approximately 10%. The Company operated 766 properties as of December 31, 2009, compared to 694 at December 31, 2008.

Depreciation and Amortization—The increase in depreciation and amortization expense is a result of additional properties that have been added through acquisition and development throughout 2009 and 2008.

Other Revenue and Expenses

The following table sets forth information on other revenue and expenses for the years indicated:

	For the Year Ended December 31,			
	2009	2008	$ Change	% Change
Other revenue and expenses:				
Interest expense	$ (67,579)	$ (64,611)	$ (2,968)	4.6%
Non-cash interest expense related to amortization of discount on exchangeable senior notes	(2,239)	(4,060)	1,821	(44.9)%
Interest income	1,582	3,399	(1,817)	(53.5)%
Interest income on note receivable from Preferred Operating Partnership unit holder	4,850	4,850	—	—
Gain on repurchase of exchangeable senior notes	27,928	6,311	21,617	342.5%
Loss on sale of investments available for sale	—	(1,415)	1,415	(100.0)%
Equity in earnings of real estate ventures	6,964	6,932	32	0.5%
Income tax expense	(4,300)	(519)	(3,781)	728.5%
Total other revenue (expense)	$ (32,794)	$ (49,113)	$ 16,319	(33.2)%

Interest Expense—The increase in interest expense for the year ended December 31, 2009 was due primarily to the increases in our total notes payable and line of credit balances when compared to the prior year. These increases were partially offset by a decrease in the interest paid related to our Exchangeable Notes due to the repurchase of a total principal amount of $162,337 during 2008 and 2009.

Non-cash Interest Expense Related to Amortization of Discount on Exchangeable Senior Notes—The decrease in non-cash interest expense related to amortization of discount on exchangeable senior notes for the year ended December 31, 2009 when compared to the prior year was due to the repurchase of a total principal amount of $162,337 of its notes during 2009 and 2008. The discount associated with the repurchase of the notes was written off as a result of these repurchases which decreased the ongoing amortization of the discount in 2009 when compared to 2008.

Interest Income—Interest income earned in 2008 was primarily due to interest on the net proceeds from the sales of common stock in May and October 2008. There were no such sales of common stock during the year ended December 31, 2009.

Interest Income on Note Receivable from Preferred Operating Partnership Unit Holder —Represents interest on a $100,000 loan to the holder of the Series A Participating Redeemable Preferred units of our Operating Partnership (the "Preferred OP units").

Gain on Repurchase of Exchangeable Senior Notes—This amount represents the gain on the repurchase of $122,000 total principal amount of our exchangeable senior notes during 2009. For the year ended December 31, 2008, we repurchased $40,337 principal amount of exchangeable senior notes resulting in a smaller gain compared to the year ended December 31, 2009.

Loss on Sale of Investments Available for Sale—This amount represents the loss recorded on February 29, 2008 related to the liquidation of auction rate securities held in investments available for sale. We had no investments available for sale during the year ended December 31, 2009.

Equity in Earnings of Real Estate Ventures—The change in equity in earnings of real estate ventures for the year ended December 31, 2009 relates to an increase of $753 from our purchase of an additional 40% interest in the VRS Self Storage LLC joint venture on July 1, 2008. This increase was offset by decreases in income at the properties owned by the real estate joint ventures.

Income Tax Expense—The increase in income tax expense relates primarily to our net operating loss carryforward being used completely during 2008 and to the increased profitability of our TRS in 2009.

Net Income Allocated to Noncontrolling Interests

The following table sets forth information on net income allocated to noncontrolling interests for the years indicated:

	For the Year Ended December 31,			
	2009	2008	$ Change	% Change
Net income allocated to noncontrolling interests:				
Net income allocated to Preferred Operating Partnership noncontrolling interests	$ (6,186)	$ (6,269)	$ 83	(1.3)%
Net income allocated to Operating Partnership and other non-controlling interests	(930)	(1,299)	369	(28.4)%
Total income allocated to noncontrolling interests:	$ (7,116)	$ (7,568)	$ 452	(6.0)%

Net Income Allocated to Preferred Operating Partnership Noncontrolling Interests —Income allocated to the Preferred Operating Partnership equals the fixed distribution paid to the Preferred OP unit holder plus approximately 1.1% of the remaining net income allocated after the adjustment for the fixed distribution paid for the years ended December 31, 2009 and 2008. The amount allocated to noncontrolling interest was lower in 2009 than in 2008 as our net income was lower in 2009 than it was in 2008.

Net Income Allocated to Operating Partnership and Other Noncontrolling Interests —Income allocated to the Operating Partnership represents approximately 4.4% and 4.7% of net income after the allocation of the fixed distribution paid to the Preferred OP unit holder for the years ended December 31, 2009 and 2008, respectively. The decrease in the amount allocated to the noncontrolling interests in the Operating Partnership was due to two factors: (1) a decrease in net income in 2009; and (2) a decrease in the percentage of income allocated to the noncontrolling interests in the Operating Partnership as a result of the redemption of 637,600 OP units for cash and common stock during the year ended December 31, 2009. Income allocated to other noncontrolling interests represents the losses allocated to partners in consolidated joint ventures on eight properties that were

in lease-up during 2009. The loss allocated to the other noncontrolling interests was higher than the prior year as there were only four consolidated joint venture properties in lease-up for the year ended December 31, 2008.

Comparison of the Year Ended December 31, 2008 to the Year Ended December 31, 2007

Overview

Results for the year ended December 31, 2008 included the operations of 627 properties (283 of which were consolidated and 344 of which were in joint ventures accounted for using the equity method) compared to the results for the year ended December 31, 2007, which included operations of 606 properties (262 of which were consolidated and 344 of which were in joint ventures accounted for using the equity method). Results for both periods also included equity in earnings of real estate ventures, third-party management and franchise fees, tenant reinsurance, and other income.

Revenues

The following table sets forth information on revenues earned for the years indicated:

	For the Year Ended December 31,			
	2008	2007	$ Change	% Change
Revenues:				
Property rental	$ 235,695	$ 206,315	$ 29,380	14.2%
Management and franchise fees	20,945	20,598	347	1.7%
Tenant reinsurance	16,091	11,049	5,042	45.6%
Other income	520	904	(384)	(42.5)%
Total revenues	$ 273,251	$ 238,866	$ 34,385	14.4%

Property Rental—The increase in property rental revenues consists of $24,437 associated with acquisitions completed in 2008 and 2007, $2,782 associated with rental rate increases at stabilized properties and $2,161 from increases in occupancy and rental rates at lease-up properties.

Management and Franchise Fees—Our taxable REIT subsidiary, Extra Space Management, Inc., manages properties owned by our joint ventures, franchisees and third parties. Management fees generally represent 6.0% of cash collected from properties owned by third party, franchisees and unconsolidated joint ventures. Revenues from management and franchise fees have remained fairly stable compared to the previous year. Increased revenues at our joint venture, franchise, and third-party managed sites related to rental rate and occupancy increases have been partially offset by lost management fees due to the termination of certain management agreements mainly due to the acquisition of the managed properties.

Tenant Reinsurance—The increase in tenant reinsurance revenues is due to the fact that during the year ended December 31, 2008, we promoted the tenant reinsurance program and successfully increased overall customer participation to approximately 47% at December 31, 2008 compared to approximately 34% at December 31, 2007.

Other Income—The decrease in other income is primarily due a decrease in development fee revenues earned because of a decrease in the volume of development relating to joint ventures in 2008 compared to 2007.

Expenses

The following table sets forth information on expenses for the years indicated:

	For the Year Ended December 31,			
	2008	2007	$ Change	% Change
Expenses:				
Property operations	$ 84,522	$ 73,070	$ 11,452	15.7%
Tenant reinsurance	5,066	4,710	356	7.6%
Unrecovered development and acquisition costs	1,727	765	962	125.8%
General and administrative	39,908	36,722	3,186	8.7%
Depreciation and amortization	49,566	39,801	9,765	24.5%
Total expenses	$ 180,789	$ 155,068	$ 25,721	16.6%

Property Operations—The increase in property operations expense in 2008 was primarily due to increases of $9,146 associated with acquisitions completed in 2008 and 2007. There were also increases in expenses of $2,306 at existing properties primarily due to increases in repairs and maintenance, utilities and property taxes.

Tenant Reinsurance—The increase in tenant reinsurance expense is due to the increase in tenant reinsurance revenues during 2008. A large portion of tenant reinsurance expense is variable and increases as tenant reinsurance revenues increase. During the year ended December 31, 2008, we continued to promote the tenant reinsurance program and successfully increased overall customer participation to approximately 47% at December 31, 2008 compared to approximately 34% at December 31, 2007.

Unrecovered Development and Acquisition Costs—The unrecovered development and acquisition costs incurred during the year ended December 31, 2008 include $1,257 relating to due diligence costs that were part of an unsuccessful attempt by us to purchase a large portfolio of properties during the second quarter of 2008. The remainder of these costs in 2008 and the costs in 2007 relate to entitlement and other due diligence work done on development projects that we elected not to pursue.

General and Administrative—The increase in general and administrative expenses was due to the increased costs associated with the management of the additional properties that have been added through acquisitions and development in 2008 and 2007.

Depreciation and Amortization—The increase in depreciation and amortization expense is a result of additional properties that have been added through acquisition and development throughout 2008 and 2007.

Other Revenue and Expenses

The following table sets forth information on other revenue and expenses for the years indicated:

	For the Year Ended December 31,			
	2008	2007	$ Change	% Change
Other revenue and expenses:				
Interest expense	$ (64,611)	$ (61,015)	$ (3,596)	5.9%
Non-cash interest expense related to amortization of discount on exchangeable senior notes	(4,060)	(3,030)	(1,030)	34.0%
Interest income	3,399	7,925	(4,526)	(57.1)%
Interest income on note receivable from Preferred Operating Partnership unit holder	4,850	2,492	2,358	94.6%
Gain on repurchase of exchangeable senior notes	6,311	—	6,311	—
Loss on sale of investments available for sale	(1,415)	—	(1,415)	—
Impairment of investments available for sale	—	(1,233)	1,233	(100.0)%
Fair value adjustment of obligation associated with Preferred Operating Partnership units	—	1,054	(1,054)	(100.0)%
Equity in earnings of real estate ventures	6,932	5,300	1,632	30.8%
Income tax expense	(519)	—	(519)	—
Total other revenue (expense)	$ (49,113)	$ (48,507)	$ (606)	0.2%

Interest Expense—The increase in interest expense for the year ended December 31, 2008 was due primarily to $3,191 associated with mortgage loans on acquisitions completed in 2007. The increase was partially offset by lower interest costs on existing property debt. Capitalized interest during the years ended December 31, 2008 and 2007 was $5,506 and $4,555, respectively.

Non-cash Interest Expense Related to Amortization of Discount on Exchangeable Senior Notes—The increase in non-cash interest expense related to amortization of discount on exchangeable senior notes for the year ended December 31, 2008 when compared to the prior year was due to a full year of discount amortization being recorded in 2008 compared to only a partial year of discount amortization in 2007 as the exchangeable senior notes were issued on March 27, 2007.

Interest Income—Interest income earned in 2008 was primarily due to interest on the net proceeds from the sales of common stock in May and October 2008. Interest income earned in 2007 was mainly the result of the interest earned on the net proceeds received from the $250,000 exchangeable senior notes issued in March 2007 and on the remaining net proceeds from the sale of common stock in September 2006. Invested cash decreased steadily throughout 2007 as the funds were used for operations, acquisitions and development.

Interest Income on note receivable from Preferred Operating Partnership unit holder —Represents interest on a $100,000 loan to the holder of the Preferred OP units of our Operating Partnership (the "Preferred OP units"). The funds were loaned on June 25, 2007 and bear interest at an annual rate of 4.85%, payable quarterly.

Gain on Repurchase of Exchangeable Senior Notes—Represents the gain on the repurchase of $40,337 principal amount of the Operating Partnership's exchangeable senior notes. We paid cash of $31,721 to repurchase the notes, wrote off debt issuance costs of $646 and adjusted the discount on exchangeable senior notes to fair value by $1,659 for a net gain of $6,311. There were no repurchases of exchangeable senior notes during the year ended December 31, 2007.

Loss on Sale of Investments Available for Sale—Represents the amount of loss recorded on February 29, 2008 related to the liquidation of auction rate securities held in investments for sale.

Impairment of Investments Available for Sale—As of December 31, 2007, we had a $24,460 par value investment in ARS. Due to the uncertainty in the credit markets, the auctions related to the ARS we held failed causing the liquidity and the fair value of these investments to be impaired. As a result, we recorded a $1,233 other-than-temporary impairment charge and a $1,415 temporary impairment charge to reduce the carrying value of the ARS to an estimated fair value of $21,812.

Fair Value Adjustment of Obligation Associated with Preferred Operating Partnership Units —This amount is a one-time adjustment that represents the change in fair value of the embedded derivative associated with the Preferred OP units issued in connection with the AAAAA Rent-a-Space acquisition between the original issuance of the Preferred OP units (June and August, 2007) and the completion of the amendment to the agreement that was signed on September 28, 2007.

Equity in Earnings of Real Estate Ventures—The change in equity in earnings of real estate ventures for the year ended December 31, 2008 primarily relates to an increase of $1,098 from our purchase of an additional 40% interest in the VRS Self Storage LLC joint venture on July 1, 2008. The remainder of the change is a result of an increase in income at the properties owned by the real estate ventures. The increases were partially offset by the losses on certain lease-up properties held in joint ventures.

Income Tax Expense—The increase in income tax expense relates primarily to our net operating loss carryforward being used completely during 2008.

Net Income Allocated to Noncontrolling Interests

The following table sets forth information on net income allocated to noncontrolling interests for the years indicated:

	For the Year Ended December 31,			
	2008	2007	$ Change	% Change
Net income allocated to noncontrolling interests:				
Net income allocated to Preferred Operating Partnership noncontrolling interests	$ (6,269)	$ (1,730)	$ (4,539)	262.4%
Net income allocated to Operating Partnership and other non-controlling interests	(1,299)	(1,832)	533	(29.1)%
Fixed distribution paid to Preferred Operating Partnership unit holder	—	(1,510)	1,510	(100.0)%
Total income allocated to noncontrolling interests:	$ (7,568)	$ (5,072)	$ (2,496)	49.2%

Net Income Allocated to Preferred Operating Partnership Noncontrolling Interests —Income allocated to the Preferred Operating Partnership equals the fixed distribution paid to the Preferred OP unit holder plus approximately 1.1% of the remaining net income allocated after the adjustment for the fixed distribution paid for the year ended December 31, 2008. The amount allocated to noncontrolling interest was higher in 2008 than in 2007 as the Preferred OP units were issued in June and August 2007.

Net Income Allocated to Operating Partnership and Other Noncontrolling Interests —Income allocated to the Operating Partnership represents approximately 4.7% of net income after the allocation of the fixed distribution paid to the Preferred OP unit holder. The decrease in the amount allocated to the noncontrolling interests in the Operating Partnership was due to a full year of fixed

distribution being paid to the Preferred Operating Partnership in 2008. Income allocated to other noncontrolling interests represents the losses allocated to partners in consolidated joint ventures on four properties that were in lease-up during 2008. The amount allocated to the other noncontrolling interests was higher than the prior year as there were only two consolidated joint venture properties in lease-up for the year ended December 31, 2007.

Fixed Distribution Paid to Preferred Operating Partnership Unit Holder—The amount for the year ended December 31, 2007 represents the fixed distributions that were paid to the Preferred OP unit holder between the original issuance of the Preferred OP units and the completion of the amendment to the Operating Partnership Agreement that was signed on September 28, 2007.

FUNDS FROM OPERATIONS

FFO provides relevant and meaningful information about our operating performance that is necessary, along with net income and cash flows, for an understanding of our operating results. We believe 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 we believe 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 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 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 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. The following table sets forth the calculation of FFO for the periods indicated (dollars are in thousands, except for share data):

	For the Year Ended December 31,		
	2009	2008	2007
Net income attributable to common stockholders	$ 31,977	$ 35,781	$ 30,219
Adjustments:			
Real estate depreciation	48,417	42,834	33,779
Amortization of intangibles	1,647	4,494	4,159
Joint venture real estate depreciation and amortization	5,805	5,072	4,039
Joint venture loss on sale of properties	175	—	43
Fair value adjustment of obligation associated with Preferred Operating Partnership units	—	—	(1,054)
Distributions paid on Preferred Operating Partnership units	(5,750)	(5,750)	(1,438)
Income allocated to Operating Partnership noncontrolling interests	8,012	8,444	3,843
Funds from operations	$ 90,283	$ 90,875	$ 73,590

SAME-STORE STABILIZED PROPERTY RESULTS

We consider our same-store stabilized portfolio to consist of only those properties which were wholly-owned at the beginning and at the end of the applicable periods presented and that have achieved stabilization as of the first day of such period. The following table sets forth operating data for our same-store portfolio (revenues include tenant reinsurance income). We consider the following same-store presentation to be meaningful in regards to the properties shown below. These results provide information relating to property-level operating changes without the effects of acquisitions and completed developments.

	For the Three Months ended December 31,		Percent	For the Year Ended December 31,		Percent	For the Year Ended December 31,		Percent
	2009	2008	Change	2009	2008	Change	2008	2007	Change
Same-store rental and tenant reinsurance revenues	$ 56,497	$ 58,863	(4.0)%	$ 226,899	$ 233,682	(2.9)%	$ 188,150	$ 183,869	2.3%
Same-store operating and tenant reinsurance expenses	19,752	19,391	1.9%	80,009	80,142	(0.2)%	63,606	63,428	0.3%
Same-store net operating income	36,745	39,472	(6.9)%	146,890	153,540	(4.3)%	124,544	120,441	3.4%
Non same-store rental and tenant reinsurance revenues	8,948	6,294	42.2%	32,286	18,104	78.3%	63,636	33,495	90.0%
Non same-store operating and tenant reinsurance expenses	3,192	3,368	(5.2)%	14,387	9,446	52.3%	25,982	14,352	81.0%
Total rental and tenant reinsurance revenues	65,445	65,157	0.4%	259,185	251,786	2.9%	251,786	217,364	15.8%
Total operating and tenant reinsurance expenses	22,944	22,759	0.8%	94,396	89,588	5.4%	89,588	77,780	15.2%
Same-store square foot occupancy as of quarter and year end	83.2%	82.2%		83.2%	82.2%		84.1%	85.1%	
Properties included in same-store	252	252		252	252		210	210	

Comparison of the Year Ended December 31, 2009 to the Year Ended December 31, 2008

The decrease in same-store rental revenues was primarily due to lower rates to new customers and decreased average annual occupancy. These decreases were partially offset by rental rate increases to existing tenants.

Comparison of the Year Ended December 31, 2008 to the Year Ended December 31, 2007

The increase in same-store rental revenues was primarily due to increased rental rates to existing tenants which offset lower rental rates to new tenants and a slight reduction in occupancy due to increased move-out activity.

CASH FLOWS

Comparison of the Year Ended December 31, 2009 to the Year Ended December 31, 2008

Cash flows provided by operating activities were $81,165 and $98,391 for the years ended December 31, 2009 and 2008, respectively. This decrease was due mainly to a decrease in net income and an increase in the cash paid to affiliated joint ventures and related parties during 2009 compared

to 2008 to repay receivables from related parties and affiliated real estate joint ventures. Additionally, more cash was spent to pay down accounts payable and accrued expenses in 2009 when compared to 2008.

Cash used in investing activities was $104,410 and $224,481 for the years ended December 31, 2009 and 2008, respectively. The decrease in 2009 was primarily the result of $89,108 less cash being used to fund acquisition activities in 2009 compared to 2008 and a decrease of $46,815 in the amount of cash invested in real estate ventures in 2009 compared to 2008. These decreases were partially offset by the collection of $21,812 of cash from the sale of our investments available for sale in 2008, compared to $0 in 2009.

Cash provided by financing activities were $91,223 and $172,685 for the years ended December 31, 2009 and 2008, respectively. The decrease in cash provided in 2009 when compared to the prior year was primarily the result of proceeds from issuance of common stock of $276,601 in 2008 compared to $0 in 2009. Additionally, we paid $56,013 more cash in 2009 to repurchase a portion of our exchangeable senior notes when compared to the prior year. These decreases were partially offset by a net increase of $206,609 in the net proceeds from notes payable and lines of credit in 2009 when compared to 2008, and $46,320 less cash paid for dividends in 2009.

Comparison of the Year Ended December 31, 2008 to the Year Ended December 31, 2007

Cash flows provided by operating activities were $98,391 and $102,096 for the years ended December 31, 2008 and 2007, respectively. This decrease was due mainly to an increase in the cash paid on behalf of affiliated joint ventures and related parties during 2008 compared to 2007, which resulted in an increase in receivables from related parties. Additionally, more cash was spent to acquire other assets in 2008 when compared to 2007. These decreases were partially offset by the increase in cash due to the acquisition of new stabilized properties in 2008 and 2007.

Cash used in investing activities was $224,481 and $254,344 for the years ended December 31, 2008 and 2007, respectively. The decrease in 2008 was primarily the result of $56,397 less cash being used to fund acquisition activities and the collection of $21,812 of cash from the sale of our investments available for sale, compared to a payment of $24,460 to purchase investments available for sale in 2007. These decreases were partially offset by an increase of $19,670 in development activities and an increase of $39,223 invested in real estate ventures when compared to the prior year.

Cash provided by financing activities was $172,685 and $98,824 for the years ended December 31, 2008 and 2007, respectively. The increase in cash provided in 2008 was due primarily to proceeds from issuance of common stock of $276,601 in 2008 compared to $0 in 2007, and no cash was loaned to the Preferred OP unit holder in 2008 when compared to the prior year. These increases were offset primarily by the decrease of $250,000 of proceeds from exchangeable senior notes, as no new notes were issued in 2008.

2009 OPERATIONAL SUMMARY

Our 2009 property operations were challenging with decreases in same-store average annual occupancy, revenues and net operating income. On a same-store basis (including tenant reinsurance revenues), revenue and net operating income decreased 2.9% and 4.3%, respectively. Same-store expense control was excellent, with a year-on-year decrease of a 0.2%. The decrease in same-store rental revenues was primarily due to decreased average annual occupancy and lower rates to new customers. These decreases were partially offset by rental rate increases to existing tenants.

Properties located in the markets of Chicago, Indianapolis, New York City/Northern New Jersey, San Francisco/San Jose, and Washington DC were the top performers when comparing year on year

revenue. Markets performing below the portfolio average in year-on-year revenue included Atlanta, Memphis, Miami, Philadelphia, Phoenix, Tampa, and West Palm Beach.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2009, we had $131,950 available in cash and cash equivalents. We intend to use this cash to repay debt scheduled to mature in 2010 and 2011 and for general corporate purposes. We are required to distribute at least 90% of our net taxable income, excluding net capital gains, to our stockholders on an annual basis to maintain our qualification as a REIT. Recently issued guidance from the IRS allowed for up to 90% of a REIT's dividends to be paid with its common stock through 2011 if certain conditions were met. It is unlikely that we will have any substantial cash balances that could be used to meet our liquidity needs. Instead, these needs must be met from cash generated from operations and external sources of capital.

Our cash and cash equivalents are held in accounts managed by third party financial institutions and consist of invested cash and cash in our operating accounts. During 2009 we experienced no loss or lack of access to our cash or cash equivalents; however, there can be no assurance that access to our cash and cash equivalents will not be impacted by adverse conditions in the financial markets.

On February 13, 2009, we entered into a $50,000 Secondary Credit Line that is collateralized by mortgages on certain real estate assets and matures February 13, 2012. We intend to use the proceeds from the Secondary Credit Line to repay debt and for general corporate purposes. The Secondary Credit Line has an interest rate of LIBOR plus 325 basis points (3.5% at December 31, 2009). As of December 31, 2009, there were no amounts drawn on the Secondary Credit Line. We are subject to certain restrictive covenants relating to the Secondary Credit Line. We were in compliance with all financial covenants as of December 31, 2009.

On October 19, 2007, we entered into a $100,000 Credit Line. Outstanding balances on the Credit Line at December 31, 2009 and 2008 were $100,000 and $27,000, respectively. We intend to use the proceeds of the Credit Line to repay debt and for general corporate purposes. The Credit Line has an interest rate of between 100 and 205 basis points over LIBOR, depending on certain of our financial ratios (1.2% at December 31, 2009). The Credit Line is collateralized by mortgages on certain real estate assets. The Credit Line matures on October 31, 2010 with two one-year extensions available. We are not subject to any financial covenants relating to the Credit Line.

As of December 31, 2009, we had approximately $1,406,846 of debt, resulting in a debt to total capitalization ratio of 57.1%. As of December 31, 2009, the ratio of total fixed rate debt and other instruments to total debt was 78.4% (including $107,145 on which we have interest rate swaps that have been included as fixed-rate debt). The weighted average interest rate of the total of fixed and variable rate debt at December 31, 2009 was 5.1%. Certain of our real estate assets are pledged as collateral for our debt. We are subject to certain restrictive covenants relating to our outstanding debt. We were in compliance with all financial covenants at December 31, 2009.

We expect to fund our short-term liquidity requirements, including operating expenses, recurring capital expenditures, dividends to stockholders, distributions to holders of OP units and interest on our outstanding indebtedness out of our operating cash flow, cash on hand and borrowings under our Credit Lines. In addition, we are actively pursuing additional term loans secured by unencumbered properties.

Our liquidity needs consist primarily of cash distributions to stockholders, facility development and improvements, property acquisitions, principal payments under our borrowings and non-recurring capital expenditures. In addition, we evaluate, on an ongoing basis, the merits of strategic acquisitions and other relationships, which may require us to raise additional funds. We do not expect that our operating cash flow will be sufficient to fund our liquidity needs and instead expect to fund such needs

out of additional borrowings of secured or unsecured indebtedness, joint ventures with third parties, and from the proceeds of public and private offerings of equity and debt. Additional capital may not be available on terms favorable to us or at all. Any additional issuance of equity or equity-linked securities may result in dilution to our stockholders. In addition, any new securities we issue could have rights, preferences and privileges senior to holders of our common stock. We may also use OP units as currency to fund acquisitions from self-storage owners who desire tax-deferral in their exiting transactions.

The U.S. credit markets are experiencing significant dislocations and liquidity disruptions which have caused the spreads on prospective debt financings to widen considerably. These circumstances have materially impacted liquidity in the debt markets, making financing terms for borrowers less attractive, and in certain cases have resulted in the unavailability of certain types of debt financing. Continued uncertainty in the credit markets may negatively impact our ability to make acquisitions and fund current development projects. In addition, the financial condition of the lenders of our credit facilities may worsen to the point that they default on their obligations to make available to us the funds under those facilities. A prolonged downturn in the credit markets may cause us to seek alternative sources of potentially less attractive financing, and may require us to adjust our business plan accordingly. In addition, these factors may make it more difficult for us to sell properties or may adversely affect the price we receive for properties that we do sell, as prospective buyers may experience increased costs of debt financing or difficulties in obtaining debt financing. These events in the credit markets have also had an adverse affect on other financial markets in the United States, which may make it more difficult or costly for us to raise capital through the issuance of common stock, preferred stock or other equity securities. These disruptions in the financial market may have other adverse effects on us or the economy generally, which could cause our stock price to decline.

OFF-BALANCE SHEET ARRANGEMENTS

Except as disclosed in the notes to our financial statements, we do not currently have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purposes entities, which typically are established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. Further, except as disclosed in the notes to our financial statements, we have not guaranteed any obligations of unconsolidated entities nor do we have any commitments or intent to provide funding to any such entities. Accordingly, we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in these relationships.

Our exchangeable senior notes provide for excess exchange value to be paid in shares of our common stock if our stock price exceeds a certain amount. See the notes to our financial statements for a further description of our exchangeable senior notes.

CONTRACTUAL OBLIGATIONS

The following table sets forth information on payments due by period at December 31, 2009:

	Payments due by Period:				
	Total	Less Than 1 Year (2010)	1-3 Years (2011-2012)	3-5 Years (2013-2014)	After 5 Years (after 2014)
Operating leases	$ 63,232	$ 5,942	$ 10,579	$ 8,704	$ 38,007
Notes payable, notes payable to trusts, exchangeable senior notes and lines of credit					
Interest	520,170	68,237	118,676	95,523	237,734
Principal	1,406,846	179,068	254,843	287,204	685,731
Total contractual obligations	$ 1,990,248	$ 253,247	$ 384,098	$ 391,431	$ 961,472

As of December 31, 2009, the weighted average interest rate for all fixed rate loans was 5.6%, and the weighted average interest rate on all variable rate loans was 3.3%.

FINANCING STRATEGY

We will continue to employ leverage in our capital structure in amounts reviewed from time to time by our board of directors. Although our board of directors has not adopted a policy which limits the total amount of indebtedness that we may incur, we will consider a number of factors in evaluating our level of indebtedness from time to time, as well as the amount of such indebtedness that will be either fixed or variable rate. In making financing decisions, we will consider factors including but not limited to:

- the interest rate of the proposed financing;
- the extent to which the financing impacts flexibility in managing our properties;
- prepayment penalties and restrictions on refinancing;
- the purchase price of properties acquired with debt financing;
- long-term objectives with respect to the financing;
- target investment returns;
- the ability of particular properties, and our Company as a whole, to generate cash flow sufficient to cover expected debt service payments;
- overall level of consolidated indebtedness;
- timing of debt and lease maturities;
- provisions that require recourse and cross-collateralization;
- corporate credit ratios including debt service coverage, debt to total capitalization and debt to undepreciated assets; and
- the overall ratio of fixed and variable rate debt.

Our indebtedness may be recourse, non-recourse or cross-collateralized. If the indebtedness is non-recourse, the collateral will be limited to the particular properties to which the indebtedness relates. In addition, we may invest in properties subject to existing loans collateralized by mortgages or similar liens on our properties, or may refinance properties acquired on a leveraged basis. We may use the proceeds from any borrowings to refinance existing indebtedness, to refinance investments,

including the redevelopment of existing properties, for general working capital or to purchase additional interests in partnerships or joint ventures or for other purposes when we believe it is advisable.

During 2008 and 2009, we repurchased $162,337 million in aggregate principal amount of our exchangeable senior notes on the open market for $119,455 in cash. We may from time to time seek to retire, repurchase or redeem our additional outstanding debt including our exchangeable senior notes as well as shares of common stock or other securities in open market purchases, privately negotiated transactions or otherwise. Such repurchases or redemptions, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

SEASONALITY

The self-storage business is subject to seasonal fluctuations. A greater portion of revenues and profits are realized from May through September. Historically, our highest level of occupancy has been at the end of July, while our lowest level of occupancy has been in late February and early March. Results for any quarter may not be indicative of the results that may be achieved for the full fiscal year.

Item 7a. Quantitative and Qualitative Disclosures About Market Risk

Market Risk

Market risk refers to the risk of loss from adverse changes in market prices and interest rates. Our future income, cash flows and fair values of financial instruments are dependent upon prevailing market interest rates.

Interest Rate Risk

Interest rate risk is highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond our control.

As of December 31, 2009, we had $1.4 billion in total debt, of which $304.1 million was subject to variable interest rates (excluding debt with interest rate swaps). If LIBOR were to increase or decrease by 100 basis points, the increase or decrease in interest expense on the variable rate debt would increase or decrease future earnings and cash flows by approximately $3.0 million annually.

Interest rate risk amounts were determined by considering the impact of hypothetical interest rates on our financial instruments. These analyses do not consider the effect of any change in overall economic activity that could occur. Further, in the event of a change of that magnitude, we may take actions to further mitigate our exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, these analyses assume no changes in our financial structure.

Item 8. Financial Statements and Supplementary Data

EXTRA SPACE STORAGE INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND SCHEDULES

All other schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements or notes thereto.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Extra Space Storage Inc.

We have audited the accompanying consolidated balance sheets of Extra Space Storage Inc. and subsidiaries ("the Company") as of December 31, 2009 and 2008, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2009. Our audits also included the financial statement schedule listed in the index at Item 8. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2009 and 2008 and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statement taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 2 to the financial statements, effective January 1, 2009, Extra Space Storage retroactively adopted the requirements of Statement of Position No. APB 14-1, "*Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement"* (ASC 470-20-65), Statement No. 160 "*Noncontrolling Interests in Consolidated Financial Statements—An Amendment of ARB No. 51*" (ASC 810-10-65), and FASB Staff Position EITF 03-6-1, "*Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*" (ASC 260-10) for all periods presented.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 26, 2010 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Salt Lake City, Utah
February 26, 2010

Extra Space Storage Inc.

Consolidated Balance Sheets

(Dollars in thousands, except share data)

	December 31, 2009	December 31, 2008 (As revised—Note 2)
Assets:		
Real estate assets:		
Net operating real estate assets	$ 2,015,432	$ 1,938,922
Real estate under development	34,427	58,734
Net real estate assets	2,049,859	1,997,656
Investments in real estate ventures	130,449	136,791
Cash and cash equivalents	131,950	63,972
Restricted cash	39,208	38,678
Receivables from related parties and affiliated real estate joint ventures	5,114	11,335
Other assets, net	50,976	42,576
Total assets	$ 2,407,556	$ 2,291,008
Liabilities, Noncontrolling Interests and Equity:		
Notes payable	$ 1,099,593	$ 943,598
Notes payable to trusts	119,590	119,590
Exchangeable senior notes	87,663	209,663
Discount on exchangeable senior notes	(3,869)	(13,031)
Lines of credit	100,000	27,000
Accounts payable and accrued expenses	33,386	35,128
Other liabilities	24,974	22,267
Total liabilities	1,461,337	1,344,215
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, 86,721,841 and 85,790,331 shares issued and outstanding at December 31, 2009 and December 31, 2008, respectively	867	858
Paid-in capital	1,138,243	1,130,964
Accumulated other comprehensive deficit	(1,056)	—
Accumulated deficit	(253,875)	(253,052)
Total Extra Space Storage Inc. stockholders' equity	884,179	878,770
Noncontrolling interest represented by Preferred Operating Partnership units, net of $100,000 note receivable	29,886	29,837
Noncontrolling interests in Operating Partnership	31,381	36,628
Other noncontrolling interests	773	1,558
Total noncontrolling interests and equity	946,219	946,793
Total liabilities, noncontrolling interests and equity	$ 2,407,556	$ 2,291,008

See accompanying notes.

Extra Space Storage Inc.

Consolidated Statements of Operations

(Dollars in thousands, except share data)

	For the Year Ended December 31,		
	2009	2008 (As revised—Note 2)	2007 (As revised—Note 2)
Revenues:			
Property rental	$ 238,256	$ 235,695	$ 206,315
Management and franchise fees	20,961	20,945	20,598
Tenant reinsurance	20,929	16,091	11,049
Other income	330	520	904
Total revenues	280,476	273,251	238,866
Expenses:			
Property operations	88,935	84,522	73,070
Tenant reinsurance	5,461	5,066	4,710
Unrecovered development and acquisition costs	19,011	1,727	765
Severance costs	2,225	—	—
General and administrative	40,554	39,908	36,722
Depreciation and amortization	52,403	49,566	39,801
Total expenses	208,589	180,789	155,068
Income from operations	71,887	92,462	83,798
Interest expense	(67,579)	(64,611)	(61,015)
Non-cash interest expense related to amortization of discount on exchangeable senior notes	(2,239)	(4,060)	(3,030)
Interest income	1,582	3,399	7,925
Interest income on note receivable from Preferred Operating Partnership unit holder	4,850	4,850	2,492
Gain on repurchase of exchangeable senior notes	27,928	6,311	—
Loss on sale of investments available for sale	—	(1,415)	—
Impairment of investments available for sale	—	—	(1,233)
Fair value adjustment of obligation associated with Preferred Operating Partnership units	—	—	1,054
Income before equity in earnings of real estate ventures and income tax expense	36,429	36,936	29,991
Equity in earnings of real estate ventures	6,964	6,932	5,300
Income tax expense	(4,300)	(519)	—
Net income	39,093	43,349	35,291
Net income allocated to Preferred Operating Partnership noncontrolling interests	(6,186)	(6,269)	(1,730)
Net income allocated to Operating Partnership and other noncontrolling interests	(930)	(1,299)	(1,832)
Fixed distribution paid to Preferred Operating Partnership unit holder	—	—	(1,510)
Net income attributable to common stockholders	$ 31,977	$ 35,781	$ 30,219
Net income per common share			
Basic	$ 0.37	$ 0.46	$ 0.47
Diluted	$ 0.37	$ 0.46	$ 0.46
Weighted average number of shares			
Basic	86,343,029	76,996,754	64,900,713
Diluted	91,082,834	82,352,988	70,715,640
Cash dividends paid per common share	$ 0.38	$ 1.00	$ 0.93

See accompanying notes.

Extra Space Storage Inc.

Consolidated Statements of Stockholders' Equity

(Dollars in thousands, except share data)

	Noncontrolling Interests			Extra Space Storage Inc. Stockholders' Equity					
	Preferred OP	OP	Other	Shares	Par Value	Paid-in Capital	Accumulated Other Comprehensive Deficit	Accumulated Deficit	Total Equity
Balances at December 31, 2006	$ —	$ 34,841	$ 317	64,167,098	$ 642	$ 822,181	$ —	$ (179,268)	$ 678,713
Issuance of common stock upon the exercise of options	—	—	—	126,801	1	1,720	—	—	1,721
Restricted stock grants issued	—	—	—	120,729	1	—	—	—	1
Restricted stock grants cancelled	—	—	—	(3,082)	—	—	—	—	—
Compensation expense related to stock-based awards	—	—	—	—	—	2,125	—	—	2,125
Conversion of Contingent Conversion shares to common stock	—	—	—	1,372,728	14	—	—	—	14
Consolidation of noncontrolling interest—other	—	—	(230)	—	—	—	—	—	(230)
New Operating Partnership units issued	—	3,834	—	—	—	—	—	—	3,834
Conversion of Operating Partnership units for cash	—	(873)	—	—	—	—	—	—	(873)
New Preferred Operating Partnership units issued	131,499	—	—	—	—	—	—	—	131,499
Loan to Preferred Operating Partnership unit holder	(100,000)	—	—	—	—	—	—	—	(100,000)
Fair value adjustment of Preferred Operating Partnership units	(1,054)	—	—	—	—	—	—	—	(1,054)
Fixed distribution paid to Preferred Operating Partnership unit holder	—	—	—	—	—	—	—	(1,510)	(1,510)
Equity portion of exchangeable senior notes	—	—	—	—	—	22,804	—	—	22,804
Comprehensive income:									
Net income (loss)	1,730	2,113	(281)	—	—	—	—	31,729	35,291
Loss on sale of investments available for sale	(20)	(81)	—	—	—	—	(1,314)	—	(1,415)
Total comprehensive income									33,876
Distributions to Operating Partnership units held by noncontrolling interests	(1,868)	(3,710)	—	—	—	—	—	—	(5,578)
Dividends paid on common stock at $0.93 per share	—	—	—	—	—	—	—	(60,664)	(60,664)
Balances at December 31, 2007 (As revised—Note 2)	$ 30,287	$ 36,124	$ (194)	65,784,274	$ 658	$ 848,830	$ (1,314)	$ (209,713)	$ 704,678
Issuance of common stock upon the exercise of options	—	—	—	146,795	1	1,903	—	—	1,904
Restricted stock grants issued	—	—	—	361,624	4	—	—	—	4
Restricted stock grants cancelled	—	—	—	(10,186)	—	—	—	—	—
Compensation expense related to stock-based awards	—	—	—	—	—	3,500	—	—	3,500
Conversion of Contingent Conversion shares to common stock	—	—	—	1,428,325	14	—	—	—	14
Issuance of common stock, net of offering costs	—	—	—	17,950,000	180	276,421	—	—	276,601
New Operating Partnership units issued	—	3,621	—	—	—	—	—	—	3,621
Investments from noncontrolling interest—other	—	—	2,628	—	—	—	—	—	2,628
Repurchase of equity portion of exchangeable senior notes	—	—	—	—	—	(1,025)	—	—	(1,025)
Conversion of Operating Partnership units to common stock	—	(1,239)	—	129,499	1	1,238	—	—	—
Comprehensive income:									
Net income (loss)	6,269	2,175	(876)	—	—	—	—	35,781	43,349
Loss on sale of investments available for sale	20	81	—	—	—	—	1,314	—	1,415
Total comprehensive income									44,764
Tax effect from exercise of common stock options	—	—	—	—	—	97	—	—	97
Distributions to Operating Partnership units held by noncontrolling interests	(6,739)	(4,134)	—	—	—	—	—	—	(10,873)
Dividends paid on common stock at $1.00 per share	—	—	—	—	—	—	—	(79,120)	(79,120)
Balances at December 31, 2008 (As revised—Note 2)	$ 29,837	$ 36,628	$ 1,558	85,790,331	$ 858	$ 1,130,964	$ —	$ (253,052)	$ 946,793
Restricted stock grants issued	—	—	—	547,265	5	—	—	—	5
Restricted stock grants cancelled	—	—	—	(21,256)	—	—	—	—	—
Compensation expense related to stock-based awards	—	—	—	—	—	3,809	—	—	3,809
Noncontrolling interest consolidated as business acquisition	—	—	726	—	—	—	—	—	726
Investments from other noncontrolling interests	—	—	(615)	—	—	—	—	—	(615)
Repurchase of equity portion of exchangeable senior notes	—	—	—	—	—	(2,234)	—	—	(2,234)
Conversion of Operating Partnership units to common stock	—	(3,583)	—	405,501	4	3,579	—	—	—
Conversion of Operating	—	(1,908)	—	—	—	—	—	—	(1,908)

Partnership units for cash									
Comprehensive income:									
Net income (loss)	6,186	1,826	(896)	—	—	—	—	31,977	39,093
Change in fair value of interest rate swap	(11)	(44)	—	—	—	—	(1,056)	—	(1,111)
Total comprehensive income									37,982
Tax effect from vesting of restricted stock grants	—	—	—	—	—	(414)	—	—	(414)
Tax effect from wind down of development program	—	—	—	—	—	2,539	—	—	2,539
Distributions to Operating Partnership units held by noncontrolling interests	(6,126)	(1,538)	—	—	—	—	—	—	(7,664)
Dividends paid on common stock at $0.38 per share	—	—	—	—	—	—	—	(32,800)	(32,800)
Balances at December 31, 2009	$ 29,886	$ 31,381	$ 773	86,721,841	$ 867	$ 1,138,243	$ (1,056)	$ (253,875)	$ 946,219

See accompanying notes.

Extra Space Storage Inc.

Consolidated Statements of Cash Flows

(Dollars in thousands)

	For the Year Ended December 31,		
	2009	2008 (As revised—Note 2)	2007 (As revised—Note 2)
Cash flows from operating activities:			
Net income	$ 39,093	$ 43,349	$ 35,291
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	52,403	49,566	39,801
Amortization of deferred financing costs	3,877	3,596	3,309
Non-cash interest expense related to amortization of discount on exchangeable senior notes	2,239	4,060	3,030
Gain on repurchase of exchangeable senior notes	(27,928)	(6,311)	—
Compensation expense related to stock-based awards	3,809	3,500	2,125
Loss on investments available for sale	—	1,415	1,233
Fair value adjustment of obligation associated with Preferred Operating Partnership units	—	—	(1,054)
Unrecovered development and acquisition costs	19,011	1,727	765
Distributions from real estate ventures in excess of earnings	5,968	5,176	3,946
Changes in operating assets and liabilities:			
Receivables from related parties and affiliated real estate joint ventures	(12,347)	(5,976)	5,905
Other assets	(6,584)	(9,164)	4,588
Accounts payable and accrued expenses	(1,675)	3,435	5,642
Other liabilities	3,299	4,018	(2,485)
Net cash provided by operating activities	81,165	98,391	102,096
Cash flows from investing activities:			
Acquisition of real estate assets	(38,185)	(127,293)	(183,690)
Development and construction of real estate assets	(67,301)	(66,071)	(46,401)
Proceeds from sale of real estate assets	4,652	340	1,999
Investments in real estate ventures	(3,246)	(50,061)	(10,838)
Return of investment in real estate ventures	1,315	2,915	284
Net proceeds from sale of (purchase of) investments available for sale	—	21,812	(24,460)
Change in restricted cash	(497)	(3,781)	9,833
Purchase of equipment and fixtures	(1,148)	(2,342)	(1,071)
Net cash used in investing activities	(104,410)	(224,481)	(254,344)

Extra Space Storage Inc.

Consolidated Statements of Cash Flows (Continued)

(Dollars in thousands)

	For the Year Ended December 31,		
	2009	2008 (As revised—Note 2)	2007 (As revised—Note 2)
Cash flows from financing activities:			
Proceeds from issuance of exchangeable senior notes	—	—	250,000
Repurchase of exchangeable senior notes	(87,734)	(31,721)	—
Proceeds from notes payable and lines of credit	442,560	42,302	56,759
Principal payments on notes payable and lines of credit	(212,515)	(26,575)	(32,164)
Deferred financing costs	(8,716)	(1,007)	(8,867)
Loan to Preferred Operating Partnership unit holder	—	—	(100,000)
Investments from noncontrolling interests	—	1,174	—
Redemption of Operating Partnership units held by noncontrolling interest	(1,908)	—	(873)
Proceeds from issuance of common shares, net	—	276,601	—
Net proceeds from exercise of stock options	—	1,904	1,721
Dividends paid on common stock	(32,800)	(79,120)	(60,664)
Distributions to noncontrolling interests in Operating Partnership	(7,664)	(10,873)	(7,088)
Net cash provided by financing activities	91,223	172,685	98,824
Net increase (decrease) in cash and cash equivalents	67,978	46,595	(53,424)
Cash and cash equivalents, beginning of the period	63,972	17,377	70,801
Cash and cash equivalents, end of the period	$ 131,950	$ 63,972	$ 17,377
Supplemental schedule of cash flow information			
Interest paid, net of amounts capitalized	$ 64,175	$ 62,831	$ 55,132
Supplemental schedule of noncash investing and financing activities:			
Acquisitions:			
Real estate assets	$ —	$ 3,621	$ 231,037
Notes payable acquired	—	—	(95,202)
Preferred Operating Partnership units issued as consideration	—	—	(131,499)
Investment in real estate ventures	—	—	(502)
Operating Partnership units issued as consideration	—	(3,621)	(3,834)
Conversion of Operating Partnership units held by noncontrolling interests for common stock	$ 3,583	$ 1,239	$ —
Change in receivables from related parties and affiliated real estate joint ventures due to consolidation of joint venture properties	$ 18,568	$ —	$ —
Temporary impairment of short-term investments	$ —	$ —	$ (1,415)

See accompanying notes.

Extra Space Storage Inc.

Notes to Consolidated Financial Statements

December 31, 2009

(Dollars in thousands, except share data)

1. DESCRIPTION OF BUSINESS

Business

Extra Space Storage Inc. (the "Company") is a self-administered and self-managed real estate investment trust ("REIT"), formed as a Maryland Corporation on April 30, 2004 to own, operate, manage, acquire, develop and redevelop self-storage facilities located throughout the United States. The Company continues the business of Extra Space Storage LLC and its subsidiaries (the "Predecessor"), which had engaged in the self-storage business since 1977. The Company's interest in its properties is held through its operating partnership, Extra Space Storage LP (the "Operating Partnership"), which was formed on May 5, 2004. The Company's primary assets are general partner and limited partner interests in the Operating Partnership. This structure is commonly referred to as an umbrella partnership REIT, or UPREIT. The Company has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). To the extent the Company continues to qualify as a REIT, it will not be subject to tax, with certain limited exceptions, on the taxable income that is distributed to its stockholders.

The Company invests in self-storage facilities by acquiring or developing wholly-owned facilities or by acquiring an equity interest in real estate entities. At December 31, 2009, the Company had direct and indirect equity interests in 642 storage facilities located in 33 states, and Washington, D.C. In addition, the Company managed 124 properties for franchisees or third parties bringing the total number of properties which it owns and/or manages to 766.

The Company operates in three distinct segments: (1) property management, acquisition and development; (2) rental operations; and (3) tenant reinsurance. The Company's property management, acquisition and development activities include managing, acquiring, developing and selling self-storage facilities. On June 2, 2009, the Company announced the wind-down of its development activities. As of December 31, 2009, there were ten development projects in process that the Company expects to complete in 2010 and 2011. The rental operations activities include rental operations of self-storage facilities. No single tenant accounts for more than 5% of rental income. Tenant reinsurance activities include the reinsurance of risks relating to the loss of goods stored by tenants in the Company's self storage facilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles and include the accounts of the Company and its wholly or majority owned subsidiaries and consolidated variable interest entities. All intercompany balances and transactions have been eliminated in consolidation.

The Company accounts for arrangements that are not controlled through voting or similar rights as Variable Interest Entities ("VIE"). An enterprise is required to consolidate a VIE if it is the primary beneficiary of the VIE. A VIE is created when (i) the equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support from other parties, or (ii) the entity's equity holders as a group either: (a) lack direct or indirect ability to make

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009

(Dollars in thousands, except share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

decisions about the entity through voting or similar rights, (b) are not obligated to absorb expected losses of the entity if they occur, or (c) do not have the right to receive expected residual returns of the entity if they occur. If an entity is deemed to be a VIE, the enterprise that is deemed to absorb a majority of the expected losses or receive a majority of expected residual returns of the VIE is considered the primary beneficiary and must consolidate the VIE.

The Company has concluded that under certain circumstances when the Company (1) enters into option agreements for the purchase of land or facilities from an entity and pays a non-refundable deposit, or (2) enters into arrangements for the formation of joint ventures, a VIE may be created under condition (i), (ii) (b) or (c) of the previous paragraph. For each VIE created, the Company has considered expected losses and residual returns based on the probability of future cash flows. If the Company is determined to be the primary beneficiary of the VIE, the assets, liabilities and operations of the VIE are consolidated with the Company's financial statements. Additionally, the Company's Operating Partnership has notes payable to three trusts that are VIEs under condition (ii) (a) above. Since the Operating Partnership is not the primary beneficiary of the trusts, these VIEs are not consolidated.

The Company's investments in real estate joint ventures, where the Company has significant influence, but not control, and joint ventures which are VIEs in which the Company is not the primary beneficiary, are recorded under the equity method of accounting on the accompanying consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revisions of Prior Period Numbers for Retroactive Adoption of Certain Accounting Standards

Effective January 1, 2009, the Company adopted certain recently issued accounting standards that required the Company to retroactively adopt the presentation and disclosure requirements and to revise prior period financial statements as noted in "Recently Issued Accounting Standards" below. The Company also revised the amounts allocated to its noncontrolling interests in its Operating Partnership and calculated earnings per share accordingly.

Reclassifications

Certain amounts in the 2008 and 2007 financial statements and supporting note disclosures have been reclassified to conform to the current year presentation. Such reclassifications did not impact previously reported net income or accumulated deficit.

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009

(Dollars in thousands, except share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Disclosures

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table provides information for each major category of assets and liabilities that are measured at fair value on a recurring basis:

		Fair Value Measurements at Reporting Date Using		
Description	December 31, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Other liabilities—Swap Agreement 1	$ (340)	$ —	$ (340)	$ —
Other liabilities—Swap Agreement 2	(478)	—	(478)	—
Other liabilities—Swap Agreement 3	(244)	—	(244)	—
Other liabilities—Swap Agreement 4	(49)	—	(49)	—
Total	$ (1,111)	$ —	$ (1,111)	$ —

The Company did not have any significant assets or liabilities that are re-measured on a recurring basis using significant unobservable inputs for the year ended December 31, 2009. Following is a reconciliation of the beginning and ending balances for the Company's investments available for sale, which were the Company's only material assets or liabilities that were re-measured on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2008:

Balance as of December 31, 2007	$ 21,812
Total gains or losses (realized/unrealized)	
Included in earnings	(1,415)
Included in other comprehensive income	1,415
Settlements received in cash	(21,812)
Balance as of December 31, 2008	$ —
Amount of total gains or losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at December 31, 2008	$ —

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Long lived assets held for use are evaluated by the Company for impairment when events or circumstances indicate that there may be impairment. The Company reviews each self-storage facility at least annually to determine if any such events or circumstances have occurred or exist. The Company focuses on facilities where occupancy and/or rental income have decreased by a significant amount. For these facilities, the Company determines whether the decrease is temporary or permanent and whether the facility will likely recover the lost occupancy and/or revenue in the short term. In addition, the

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009

(Dollars in thousands, except share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Company carefully reviews facilities in the lease-up stage and compares actual operating results to original projections.

When the Company determines that an event that may indicate impairment has occurred, the Company compares the carrying value of the related long-lived assets to the undiscounted future net operating cash flows attributable to the assets. An impairment loss is recorded if the net carrying value of the asset exceeds the undiscounted future net operating cash flows attributable to the asset. The impairment loss recognized equals the excess of net carrying value over the related fair value of the asset.

When real estate assets are identified by management as held for sale, the Company discontinues depreciating the assets and estimates the fair value of the assets, net of selling costs. If the estimated fair value, net of selling costs, of the assets that have been identified for sale is less than the net carrying value of the assets, then a valuation allowance is established. The operations of assets held for sale or sold during the period are generally presented as discontinued operations for all periods presented.

The Company assesses whether there are any indicators that the value of the Company's investments in unconsolidated real estate ventures may be impaired annually and when events or circumstances indicate that there may be impairment. An investment is impaired if management's estimate of the fair value of the investment is less than its carrying value. To the extent impairment has occurred, and is considered to be other than temporary using significant unobservable inputs, the loss is measured as the excess of the carrying amount of the investment over the fair value of the investment.

On June 2, 2009, the Company announced the wind-down of its development activities. As a result of this change, the Company reviewed its properties under construction, unimproved land and its investment in development joint ventures for potential impairments. This review included the preparation of updated models based on current market conditions, obtaining appraisals and reviewing recent sales and list prices of undeveloped land and mature self storage facilities. Based on this review, the Company identified certain assets as being impaired. The impairments relating to long-lived assets where the Company intends to complete the development and hold the asset are the result of the estimated undiscounted future cash flows being less than the current carrying value of the assets. The Company compared the carrying value of certain undeveloped land and seven vacant condominiums that the Company intends to sell to the fair market value of similar undeveloped land and condominiums. For the assets that the Company intends to sell, where the current estimated fair market value less costs to sell was below the carrying value, the Company reduced the carrying value of the asset to the current fair market value less selling costs and recorded an impairment charge. These assets are classified as held for sale. The impairments relating to investments in development joint ventures are the result of the Company comparing the estimated current fair market value to the carrying value of the investment. For those investments in development joint ventures where the current estimated fair market value was below the carrying value, the Company reduced the investment to the current fair market value through an impairment charge. Losses relating to changes in fair value have been included in unrecovered development and acquisition costs on the Company's Statements of Operations.

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009

(Dollars in thousands, except share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following table provides information for each major category of assets and liabilities that are measured at fair value on a nonrecurring basis:

		Fair Value Measurements at Reporting Date Using			
Description	December 31, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Losses
Long-lived assets held and used	$ 12,392	$ —	$ —	$ 12,392	$ (6,862)
Investments in real estate ventures	8,619	—	—	8,619	(2,936)
Real estate assets held for sale included in net real estate assets	11,275	—	—	11,275	(9,085)
	$ 32,286	$ —	$ —	$ 32,286	$ (18,883)

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, receivables, other financial instruments included in other assets, accounts payable and accrued expenses, variable rate notes payable, line of credit and other liabilities reflected in the consolidated balance sheets at December 31, 2009 and 2008 approximate fair value. The fair values of the Company's notes receivable and fixed rate notes payable are as follows:

	December 31, 2009		December 31, 2008	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Note receivable from Preferred OP unit holder	$ 112,740	$ 100,000	$ 124,024	$ 100,000
Fixed rate notes payable and notes payable to trusts	$ 1,067,653	$ 1,015,063	$ 1,062,949	$ 937,756
Exchangeable senior notes	$ 110,122	$ 87,663	$ 131,039	$ 209,663

Real Estate Assets

Real estate assets are stated at cost, less accumulated depreciation. Direct and allowable internal costs associated with the development, construction, renovation, and improvement of real estate assets are capitalized. Interest, property taxes, and other costs associated with development incurred during the construction period are capitalized. Capitalized interest during the years ended December 31, 2009, 2008 and 2007 was $4,148, $5,506 and $4,555, respectively.

Expenditures for maintenance and repairs are charged to expense as incurred. Major replacements and betterments that improve or extend the life of the asset are capitalized and depreciated over their estimated useful lives. Depreciation is computed using the straight-line method over the estimated useful lives of the buildings and improvements, which are generally between five and 39 years.

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009

(Dollars in thousands, except share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In connection with the Company's acquisition of self-storage facilities, the purchase price is allocated to the tangible and intangible assets and liabilities acquired based on their fair values, which are estimated using significant unobservable inputs. The value of the tangible assets, consisting of land and buildings, are determined as if vacant, that is, at replacement cost. Intangible assets, which represent the value of existing tenant relationships, are recorded at their fair values based on the avoided cost to replace the current leases. The Company measures the value of tenant relationships based on the amount of time required to replace existing customers which is based on the Company's historical experience with turnover in its facilities. Debt assumed as part of an acquisition is recorded at fair value based on current interest rates compared to contractual rates. Acquisition-related transaction costs incurred after December 31, 2008 have been expensed as incurred.

Intangible lease rights represent: (1) purchase price amounts allocated to leases on two properties that cannot be classified as ground or building leases; these rights are amortized to expense over the life of the leases and (2) intangibles related to ground leases on four properties where the leases were assumed by the Company at rates that were lower than the current market rates for similar leases. The value associated with these assumed leases were recorded as intangibles, which will be amortized over the lease terms.

Investments in Real Estate Ventures

The Company's investments in real estate joint ventures, where the Company has significant influence, but not control and joint ventures which are VIEs in which the Company is not the primary beneficiary, are recorded under the equity method of accounting in the accompanying consolidated financial statements.

Under the equity method, the Company's investment in real estate ventures is stated at cost and adjusted for the Company's share of net earnings or losses and reduced by distributions. Equity in earnings of real estate ventures is generally recognized based on the Company's ownership interest in the earnings of each of the unconsolidated real estate ventures. For the purposes of presentation in the statement of cash flows, the Company follows the "look through" approach for classification of distributions from joint ventures. Under this approach, distributions are reported under operating cash flow unless the facts and circumstances of a specific distribution clearly indicate that it is a return of capital (e.g., a liquidating dividend or distribution of the proceeds from the joint venture's sale of assets), in which case it is reported as an investing activity.

Cash and Cash Equivalents

The Company's cash is deposited with financial institutions located throughout the United States of America and at times may exceed federally insured limits. The Company considers all highly liquid debt instruments with a maturity date of three months or less to be cash equivalents.

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009

(Dollars in thousands, except share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash

Restricted cash is comprised of escrowed funds deposited with financial institutions located in various states relating to earnest money deposits on potential acquisitions, real estate taxes, insurance, capital expenditures and lease liabilities.

Other Assets

Other assets consist primarily of equipment and fixtures, deferred financing costs, customer accounts receivable, investments in trusts, other intangible assets, deferred tax assets and prepaid expenses. Depreciation of equipment and fixtures is computed on a straight-line basis over three to five years. Deferred financing costs are amortized to interest expense using the effective interest method over the terms of the respective debt agreements.

Derivative Instruments and Hedging Activities

The accounting for changes in the fair value of derivatives depends on the intended use of the derivative and the resulting designation. Derivatives used to hedge the exposure to changes in the fair value of an asset, liability or firm commitment attributable to a particular risk are considered fair value hedges. Derivatives used to hedge the exposure to variability in expected future cash flows or other types of forecasted transactions are considered cash flow hedges.

For derivatives designated as fair value hedges, changes in the fair value of the derivative and the hedged item related to the hedged risk are recognized in the statements of operations. For derivatives designated as cash flow hedges, the effective portion of changes in the fair value of the derivative is initially reported in other comprehensive income, outside of earnings, and subsequently reclassified to earnings when the hedged transaction affects earnings.

Risk Management and Use of Financial Instruments

In the normal course of its on-going business operations, the Company encounters economic risk. There are three main components of economic risk: interest rate risk, credit risk and market risk. The Company is subject to interest rate risk on its interest-bearing liabilities. Credit risk is the risk of inability or unwillingness of tenants to make contractually required payments. Market risk is the risk of declines in the value of properties due to changes in rental rates, interest rates or other market factors affecting the value of properties held by the Company. The Company has entered into interest rate swap agreements to manage a portion of its interest rate risk.

Conversion of Operating Partnership Units

Conversions of Operating Partnership units to common stock, when converted under the original provisions of the Operating Partnership agreement, are accounted for by reclassifying the underlying net book value of the units from noncontrolling interest to the Company's equity. The difference between the fair value of the consideration paid and the adjustment to the carrying amount of the noncontrolling interest is recognized as additional paid in capital for the Company.

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009

(Dollars in thousands, except share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Expense Recognition

Rental revenues are recognized as earned based upon amounts that are currently due from tenants. Leases are generally on month-to-month terms. Prepaid rents are recognized on a straight-line basis over the term of the leases. Promotional discounts are recognized as a reduction to rental income over the promotional period. Late charges, administrative fees, merchandise sales and truck rentals are recognized as income when earned. Management and franchise fee revenues are recognized monthly as services are performed and in accordance with the terms of the related management agreements. Tenant reinsurance premiums are recognized as revenue over the period of insurance coverage. Equity in earnings of real estate entities is recognized based on our ownership interest in the earnings of each of the unconsolidated real estate entities. Interest income is recognized as earned.

Property expenses, including utilities, property taxes, repairs and maintenance and other costs to manage the facilities are recognized as incurred. The Company accrues for property tax expense based upon invoice amounts, estimates and historical trends. If these estimates are incorrect, the timing of expense recognition could be affected.

Real Estate Sales

In general, sales of real estate and related profits/losses are recognized when all consideration has changed hands and risks and rewards of ownership have been transferred. Certain types of continuing involvement preclude sale treatment and related profit recognition; other forms of continuing involvement allow for sale recognition but require deferral of profit recognition.

Advertising Costs

The Company incurs advertising costs primarily attributable to directory, direct mail, internet and other advertising. Direct response advertising costs are deferred and amortized over the expected benefit period determined to be 12 months. All other advertising costs are expensed as incurred. The Company recognized $5,892, $5,935 and $5,003 in advertising expense for the years ended December 31, 2009, 2008 and 2007, respectively.

Income Taxes

The Company has elected to be treated as a REIT under Sections 856 through 860 of the Internal Revenue Code. In order to maintain its qualification as a REIT, among other things, the Company is required to distribute at least 90% of its REIT taxable income to its stockholders and meet certain tests regarding the nature of its income and assets. As a REIT, the Company is not subject to federal income tax with respect to that portion of its income which meets certain criteria and is distributed annually to stockholders. The Company plans to continue to operate so that it meets the requirements for taxation as a REIT. Many of these requirements, however, are highly technical and complex. If the Company were to fail to meet these requirements, it would be subject to federal income tax. The Company is subject to certain state and local taxes. Provision for such taxes has been included in income tax expense on the Company's consolidated statements of operations. For the year ended December 31, 2009, 0% (unaudited) of all distributions to stockholders qualifies as a return of capital.

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009

(Dollars in thousands, except share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company has elected to treat one of its corporate subsidiaries, Extra Space Management, Inc., as a taxable REIT subsidiary ("TRS"). In general, the Company's TRS may perform additional services for tenants and generally may engage in any real estate or non-real estate related business (except for the operation or management of health care facilities or any lodging facilities or the provision to any person, under a franchise, license or otherwise, of rights to any brand name under which lodging facility or health care facility is operated). A TRS is subject to corporate federal income tax.

Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities. At December 31, 2009 and 2008, there were no material unrecognized tax benefits. Interest and penalties relating to uncertain tax positions will be recognized in income tax expense when incurred. As of December 31, 2009 and 2008, the Company had no interest or penalties related to uncertain tax provisions.

Stock-Based Compensation

The measurement and recognition of compensation expense for all share-based payment awards to employees and directors are based on estimated fair values. Awards granted are valued at fair value and any compensation element is recognized on a straight line basis over the service periods of each award.

Net Income Per Share

Basic earnings per common share is computed by dividing net income by the weighted average common shares outstanding including unvested share based payment awards that contain a non-forfeitable right to dividends or dividend equivalents. Diluted earnings per common share measures the performance of the Company over the reporting period while giving effect to all potential common shares that were dilutive and outstanding during the period. The denominator includes the weighted average number of basic shares and the number of additional common shares that would have been outstanding if the potential common shares that were dilutive had been issued and is calculated using either the treasury stock or if-converted method. Potential common shares are securities (such as options, warrants, convertible debt, Contingent Conversion Shares ("CCSs"), Contingent Conversion Units ("CCUs"), exchangeable Series A Participating Redeemable Preferred Operating Partnership units ("Preferred OP units") and exchangeable Operating Partnership units ("OP units")) that do not have a current right to participate in earnings but could do so in the future by virtue of their option or conversion right. In computing the dilutive effect of convertible securities, net income is adjusted to add back any changes in earnings in the period associated with the convertible security. The numerator also is adjusted for the effects of any other non-discretionary changes in income or loss that would result from the assumed conversion of those potential common shares. In computing diluted earnings per share, only potential common shares that are dilutive, those that reduce earnings per share, are included.

The Company's Operating Partnership has $87,663 of exchangeable senior notes issued and outstanding as of December 31, 2009 that also can potentially have a dilutive effect on its earnings per share calculations. The exchangeable senior notes are exchangeable by holders into shares of the

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009

(Dollars in thousands, except share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Company's common stock under certain circumstances per the terms of the indenture governing the exchangeable senior notes. The exchangeable senior notes are not exchangeable unless the price of the Company's common stock is greater than or equal to 130% of the applicable exchange price for a specified period during a quarter, or unless certain other events occur. The exchange price was $23.45 per share at December 31, 2009, and could change over time as described in the indenture. The price of the Company's common stock did not exceed 130% of the exchange price for the specified period of time during the fourth quarter of 2009; therefore holders of the exchangeable senior notes may not elect to convert them during the first quarter of 2010.

The Company has irrevocably agreed to pay only cash for the accreted principal amount of the exchangeable senior notes relative to its exchange obligations, but has retained the right to satisfy the exchange obligations in excess of the accreted principal amount in cash and/or common stock. Though the Company has retained that right, Accounting Standards Codification ("ASC") 260, formerly Financial Accounting Standards Board ("FASB") Statement No. 128, "*Earnings Per Share ("FAS 128"),*" requires an assumption that shares will be used to pay the exchange obligations in excess of the accreted principal amount, and requires that those shares be included in the Company's calculation of weighted average common shares outstanding for the diluted earnings per share computation. No shares were included in the computation at December 31, 2009, 2008 or 2007 because there was no excess over the accreted principal for the period.

For the purposes of computing the diluted impact on earnings per share of the potential conversion of Preferred OP units into common shares, where the Company has the option to redeem in cash or shares and where the Company has stated the positive intent and ability to settle at least $115,000 of the instrument in cash (or net settle a portion of the Preferred OP units against the related outstanding note receivable), only the amount of the instrument in excess of $115,000 is considered in the calculation of shares contingently issuable for the purposes of computing diluted earnings per share as allowed by paragraph 29 of FAS 128 (ASC 260-10-45-46).

For the years ended December 31, 2009, 2008 and 2007, options to purchase approximately 4,925,153 shares, 1,870,423 shares and 287,240 shares of common stock, respectively, were excluded from the computation of earnings per share as their effect would have been anti-dilutive. All restricted stock grants have been included in basic and diluted shares outstanding because such shares earn a non-forfeitable dividend and carry voting rights.

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

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(Dollars in thousands, except share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The computation of net income per share is as follows:

	For the Year Ended December 31,		
	2009	2008	2007
Net income attributable to common stockholders	$ 31,977	$ 35,781	$ 30,219
Add: Income allocated to noncontrolling interest—Preferred Operating Partnership and Operating Partnership	8,012	8,444	3,843
Subtract: Fixed component of income allocated to noncontrolling interest—Preferred Operating Partnership	(5,750)	(5,751)	(1,438)
Net income for diluted computations	$ 34,239	$ 38,474	$ 32,624
Weighted average common shares outstanding:			
Average number of common shares outstanding—basic	86,343,029	76,996,754	64,900,713
Operating Partnership units	3,627,368	4,264,968	4,050,588
Preferred Operating Partnership units	989,980	989,980	989,980
Dilutive and cancelled stock options and CCS/CCU conversions	122,457	101,286	774,359
Average number of common shares outstanding—diluted	91,082,834	82,352,988	70,715,640
Net income per common share			
Basic	$ 0.37	$ 0.46	$ 0.47
Diluted	$ 0.37	$ 0.46	$ 0.46

Recently Issued Accounting Standards

In September 2006, the FASB issued Statement No. 157, *"Fair Value Measurements"* (ASC 820), which defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurement. This guidance applies under other accounting pronouncements that require or permit fair value measurements, and does not require any new fair value measurements. The Company adopted this guidance for financial assets and liabilities effective January 1, 2008 and for non-financial assets and liabilities effective January 1, 2009. In April 2009, the FASB issued the following updates that provide additional application guidance and enhance disclosures regarding fair value measurements and impairments of securities:

- FASB Staff Position No. FAS 157-4, "*Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*" (ASC 820-10-65). This update provides guidance for estimating fair value when the

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

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(Dollars in thousands, except share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

volume and level of activity for the asset or liability have significantly decreased and identifying circumstances that may indicate that a transaction is not orderly. It reaffirms the need to exercise judgment to ascertain if a formerly active market has become inactive and in determining fair values when markets have become inactive.

- FASB Staff Position No. FAS 107-1 and APB 28-1, "*Interim Disclosures About Fair Value of Financial Instruments"* (ASC 320-10-65). This update requires disclosures about the fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. In addition, it requires the disclosures in summarized financial information at interim reporting periods. Companies will also be required to disclose the method and significant assumptions used to estimate the fair value of financial instruments and describe any changes in the methods or methodology occurring during the period.

The Company adopted these updates effective June 30, 2009 and has applied the guidance to all periods presented.

In December 2007, the FASB issued revised Statement No. 141, "*Business Combinations"* ("FAS 141(R)") (ASC 805). This guidance establishes principles and requirements for how an acquirer in a business combination recognizes and measures in its financial statements the assets acquired and liabilities assumed. Generally, assets acquired and liabilities assumed in a transaction are recorded at the acquisition-date fair value with limited exceptions. The guidance also changed the accounting treatment and disclosure for certain specific items in a business combination. The Company adopted this guidance for all acquisitions subsequent to January 1, 2009.

In December 2007, the FASB issued Statement No. 160, "*Noncontrolling Interests in Consolidated Financial Statements—An Amendment of ARB No. 51"* (ASC 810-10-65) ("FAS 160"). This guidance establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It also requires a company to clearly identify and present ownership interests in subsidiaries held by parties other than the company in the consolidated financial statements within the equity section but separate from the company's equity. In addition, the guidance also requires the amount of consolidated net income attributable to the parent and to the noncontrolling interest to be clearly identified and presented on the face of the consolidated statement of operations and requires changes in ownership interest to be accounted for similarly as equity transactions. If noncontrolling interests are determined to be redeemable, they are to be carried at the higher of (a) their carrying value or (b) their redeemable value as of the balance sheet date and reported as temporary equity. The Company adopted this guidance effective January 1, 2009, and has applied it to all periods presented.

In March 2008, the FASB issued Statement No. 161, *"Disclosures about Derivative Instruments and Hedging Activities,"* an amendment of FASB Statement No. 133, *"Accounting for Derivative Instruments and Hedging Activities"* (ASC 815). This guidance changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures stating how and why an entity uses derivative instruments; how derivative instruments and related hedged items are accounted for; and how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. The Company adopted this guidance effective

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009

(Dollars in thousands, except share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

January 1, 2009 and expanded the disclosures relating to derivative instruments included in its consolidated financial statements.

In May 2008, the FASB issued Statement of Position No. APB 14-1, "*Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)"* ("FSP APB 14-1") (ASC 470-20-65). Under this guidance, entities with convertible debt instruments that may be settled entirely or partially in cash upon conversion should separately account for the liability and equity components of the instrument in a manner that reflects the issuer's economic interest cost. The effect of the adoption on the Company's exchangeable senior notes is that the equity component is included in the paid-in-capital section of stockholders' equity on the consolidated balance sheet and the value of the equity component is treated as original issue discount for purposes of accounting for the debt component. The original issue discount is amortized over the period of the debt as additional interest expense. This guidance is effective for fiscal years beginning after December 15, 2008, and for interim periods within those fiscal years, with retrospective application required. The Company adopted this guidance effective January 1, 2009 and has applied it to all periods presented.

In April 2008, the FASB issued Staff Position No. 142-3, *"Determination of the Useful Life of Intangible Assets"* (ASC 350-30). This guidance amends the factors that should be considered in developing renewal or extension assumptions used in determining the useful life of a recognized intangible asset. This new guidance applies prospectively to intangible assets that are acquired individually or with a group of other assets in business combinations and asset acquisitions. This guidance is effective for fiscal years beginning after December 31, 2008 and has been adopted by the Company for all acquisitions subsequent to January 1, 2009.

In June 2008, the FASB issued Staff Position EITF 03-6-1, *"Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities,"* (ASC 260-10). This guidance provides that unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method as described in FASB Statement No. 128, *"Earnings per Share"* (ASC 260). This guidance is effective for financial statements issued for fiscal years beginning on or after December 15, 2008 and the Company adopted this guidance effective January 1, 2009 and has applied it to all periods presented.

In May 2009, the FASB issued Statement of Financial Accounting Standards No. 165, "*Subsequent Events"* (ASC 855). This guidance is intended to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before the financial statements are issued or are available to be issued. This guidance requires disclosure of the date through which an entity has evaluated subsequent events and the basis for selecting this date, that is, whether this date represents the date the financial statements were issued or were available to be issued. The Company adopted this guidance effective April 1, 2009.

On June 30, 2009, the FASB issued Statement No. 168, *"The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162" (*ASC 105-10-05*).* The standard establishes the FASB Codification (the

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009

(Dollars in thousands, except share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

"Codification") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. The Codification is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Company adopted the Codification effective September 30, 2009 and has included the references to the Codification, as appropriate, in these consolidated financial statements.

3. REAL ESTATE ASSETS

The components of real estate assets are summarized as follows:

	December 31, 2009	December 31, 2008
Land—operating	$ 501,674	$ 461,883
Land—development	32,635	64,392
Buildings and improvements	1,675,340	1,555,598
Intangible assets—tenant relationships	33,463	33,234
Intangible lease rights	6,150	6,150
	2,249,262	2,121,257
Less: accumulated depreciation and amortization	(233,830)	(182,335)
Net operating real estate assets	2,015,432	1,938,922
Real estate under development	34,427	58,734
Net real estate assets	$ 2,049,859	$ 1,997,656
Real estate assets held for sale included in net real estate assets	$ 11,275	$ —

The Company amortizes to expense intangible assets—tenant relationships on a straight-line basis over the average period that a tenant is expected to utilize the facility (currently estimated at 18 months). The Company amortizes to expense the intangible lease rights over the terms of the related leases. Amortization related to the tenant relationships and lease rights was $1,905, $4,760 and $4,213 for the years ended December 31, 2009, 2008 and 2007, respectively. The remaining balance of the unamortized lease rights will be amortized over the next 8 to 52 years.

On April 10, 2009, the Company sold vacant land in Los Angeles, California for cash of $4,652. A loss of $343 was recorded as a result of this sale, and is included in unrecovered development and acquisition costs in the consolidated statement of operations.

On June 19, 2008, the Company sold an undeveloped parcel of vacant land in Antelope, California for its book value of $340. There was no gain or loss recognized on the sale.

On August 3, 2007, the Company sold an undeveloped parcel of vacant land in Kendall, Florida for its book value of $1,999. There was no gain or loss recognized on the sale.

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009

(Dollars in thousands, except share data)

4. PROPERTY ACQUISITIONS

The following table shows the Company's acquisition of operating properties for the years ended December 31, 2009 and 2008 and does not include purchases of raw land or improvements made to existing assets:

			Consideration Paid					Acquisition Date Fair Value				
Property Location	Number of Properties	Date of Acquisition	Total Paid	Cash Paid	Net Liabilities/ (Assets) Assumed	Value of OP Units Issued	Number of OP Units Issued	Land	Building	Intangible	Closing costs—expensed	Source of Acquisition
Georgia	1	11/12/2009	$ 5,731	$ 5,749	$ (18)	$ —	—	$ 1,958	$ 3,625	$ 108	$ 40	Unrelated third party
Virginia	1	1/23/2009	7,425	7,438	(13)	—	—	2,076	5,175	122	52	Unrelated franchisee
Colorado	1	11/25/2008	5,916	5,851	65	—	—	1,525	4,299	92	—	Unrelated third party
Indiana	1	10/31/2008	5,269	4,357	50	862	81,050	1,898	3,282	89	—	Unrelated third party
Indiana	4	10/10/2008	18,366	15,086	519	2,761	189,356	3,076	15,063	227	—	Unrelated third party
New York	2	10/2/2008	27,562	27,468	94	—	—	15,219	11,989	354	—	Unrelated third party
Maryland	1	9/17/2008	5,050	5,049	1	—	—	1,869	3,050	131	—	Unrelated third party
Florida	1	6/19/2008	10,394	10,317	77	—	—	3,638	6,590	166	—	Unrelated third party
California	1	5/2/2008	7,500	7,515	(15)	—	—	2,994	4,506	—	—	Unrelated third party

5. INVESTMENTS IN REAL ESTATE VENTURES

Investments in real estate ventures at December 31, 2009 and 2008 consist of the following:

	Equity Ownership %	Excess Profit Participation %	Investment balance at December 31, 2009	Investment balance at December 31, 2008
Extra Space West One LLC ("ESW")	5%	40%	$ 1,175	$ 1,492
Extra Space West Two LLC ("ESW II")	5%	40%	4,749	4,874
Extra Space Northern Properties Six LLC ("ESNPS")	10%	35%	1,388	1,482
Extra Space of Santa Monica LLC ("ESSM")	48%	43%	2,419	3,225
Clarendon Storage Associates Limited Partnership ("Clarendon")	50%	50%	3,245	3,318
PRISA Self Storage LLC ("PRISA")	2%	17%	11,907	12,460
PRISA II Self Storage LLC ("PRISA II")	2%	17%	10,239	10,431
PRISA III Self Storage LLC ("PRISA III")	5%	20%	3,793	4,118
VRS Self Storage LLC ("VRS")	45%	9%	45,579	47,488
WCOT Self Storage LLC ("WCOT")	5%	20%	4,983	5,229
Storage Portfolio I LLC ("SP I")	25%	40%	16,049	17,471
Storage Portfolio Bravo II ("SPB II")	20%	25 - 45%	15,104	14,168
U-Storage de Mexico S.A. and related entities ("U-Storage")	35 - 40%	35 - 40%	6,166	9,205
Other minority owned properties	10 - 50%	10 - 50%	3,653	1,830
			$ 130,449	$ 136,791

In these joint ventures, the Company and the joint venture partner generally receive a preferred return on their invested capital. To the extent that cash/profits in excess of these preferred returns are

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009

(Dollars in thousands, except share data)

5. INVESTMENTS IN REAL ESTATE VENTURES (Continued)

generated through operations or capital transactions, the Company would receive a higher percentage of the excess cash/profits than its equity interest.

On July 1, 2008, the Company purchased an additional 40.0% interest in VRS Self Storage LLC from Prudential Real Estate Investors for cash of $44,100, resulting in an increase in the Company's total interest in the joint venture from 5.0% to 45.0%.

Equity in earnings of real estate ventures for the years ended December 31, 2009, 2008, and 2007 consists of the following:

	For the Year Ended December 31,		
	2009	2008	2007
Equity in earnings of ESW	$ 1,164	$ 1,333	$ 1,490
Equity in earnings (losses) of ESW II	(24)	(57)	—
Equity in earnings of ESNPS	277	236	206
Equity in earnings (losses) of ESSM	(113)	—	—
Equity in earnings of Clarendon	375	304	—
Equity in earnings of PRISA	483	702	716
Equity in earnings of PRISA II	550	596	574
Equity in earnings of PRISA III	235	274	316
Equity in earnings of VRS	2,116	1,363	265
Equity in earnings of WCOT	242	299	308
Equity in earnings of SP I	793	1,211	1,099
Equity in earnings of SPB II	283	614	776
Equity in earnings (losses) of U-Storage	70	(64)	(301)
Equity in earnings (losses) of other minority owned properties	513	121	(149)
	$ 6,964	$ 6,932	$ 5,300

Equity in earnings (losses) of ESW II, SP I and SPB II includes the amortization of the Company's excess purchase price of $25,713 of these equity investments over its original basis. The excess basis is amortized over 40 years.

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

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(Dollars in thousands, except share data)

5. INVESTMENTS IN REAL ESTATE VENTURES (Continued)

Information (unaudited) related to the real estate ventures' debt at December 31, 2009 is set forth below:

	Loan Amount	Current Interest Rate	Debt Maturity
ESW—Fixed	$ 16,650	4.59%	July 2010
ESW II—Fixed	20,000	5.48%	March 2012
ESNPS—Fixed	34,500	5.27%	June 2015
ESSM—Variable	10,394	3.19%	November 2011
Clarendon—Swapped to fixed	8,500	5.93%	September 2018
PRISA	—	—	Unleveraged
PRISA II	—	—	Unleveraged
PRISA III—Fixed	145,000	4.97%	August 2012
VRS—Fixed	52,100	4.76%	August 2012
WCOT—Fixed	92,140	4.76%	August 2012
SPB II—Fixed	60,085	8.00%	August 2014
SP I—Fixed	115,000	4.62%	April 2011
U-Storage	—	—	Unleveraged
Other minority owned properties	119,270	various	various

Combined, condensed unaudited financial information of ESW, ESW II, ESNPS, PRISA, PRISA II, PRISA III, VRS, WCOT, SP I and SPB II as of December 31, 2009 and 2008 and for the years ended December 31, 2009, 2008, and 2007, follows:

	December 31,	
Balance Sheets:	2009	2008
Assets:		
Net real estate assets	$ 1,977,184	$ 2,041,268
Other	33,120	34,775
	$ 2,010,304	$ 2,076,043
Liabilities and members' equity:		
Notes Payable	$ 535,475	$ 542,790
Other liabilities	27,547	33,264
Members' equity	1,447,282	1,499,989
	$ 2,010,304	$ 2,076,043

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

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(Dollars in thousands, except share data)

5. INVESTMENTS IN REAL ESTATE VENTURES (Continued)

	For the Year Ended December 31,		
Statements of Income:	**2009**	**2008**	**2007**
Rents and other income	$ 282,181	$ 295,824	$ 294,395
Expenses	195,330	197,926	195,776
Net income	$ 86,851	$ 97,898	$ 98,619

Variable Interests in Unconsolidated Real Estate Joint Ventures:

The Company has an interest in one unconsolidated joint venture with an unrelated third party ("Eastern Avenue") which is a variable interest entity. The Company holds a 10% equity interest in Eastern Avenue, but has 50% of the voting rights. Qualification as a VIE was based on the disproportionate voting and ownership percentages. The Company performed a probability-based cash flow analysis for this joint venture to determine which party was the primary beneficiary of the VIE. This analysis was performed using the Company's best estimates of the future cash flows based on its historical experience with numerous similar assets. As a result of this analysis, the Company determined that it was not the primary beneficiary of Eastern Avenue as the Company does not receive a majority of the venture's expected residual returns or bear a majority of the expected losses. Accordingly, this interest is accounted for using the equity method.

Eastern Avenue owns a single pre-stabilized self-storage property. This joint venture is financed through a combination of (1) equity contributions from the Company and its joint venture partners, (2) mortgage notes payable and (3) payables to the Company for working capital. The payables to the Company are generally amounts owed for expenses paid on behalf of the joint venture by the Company as manager. The Company performs management services for the Eastern Avenue joint venture in exchange for a management fee of approximately 6% of the gross rental revenues generated by the property. The Company's joint venture partner can replace the Company as manager of the property upon written notice. The Company has not provided financial or other support during the periods presented to Eastern Avenue that it was not previously contractually obligated to provide.

As of December 31, 2009, there was no amount related to Eastern Avenue included in Investments in Real Estate on its consolidated balance sheet. No liability was recorded associated with the Company's guarantee of the construction loan of Eastern Avenue. The Company's maximum exposure to loss for this venture as of December 31, 2009 is the total of the guaranteed loan balance, the payable to the Company and the Company's investment balances in the joint venture. The Company believes that the risk of incurring a loss as a result of having to perform on the guarantee is remote and therefore no liability has been recorded. Also, repossessing and/or selling the self-storage facility and land that collateralize the loan could provide funds sufficient to reimburse the Company. Additionally, the Company believes the payables to the Company are collectible.

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

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(Dollars in thousands, except share data)

5. INVESTMENTS IN REAL ESTATE VENTURES (Continued)

The following table compares the liability balances and the maximum exposure to loss related to Eastern Avenue as of December 31, 2009:

	Liability Balance	Investment balance	Balance of Guaranteed loan	Payables to Company	Maximum exposure to loss	Difference
Eastern Avenue	$ —	$ —	$ 5,412	$ 1,622	$ 7,034	$ (7,034)

Variable Interests in Consolidated Real Estate Joint Ventures

The Company has variable interests in five consolidated joint ventures with third parties (the "VIE JVs") which are VIEs. The VIE JVs are financed through a combination of (1) equity contributions from the Company and its joint venture partners, (2) mortgage notes payable and (3) payables to the Company for working capital. The payables to the Company are generally amounts owed for expenses paid on behalf of the joint ventures by the Company as manager. The Company owns 10% to 72% of the common equity interests in the VIE JVs. The Company performed probability-based cash flow projections for each venture using the Company's best estimates of future revenues and expenses based on historical experience with numerous similar assets. According to these analyses, the joint ventures were determined to be VIEs based on an assessment that the equity financing was inadequate to support operations. The Company was also determined to be the primary beneficiary of each of the VIE JVs, as it receives the majority of the benefits and bears the majority of the expected losses of each as a result of its majority ownership and the management agreements. Therefore, each of the VIE JVs are consolidated with the assets and liabilities of each joint venture included in the Company's consolidated financial statements, with intercompany balances and transactions eliminated.

In July 2009, the Company purchased a lender's interest in a note payable to a joint venture that owns a single property located in Chicago, IL. The note was to Extra Space of Montrose, a joint venture in which the Company owns a 10% interest, and was guaranteed by the Company. This joint venture was considered a nonconsolidated VIE as of December 31, 2008. The Company considers the purchase of this loan to be a reconsideration event and has determined that the Company now bears the majority of the risk of loss for the joint venture. As a result of this loan purchase by the Company, the joint venture is now a consolidated VIE JV. The assets and liabilities were recorded at fair value upon consolidation.

In January 2009, the Company purchased a lender's interest in a construction loan to a joint venture that owns a single property located in Sacramento, CA. The construction loan was to ESS of Sacramento One LLC, a joint venture in which the Company owns a 50% interest, and was guaranteed by the Company. This joint venture was not consolidated and was not considered a VIE JV as of December 31, 2008. The Company considers the purchase of this loan to be a reconsideration event and has determined that the Company now bears a majority of the risk of loss for the joint venture. As a result of this loan purchase by the Company, the joint venture is now a consolidated VIE JV. The assets and liabilities were recorded at fair value upon consolidation.

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

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(Dollars in thousands, except share data)

5. INVESTMENTS IN REAL ESTATE VENTURES (Continued)

The Company performs development services for ESS of Plantation LLC in exchange for a development fee of 1% of budgeted costs. The Company performs management services for Extra Space of Montrose Avenue, LLC, ESS of Sacramento One LLC, ES of Washington Avenue LLC and ES of Franklin Blvd LLC in exchange for a management fee of approximately 6% of cash collected by the properties.

The table below illustrates the financing of each of the VIE JVs as well as the carrying amounts of the related assets and liabilities as of December 31, 2009:

Joint Venture	Equity Ownership %	Excess Profit Participation %	Total Assets	Notes Payable	Payables to Company (eliminated)	Payables and Other Liabilities	Company's Equity (eliminated)	JV Partners' Equity (non-controlling interest)
Extra Space of Montrose Avenue LLC	10%	40%	$ 8,481	$ —	$ 8,572	$ 205	$ (46)	$ (250)
ESS of Sacramento One LLC	50%	50%	10,191	5,000	5,289	30	(614)	486
ES of Washington Avenue LLC	50%	50%	10,020	5,900	2,789	47	642	642
ES of Franklin Blvd LLC	50%	50%	7,002	5,188	2,166	—	(176)	(176)
ESS of Plantation LLC	72%	65%	2,137	—	56	49	1,472	560
			$ 37,831	$ 16,088	$ 18,872	$ 331	$ 1,278	$ 1,262

Except as disclosed above, the Company has not provided financial or other support during the periods presented to these VIEs that it was not previously contractually obligated to provide. The Company has guaranteed the notes payable for these VIEs with the exception of ESS of Plantation LLC and Extra Space of Montrose Avenue LLC, which have no note payable. If the joint ventures default on the loans, the Company may be forced to repay its portion of the balance owed. However, repossessing and/or selling the self-storage facilities and land that collateralize the loans could provide funds sufficient to reimburse the Company, and the Company believes that the risk of having to perform on the guarantees is remote.

6. INVESTMENTS AVAILABLE FOR SALE

The Company has accounted for securities classified as "available for sale" at fair value. Adjustments to the fair value of available for sale securities were recorded as a component of other comprehensive income. A decline in the market value of investment securities below cost, that was deemed to be other than temporary, resulted in a reduction in the carrying amount to fair value. The impairment was charged to earnings and a new cost basis for the security was established. The Company's investments available for sale have generally consisted of non mortgage-backed auction rate securities ("ARS"). ARS are generally long-term debt instruments that provide liquidity through a Dutch auction process that resets the applicable interest rate at pre-determined calendar intervals, generally every 28 days. This mechanism allows existing investors to rollover their holdings and continue to own their respective securities or liquidate their holdings by selling their securities at par.

At December 31, 2007, the Company had $24,460 invested in non mortgage- backed ARS. Uncertainties in the credit markets had prevented the Company and other investors from liquidating the holdings of auction rate securities in auctions for these securities because the amount of securities submitted for sale exceeded the amount of purchase orders. As a result, during the year ended

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

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6. INVESTMENTS AVAILABLE FOR SALE (Continued)

December 31, 2007, the Company recorded an other-than-temporary impairment charge of $1,233 and a temporary impairment charge of $1,415, which reduced the carrying value of the Company's investments in ARS to an estimated fair value of $21,812 as of December 31, 2007. On February 29, 2008, the Company liquidated its holdings of ARS for $21,812 in cash. As a result of this settlement, the Company recognized $1,415 of the amount that was previously classified as a temporary impairment as a loss on sale of investments available for sale through earnings. The Company has not had investments in ARS since March 1, 2008.

7. OTHER ASSETS

The components of other assets are summarized as follows:

	December 31, 2009	December 31, 2008
Equipment and fixtures	$ 11,836	$ 10,671
Less: accumulated depreciation	(9,046)	(7,309)
Other intangible assets	3,303	3,296
Deferred financing costs, net	15,458	12,330
Prepaid expenses and deposits	5,173	5,828
Accounts receivable, net	15,086	11,120
Fair value of interest rate swaps	—	647
Investments in Trusts	3,590	3,590
Deferred tax asset	5,576	2,403
	$ 50,976	$ 42,576

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

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8. NOTES PAYABLE

The components of notes payable are summarized as follows:

	December 31, 2009	December 31, 2008
Fixed Rate		
Mortgage and construction loans with banks (including loans subject to interest rate swaps) bearing interest at fixed rates between 4.24% and 7.30%. The loans are collateralized by mortgages on real estate assets and the assignment of rents. Principal and interest payments are made monthly with all outstanding principal and interest due between March 2010 and August 2019.	$ 895,473	$ 818,166
Variable Rate		
Mortgage and construction loans with banks bearing floating interest rates (including loans subject to reverse interest rate swaps) based on LIBOR and Prime. Interest rates based on LIBOR are between LIBOR plus 1.45% (1.68% and 1.89% at December 31, 2009 and December 31, 2008 respectively) and LIBOR plus 4.0% (4.23% and 4.44% at December 31, 2009 and December 31, 2008, respectively). Interest rates based on Prime are at Prime plus 1.50% (4.75% and 4.75% at December 31, 2009 and December 31, 2008, respectively). The loans are collateralized by mortgages on real estate assets and the assignment of rents. Principal and interest payments are made monthly with all outstanding principal and interest due between August 2010 and December 2015.	204,120	125,432
	$ 1,099,593	$ 943,598

The following table summarizes the scheduled maturities of notes payable at December 31, 2009:

2010	$ 179,068
2011	113,369
2012	41,476
2013	85,441
2014	201,763
Thereafter	478,476
	$ 1,099,593

Certain real estate assets are pledged as collateral for the notes payable. The Company is subject to certain restrictive covenants relating to the outstanding notes payable. The Company was in compliance with all financial covenants at December 31, 2009. As of December 31, 2009 $410,930 of the Company's notes payable have been guaranteed by the Company.

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009

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9. DERIVATIVES

GAAP requires the recognition of all derivative instruments as either assets or liabilities on the balance sheet at fair value. The accounting for changes in fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. A company must designate each qualifying hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge, or a hedge of a net investment in foreign operation.

The Company is exposed to certain risks relating to its ongoing business operations. The primary risk managed by using derivative instruments is interest rate risk. Interest rate swaps are entered into to manage interest rate risk associated with Company's fixed and variable-rate borrowings. The Company designates certain interest rate swaps as cash flow hedges of variable-rate borrowings and the remainder as fair value hedges of fixed-rate borrowings.

The following table summarizes the terms of the Company's derivative financial instruments:

Hedge Product	Hedge Type	Notional Amount	Strike	Effective Date	Maturity
Reverse Swap Agreement	Fair Value	$ 61,770	LIBOR plus 0.65%	10/31/2004	6/1/2009
Swap Agreement 1	Cash Flow	$ 63,000	4.24%	2/1/2009	6/30/2013
Swap Agreement 2	Cash Flow	$ 26,000	6.32%	7/1/2009	7/1/2014
Swap Agreement 3	Cash Flow	$ 8,462	6.98%	7/27/2009	6/27/2016
Swap Agreement 4	Cash Flow	$ 10,000	6.12%	11/2/2009	11/1/2014

Monthly interest payments were recognized as an increase or decrease in interest expense as follows:

Type	Classification of Income (Expense)	For the Year Ended December 31, 2009	2008	2007
Reverse Swap Agreement	Interest expense	$ 916	$ 223	$ (1,032)
Swap Agreement 1	Interest expense	(923)	—	—
Swap Agreement 2	Interest expense	(309)	—	—
Swap Agreement 3	Interest expense	(126)	—	—
Swap Agreement 4	Interest expense	(21)	—	—
		$ (463)	$ 223	$ (1,032)

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

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(Dollars in thousands, except share data)

9. DERIVATIVES (Continued)

Information relating to the losses recognized on the swap agreements is as follows:

Type	Gain (loss) recognized in OCI For the Year Ended December 31, 2009	Location of amounts reclassified from OCI into income	Gain (loss) reclassified from OCI For the Year Ended December 31, 2009
Swap Agreement 1	$ (340)	Interest expense	$ (923)
Swap Agreement 2	(478)	Interest expense	(309)
Swap Agreement 3	(244)	Interest expense	(126)
Swap Agreement 4	(49)	Interest expense	(21)
	$ (1,111)		$ (1,379)

The Swap Agreements were highly effective for the year ended December 31, 2009. The gain (loss) reclassified from OCI in the preceding table represents the effective portion of our cash flow hedges reclassified from OCI to interest expense during the year ended December 31, 2009.

The balance sheet classification and carrying amounts of the interest rate swaps are as follows:

Derivatives designated as hedging instruments:	Asset (Liability) Derivatives December 31, 2009 Balance Sheet Location	Fair Value	December 31, 2008 Balance Sheet Location	Fair Value
Reverse Swap Agreement (expired 6/1/2009)	n/a	$ —	Other assets	$ 647
Swap Agreement 1	Other liabilities	(340)	n/a	—
Swap Agreement 2	Other liabilities	(478)	n/a	—
Swap Agreement 3	Other liabilities	(244)	n/a	—
Swap Agreement 4	Other liabilities	(49)		
		$ (1,111)		$ 647

10. NOTES PAYABLE TO TRUSTS

During July 2005, ESS Statutory Trust III (the "Trust III"), a newly formed Delaware statutory trust and a wholly-owned, unconsolidated subsidiary of the Operating Partnership, issued an aggregate of $40,000 of preferred securities which mature on July 31, 2035. In addition, the Trust III issued 1,238 of Trust common securities to the Operating Partnership for a purchase price of $1,238. On July 27, 2005, the proceeds from the sale of the preferred and common securities of $41,238 were loaned in the form of a note to the Operating Partnership ("Note 3"). Note 3 has a fixed rate of 6.91% through July 31, 2010, and then will be payable at a variable rate equal to the three-month LIBOR plus 2.40% per annum. The interest on Note 3, payable quarterly, will be used by the Trust III to pay dividends on the trust preferred securities. The trust preferred securities may be redeemed by the Trust with no prepayment premium after July 27, 2010.

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

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10. NOTES PAYABLE TO TRUSTS (Continued)

During May 2005, ESS Statutory Trust II (the "Trust II"), a newly formed Delaware statutory trust and a wholly-owned, unconsolidated subsidiary of the Operating Partnership of the Company, issued an aggregate of $41,000 of preferred securities which mature on June 30, 2035. In addition, the Trust II issued 1,269 of Trust common securities to the Operating Partnership for a purchase price of $1,269. On May 24, 2005, the proceeds from the sale of the preferred and common securities of $42,269 were loaned in the form of a note to the Operating Partnership ("Note 2"). Note 2 has a fixed rate of 6.67% through June 30, 2010, and then will be payable at a variable rate equal to the three-month LIBOR plus 2.40% per annum. The interest on Note 2, payable quarterly, will be used by the Trust II to pay dividends on the trust preferred securities. The trust preferred securities may be redeemed by the Trust with no prepayment premium after June 30, 2010.

During April 2005, ESS Statutory Trust I (the "Trust"), a newly formed Delaware statutory trust and a wholly-owned, unconsolidated subsidiary of the Operating Partnership of the Company issued an aggregate of $35,000 of trust preferred securities which mature on June 30, 2035. In addition, the Trust issued 1,083 of Trust common securities to the Operating Partnership for a purchase price of $1,083. On April 8, 2005, the proceeds from the sale of the trust preferred and common securities of $36,083 were loaned in the form of a note to the Operating Partnership (the "Note"). The Note has a variable rate equal to the three-month LIBOR plus 2.25% per annum. The interest on the Note, payable quarterly, will be used by the Trust to pay dividends on the trust preferred securities. The trust preferred securities may be redeemed by the Trust with no prepayment premium after June 30, 2010.

Trust, Trust II and Trust III are VIEs because the holders of the equity investment at risk (the trust preferred securities) do not have adequate decision making ability over the trusts' activities because of their lack of voting or similar rights. Because the Operating Partnership's investment in the trusts' common securities was financed directly by the trusts as a result of its loan of the proceeds to the Operating Partnership, that investment is not considered to be an equity investment at risk. The Operating Partnership's investment in the trusts is not a variable interest because equity interests are variable interests only to the extent that the investment is considered to be at risk, and therefore the Operating Partnership cannot be the primary beneficiary of the trusts. Since the Company is not the primary beneficiary of the trusts, they have not been consolidated. A debt obligation has been recorded in the form of notes as discussed above for the proceeds, which are owed to the Trust, Trust II, and Trust III by the Company. The Company has also recorded its investment in the trusts' common securities as other assets.

The Company has not provided financing or other support during the periods presented to the trusts that it was not previously contractually obligated to provide. The Company's maximum exposure to loss as a result of its involvement with the trusts is equal to the total amount of the notes discussed above less the amounts of the Company's investments in the trusts' common securities. The net amount is the notes payable that the trusts owe to third parties for their investments in the trusts' preferred securities. Following is a tabular comparison of the carrying amounts of the liabilities the Company has

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

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10. NOTES PAYABLE TO TRUSTS (Continued)

recorded as a result of its involvements with the trusts to the maximum exposure to loss the Company is subject to related to the trusts as of December 31, 2009:

	Notes payable to Trusts as of December 31, 2009	Maximum exposure to loss	Difference
Trust	$ 36,083	$ 35,000	$ 1,083
Trust II	42,269	41,000	1,269
Trust III	41,238	40,000	1,238
	$ 119,590	$ 116,000	$ 3,590

As noted above, these differences represent the amounts that the Trusts would repay the Company for its investment in the trusts' common securities.

11. EXCHANGEABLE SENIOR NOTES

On March 27, 2007, the Company's Operating Partnership issued $250,000 of its 3.625% Exchangeable Senior Notes due April 1, 2027 (the "Notes"). Costs incurred to issue the Notes were approximately $5,700. These costs are being amortized as an adjustment to interest expense over five years, which represents the estimated term of the Notes, and are included in other assets, net in the consolidated balance sheet as of December 31, 2009 and 2008. The Notes are general unsecured senior obligations of the Operating Partnership and are fully guaranteed by the Company. Interest is payable on April 1 and October 1 of each year until the maturity date of April 1, 2027. The Notes bear interest at 3.625% per annum and contain an exchange settlement feature, which provides that the Notes may, under certain circumstances, be exchangeable for cash (up to the principal amount of the Notes) and, with respect to any excess exchange value, for cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock at an initial exchange rate of approximately 42.6491 shares per $1,000 principal amount of Notes at the option of the Operating Partnership.

The Operating Partnership may redeem the Notes at any time to preserve the Company's status as a REIT. In addition, on or after April 5, 2012, the Operating Partnership may redeem the Notes for cash, in whole or in part, at 100% of the principal amount plus accrued and unpaid interest, upon at least 30 days but not more than 60 days prior written notice to holders of the Notes.

The holders of the Notes have the right to require the Operating Partnership to repurchase the Notes for cash, in whole or in part, on each of April 1, 2012, April 1, 2017 and April 1, 2022, and upon the occurrence of a designated event, in each case for a repurchase price equal to 100% of the principal amount of the Notes plus accrued and unpaid interest. Certain events are considered "Events of Default," as defined in the indenture governing the Notes, which may result in the accelerated maturity of the Notes.

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009

(Dollars in thousands, except share data)

11. EXCHANGEABLE SENIOR NOTES (Continued)

Adoption of FSP APB 14-1 (ASC 470-20)

In May 2008, the FASB issued FSP APB 14-1 (ASC 470-20). Under this guidance, entities with convertible debt instruments that may be settled entirely or partially in cash upon conversion should separately account for the liability and equity components of the instrument in a manner that reflects the issuer's economic interest cost. The Company retroactively adopted FSP APB 14-1 (ASC 470-20) effective January 1, 2009. As a result, the liability and equity components of the Notes are now accounted for separately. The equity component is included in paid-in-capital in stockholders' equity in the consolidated balance sheet, and the value of the equity component is treated as original issue discount for purposes of accounting for the debt component. The discount is being amortized over the period of the debt as additional interest expense.

Information about the carrying amounts of the equity component, the principal amount of the liability component, its unamortized discount, and its net carrying amount are as follows:

	December 31, 2009	December 31, 2008
Carrying amount of equity component	$ 19,545	$ 21,779
Principal amount of liability component	$ 87,663	$ 209,663
Unamortized discount	(3,869)	(13,031)
Net carrying amount of liability component	$ 83,794	$ 196,632

The remaining discount will be amortized over the remaining period of the debt through its first redemption date, April 1, 2012. The effective interest rate on the liability component is 5.75%. The amount of interest cost recognized relating to the contractual interest rate and the amortization of the discount on the liability component is as follows:

	For The Year Ended December 31,		
	2009	2008	2007
Contractual interest	$ 4,524	$ 8,729	$ 6,797
Amortization of discount	2,239	4,060	3,030
Total interest expense recognized	$ 6,763	$ 12,789	$ 9,827

Repurchase of Notes

FSP APB 14-1 (ASC 470-20) requires that the value of the consideration paid to repurchase the Notes be allocated (1) to the extinguishment of the liability component and (2) to the reacquisition of the equity component. The amount allocated to the extinguishment of the liability component is equal to the fair value of that component immediately prior to extinguishment. The difference between the consideration attributed to the extinguishment of the liability component and the sum of (a) the net carrying amount of the repurchased liability component, and (b) the related unamortized debt issuance costs, is recognized as a gain on debt extinguishment. The remaining settlement consideration is

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

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11. EXCHANGEABLE SENIOR NOTES (Continued)

allocated to the reacquisition of the equity component of the repurchased Notes and recognized as a reduction of stockholders' equity.

Information about the repurchases and the related gains are as follows:

	October 2009	May 2009	March 2009	October 2008
Principal amount repurchased	$ 7,500	$ 43,000	$ 71,500	$ 40,337
Amount allocated to:				
Extinguishment of liability component	$ 6,700	$ 35,000	$ 43,800	$ 30,696
Reacquisition of equity component	181	1,340	713	1,025
Total cash paid for repurchase	$ 6,881	$ 36,340	$ 44,513	$ 31,721
Exchangeable senior notes repurchased	$ 7,500	$ 43,000	$ 71,500	$ 40,337
Extinguishment of liability component	(6,700)	(35,000)	(43,800)	(30,696)
Discount on exchangeable senior notes	(366)	(2,349)	(4,208)	(2,683)
Related debt issuance costs	(82)	(558)	(1,009)	(647)
Gain on repurchase	$ 352	$ 5,093	$ 22,483	$ 6,311

12. LINES OF CREDIT

On February 13, 2009, the Company entered into a $50,000 revolving secured line of credit (the "Secondary Credit Line") that is collateralized by mortgages on certain real estate assets and matures February 13, 2012. The Company intends to use the proceeds of the Secondary Credit Line to repay debt and for general corporate purposes. The Secondary Credit Line has an interest rate of LIBOR plus 325 basis points (3.5% at December 31, 2009). At December 31, 2009, there were no amounts drawn on the Secondary Credit Line. The Company is subject to certain covenants relating to the Secondary Credit Line. The Company was in compliance with all financial covenants as of December 31, 2009.

On October 19, 2007, the Company entered into a $100,000 revolving line of credit (the "Credit Line") that matures October 31, 2010 with two one-year extensions available. $100,000 and $27,000 were drawn on the Credit Line at December 31, 2009 and 2008, respectively. The Company intends to use the proceeds of the Credit Line to repay debt and for general corporate purposes. The Credit Line has an interest rate of between 100 and 205 basis points over LIBOR, depending on certain financial ratios of the Company (1.2% at December 31, 2009). The Credit Line is collateralized by mortgages on certain real estate assets. As of December 31, 2009, the Credit Line had $100,000 of capacity based on the assets collateralizing the Credit Line. The Company is not subject to any financial covenants relating to the Credit Line.

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Notes to Consolidated Financial Statements (Continued)

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13. OTHER LIABILITIES

The components of other liabilities are summarized as follows:

	December 31, 2009	December 31, 2008
Deferred rental income	$ 12,045	$ 12,535
Lease obligation liability	6,260	3,029
Fair value of interest rate swaps	1,111	—
Income taxes payable	2,145	2,825
Other miscellaneous liabilities	3,413	3,878
	$ 24,974	$ 22,267

14. RELATED PARTY AND AFFILIATED REAL ESTATE JOINT VENTURE TRANSACTIONS

The Company provides management and development services for certain affiliated real estate joint ventures, franchise, third parties, and other related party properties. Management agreements provide generally for management fees of 6% of gross rental revenues for the management of operations at the self-storage facilities.

Management fee revenues for related party and affiliated real estate joint ventures are summarized as follows:

		For the Year Ended December 31,		
Entity	Type	2009	2008	2007
ESW	Affiliated real estate joint ventures	$ 402	$ 432	$ 436
ESW II	Affiliated real estate joint ventures	312	310	232
ESNPS	Affiliated real estate joint ventures	452	466	444
ESSM	Affiliated real estate joint ventures	11	—	—
PRISA	Affiliated real estate joint ventures	4,793	5,076	5,132
PRISA II	Affiliated real estate joint ventures	3,989	4,147	4,184
PRISA III	Affiliated real estate joint ventures	1,686	1,774	1,862
VRS	Affiliated real estate joint ventures	1,128	1,175	1,151
WCOT	Affiliated real estate joint ventures	1,454	1,536	1,539
SP I	Affiliated real estate joint ventures	1,243	1,296	1,264
SPB II	Affiliated real estate joint ventures	943	1,003	1,026
Extra Space Development ("ESD")	Related party	—	—	743
Various	Franchisees, third parties and other	4,548	3,730	2,585
		$ 20,961	$ 20,945	$ 20,598

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

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14. RELATED PARTY AND AFFILIATED REAL ESTATE JOINT VENTURE TRANSACTIONS (Continued)

Receivables from third parties, related parties and affiliated real estate joint ventures balances are summarized as follows:

	December 31, 2009	December 31, 2008
Development fees receivable	$ 250	$ 1,382
Other receivables from properties	4,864	9,953
	$ 5,114	$ 11,335

Development fees receivable consist of amounts due for development services from third parties and unconsolidated affiliated joint ventures. The Company earns development fees of 1% - 6% of budgeted costs on development projects. Other receivables from properties consist of amounts due for management fees and expenses paid on behalf of the properties that the Company manages. The Company believes that all of these related party and affiliated real estate joint venture receivables are fully collectible. The Company does not have any payables to related parties at December 31, 2009 and 2008.

Centershift, a related party service provider, is partially owned by a certain director and certain members of management of the Company. Effective January 1, 2004, the Company entered into a license agreement with Centershift which secures a perpetual right for continued use of STORE (the site management software used at all sites operated by the Company) in all aspects of the Company's property acquisition, development, redevelopment and operational activities. During the years ended December 31, 2009, 2008 and 2007, the Company paid Centershift $1,081, $989 and $965, respectively, relating to the purchase of software and to license agreements.

The Company has entered into an aircraft dry lease and service and management agreement with SpenAero, L.C. ("SpenAero") an affiliate of Spencer F. Kirk, the Company's Chairman and Chief Executive Officer. Under the terms of the agreement, the Company pays a defined hourly rate for use of the aircraft. During the years ended December 31, 2009, 2008 and 2007, the Company paid SpenAero $631, $440 and $395, respectively. The services that the Company receives from SpenAero are similar in nature and price to those that are provided to other outside third parties.

15. NONCONTROLLING INTEREST REPRESENTED BY PREFERRED OPERATING PARTNERSHIP UNITS

On June 15, 2007, the Operating Partnership entered into a Contribution Agreement with various limited partnerships affiliated with AAAAA Rent-A-Space to acquire ten self-storage facilities (the "Properties") in exchange for the issuance of newly designated Preferred OP units of the Operating Partnership. The self-storage facilities are located in California and Hawaii.

On June 25 and 26, 2007, nine of the ten properties were contributed to the Operating Partnership in exchange for consideration totaling $137,800. Preferred OP units totaling 909,075, with a value of $121,700, were issued along with the assumption of approximately $14,200 of third-party debt, of which $11,400 was paid off at close. The final property was contributed on August 1, 2007 in exchange for

Extra Space Storage Inc.

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15. NONCONTROLLING INTEREST REPRESENTED BY PREFERRED OPERATING PARTNERSHIP UNITS (Continued)

consideration totaling $14,700. 80,905 Preferred OP units with a value of $9,800 were issued along with $4,900 of cash.

On June 25, 2007, the Company loaned the holder of the Preferred OP units $100,000. The note receivable bears interest at 4.85%, and is due September 1, 2017. The loan is secured by the borrower's Preferred OP units. The holder of the Preferred OP units can convert up to 114,500 Preferred OP units prior to the maturity date of the loan. If any redemption in excess of 114,500 Preferred OP units occurs prior to the maturity date, the holder of the Preferred OP units is required to repay the loan as of the date of that Preferred OP unit redemption. Preferred OP units are shown on the balance sheet net of the $100,000 loan under the guidance in EITF No. 85-1, "*Classifying Notes Receivable for Capital*," (ASC 310-10-45) because the borrower under the loan receivable is also the holder of the Preferred OP units.

The Operating Partnership entered into a Second Amended and Restated Agreement of Limited Partnership (the "Partnership Agreement") which provides for the designation and issuance of the Preferred OP units. The Preferred OP units will have priority over all other partnership interests of the Operating Partnership with respect to distributions and liquidation.

Under the Partnership Agreement, Preferred OP units in the amount of $115,000 bear a fixed priority return of 5% and have a fixed liquidation value of $115,000. The remaining balance will participate in distributions with and have a liquidation value equal to that of the common Operating Partnership units. The Preferred OP units became redeemable at the option of the holder on September 1, 2008, which redemption obligation may be satisfied, at the Company's option, in cash or shares of common stock.

From inception through September 28, 2007 (the date of the amendment discussed below), the Preferred OP units were classified as a hybrid instrument such that the value of the units associated with the fixed return were classified in mezzanine after total liabilities on the balance sheet and before stockholders' equity. The remaining balance that participates in distributions equal to that of common OP units had been identified as an embedded derivative and had been classified as a liability on the balance sheet and recorded at fair value on a quarterly basis with any adjustment being recorded through earnings. For the year ended December 31, 2007, the fair value adjustment associated with the embedded derivative was $1,054.

On September 28, 2007, the Operating Partnership entered into an amendment to the Contribution Agreement (the "Amendment"). Pursuant to the Amendment, the maximum number of shares that can be issued upon redemption of the Preferred OP units was set at 116 million, after which the Company will have no further obligations with respect to the redeemed or any other remaining Preferred OP units. As a result of the Amendment, the Preferred OP units are no longer considered a hybrid instrument and the previously identified embedded derivative no longer requires bifurcation and is considered permanent equity of the Operating Partnership. The Preferred OP units are included on the consolidated balance sheet as the noncontrolling interest represented by Preferred OP units, and no recurring fair value measurements are required subsequent to the date of the Amendment.

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15. NONCONTROLLING INTEREST REPRESENTED BY PREFERRED OPERATING PARTNERSHIP UNITS (Continued)

On September 18, 2008, the Operating Partnership entered into a First Amendment to the Second Amended and Restated Agreement of Limited Partnership to clarify tax-related provisions relating to the Preferred OP units.

The Company adopted the revisions to FAS 160 (ASC 810) effective January 1, 2009. FAS 160 (ASC 810) requires a company to present ownership interests in subsidiaries held by parties other than the company in the consolidated financial statements within the equity section but separate from the company's equity. It also requires the amount of consolidated net income attributable to the parent and to the noncontrolling interest to be clearly identified and presented on the face of the consolidated statement of operations and requires changes in ownership interest to be accounted for similarly as equity transactions. FAS 160 (ASC 810) was required to be adopted prospectively with the exception of the presentation and disclosure requirements, which were applied retrospectively for all periods presented. As a result of the issuance of the revisions to FAS 160 (ASC 810), the guidance in EITF Topic D-98 (ASC 480-10-S99), *"Classification and Measurement of Redeemable Securities"* was amended to include redeemable noncontrolling interests within its scope. If noncontrolling interests are determined to be redeemable, they are to be carried at their redemption value as of the balance sheet date and reported as temporary equity.

The Company has evaluated the terms of the Preferred OP units, and as a result of the adoption of FAS 160 (ASC 810), the Company reclassified the noncontrolling interest represented by the Preferred OP units to stockholders' equity in the accompanying consolidated balance sheets. In periods subsequent to the adoption of FAS 160 (ASC 810), the Company will periodically evaluate individual noncontrolling interests for the ability to continue to recognize the noncontrolling amount as permanent equity in the consolidated balance sheets. Any noncontrolling interests that fail to quality as permanent equity will be reclassified as temporary equity and adjusted to the greater of (1) the carrying amount, or (2) its redemption value as of the end of the period in which the determination is made.

16. NONCONTROLLING INTEREST IN OPERATING PARTNERSHIP

The Company's interest in its properties is held through the Operating Partnership. ESS Holding Business Trust I, a wholly-owned subsidiary of the Company, is the sole general partner of the Operating Partnership. ESS Business Trust II, also a wholly-owned subsidiary of the Company, is a limited partner of the Operating Partnership. Between its general partner and limited partner interests, the Company held a 94.94% majority ownership interest therein as of December 31, 2009. The remaining ownership interests in the Operating Partnership (including Preferred OP units) of 5.06% are held by certain former owners of assets acquired by the Operating Partnership. As of December 31, 2009, the Operating Partnership had 3,627,368 common OP units outstanding.

The noncontrolling interest in the Operating Partnership represents OP units that are not owned by the Company. In conjunction with the formation of the Company and as a result of subsequent acquisitions, certain persons and entities contributing interests in properties to the Operating Partnership received limited partnership units in the form of either OP units or Contingent Conversion units. Limited partners who received OP units in the formation transactions or in exchange for

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Notes to Consolidated Financial Statements (Continued)

December 31, 2009

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16. NONCONTROLLING INTEREST IN OPERATING PARTNERSHIP (Continued)

contributions for interests in properties have the right to require the Operating Partnership to redeem part or all of their OP units for cash based upon the fair market value of an equivalent number of shares of the Company's common stock (10 day average) at the time of the redemption. Alternatively, the Company may, at its option, elect to acquire those OP units in exchange for shares of its common stock on a one-for-one basis, subject to anti-dilution adjustments provided in the Operating Partnership agreement. The ten day average closing stock price at December 31, 2009, was $11.73 and there were 3,627,368 OP units outstanding. Assuming that all of the unit holders exercised their right to redeem all of their OP units on December 31, 2009 and the Company elected to pay the non-controlling members cash, the Company would have paid $42,549 in cash consideration to redeem the units.

In December 2009, a member of management redeemed 72,643 OP units in exchange for the Company's common stock. This member of management no longer held any OP units after this redemption.

In November 2009, a director redeemed 217,930 OP units in exchange for the Company's common stock. The director no longer held any OP units after this redemption.

During April 2009, 114,928 OP units were redeemed in exchange for the Company's common stock.

During July 2009, 232,099 OP units were redeemed in exchange for $1,908 in cash.

During October 2008, the Company issued 270,406 OP units valued at $3,621 in conjunction with the acquisition of four properties in Indianapolis, Indiana.

In October 2008, 129,499 OP units were redeemed in exchange for the Company's common stock.

Unlike the OP units, CCUs did not carry any voting rights. Upon the achievement of certain performance thresholds relating to 14 properties, all or a portion of the CCUs automatically converted into OP units. Each CCU was convertible on a one-for-one basis into OP units, subject to customary anti-dilution adjustments. Beginning with the quarter ended March 31, 2006, and ending with the quarter ending December 31, 2008, the Company calculated the net operating income from the 14 wholly-owned properties over the 12-month period ending in such quarter. Within 35 days following the end of each quarter referred to above, some or all of the CCUs were converted so that the total percentage (not to exceed 100%) of CCUs issued in connection with the formation transactions that had been converted to OP units was equal to the percentage determined by dividing the net operating income for such period in excess of $5,100 by $4,600. The 55,957 CCUs remaining unconverted through the calculation made in respect of the 12-month period ending December 31, 2008 were cancelled as of February 4, 2009.

The Company adopted the revisions to FAS 160 (ASC 810) effective January 1, 2009. FAS 160 (ASC 810) requires a company to present ownership interests in subsidiaries held by parties other than the company in the consolidated financial statements within the equity section but separate from the company's equity. It also requires the amount of consolidated net income attributable to the parent and to the noncontrolling interest to be clearly identified and presented on the face of the consolidated statement of operations and requires changes in ownership interest to be accounted for similarly as

16. NONCONTROLLING INTEREST IN OPERATING PARTNERSHIP (Continued)

equity transactions. FAS 160 (ASC 81) was required to be adopted prospectively with the exception of the presentation and disclosure requirements, which were applied retrospectively for all periods presented. As a result of the issuance of FAS 160, the guidance in EITF Topic D-98 (ASC 480-10-S99), *"Classification and Measurement of Redeemable Securities"* was amended to include redeemable noncontrolling interests within its scope. If noncontrolling interests are determined to be redeemable, they are to be carried at their redemption value as of the balance sheet date and reported as temporary equity.

The Company has evaluated the terms of the common OP units, and as a result of the adoption of FAS 160 (ASC 810), the Company reclassified the noncontrolling interest in the Operating Partnership to stockholders' equity in the accompanying condensed consolidated balance sheets. In periods subsequent to the adoption of FAS 160 (ASC 810), the Company will periodically evaluate individual noncontrolling interests for the ability to continue to recognize the noncontrolling amount as permanent equity in the consolidated balance sheets. Any noncontrolling interests that fail to quality as permanent equity will be reclassified as temporary equity and adjusted to the greater of (1) the carrying amount, or (2) its redemption value as of the end of the period in which the determination is made.

17. OTHER NONCONTROLLING INTERESTS

Other noncontrolling interests represent the ownership interests of various third parties in ten consolidated self-storage properties as of December 31, 2009. Two of these consolidated properties were under development, and eight were in the lease-up stage as of December 31, 2009. The ownership interests of the third party owners range from 10% to 90%. Other noncontrolling interests are included in the stockholders' equity section of the Company's consolidated balance sheet. The income or losses attributable to these third party owners based on their ownership percentages are reflected in net income allocated to the Operating Partnership and other noncontrolling interests in the consolidated statement of operations.

In April 2009, the Company requested a capital contribution from its partners in Westport Ewing LLC, a consolidated joint venture, in order to reduce the joint venture's loan with its current lender. The partners were unable to provide their pro rata share of the funds required to satisfy the lender and deeded their interest in Westport Ewing LLC to the Company on June 1, 2009. As a result, the property held by this joint venture became a wholly-owned property of the Company. The Company recorded a loss of $800 related to the reassessment of the fair value of the property.

18. STOCKHOLDERS' EQUITY

The Company's charter provides that it can issue up to 300,000,000 shares of common stock, $0.01 par value per share, 4,100,000 CCSs, $.01 par value per share, and 50,000,000 shares of preferred stock, $0.01 par value per share. As of December 31, 2009, 86,721,841 shares of common stock were issued and outstanding, and no CCSs or shares of preferred stock were issued or outstanding.

On October 3, 2008, the Company issued 3,000,000 shares of its common stock at an offering price of $14.71 per share in a registered direct placement to certain clients of RREEF America L.L.C. The

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Notes to Consolidated Financial Statements (Continued)

December 31, 2009

(Dollars in thousands, except share data)

18. STOCKHOLDERS' EQUITY (Continued)

Company received aggregate gross proceeds of $44,130. Transaction costs were $247 for net proceeds of $43,883.

On May 19, 2008, the Company closed a public common stock offering of 14,950,000 shares at an offering price of $16.35 per share, for aggregate gross proceeds of $244,433. Transaction costs were $11,715 for net proceeds of $232,718.

All holders of the Company's common stock are entitled to receive dividends and to one vote on all matters submitted to a vote of stockholders. The transfer agent and registrar for the Company's common stock is American Stock Transfer & Trust Company.

Unlike the Company's shares of common stock, CCSs did not carry any voting rights. Upon the achievement of certain performance thresholds relating to 14 properties, all or a portion of the CCSs were automatically converted into shares of the Company's common stock. Each CCS was convertible on a one-for-one basis into shares of common stock, subject to customary anti-dilution adjustments. Beginning with the quarter ended March 31, 2006, and ending with the quarter ending December 31, 2008, the Company calculated the net operating income from the 14 wholly-owned properties over the 12-month period ending in such quarter. Within 35 days following the end of each quarter referred to above, some or all of the CCSs were converted so that the total percentage (not to exceed 100%) of CCSs issued in connection with the formation transactions that were converted to common stock was equal to the percentage determined by dividing the net operating income for such period in excess of $5,100 by $4,600. The 1,087,790 CCSs remaining unconverted through the calculation made in respect of the 12-month period ending December 31, 2008 were cancelled as of February 4, 2009 and restored to the status of authorized but unissued shares of common stock.

19. STOCK-BASED COMPENSATION

The Company has the following plans under which shares were available for grant at December 31, 2009:

- The 2004 Long-Term Incentive Compensation Plan as amended and restated, effective March 25, 2008, and
- The 2004 Non-Employee Directors' Share Plan (together, the "Plans").

Option grants are issued with an exercise price equal to the closing price of stock on the date of grant. Unless otherwise determined by the Compensation, Nominating and Governance Committee at the time of grant, options shall vest ratably over a four-year period beginning on the date of grant. Each option will be exercisable once it has vested. Options are exercisable at such times and subject to such terms as determined by the Compensation, Nominating and Governance Committee, but under no circumstances may be exercised if such exercise would cause a violation of the ownership limit in the Company's charter. Options expire after 10 years from the date of grant.

Also as defined under the terms of the Plans, restricted stock grants may be awarded. The stock grants are subject to a performance or vesting period over which the restrictions are released and the stock certificates are given to the grantee. During the performance or vesting period, the grantee is not

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009

(Dollars in thousands, except share data)

19. STOCK-BASED COMPENSATION (Continued)

permitted to sell, transfer, pledge, encumber or assign shares of restricted stock granted under the Plans, however, the grantee has the ability to vote the shares and receive nonforfeitable dividends paid on shares. Unless otherwise determined by the Compensation, Nominating and Governance Committee at the time of grant, the forfeiture and transfer restrictions on the shares lapse over a four-year period beginning on the date of grant.

As of December 31, 2009, 3,560,611 shares were available for issuance under the Plans.

Option Grants

A summary of stock option activity is as follows:

Options	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value as of December 31, 2009
Outstanding at December 31, 2006	2,564,563	$ 13.92		
Granted	418,000	18.51		
Exercised	(126,801)	13.68		
Forfeited	(204,044)	14.71		
Outstanding at December 31, 2007	2,651,718	$ 14.54		
Granted	380,000	15.57		
Exercised	(146,795)	13.09		
Forfeited	(43,000)	14.26		
Outstanding at December 31, 2008	2,841,923	$ 14.76		
Granted	723,000	6.22		
Exercised	—	—		
Forfeited	(107,875)	13.36		
Outstanding at December 31, 2009	3,457,048	$ 13.02	6.54	$ 3,854
Vested and Expected to Vest	3,229,780	$ 13.33	6.38	$ 2,922
Ending Exercisable	2,222,695	$ 14.38	5.43	$ —

The aggregate intrinsic value in the table above represents the total value (the difference between the Company's closing stock price on the last trading day of 2009 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on December 31, 2009. The amount of aggregate intrinsic value will change based on the fair market value of the Company's stock.

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Notes to Consolidated Financial Statements (Continued)

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19. STOCK-BASED COMPENSATION (Continued)

The weighted average fair value of stock options granted in 2009, 2008 and 2007 was $1.31, $1.83 and $2.34, respectively. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	For the Year Ended December 31,		
	2009	2008	2007
Expected volatility	42%	26%	25%
Dividend yield	6.6%	6.5%	6.4%
Risk-free interest rate	1.7%	2.7%	3.5%
Average expected term (years)	5	5	5

The Black-Scholes model incorporates assumptions to value stock-based awards. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of the grant for the estimated life of the option. The Company uses actual historical data to calculate the expected price volatility, dividend yield and average expected term. The forfeiture rate, which is estimated at a weighted-average of 16.68% of unvested options outstanding as of December 31, 2009, is adjusted periodically based on the extent to which actual forfeitures differ, or are expected to differ, from the previous estimates.

A summary of stock options outstanding and exercisable as of December 31, 2009 is as follows:

	Options Outstanding			Options Exercisable	
	Shares	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
$6.22	723,000	9.13	$ 6.22	—	$ —
$12.50	937,272	4.61	12.50	937,272	12.50
$12.85 - $15.53	966,400	6.36	14.87	734,650	14.90
$15.66 - $19.00	630,376	6.52	16.56	450,773	16.22
$19.91 - $19.91	200,000	7.14	19.91	100,000	19.91
$6.22 - $19.91	3,457,048	6.54	$ 13.02	2,222,695	$ 14.38

The Company recorded compensation expense relating to outstanding options of $831, $970 and $865 in general and administrative expense for the years ended December 31, 2009, 2008 and 2007, respectively. Total cash received for the years ended December 31, 2009, 2008 and 2007 related to option exercises was $0, $2,063 and $1,735, respectively. At December 31, 2009, there was $1,050 of total unrecognized compensation expense related to non-vested stock options under the Company's 2004 Long-Term Incentive Compensation Plan. That cost is expected to be recognized over a weighted-average period of 2.55 years. The valuation model applied in this calculation utilizes subjective assumptions that could potentially change over time, including the expected forfeiture rate. Therefore, the amount of unrecognized compensation expense at December 31, 2009, noted above does not necessarily represent the expense that will ultimately be realized by the Company in the Statement of Operations.

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009

(Dollars in thousands, except share data)

19. STOCK-BASED COMPENSATION (Continued)

Common Stock Grants

For the years ended December 31, 2009, 2008 and 2007, the Company granted 547,265, 361,624 and 120,729 shares, respectively of common stock to certain employees and directors, without monetary consideration under the Plans. Restricted stock granted vests over a four year period and is paid non-forfeitable dividends during the term of the grant. The Company recorded $2,978, $2,530 and $1,260 of expense in general and administrative expense in its statement of operations related to outstanding shares of common stock granted to employees and directors for the years ended December 31, 2009, 2008 and 2007, respectively. The forfeiture rate, which is estimated at a weighted-average of 7.0% of unvested awards outstanding as of December 31, 2009, is adjusted periodically based on the extent to which actual forfeitures differ, or are expected to differ, from the previous estimates. At December 31, 2009, there was $5,005 of total unrecognized compensation expense related to non-vested restricted stock awards under the Company's 2004 Long-Term Incentive Compensation Plan. That cost is expected to be recognized over a weighted-average period of 2.72 years.

The fair value of common stock awards is determined based on the closing trading price of the Company's common stock on the grant date. The total fair value of the shares released for the years ending December 31, 2009, 2008, and 2007 was $1,365, $1,688, and $982, respectively. A summary of the Company's employee and director share grant activity is as follows:

Restricted Stock Grants	Shares	Weighted-Average Grant-Date Fair Value
Unreleased at December 31, 2006	156,300	$ 15.94
Granted	120,729	18.17
Released	(61,975)	15.90
Cancelled	(3,082)	18.39
Unreleased at December 31, 2007	211,972	$ 17.23
Granted	361,624	15.69
Released	(122,206)	16.45
Cancelled	(10,186)	17.21
Unreleased at December 31, 2008	441,204	$ 16.21
Granted	547,265	6.19
Released	(198,284)	13.51
Cancelled	(21,256)	9.82
Unreleased at December 31, 2009	768,929	$ 9.95

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

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20. EMPLOYEE BENEFIT PLAN

The Company has a retirement savings plan under Section 401(k) of the Internal Revenue Code under which eligible employees can contribute up to 15% of their annual salary, subject to a statutory prescribed annual limit. For the years ended December 31, 2009, 2008 and 2007, the Company made matching contributions to the plan of $755, $779 and $999, respectively, based on 100% of the first 3% and up to 50% of the next 2% of an employee's compensation.

21. INCOME TAXES

As a REIT, the Company is generally not subject to federal income tax with respect to that portion of its income which is distributed annually to its stockholders. However, the Company has elected to treat one of its corporate subsidiaries, Extra Space Management, Inc., as a taxable REIT subsidiary. In general, the Company's TRS may perform additional services for tenants and generally may engage in any real estate or non-real estate related business (except for the operation or management of health care facilities or lodging facilities or the provision to any person, under a franchise, license or otherwise, of rights to any brand name under which lodging facility or health care facility is operated). A TRS is subject to corporate federal income tax. Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities.

The income tax provision for the years ended December 31, 2009 and 2008 is comprised of the following components:

	For the Year Ended December 31, 2009		
	Federal	State	Total
Current	$ 4,177	$ 1,171	$ 5,348
Deferred benefit	(1,048)	—	(1,048)
Total tax expense	$ 3,129	$ 1,171	$ 4,300

	For the Year Ended December 31, 2008		
	Federal	State	Total
Current	$ 2,663	$ 259	$ 2,922
Deferred benefit	(2,190)	(213)	(2,403)
Total tax expense	$ 473	$ 46	$ 519

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009

(Dollars in thousands, except share data)

21. INCOME TAXES (Continued)

A reconciliation of the statutory income tax provision to the effective income tax provision for the years ended December 31, 2009 and 2008, is as follows:

	December 31, 2009		December 31, 2008	
Expected tax at statutory rate	$ 15,188	35.0%	$ 16,118	34.0%
Non-taxable REIT income	(12,580)	(29.0)%	(14,555)	(30.7)%
State and local tax expense (benefit)—net of federal benefit	1,167	2.7%	(587)	(1.2)%
Change in valuation allowance	541	1.2%	(690)	(1.5)%
Miscellaneous	(16)	0.0%	233	0.5%
Total provision	$ 4,300	9.9%	$ 519	1.1%

The Company had a release of its valuation allowance during 2008 from a prior year net operating loss related to the TRS of approximately $1,277. This reduction was offset by an additional valuation allowance recorded that related to state income tax net operating losses that may not be utilized. The net change in the valuation allowance for the year ended December 31, 2009 was $1,548.

The major sources of temporary differences stated at their deferred tax effect at December 31, 2009 and 2008 are as follows:

	December 31, 2009	December 31, 2008
Captive insurance subsidiary	$ 182	$ 109
Fixed assets	3,122	34
Various liabilities	1,603	1,042
Stock compensation	1,865	1,218
State net operating losses	939	587
	7,711	2,990
Valuation allowance	(2,135)	(587)
Net deferred tax asset	$ 5,576	$ 2,403

The increase in the deferred tax asset related to fixed assets is a result of a portion of the impairment charge due to the wind-down of the Company's development program. The state income tax net operating losses expire between 2012 and 2027 and have been fully reversed through the valuation allowance.

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009

(Dollars in thousands, except share data)

22. SEGMENT INFORMATION

The Company operates in three distinct segments; (1) property management, acquisition and development; (2) rental operations; and (3) tenant reinsurance. Financial information for the Company's business segments are set forth below:

	December 31, 2009	December 31, 2008
Balance Sheet		
Investment in real estate ventures		
Rental operations	$ 130,449	$ 136,791
Total assets		
Property management, acquisition and development	$ 466,399	$ 466,474
Rental operations	1,922,643	1,811,417
Tenant reinsurance	18,514	13,117
	$ 2,407,556	$ 2,291,008

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009

(Dollars in thousands, except share data)

22. SEGMENT INFORMATION (Continued)

	For the Year Ended December 31,		
	2009	2008	2007
Statement of Operations			
Total revenues			
Property management, acquisition and development	$ 21,291	$ 21,465	$ 21,502
Rental operations	238,256	235,695	206,315
Tenant reinsurance	20,929	16,091	11,049
	$ 280,476	$ 273,251	$ 238,866
Operating expenses, including depreciation and amortization			
Property management, acquisition and development	$ 64,576	$ 43,097	$ 38,740
Rental operations	138,552	132,626	111,618
Tenant reinsurance	5,461	5,066	4,710
	$ 208,589	$ 180,789	$ 155,068
Income (loss) from operations			
Property management, acquisition and development	$ (43,285)	$ (21,632)	$ (17,238)
Rental operations	99,704	103,069	94,697
Tenant reinsurance	15,468	11,025	6,339
	$ 71,887	$ 92,462	$ 83,798
Interest expense			
Property management, acquisition and development	$ (3,463)	$ (5,639)	$ (4,329)
Rental operations	(66,355)	(63,032)	(59,716)
	$ (69,818)	$ (68,671)	$ (64,045)
Interest income			
Property management, acquisition and development	$ 1,563	$ 3,227	$ 7,680
Tenant reinsurance	19	172	245
	$ 1,582	$ 3,399	$ 7,925
Interest income on note receivable from Preferred Operating Partnership unit holder			
Property management, acquisition and development	$ 4,850	$ 4,850	$ 2,492
Gain on repurchase of exchangeable senior notes			
Property management, acquisition and development	$ 27,928	$ 6,311	$ —
Loss on investments available for sale			
Property management, acquisition and development	$ —	$ (1,415)	$ (1,233)
Fair value adjustment of obligation associated with Preferred Operating Partnership units			
Property management, acquisition and development	$ —	$ —	$ 1,054
Equity in earnings of real estate ventures			
Rental operations	$ 6,964	$ 6,932	$ 5,300
Income tax expense			
Tenant reinsurance	$ (4,300)	$ (519)	$ —
Net income (loss)			
Property management, acquisition and development	$ (12,407)	$ (14,298)	$ (11,574)
Rental operations	40,313	46,969	40,281
Tenant reinsurance	11,187	10,678	6,584
	$ 39,093	$ 43,349	$ 35,291
Depreciation and amortization expense			
Property management, acquisition and development	$ 2,786	$ 1,462	$ 1,253
Rental operations	49,617	48,104	38,548
	$ 52,403	$ 49,566	$ 39,801
Statement of Cash Flows			
Acquisition of real estate assets			
Property management, acquisition and development	$ (38,185)	$ (127,293)	$ (183,690)
Development and construction of real estate assets			
Property management, acquisition and development	$ (67,301)	$ (66,071)	$ (46,401)

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009

(Dollars in thousands, except share data)

23. COMMITMENTS AND CONTINGENCIES

The Company has operating leases on its corporate offices and owns 13 self-storage facilities that are subject to ground leases. At December 31, 2009, future minimum rental payments under these non-cancelable operating leases are as follows:

Less than 1 year	$ 5,942
Year 2	5,652
Year 3	4,927
Year 4	4,712
Year 5	3,992
Thereafter	38,007
	$ 63,232

The monthly rental amount for one of the ground leases is the greater of a minimum amount or a percentage of gross monthly receipts. The Company recorded rent expense of $2,289, $2,262, and $3,115 related to these leases in the years ended December 31, 2009, 2008 and 2007, respectively.

The Company has guaranteed a construction loan for an unconsolidated partnership that owns a development property in Baltimore, Maryland. This property is owned by joint ventures in which the Company has a 10% equity interest. This guarantee was entered into in November 2004. At December 31, 2009, the total amount of guaranteed mortgage debt relating to this joint venture was $5,412 (unaudited). This mortgage loan matures March 12, 2010. If the joint venture defaults on the loan, the Company may be forced to repay the loan. Repossessing and/or selling the self-storage facility and land that collateralize the loan could provide funds sufficient to reimburse the Company. The estimated fair market value of the encumbered assets at December 31, 2009 is $6,910 (unaudited). The Company has recorded no liability in relation to this guarantee as of December 31, 2009, as the fair value of the guarantee is not material. To date, the joint venture has not defaulted on its mortgage debt. The Company believes the risk of incurring a loss as a result of having to perform on the guarantee is remote.

The Company has been involved in routine litigation arising in the ordinary course of business. As of December 31, 2009, the Company is not presently involved in any material litigation nor, to its knowledge, is any material litigation threatened against its properties.

Extra Space Storage Inc.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009

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24. SUPPLEMENTARY QUARTERLY FINANCIAL DATA (UNAUDITED)

	Three months ended			
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009
Revenues	$ 69,254	$ 69,068	$ 71,304	$ 70,850
Cost of operations	47,331	66,694	48,087	46,477
Revenues less cost of operations	$ 21,923	$ 2,374	$ 23,217	$ 24,373
Net income (loss)	$ 30,762	$ (6,681)	$ 7,574	$ 7,438
Net income (loss) attributable to common stockholders	$ 27,619	$ (7,541)	$ 5,967	$ 5,932
Net income (loss)—basic	$ 0.32	$ (0.09)	$ 0.07	$ 0.07
Net income (loss)—diluted	$ 0.32	$ (0.09)	$ 0.07	$ 0.07
Basic	85,940,389	86,397,618	86,437,877	86,588,048
Diluted	91,222,295	91,607,503	91,548,984	91,364,431

	Three months ended			
	March 31, 2008 (As revised—Note 2)	June 30, 2008 (As revised—Note 2)	September 30, 2008 (As revised—Note 2)	December 31, 2008 (As revised—Note 2)
Revenues	$ 65,707	$ 67,336	$ 69,848	$ 70,360
Cost of operations	43,727	45,541	45,503	46,018
Revenues less cost of operations	$ 21,980	$ 21,795	$ 24,345	$ 24,342
Net income	$ 6,042	$ 8,342	$ 11,887	$ 17,078
Net income attributable to common stockholders	$ 4,335	$ 6,497	$ 9,916	$ 15,033
Net income—basic	$ 0.07	$ 0.09	$ 0.13	$ 0.17
Net income—diluted	$ 0.07	$ 0.09	$ 0.13	$ 0.17
Basic	66,165,159	73,900,524	82,184,631	85,581,370
Diluted	71,699,461	79,572,767	87,710,663	90,837,769

25. SUBSEQUENT EVENTS

On January 21, 2010 the Company closed a joint venture transaction with an affiliate of Harrison Street Real Estate Capital, LLC ("HSRE"). HSRE contributed approximately $15.8 million in cash to the joint venture in return for a 50.0% ownership interest. The Company contributed 19 wholly owned properties and received approximately $15.8 million in cash and a 50.0% ownership interest in the joint venture. The joint venture assumed approximately $101.0 million of existing debt which is secured by the properties. The properties are located in California, Florida, Nevada, Ohio, Pennsylvania, Tennessee, Texas and Virginia. The Company will continue to operate the properties and will receive a 6.0% management fee. The Company's 50% joint venture interest will be accounted for using the equity method of accounting.

The Company has evaluated subsequent events through the time of filing these financial statements with the SEC on February 26, 2010.

Extra Space Storage Inc.
Schedule III
Real Estate and Accumulated Depreciation
(Dollars in thousands)

Property Name	State	Debt	Land initial cost	Building and improvements initial cost	Land costs subsequent to acquisition	Building costs subsequent to acquisition	Land Adjustments	Notes	Building Adjustments	Notes	Gross carrying amount at December 31, 2009			Accumulated depreciation	Date acquired or development completed
											Land	Building and improvements	Total		
Fort Myers	FL	$ 4,400	$ 1,985	$ 4,983	$ —	$ 308	$ —		$ —		$ 1,985	$ 5,291	7,276	681	Jul-05
Marina Del Rey	CA	18,400	4,248	23,549	—	453	—		—		4,248	24,002	28,250	2,770	Jul-05
Sandy	UT	4,000	1,349	4,372	—	179	—		—		1,349	4,551	5,900	557	Jul-05
Watsonville	CA	3,400	1,699	3,056	—	140	—		—		1,699	3,196	4,895	399	Jul-05
Naples	FL	5,400	2,570	5,102	—	258	—		—		2,570	5,360	7,930	668	Jul-05
Annapolis	MD	3,773	1,375	8,896	—	199	—		—		1,375	9,095	10,470	583	Aug-07
Hemet	CA	5,300	1,146	6,369	—	193	—		—		1,146	6,562	7,708	778	Jul-05
Memphis	TN	2,100	976	1,725	—	188	—		—		976	1,913	2,889	295	Jul-05
Tamiami	FL	6,100	2,979	5,351	—	248	—		—		2,979	5,599	8,578	708	Jul-05
Chatsworth	CA	11,200	3,594	11,166	—	498	—		—		3,594	11,664	15,258	1,404	Jul-05
West Valley City	UT	2,000	461	1,722	—	94	—		—		461	1,816	2,277	232	Jul-05
Memphis	TN	3,100	814	2,766	—	106	—		—		814	2,872	3,686	379	Jul-05
Aloha	OR	6,200	1,221	6,262	—	132	—		—		1,221	6,394	7,615	778	Jul-05
Grandville	MI	1,700	726	1,298	—	251	—		—		726	1,549	2,275	226	Jul-05
Sacramento	CA	4,200	852	4,720	—	282	—		—		852	5,002	5,854	640	Jul-05
Hackensack	NJ	9,500	2,283	11,234	—	527	—		—		2,283	11,761	14,044	1,462	Jul-05
Phoenix	AZ	7,400	1,441	7,982	—	444	—		—		1,441	8,426	9,867	1,029	Jul-05
Louisville	KY	3,000	586	3,244	—	180	—		—		586	3,424	4,010	443	Jul-05
Long Beach	CA	6,200	1,403	7,595	—	338	—		—		1,403	7,933	9,336	973	Jul-05
Kent	OH	1,500	220	1,206	—	134	—		—		220	1,340	1,560	204	Jul-05
Rockville	MD	12,680	4,596	11,328	—	185	—		—		4,596	11,513	16,109	988	Sep-06
New Paltz	NY	5,000	2,059	3,715	—	281	—		—		2,059	3,996	6,055	523	Jul-05
Stone Mountain	GA	1,944	925	3,505	—	160	—		—		925	3,665	4,590	439	Jul-05
Columbus	OH	2,900	483	2,654	—	410	—		—		483	3,064	3,547	462	Jul-05
Houston	TX	3,400	749	4,122	—	174	—		—		749	4,296	5,045	559	Jul-05
Austin	TX	2,400	1,105	2,313	—	150	—		—		1,105	2,463	3,568	371	Jul-05
Plano	TX	3,300	1,613	2,871	—	129	—		—		1,613	3,000	4,613	470	Jul-05
Dallas	TX	4,400	1,010	5,547	—	211	—		—		1,010	5,758	6,768	707	Jul-05
North Highlands	CA	2,200	696	2,806	—	467	—		—		696	3,273	3,969	470	Jul-05
Cordova	TN	2,700	852	2,720	—	139	—		—		852	2,859	3,711	377	Jul-05
Mount Vernon	NY	5,100	1,585	6,025	—	883	—		—		1,585	6,908	8,493	822	Jul-05
Cordova	TN	6,900	1,351	7,476	—	154	—		—		1,351	7,630	8,981	930	Jul-05

Extra Space Storage Inc.
Schedule III (Continued)
Real Estate and Accumulated Depreciation
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Property Name	State	Debt	Land initial cost	Building and improvements initial cost	Land costs subsequent to acquisition	Building costs subsequent to acquisition	Land Adjustments	Notes	Building Adjustments	Notes	Gross carrying amount at December 31, 2009			Accumulated depreciation	Date acquired or development completed
											Land	Building and improvements	Total		
Towson	MD	$ 4,100	$ 861	$ 4,742	$ —	$ 114	$ —		$ —		$ 861	$ 4,856	5,717	590	Jul-05
Dallas	TX	11,700	1,980	12,501	—	177	—		—		1,980	12,678	14,658	1,199	May-06
West Palm Beach	FL	2,600	1,449	2,586	—	265	—		—		1,449	2,851	4,300	412	Jul-05
Plainville	MA	5,400	2,223	4,430	—	301	—		—		2,223	4,731	6,954	689	Jul-05
South Houston	TX	2,566	478	4,069	—	313	—		—		478	4,382	4,860	448	Apr-06
Whitehall	OH	1,500	374	2,059	—	105	—		—		374	2,164	2,538	281	Jul-05
Columbus	OH	3,800	601	3,336	—	109	—		—		601	3,445	4,046	426	Jul-05
New York	NY	16,400	3,060	16,978	—	490	—		—		3,060	17,468	20,528	2,092	Jul-05
Philadelphia	PA	9,000	1,470	8,162	—	894	—		—		1,470	9,056	10,526	1,170	Jul-05
Tampa	FL	4,386	1,425	4,766	—	241	—		—		1,425	5,007	6,432	398	Mar-07
Albuquerque	NM	4,157	1,298	4,628	—	552	—		—		1,298	5,180	6,478	343	Aug-07
Bethesda	MD	12,800	—	18,331	—	232	—		—		—	18,563	18,563	2,271	Jul-05
Mount Clemens	MI	2,100	798	1,796	—	217	—		—		798	2,013	2,811	265	Jul-05
Dallas	TX	2,080	337	2,216	—	320	—		—		337	2,536	2,873	289	Apr-06
Nashville	TN	2,960	390	2,598	—	480	—		—		390	3,078	3,468	317	Apr-06
Houston	TX	4,699	2,596	8,735	—	200	—		—		2,596	8,935	11,531	861	Apr-06
Wichita	KS	2,154	366	1,897	—	269	—		—		366	2,166	2,532	246	Apr-06
Seattle	WA	7,400	2,727	7,241	—	163	—		—		2,727	7,404	10,131	890	Jul-05
Oceanside	CA	9,700	3,241	11,361	—	509	—		—		3,241	11,870	15,111	1,450	Jul-05
Louisville	KY	2,697	1,217	4,611	—	122	—		—		1,217	4,733	5,950	576	Jul-05
Indianapolis	IN	2,971	588	3,457	—	153	—		—		588	3,610	4,198	247	Aug-07
Hoover	AL	2,514	1,313	2,858	—	483	—		—		1,313	3,341	4,654	344	Aug-07
Toms River	NJ	8,300	1,790	9,935	—	238	—		—		1,790	10,173	11,963	1,271	Jul-05
St. Louis	MO	3,908	1,444	4,162	—	207	—		—		1,444	4,369	5,813	310	Aug-07
Phoenix	AZ	—	669	4,135	—	110	—		—		669	4,245	4,914	330	Jan-07
St. Louis	MO	2,780	676	3,551	—	200	—		—		676	3,751	4,427	270	Aug-07
Florissant	MO	3,485	1,241	4,648	—	239	—		—		1,241	4,887	6,128	355	Aug-07
Colorado Springs	CO	3,199	781	3,400	—	129	—		—		781	3,529	4,310	234	Aug-07
Louisville	KY	3,753	892	2,677	—	123	—		—		892	2,800	3,692	303	Dec-05
Everett	MA	3,750	692	2,129	—	536	—		—		692	2,665	3,357	349	Jul-05
Falls Church	VA	6,200	1,259	6,975	—	289	—		—		1,259	7,264	8,523	870	Jul-05
Denver	CO	2,250	368	1,574	—	104	—		—		368	1,678	2,046	222	Jul-05

Extra Space Storage Inc.
Schedule III (Continued)
Real Estate and Accumulated Depreciation
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Property Name	State	Debt	Land initial cost	Building and improvements initial cost	Land costs subsequent to acquisition	Building costs subsequent to acquisition	Land Adjustments	Notes	Building Adjustments	Notes	Gross carrying amount at December 31, 2009			Accumulated depreciation	Date acquired or development completed
											Land	Building and improvements	Total		
Venice	FL	$ 7,096	$ 1,969	$ 5,903	$ —	$ 186	$ —		$ —		$ 1,969	$ 6,089	8,058	645	Jan-06
Alpharetta	GA	2,805	1,893	3,161	—	113	—		—		1,893	3,274	5,167	304	Aug-06
Dacula	GA	3,879	1,993	3,001	—	77	—		—		1,993	3,078	5,071	318	Jan-06
Cordova	TN	1,819	894	2,680	—	90	—		—		894	2,770	3,664	216	Jan-07
Burke	VA	5,100	2,067	4,261	—	140	—		—		2,067	4,401	6,468	554	Jul-05
Chicago	IL	3,200	449	2,471	—	380	—		—		449	2,851	3,300	393	Jul-05
Chicago	IL	2,900	472	2,582	—	502	—		—		472	3,084	3,556	419	Jul-05
Chicago	IL	4,400	621	3,428	—	606	—		—		621	4,034	4,655	551	Jul-05
Nashua	NH	—	—	755	—	73	—		—		—	828	828	119	Jul-05
Linden	NJ	6,700	1,517	8,384	—	126	—		—		1,517	8,510	10,027	1,000	Jul-05
Johnston	RI	7,100	2,658	4,799	—	249	—		—		2,658	5,048	7,706	643	Jul-05
Colorado Springs	CO	3,528	1,525	4,310	—	118	—		—		1,525	4,428	5,953	128	Nov-08
Sugar Hill	GA	—	1,368	2,540	—	91	—		—		1,368	2,631	3,999	184	Jun-07
Stoneham	MA	5,400	944	5,241	—	106	—		—		944	5,347	6,291	638	Jul-05
Deland	FL	—	1,318	3,971	—	95	—		—		1,318	4,066	5,384	425	Jan-06
Duluth	GA	3,433	1,454	4,151	—	67	—		—		1,454	4,218	5,672	285	Jun-07
Sugar Hill	GA	—	1,371	2,547	—	101	—		—		1,371	2,648	4,019	186	Jun-07
Hollywood	FL	7,260	3,214	8,689	—	168	—		—		3,214	8,857	12,071	492	Nov-07
Stafford	VA	0	2,076	5,175	—	30	—		—		2,076	5,205	7,281	128	Jan-09
North Bergen	NJ	11,000	2,299	12,728	—	220	—		—		2,299	12,948	15,247	1,508	Jul-05
Parlin	NJ	6,700	2,517	4,516	—	315	—		—		2,517	4,831	7,348	692	Jul-05
Las Vegas	NV	3,900	748	4,131	—	426	—		—		748	4,557	5,305	645	Jul-05
Pasadena	MD	2,979	1,869	3,056	—	423	—		—		1,869	3,479	5,348	119	Sep-08
Arnold	MD	9,500	2,558	9,446	—	195	—		—		2,558	9,641	12,199	1,141	Jul-05
Columbia	MD	8,400	1,736	9,632	—	159	—		—		1,736	9,791	11,527	1,150	Jul-05
West Palm Beach	FL	4,000	1,752	4,909	—	263	—		—		1,752	5,172	6,924	672	Jul-05
Ft. Washington	MD	11,280	4,920	9,174	—	97	—		—		4,920	9,271	14,191	718	Jan-07
Grandview	MO	1,100	612	1,770	—	224	—		—		612	1,994	2,606	292	Jul-05
Foxboro	MA	3,540	759	4,158	—	395	—		—		759	4,553	5,312	1,383	May-04
Hudson	MA	2,694	806	3,122	—	234	—		—		806	3,356	4,162	936	May-04
Worcester	MA	1,716	896	4,377	—	2,290	—		—		896	6,667	7,563	1,338	May-04

Extra Space Storage Inc.
Schedule III (Continued)
Real Estate and Accumulated Depreciation
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												Gross carrying amount at December 31, 2009				
Property Name	State	Debt	Land initial cost	Building and improvements initial cost	Land costs subsequent to acquisition	Building costs subsequent to acquisition	Land Adjustments	Notes	Building Adjustments	Notes	Land	Building and improvements	Total	Accumulated depreciation	Date acquired or development completed
Claremont	CA	$ 2,583	$ 1,472	$ 2,012	$ —	$ 180	$ —		$ —		$ 1,472	$ 2,192	3,664	321	Jun-04
Kearns	UT	2,464	642	2,607	—	201	—		—		642	2,808	3,450	440	Jun-04
San Bernardino	CA	3,373	1,213	3,061	—	69	—		—		1,213	3,130	4,343	475	Jun-04
Torrance	CA	6,787	3,710	6,271	—	396	400	(d)	—		4,110	6,667	10,777	984	Jun-04
Auburn	MA	3,540	918	3,728	—	159	—		—		918	3,887	4,805	961	May-04
North Oxford	MA	—	482	1,762	—	175	46	(a)	168	(a)	528	2,105	2,633	582	Oct-99
Livermore	CA	4,851	1,134	4,615	—	104	—		—		1,134	4,719	5,853	685	Jun-04
Norwood	MA	—	2,160	2,336	—	1,375	61	(a)	95	(a)	2,221	3,806	6,027	790	Aug-99
Pico Rivera	CA	4,415	1,150	3,450	—	84	—		—		1,150	3,534	4,684	745	Aug-00
Northborough	MA	2,511	280	2,715	—	449	—		—		280	3,164	3,444	810	Feb-01
Raynham	MA	3,502	588	2,270	—	232	82	(a)	323	(a)	670	2,825	3,495	638	May-00
Brockton	MA	2,347	647	2,762	—	91	—		—		647	2,853	3,500	621	May-04
Ashland	MA	—	474	3,324	—	181	—		27	(c)	474	3,532	4,006	757	Jun-03
Richmond	CA	4,623	953	4,635	—	456	—		—		953	5,091	6,044	738	Jun-04
Hawthorne	CA	3,765	1,532	3,871	—	126	—		—		1,532	3,997	5,529	604	Jun-04
Glendale	CA	4,378	—	6,084	—	144	—		—		—	6,228	6,228	916	Jun-04
Parlin	NJ	4,079	—	5,273	—	247	—		—		—	5,520	5,520	1,449	May-04
Marshfield	MA	4,776	1,039	4,155	—	157	—		—		1,039	4,312	5,351	650	Mar-04
Doylestown	PA	3,679	220	3,442	—	232	301	(a)(d)	384	(a)	521	4,058	4,579	791	Nov-99
Glen Rock	NJ	3,925	1,109	2,401	—	102	113	(a)	249	(a)(c)	1,222	2,752	3,974	553	Mar-01
Hoboken	NJ	8,206	2,687	6,092	—	146	—		3	(c)	2,687	6,241	8,928	1,249	Jul-02
Lyndhurst	NJ	6,681	2,679	4,644	—	181	250	(a)	446	(a)(c)	2,929	5,271	8,200	1,043	Mar-01
Pittsburgh	PA	2,848	889	4,117	—	346	—		—		889	4,463	5,352	1,064	May-04
Kennedy Township	PA	2,447	736	3,173	—	145	—		—		736	3,318	4,054	843	May-04
Stoughton	MA	2,963	1,754	2,769	—	187	—		—		1,754	2,956	4,710	733	May-04
Plainview	NY	5,245	4,287	3,710	—	447	—		—		4,287	4,157	8,444	1,061	Dec-00
Oakland	CA	3,029	—	3,777	—	385	—		494	(a)	—	4,656	4,656	1,171	Apr-00
Metuchen	NJ	—	1,153	4,462	—	156	—		—		1,153	4,618	5,771	969	Dec-01
Nanuet	NY	3,792	2,072	4,644	666	838	—		24	(c)	2,738	5,506	8,244	1,080	Feb-02
Dedham	MA	2,618	2,127	3,041	—	411	—		28	(c)	2,127	3,480	5,607	825	Mar-02

Extra Space Storage Inc.
Schedule III (Continued)
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Property Name	State	Debt	Land initial cost	Building and improvements initial cost	Land costs subsequent to acquisition	Building costs subsequent to acquisition	Land Adjustments	Notes	Building Adjustments	Notes	Gross carrying amount at December 31, 2009			Accumulated depreciation	Date acquired or development completed
											Land	Building and improvements	Total		
Los Angeles	CA	$ 5,385	$ 1,431	$ 2,976	$ —	$ 98	$ 180	(a)	$ 374	(a)	$ 1,611	$ 3,448	5,059	867	Mar-00
Las Vegas	NV	—	251	717	—	268	27	(a)	87	(a)	278	1,072	1,350	337	Feb-00
North Miami	FL	5,675	1,256	6,535	—	342	—		—		1,256	6,877	8,133	1,015	Jun-04
St. Louis	MO	—	631	2,159	—	248	59	(a)	205	(a)	690	2,612	3,302	675	Jun-00
St. Louis	MO	—	156	1,313	—	351	17	(a)	151	(a)	173	1,815	1,988	459	Jun-00
Pittsburgh	PA	—	991	1,990	—	387	91	(a)	199	(a)	1,082	2,576	3,658	600	Aug-00
North Lauderdale	FL	3,759	428	3,516	—	485	31	(a)	260	(a)	459	4,261	4,720	1,100	Aug-00
West Palm Beach	FL	1,675	1,164	2,511	—	247	82	(a)	180	(a)	1,246	2,938	4,184	742	Aug-00
Miami	FL	3,528	1,325	4,395	—	278	114	(a)	388	(a)	1,439	5,061	6,500	1,276	Aug-00
Miami	FL	9,488	5,315	4,305	—	173	544	(a)	447	(a)	5,859	4,925	10,784	1,206	Aug-00
Margate	FL	3,364	430	3,139	—	265	39	(a)	287	(a)	469	3,691	4,160	908	Aug-00
West Palm Beach	FL	1,929	1,312	2,511	—	312	104	(a)	204	(a)	1,416	3,027	4,443	800	Aug-00
Inglewood	CA	5,179	1,379	3,343	—	334	150	(a)	377	(a)	1,529	4,054	5,583	1,049	Aug-00
Burbank	CA	9,000	3,199	5,082	—	461	419	(a)	672	(a)	3,618	6,215	9,833	1,467	Aug-00
Arvada	CO	—	286	1,521	—	417	—		—		286	1,938	2,224	564	Sep-00
Denver	CO	—	602	2,052	—	441	143	(a)	512	(a)	745	3,005	3,750	729	Sep-00
Thornton	CO	—	212	2,044	—	447	36	(a)	389	(a)	248	2,880	3,128	779	Sep-00
Westminster	CO	—	291	1,586	—	811	8	(a)	48	(a)	299	2,445	2,744	650	Sep-00
Groton	CT	2,527	1,277	3,992	—	322	—		46	(c)	1,277	4,360	5,637	756	Jan-04
Whittier	CA	2,449	—	2,985	—	44	—		20	(c)	—	3,049	3,049	609	Jun-02
Kingston	MA	—	555	2,491	—	71	—		32	(c)	555	2,594	3,149	581	Oct-02
Mount Vernon	NY	3,512	1,926	7,622	—	498	—		33	(c)	1,926	8,153	10,079	1,502	Nov-02
North Bergen	MA	6,789	2,100	6,606	—	141	—		74	(c)	2,100	6,821	8,921	1,259	Jul-03
Saugus	MA	4,026	1,725	5,514	—	292	—		104	(c)	1,725	5,910	7,635	1,175	Jun-03
Stockton	CA	3,119	649	3,272	—	77	—		—		649	3,349	3,998	676	May-02
Wethersfield	CT	2,851	709	4,205	—	113	—		16	(c)	709	4,334	5,043	844	Aug-02
Jamaica Plain	MA	2,939	3,285	11,275	—	34	—		—		3,285	11,309	14,594	588	Dec-07
Milton	MA	—	2,838	3,979	—	3,370	—		20	(c)	2,838	7,369	10,207	1,058	Nov-02
South Holland	IL	2,833	839	2,879	—	97	26	(a)	108	(a)(c)	865	3,084	3,949	614	Oct-02
Somerville	MA	7,200	1,728	6,570	—	434	3	(a)	13	(a)	1,731	7,017	8,748	1,447	Jun-01

Extra Space Storage Inc.
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											Gross carrying amount at December 31, 2009				
Property Name	State	Debt	Land initial cost	Building and improvements initial cost	Land costs subsequent to acquisition	Building costs subsequent to acquisition	Land Adjustments	Notes	Building Adjustments	Notes	Land	Building and improvements	Total	Accumulated depreciation	Date acquired or development completed
Crest Hill	IL	$ —	$ 847	$ 2,946	$ —	$ 57	$ 121	(a)	$ 472	(a)(c)	$ 968	$ 3,475	4,443	617	Jul-03
Palmdale	CA	—	1,225	5,379	—	2,130	—		—		1,225	7,509	8,734	875	Jan-05
Tracy	CA	2,913	778	2,638	—	88	133	(a)	481	(a)(c)	911	3,207	4,118	564	Jul-03
Edison	NJ	5,830	2,519	8,547	—	321	—		—		2,519	8,868	11,387	1,916	Dec-01
Egg Harbor Twp.	NJ	7,722	1,724	5,001	—	449	—		—		1,724	5,450	7,174	1,211	Dec-01
Hazlet	NJ	10,425	1,362	10,262	—	373	—		—		1,362	10,635	11,997	2,240	Dec-01
Howell	NJ	3,388	2,440	3,407	—	265	—		—		2,440	3,672	6,112	820	Dec-01
Old Bridge	NJ	5,257	2,758	6,450	—	498	—		—		2,758	6,948	9,706	1,525	Dec-01
Iselin	NJ	3,928	505	4,524	—	320	—		—		505	4,844	5,349	1,100	Dec-01
Fontana	CA	3,075	1,246	3,356	—	132	54	(a)	179	(a)(c)	1,300	3,667	4,967	615	Oct-03
North Hollywood	CA	—	3,125	9,257	—	66	—		—		3,125	9,323	12,448	867	May-06
Fontana	CA	3,310	961	3,846	—	97	39	(a)	186	(a)(c)	1,000	4,129	5,129	811	Sep-02
Los Angeles	CA	—	3,991	9,774	—	16	—		—		3,991	9,790	13,781	503	Dec-07
Elk Grove	CA	5,260	952	6,936	—	7	—		—		952	6,943	7,895	533	Dec-07
Gurnee	IL	—	1,374	8,296	—	38	—		—		1,374	8,334	9,708	475	Oct-07
Tracy	CA	—	946	1,937	—	92	—		10	(c)	946	2,039	2,985	394	Apr-04
Middletown	CT	2,140	932	2,810	—	61	—		—		932	2,871	3,803	150	Dec-07
San Bernardino	CA	—	750	5,135	—	24	—		—		750	5,159	5,909	415	Jun-06
Lanham	MD	—	3,346	10,079	—	728	(728)	(b)	12	(c)	2,618	10,819	13,437	1,731	Feb-04
Lawrenceville	NJ	11,967	3,402	10,230	—	289	—		8	(c)	3,402	10,527	13,929	1,652	Feb-04
Morrisville	NJ	—	2,487	7,494	—	1,047	—		11	(c)	2,487	8,552	11,039	1,342	Feb-04
Philadelphia	PA	—	1,965	5,925	—	874	—		7	(c)	1,965	6,806	8,771	1,074	Feb-04
Quincy	MA	—	1,359	4,078	—	185	—		18	(c)	1,359	4,281	5,640	741	Feb-04
Dedham	MA	—	2,443	7,328	—	520	—		16	(c)	2,443	7,864	10,307	1,301	Feb-04
Waltham	MA	—	3,770	11,310	—	544	—		17	(c)	3,770	11,871	15,641	1,841	Feb-04
Woburn	MA	—	—	—	—	172	—		17	(c)	—	189	189	71	Feb-04
East Somerville	MA	—	—	—	—	105	—		14	(c)	—	119	119	52	Feb-04
Peoria	AZ	2,363	652	4,105	—	22	—		—		652	4,127	4,779	372	Apr-06
Bronx	NY	9,817	3,995	11,870	—	450	—		28	(c)	3,995	12,348	16,343	1,825	Aug-04
Worcester	MA	3,531	1,350	4,433	—	55	—		—		1,350	4,488	5,838	364	Dec-06
Belmont	CA	—	3,500	7,280	—	16	—		—		3,500	7,296	10,796	444	May-07

Extra Space Storage Inc.
Schedule III (Continued)
Real Estate and Accumulated Depreciation
(Dollars in thousands)

Property Name	State	Debt	Land initial cost	Building and improvements initial cost	Land costs subsequent to acquisition	Building costs subsequent to acquisition	Land Adjustments	Notes	Building Adjustments	Notes	Gross carrying amount at December 31, 2009			Accumulated depreciation	Date acquired or development completed
											Land	Building and improvements	Total		
Chicago	IL	$ —	$ 1,925	$ —	$ —	$ —	$ —		$ —		$ 1,925	$ —	1,925	—	
Chicago	IL	—	2,020	6,997	—	12	—		—		2,020	7,009	9,029	619	Jul-09
Antelope	CA	6,020	1,525	8,345	—	(23)	(340)	(b)	—		1,185	8,322	9,507	276	Jul-08
Baltimore	MD	3,120	800	5,955	—	33	—		—		800	5,988	6,788	185	Nov-08
Los Angeles	CA	—	2,200	8,108	—	28	—		—		2,200	8,136	10,336	269	Sep-08
North Aurora	IL	4,915	600	5,833	—	50	—		—		600	5,883	6,483	233	May-08
Los Angeles	CA	—	3,075	—	—	—	(3,075)	(b)	—		—	—	—	—	
Sacramento	CA	5,000	2,410	8,244	—	3	—		—		2,410	8,247	10,657	604	Jan-09
Thousand Oaks	CA	—	4,500	—	—	—	(1,000)	(e)	—		3,500	—	3,500	—	
Pacoima	CA	5,760	3,050	7,597	—	4	—		—		3,050	7,601	10,651	56	Aug-09
Compton	CA	6,571	1,426	7,307	—	285	—		—		1,426	7,592	9,018	247	Sep-08
Carson	CA	—	—	—	—	—	—		—		—	—	—	—	
San Leandro	CA	5,900	3,343	6,630	—	2	—		—		3,343	6,632	9,975	7	Jul-09
Ewing	NJ	—	1,552	4,720	—	106	11	(c)	(362)	(e)	1,563	4,464	6,027	356	Mar-07
Naperville	IL	—	2,800	7,355	—	61	(850)	(e)	—		1,950	7,416	9,366	201	Dec-08
Santa Clara	CA	109	4,750	8,218	—	7	—		—		4,750	8,225	12,975	60	Jul-09
Edgewood	MD	—	1,000	—	—	—	(575)	(e)	—		425	—	425	—	
Tinley Park	IL	—	1,823	4,794	—	75	(275)	(e)	—		1,548	4,869	6,417	160	Aug-08
Hialeah	FL	5,053	2,800	7,588	—	31	—		—		2,800	7,619	10,419	254	Aug-08
Oakland	CA	—	3,024	—	—	—	—		—		3,024	—	3,024	—	
Sacramento	CA	5,188	1,738	5,522	—	2			(65)	(c)	1,738	5,459	7,197	252	Dec-07
Simi Valley	CA	—	5,535	—	—	—	(1,285)	(e)	—		4,250	—	4,250	—	
Lancaster	CA	—	1,425	5,855	—	4	—		—		1,425	5,859	7,284	6	Oct-09
Pasadena	MD	—	3,500	—	—	—	—		—		3,500	—	3,500	—	
Laurel Heights	MD	4,920	3,000	5,930	—	16	—		—		3,000	5,946	8,946	318	Dec-07
King City	OR	—	2,520	6,845	—	5	—		—		2,520	6,850	9,370	7	Sep-09
Los Gatos	CA	—	2,550	—	—	—	—		—		2,550	—	2,550	—	
Arlington	TX	1,658	534	2,525	—	197	—		34	(c)	534	2,756	3,290	448	Aug-04
Austin	TX	5,179	870	4,455	—	137	—		35	(c)	870	4,627	5,497	696	Aug-04
Charleston	SC	—	1,279	4,171	—	54	—		30	(c)	1,279	4,255	5,534	623	Aug-04
Atlanta	GA	—	3,737	8,333	—	238	—		35	(c)	3,737	8,606	12,343	1,220	Aug-04

Extra Space Storage Inc.
Schedule III (Continued)
Real Estate and Accumulated Depreciation
(Dollars in thousands)

Property Name	State	Debt	Land initial cost	Building and improvements initial cost	Land costs subsequent to acquisition	Building costs subsequent to acquisition	Land Adjustments	Notes	Building Adjustments	Notes	Gross carrying amount at December 31, 2009			Accumulated depreciation	Date acquired or development completed
											Land	Building and improvements	Total		
Columbia	SC	$ —	$ 838	$ 3,312	$ —	$ 90	$ —		$ 38	(c)	$ 838	$ 3,440	4,278	525	Aug-04
San Antonio	TX	—	1,269	1,816	—	270	—		30	(c)	1,269	2,116	3,385	324	Aug-04
Dallas	TX	7,845	4,432	6,181	—	176	—		36	(c)	4,432	6,393	10,825	958	Aug-04
Fort Myers	FL	—	1,691	4,711	—	132	—		29	(c)	1,691	4,872	6,563	724	Aug-04
Fort Worth	TX	—	631	5,794	—	109	—		31	(c)	631	5,934	6,565	865	Aug-04
Ft Lauderdale	FL	2,869	1,587	4,205	—	211	—		32	(c)	1,587	4,448	6,035	654	Aug-04
Goose Creek	SC	—	1,683	4,372	—	888	—		30	(c)	1,683	5,290	6,973	666	Aug-04
Grand Prairie	TX	2,395	551	2,330	—	73	—		31	(c)	551	2,434	2,985	373	Aug-04
Alpharetta	GL	—	1,973	1,587	—	117	—		20	(c)	1,973	1,724	3,697	264	Aug-04
Madeira Beach	FL	—	1,686	5,163	—	92	—		29	(c)	1,686	5,284	6,970	762	Aug-04
Metairie	LA	—	2,056	4,216	—	96	—		18	(c)	2,056	4,330	6,386	623	Aug-04
New Orleans	LA	—	4,058	4,325	—	449	—		24	(c)	4,058	4,798	8,856	705	Aug-04
Orlando	FL	3,245	1,216	5,008	—	151	—		39	(c)	1,216	5,198	6,414	765	Aug-04
Port Charlotte	FL	—	1,389	4,632	—	79	—		20	(c)	1,389	4,731	6,120	684	Aug-04
Riverview	FL	—	654	2,953	—	94	—		29	(c)	654	3,076	3,730	463	Aug-04
Atlanta	GA	—	1,665	2,028	—	97	—		21	(c)	1,665	2,146	3,811	323	Aug-04
Snellville	GA	—	2,691	4,026	—	126	—		23	(c)	2,691	4,175	6,866	612	Aug-04
Stone Mountain	GA	—	1,817	4,382	—	117	—		24	(c)	1,817	4,523	6,340	662	Aug-04
Summerville	SC	—	450	4,454	—	79	—		26	(c)	450	4,559	5,009	672	Aug-04
Valrico	FL	3,195	1,197	4,411	—	90	—		34	(c)	1,197	4,535	5,732	662	Aug-04
Richmond	VA	—	2,305	5,467	—	76	—		8	(c)	2,305	5,551	7,856	781	Aug-04
San Antonio	TX	—	253	1,496	—	80	—		32	(c)	253	1,608	1,861	254	Aug-04
Lumberton	NJ	4,925	831	4,060	—	95	—		22	(c)	831	4,177	5,008	625	Dec-04
Avenel	NJ	8,080	1,518	8,037	—	135	—		24	(c)	1,518	8,196	9,714	1,082	Jan-05
Bayville	NJ	5,300	1,193	5,312	—	170	—		41	(c)	1,193	5,523	6,716	784	Dec-04
Union	NJ	—	1,754	6,237	—	135	—		78	(c)	1,754	6,450	8,204	935	Dec-04
Bensalem	PA	3,244	1,131	4,525	—	144	—		66	(c)	1,131	4,735	5,866	693	Dec-04
Orlando	FL	8,200	2,233	9,223	—	210	—		21	(c)	2,233	9,454	11,687	1,203	Mar-05
Orlando	FL	6,400	1,474	6,101	—	95	—		21	(c)	1,474	6,217	7,691	799	Mar-05
Ocoee	FL	3,750	872	3,642	—	95	—		17	(c)	872	3,754	4,626	510	Mar-05
Orlando	FL	4,600	1,166	4,816	—	1,106	—		15	(c)	1,166	5,937	7,103	709	Mar-05

Extra Space Storage Inc.
Schedule III (Continued)
Real Estate and Accumulated Depreciation
(Dollars in thousands)

											Gross carrying amount at December 31, 2009				
Property Name	State	Debt	Land initial cost	Building and improvements initial cost	Land costs subsequent to acquisition	Building costs subsequent to acquisition	Land Adjustments	Notes	Building Adjustments	Notes	Land	Building and improvements	Total	Accumulated depreciation	Date acquired or development completed
Greenacres	FL	$ —	$ 1,463	$ 3,244	$ —	$ 41	$ —		$ 14	(c)	$ 1,463	$ 3,299	4,762	432	Mar-05
Atlanta	GA	9,600	3,319	8,325	—	186	—		33	(c)	3,319	8,544	11,863	1,135	Feb-05
Lakewood	WA	4,600	1,917	5,256	—	137	—		—		1,917	5,393	7,310	544	Feb-06
Lakewood	WA	4,597	1,389	4,780	—	155	—		—		1,389	4,935	6,324	513	Feb-06
Tacoma	WA	3,491	1,031	3,103	—	104	—		—		1,031	3,207	4,238	339	Feb-06
Bensalem	PA	—	750	3,015	—	109	—		—		750	3,124	3,874	326	Mar-06
Phoenix	AZ	3,440	552	3,530	—	124	—		—		552	3,654	4,206	361	Jun-06
Rowlett	TX	2,129	1,002	2,601	—	140	—		—		1,002	2,741	3,743	253	Aug-06
Lancaster	CA	5,840	1,347	5,827	—	184	—		—		1,347	6,011	7,358	583	Jul-06
Parker	CO	2,772	800	4,549	—	413	—		—		800	4,962	5,762	448	Sep-06
Neptune	NJ	5,866	4,204	8,906	—	139	—		—		4,204	9,045	13,249	736	Nov-06
Allen	TX	4,487	901	5,553	—	117	—		—		901	5,670	6,571	462	Nov-06
Plano	TX	4,795	1,010	6,203	—	145	—		—		1,010	6,348	7,358	513	Nov-06
Plano	TX	—	614	3,775	—	149	—		—		614	3,924	4,538	332	Nov-06
Tampa	FL	3,585	883	3,533	—	111	—		—		883	3,644	4,527	302	Nov-06
San Francisco	CA	13,526	8,457	9,928	—	1,099	—		—		8,457	11,027	19,484	854	Jun-07
Alameda	CA	—	2,919	12,984	—	1,356	—		—		2,919	14,340	17,259	1,053	Jun-07
Berkeley	CA	16,217	1,716	19,602	—	1,154	—		—		1,716	20,756	22,472	1,342	Jun-07
Castro Valley	CA	—	—	6,346	—	208	—		—		—	6,554	6,554	424	Jun-07
Colma	CA	16,523	3,947	22,002	—	1,651	—		—		3,947	23,653	27,600	1,603	Jun-07
Hayward	CA	—	3,149	8,006	—	1,742	—		—		3,149	9,748	12,897	688	Jun-07
Kahului	HI	—	3,984	15,044	—	469	—		—		3,984	15,513	19,497	1,042	Jun-07
Kapolei	HI	15,381	—	24,701	—	320	—		—		—	25,021	25,021	1,639	Jun-07
San Leandro	CA	10,159	4,601	9,777	—	1,711	—		—		4,601	11,488	16,089	797	Aug-07
El Sobrante	CA	—	1,209	4,018	—	818	—		—		1,209	4,836	6,045	377	Jun-07
Vallejo	CA	2,118	1,177	2,157	—	780	—		—		1,177	2,937	4,114	215	Jun-07
Alexandria	VA	6,448	1,620	13,103	—	408	—		—		1,620	13,511	15,131	980	Jun-07
Annapolis	MD	7,049	5,248	7,247	—	103	—		—		5,248	7,350	12,598	529	Apr-07
Pleasanton	CA	3,043	1,208	4,283	—	334	—		—		1,208	4,617	5,825	373	May-07
Modesto	CA	1,544	909	3,043	—	178	—		—		909	3,221	4,130	236	Jun-07
Santa Fe Springs	CA	7,012	3,617	7,022	—	226	—		—		3,617	7,248	10,865	445	Oct-07

Extra Space Storage Inc.
Schedule III (Continued)
Real Estate and Accumulated Depreciation
(Dollars in thousands)

											Gross carrying amount at December 31, 2009				
Property Name	State	Debt	Land initial cost	Building and improvements initial cost	Land costs subsequent to acquisition	Building costs subsequent to acquisition	Land Adjustments	Notes	Building Adjustments	Notes	Land	Building and improvements	Total	Accumulated depreciation	Date acquired or development completed
Miami	FL	$ 5,609	$ 1,238	$ 7,597	$ —	$ 166	$ —		$ —		$ 1,238	$ 7,763	9,001	549	May-07
San Antonio	TX	—	2,471	3,556	—	175	—		(408)	(f)	2,471	3,323	5,794	194	Dec-07
Bohemia	NY	1,678	1,456	1,398	—	315	—		—		1,456	1,713	3,169	100	Dec-07
Coral Springs	FL	4,056	3,638	6,590	—	152	—		—		3,638	6,742	10,380	279	Jun-08
Carmel	IN	—	1,169	4,393	—	149	—		—		1,169	4,542	5,711	150	Oct-08
Fort Wayne	IN	—	1,899	3,292	—	225	—		—		1,899	3,517	5,416	117	Oct-08
Indianapolis	IN	—	426	2,903	—	189	—		—		426	3,092	3,518	104	Oct-08
Indianapolis	IN	—	850	4,545	—	181	—		—		850	4,726	5,576	156	Oct-08
Mishawaka	IN	2,188	630	3,349	—	167	—		—		630	3,516	4,146	117	Oct-08
Centereach	NY	2,188	2,226	1,657	—	71	—		—		2,226	1,728	3,954	56	Oct-08
Brooklyn	NY	14,592	12,993	10,405	—	63	—		—		12,993	10,468	23,461	330	Oct-08
Estero	FL	—	2,198	8,215	—	—	—		—		2,198	8,215	10,413	61	Jul-09
Hialeah	FL	—	1,678	—	—	—	—		—		1,678	—	1,678	—	
El Cajon	CA	—	1,100	6,412	—	—	—		—		1,100	6,412	7,512	7	Sep-09
Bellmawr	NJ	6,600	3,600	4,540	—	33	75	(c)	—		3,675	4,573	8,248	93	Sep-08
Hialeah	FL	1,126	1,750	—	—	—	—		—		1,750	—	1,750	—	
Kendall	FL	—	2,374	—	—	—	—		—		2,374	—	2,374	—	
Sylmar	CA	4,385	3,058	4,671	—	212	—		—		3,058	4,883	7,941	233	May-08
Ft Lauderdale	FL	—	2,750	—	—	—	—		—		2,750	—	2,750	—	
Monmouth Junction	NJ	5,115	1,700	5,260	—	—	—		—		1,700	5,260	6,960	—	Dec-09
Miami	FL	3,940	4,798	9,475	—	—	—		—		4,798	9,475	14,273	12	Nov-09
Peoria	AZ	—	1,060	—	—	—	—		—		1,060	—	1,060	—	
Plantation	FL	—	3,850	—	—	—	(1,900)	(e)	—		1,950	—	1,950	—	
Sacramento	CA	—	2,400	7,425	—	8	—		—		2,400	7,433	9,833	55	Sep-09
Baltimore	MD	—	1,900	—	—	—	—		—		1,900	—	1,900	—	
Weymouth	MA	4,467	2,806	3,129	—	107	—		—		2,806	3,236	6,042	848	Sep-00
Lynn	MA	2,388	1,703	3,237	—	187	—		—		1,703	3,424	5,127	808	Jun-01
Sherman Oaks	CA	17,204	4,051	12,152	—	228	—		—		4,051	12,380	16,431	1,703	Aug-04
Venice	CA	6,723	2,803	8,410	—	85	—		—		2,803	8,495	11,298	1,172	Aug-04
Riverside	CA	2,489	1,075	4,042	—	354	—		—		1,075	4,396	5,471	655	Aug-04
Merrimack	NH	3,610	754	3,299	—	135	63	(a)	279	(a)	817	3,713	4,530	704	Apr-99

Extra Space Storage Inc.
Schedule III (Continued)
Real Estate and Accumulated Depreciation
(Dollars in thousands)

Property Name	State	Debt	Land initial cost	Building and improvements initial cost	Land costs subsequent to acquisition	Building costs subsequent to acquisition	Land Adjustments	Notes	Building Adjustments	Notes	Gross carrying amount at December 31, 2009 Land	Building and improvements	Total	Accumulated depreciation	Date acquired or development completed
Manteca	CA	$ 3,777	$ 848	$ 2,543	$ —	$ 75	$ —		$ —		$ 848	$ 2,618	3,466	417	Jan-04
Mesa	AZ	1,400	849	2,547	—	65	—		—		849	2,612	3,461	376	Aug-04
Lithonia	GA	—	1,958	3,645	—	—	—		—		1,958	3,645	5,603	12	Nov-09
San Jose	CA	8,280	5,340	6,821	—	4	—		—		5,340	6,825	12,165	7	Sep-09
Miscellaneous other		—	849	2,202	—	2,708	(849)	(d)	—		—	4,910	4,910	2,205	
Construction in progress		—	—	—	—	34,427	—		—		—	34,427	34,427	—	
Intangible tenant relationships and lease rights		—	—	28,836	—	10,547	—		230		—	39,613	39,613	34,488	
		$1,099,593	$540,698	$ 1,610,370	$ 666	$ 129,283	$ (7,055)		$ 9,727		$534,309	$ 1,749,380	$2,283,689	$ 233,830	

(a) Adjustments relate to the acquistion of joint venture partners interests

(b) Adjustment relates to partial disposition of land

(c) Adjustment relates to asset transfers between land, building and/or equipment

(d) Adjustment relates to asset transfers between entities

(e) Adjustment relates to impairment charge

(f) Adjustment relates to a purchase price adjustment

Extra Space Storage Inc.

Schedule III (Continued)

Real Estate and Accumulated Depreciation

(Dollars in thousands)

Activity in real estate facilities during the years ended December 31, 2009, 2008 and 2007 is as follows:

	2009	2008	2007
Operating facilities			
Balance at beginning of year	$ 2,121,257	$ 1,923,182	$ 1,475,674
Acquisitions	21,764	110,258	400,902
Improvements	31,652	32,487	17,679
Transfers from construction in progress	78,148	55,824	30,926
Dispositions and other	(3,559)	(494)	(1,999)
Balance at end of year	$ 2,249,262	$ 2,121,257	$ 1,923,182
Accumulated depreciation:			
Balance at beginning of year	$ 182,335	$ 131,805	$ 93,619
Depreciation expense	50,530	49,031	38,186
Dispositions and other	965	1,499	—
Balance at end of year	$ 233,830	$ 182,335	$ 131,805
Construction in progress			
Balance at beginning of year	$ 58,734	$ 49,945	$ 35,336
Current developent	67,301	64,344	45,764
Transfers to operating facilities	(78,148)	(55,824)	(30,926)
Dispositions and other	(13,460)	269	(229)
Balance at end of year	$ 34,427	$ 58,734	$ 49,945
Net real estate assets	$ 2,049,859	$ 1,997,656	$ 1,841,322

The aggregate cost of real estate for U.S. federal income tax purposes is $2,038,831

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

(i) Disclosure Controls and Procedures

We maintain disclosure controls and procedures to ensure that information required to be disclosed in the reports we file pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based on the definition of "disclosure controls and procedures" in Rule 13a-15(e) of the Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives, and in reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

We have a disclosure committee that is responsible for considering the materiality of information and determining the disclosure obligations of the Company on a timely basis. The disclosure committee meets quarterly and reports directly to our Chief Executive Officer and Chief Financial Officer.

We carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Annual Report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of the end of the period covered by this report.

(ii) Internal Control over Financial Reporting

(a) Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) of the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2009.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our independent registered public accounting firm, Ernst & Young LLP, has issued the following attestation report over our internal control over financial reporting.

(b) Attestation Report of the Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Extra Space Storage Inc.

We have audited Extra Space Storage Inc. (the "Company")'s internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Extra Space Storage Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2009, and 2008 and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the period ended December 31, 2009 of Extra Space Storage Inc. and our report dated February 26, 2010 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Salt Lake City, Utah
February 26, 2010

(c) Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f)) that occurred during our most recent quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information required by this item is incorporated by reference to the information set forth under the captions "Election of Directors," "Executive Officers," "Information About the Board of Directors and its Committees," "Corporate Governance", "meetings and Committees of the Board" and "Section 16(a) Beneficial Ownership Reporting Compliance" in our definitive Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after December 31, 2009.

We have adopted a Code of Business Conduct and Ethics in compliance with rules of the SEC that applies to all of our personnel, including our board of directors, Chief Executive Officer, Chief Financial Officer and principal accounting officer. The Code of Business Conduct and Ethics is available free of charge on the "Investor Info—Corporate Governance" section of our web site at www.extraspace.com. We intend to satisfy any disclosure requirements under Item 5.05 of Form 8-K regarding amendment to, or waiver from, a provision of this Code of Business Conduct and Ethics by posting such information on our web site at the address and location specified above.

The board of directors has adopted Corporate Governance Guidelines and charters for our Audit Committee and Compensation, Nominating and Governance Committee, each of which is posted on our website at the address and location specified above. Investors may obtain a free copy of the Code of Business Conduct and Ethics, the Corporate Governance Guidelines and the committee charters by contacting the Investor Relations Department at 2795 East Cottonwood Parkway, Suite 400, Salt Lake City, Utah 84121, Attn: Clint Halverson or by telephoning (801) 562-5556.

Item 11. Executive Compensation

Information with respect to executive compensation is incorporated by reference to the information set forth under the caption "Executive Compensation" in our definitive Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after December 31, 2009.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information with respect to security ownership of certain beneficial owners and management and related stockholder matters is incorporated by reference to the information set forth under the captions "Executive Compensation—Equity Compensation Plan Information," "Voting—Principal Stockholders" and "Security Ownership of Directors and Officers" in our definitive Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after December 31, 2009.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information with respect to certain relationships and related transactions is incorporated by reference to the information set forth under the captions "Information about the Board of Directors and its Committees" and "Certain Relationships and Related Transactions" in our Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after December 31, 2009.

Item 14. Principal Accountant Fees and Services

Information with respect to principal accountant fees and services is incorporated by reference to the information set forth under the caption "Ratification of Appointment of Independent Registered Public Accounting Firm" in our Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after December 31, 2009.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents filed as part of this report:

(1) and (2). All Financial Statements and Financial Statement Schedules filed as part of this Annual Report on 10-K are included in Item 8—"Financial Statements and Supplementary Data" of this Annual Report on 10-K and reference is made thereto.

(3) The following documents are filed or incorporated by references as exhibits to this report:

Exhibit Number	Description
2.1	Purchase and Sale Agreement, dated May 5, 2005 by and among Security Capital Self Storage Incorporated, as seller and Extra Space Storage LLC, PRISA Self Storage LLC, PRISA II Self Storage LLC, PRISA III Self Storage LLC, VRS Self Storage LLC, WCOT Self Storage LLC and Extra Space Storage LP, as purchaser parties and The Prudential Insurance Company of America (incorporated by reference from Exhibit 2.1 of Form 8-K filed on May 11, 2005).
3.1	Amended and Restated Articles of Incorporation of Extra Space Storage Inc.(1)
3.2	Articles of Amendment dated September 28, 2007 (incorporated by reference from Exhibit 3.1 of Form 8-K filed on October 3, 2007).
3.3	Amended and Restated Bylaws of Extra Space Storage Inc.(incorporated by reference from Exhibit 3.1 of Form 8-K filed on May 26, 2009)
3.4	Second Amended and Restated Agreement of Limited Partnership of Extra Space Storage LP (incorporated by reference from Exhibit 10.1 of Form 8-K filed on June 26, 2007).
3.5	Declaration of Trust of ESS Holdings Business Trust I.(1)
3.6	Declaration of Trust of ESS Holdings Business Trust II.(1)
4.1	Junior Subordinated Indenture dated as of July 27, 2005, between Extra Space Storage LP and JPMorgan Chase Bank, National Association, as trustee (incorporated by reference from Exhibit 4.1 of Form 8-K filed on August 2, 2005).
4.2	Amended and Restated Trust Agreement, dated as of July 27, 2005, among Extra Space Storage LP, as depositor and JPMorgan Chase Bank, National Association, as property trustee, Chase Bank USA, National Association, as Delaware trustee, the Administrative Trustees named therein and the holders of undivided beneficial interest in the assets of ESS Statutory Trust III (incorporated by reference from Exhibit 4.2 of Form 8-K filed on August 2, 2005).
4.3	Junior Subordinated Note(2)
4.4	Trust Preferred Security Certificates(2)
4.5	Indenture, dated March 27, 2007 among Extra Space Storage LP, Extra Space Storage Inc. and Wells Fargo Bank, N.A., as trustee, including the form of 3.625% Exchangeable Senior Notes due 2027 and form of guarantee (incorporated by reference from Exhibit 4.1 of Form 8-K filed on March 28, 2007).
10.1	Registration Rights Agreement, by and among Extra Space Storage Inc. and the parties listed on Schedule I thereto.(1)
10.2	License between Centershift Inc. and Extra Space Storage LP.(1)

Exhibit Number	Description
10.6	2004 Long-Term Compensation Incentive Plan as amended and restated effective March 25, 2008 (incorporated by reference from the Definitive Proxy Statement on Schedule 14A filed on April 14, 2008)
10.7	Extra Space Storage Performance Bonus Plan.(1)
10.8	Amended and Restated Employment Agreement dated August 28, 2008, by and between Extra Space Storage Inc. and Kenneth M. Woolley (incorporated by reference from Exhibit 10.1 of Form 8-K filed on September 4, 2008).
10.9	Amended and Restated Employment Agreement dated August 28, 2008, by and between Extra Space Storage Inc. and Kent W. Christensen (incorporated by reference from Exhibit 10.2 of Form 8-K filed on September 4, 2008).
10.10	Amended and Restated Employment Agreement dated August 28, 2008, by and between Extra Space Storage Inc. and Charles L. Allen (incorporated by reference from Exhibit 10.4 of Form 8-K filed on September 4, 2008).
10.11	Form of 2004 Long Term Incentive Compensation Plan Option Award Agreement for Employees with employment agreements.(2)
10.12	Form of 2004 Long Term Incentive Compensation Plan Option Award Agreement for employees without employment agreements.(2)
10.13	Form of 2004 Non-Employee Directors Share Plan Option Award Agreement for Directors.(2)
10.14	Joint Venture Agreement, dated June 1, 2004, by and between Extra Space Storage LLC and Prudential Financial, Inc. (1)
10.15	Extra Space Storage Non-Employee Directors' Share Plan (incorporated by reference from Exhibit 10.22 of Form 10-K/A filed on March 22, 2007).
10.16	Purchase Agreement, dated June 20, 2005, among Extra Space Storage Inc. and the investors named therein (incorporated by reference from Exhibit 10.1 of Form 8-K filed on June 24, 2005).
10.17	Registration Rights Agreement, dated June 20, 2005, among Extra Space Storage Inc. and the investors named therein (incorporated by reference from Exhibit 10.1 of Form 8-K filed on June 24, 2005).
10.18	Purchase Agreement, dated as of July 27, 2005, among Extra Space Storage LP, ESS Statutory Trust III and the Purchaser named therein (incorporated by reference from Exhibit 10.1 of Form 8-K filed on August 2, 2005).
10.19	Purchase Agreement, dated as of July 27, 2005, among Extra Space Storage LP, ESS Statutory Trust III and the Purchaser named therein (incorporated by reference from Exhibit 10.1 of Form 8-K filed on August 2, 2005).
10.21	Amended and Restated Employment Agreement dated August 28, 2008, by and between Extra Space Storage Inc. and Karl Haas (incorporated by reference from Exhibit 10.3 of Form 8-K filed on September 4, 2008).
10.22	Registration Rights Agreement, dated March 27, 2007, among Extra Space Storage LP, Extra Space Storage Inc., Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated (incorporated by reference from Exhibit 10.1 of Form 8-K filed on March 28, 2007).

Exhibit Number	Description
10.23	Contribution Agreement, dated June 15, 2007, among Extra Space Storage LP and various limited partnerships affiliated with AAAAA Rent-A-Space.(2)
10.24	Promissory Note, dated June 25, 2007, among Extra Space Storage LP, H. James Knuppe and Barbara Knuppe (incorporated by reference to Exhibit 10.2 of Form 8-K filed on June 26, 2007).
10.25	Pledge Agreement, dated June 25, 2007, among Extra Space Storage LP, H. James Knuppe and Barbara Knuppe (incorporated by reference to Exhibit 10.3 of Form 8-K filed on June 26, 2007).
10.26	Registration Rights Agreement among Extra Space Storage LP, H. James Knuppe and Barbara Knuppe.(2)
10.27	First Amendment to Contribution Agreement and to Agreement Regarding Transfer of Series A units among Extra Space Storage LP, various limited partnerships affiliated with AAAAA Rent-A-Space, H. James Knuppe and Barbara Knuppe, dated September 28, 2007. (incorporated by reference to Exhibit 10.1 of Form 8-K filed on October 3, 2007).
10.28	2004 Long Term Incentive Compensation Plan Restricted Stock Award Agreement (incorporated by reference from Exhibit 10.2 of Form 10-Q filed on November 7, 2007).
10.29	First Amendment to Extra Space Storage Inc. 2004 Non-Employee Directors' Share Plan (incorporated by reference from Exhibit 10.4 of Form 10-Q filed on November 7, 2007).
10.30	Loan Agreement between ESP Seven Subsidiary LLC as Borrower and General Electric Capital Corporation as Lender, dated October 16, 2007.(2)
10.31	Subscription Agreement, dated December 31, 2007, among Extra Space Storage LLC and Extra Space Development, LLC.(2)
10.32	First Amendment to Second Amended and Restated Agreement of Limited Partnership of Extra Space Storage LP, dated September 18, 2008.(2)
10.33	Revolving Promissory Note between Extra Space Properties Thirty LLC and Bank of America as Lender, dated February 13, 2009(2)
10.34	Revolving Line of Credit between Extra Space Properties Thirty LLC and Bank of America as Lender, dated February 13, 2009(2)
14.0	Code of Business Conduct and Ethics adopted May 23, 2007 (incorporated by reference from the Definitive Proxy Statement on Form 14A filed on April 14, 2008.)
21.1	Subsidiaries of the Company(2)
23.1	Consent of Ernst & Young LLP(2)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(2)
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(2)
32	Certifications of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(2)

(1) Incorporated by reference from our Registration Statement on Form S-11 (File No. 333-115436 dated August 11, 2004).

(2) Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 26, 2010

EXTRA SPACE STORAGE INC.

By: /s/ SPENCER F. KIRK

Spencer F. Kirk
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: February 26, 2010

By: /s/ SPENCER F. KIRK

Spencer F. Kirk
Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: February 26, 2010

By: /s/ KENT W. CHRISTENSEN

Kent W. Christensen
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

Date: February 26, 2010

By: /s/ P. SCOTT STUBBS

P. Scott Stubbs
Senior Vice President Finance and Accounting
(Principal Accounting Officer)

Date: February 26, 2010

By: /s/ JOSEPH D. MARGOLIS

Joseph D. Margolis
Director

Date: February 26, 2010

By: /s/ ROGER B. PORTER

Roger B. Porter
Director

Date: February 26, 2010

By: /s/ K. FRED SKOUSEN

K. Fred Skousen
Director

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Exhibit 4.3

EXTRA SPACE STORAGE LP

UNSECURED JUNIOR SUBORDINATED NOTE DUE 2035

THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND SUCH SECURITIES, AND ANY INTEREST THEREIN, MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF ANY SECURITIES IS HEREBY NOTIFIED THAT THE SELLER OF THE SECURITIES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A UNDER THE SECURITIES ACT.

THE HOLDER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) SUCH SECURITIES MAY BE OFFERED, RESOLD OR OTHERWISE TRANSFERRED ONLY (I) TO THE COMPANY, OR (II) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A "QUALIFIED PURCHASER" (AS DEFINED IN SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED), AND (B) THE HOLDER WILL NOTIFY ANY PURCHASER OF ANY PREFERRED SECURITIES FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

THE SECURITIES WILL BE ISSUED AND MAY BE TRANSFERRED ONLY IN BLOCKS HAVING AN AGGREGATE PRINCIPAL AMOUNT OF NOT LESS THAN $100,000. TO THE FULLEST EXTENT PERMITTED BY LAW, ANY ATTEMPTED TRANSFER OF SECURITIES, OR ANY INTEREST THEREIN, IN A BLOCK HAVING AN AGGREGATE PRINCIPAL AMOUNT OF LESS THAN $100,000 AND MULTIPLES OF $1,000 IN EXCESS THEREOF SHALL BE DEEMED TO BE VOID AND OF NO LEGAL EFFECT WHATSOEVER. TO THE FULLEST EXTENT PERMITTED BY LAW, ANY SUCH PURPORTED TRANSFEREE SHALL BE DEEMED NOT TO BE THE HOLDER OF SUCH SECURITIES FOR ANY PURPOSE, INCLUDING, BUT NOT LIMITED TO, THE RECEIPT OF PRINCIPAL OF OR INTEREST ON SUCH SECURITIES, OR ANY INTEREST THEREIN, AND SUCH PURPORTED TRANSFEREE SHALL BE DEEMED TO HAVE NO INTEREST WHATSOEVER IN SUCH SECURITIES.

THE HOLDER OF THIS SECURITY, OR ANY INTEREST THEREIN, BY ITS ACCEPTANCE HEREOF OR THEREOF ALSO AGREES, REPRESENTS AND WARRANTS THAT IT IS NOT AN EMPLOYEE BENEFIT, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER PLAN OR ARRANGEMENT SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("*ERISA*"), OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "*CODE*") (EACH A "*PLAN*"), OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY PLAN'S INVESTMENT IN THE ENTITY, AND NO PERSON INVESTING "PLAN ASSETS" OF ANY PLAN MAY ACQUIRE OR HOLD THIS SECURITY OR ANY INTEREST THEREIN. ANY PURCHASER OR HOLDER OF THE SECURITIES OR ANY INTEREST THEREIN WILL BE DEEMED TO HAVE REPRESENTED BY ITS PURCHASE AND HOLDING THEREOF THAT IT IS NOT AN EMPLOYEE BENEFIT PLAN WITHIN THE MEANING OF SECTION 3(3) OF ERISA, OR A PLAN TO WHICH SECTION 4975 OF THE CODE IS APPLICABLE, A TRUSTEE OR OTHER PERSON ACTING ON BEHALF OF AN EMPLOYEE BENEFIT PLAN OR PLAN, OR ANY OTHER PERSON OR ENTITY USING THE ASSETS OF ANY EMPLOYEE BENEFIT PLAN OR PLAN TO FINANCE SUCH PURCHASE.

Extra Space Storage LP

Junior Subordinated Note due 2035

No. D-1 $41,238,000

Extra Space Storage LP, a Delaware limited partnership (hereinafter called the "*Company*," which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to JPMorgan Chase Bank, National Association, not in its individual capacity but solely as Trustee, or registered assigns, the principal sum of Forty One Million Two Hundred Thirty Eight Thousand Dollars ($41,238,000) on July 30, 2035. The Company further promises to pay interest on said principal sum from July 27, 2005, or from the most recent Interest Payment Date to which interest has been or duly provided for, quarterly in arrears on April 30, July 30, October 30 and January 30, of each year, commencing October 30, 2005, or if any such day is not a Business Day, on the next succeeding Business Day (and no interest shall accrue in respect of the amounts whose payment is so delayed for the period from and after such Interest Payment Date until such next succeeding Business Day), except that, if such Business Day falls in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case, with the same force and effect as if made on the Interest Payment Date, at a fixed rate equal to 6.91% per annum through the interest payment date on July 30, 2010 ("Fixed Rate Period"), and thereafter at a variable rate equal to LIBOR plus 2.40% per annum, together with Additional Tax Sums, if any, as provided in *Section 10.5* of the Indenture, until the principal hereof is paid or duly provided for or made available for payment; *provided, further*, that any overdue principal, premium, if any, or Additional Tax Sums and any overdue installment of interest shall bear Additional Interest at a fixed rate equal to 6.91% per annum through the interest payment date on July 30, 2010, and thereafter at a variable rate equal to LIBOR plus 2.40% per annum (to the extent that the payment of such interest shall be legally enforceable), compounded quarterly, from the dates such amounts are due until they are paid or made available for payment, and such interest shall be payable on demand.

The amount of interest payable on any Interest Payment Date shall be computed during the Fixed Rate Period on the basis of a 360-day year of twelve 30-day months, and thereafter on the basis of a 360-day year and the actual number of days elapsed in the relevant interest period. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date shall, as provided in the Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest installment. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities not less than ten (10) days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

During an Event of Default, the Company shall not (i) declare or pay any dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment with respect to, any of the Company's capital stock or (ii) make any payment of principal of or any interest or premium, if any, on or repay, repurchase or redeem any debt securities of the Company that rank *pari passu* in all respects with or junior in interest to this Security (other than (a) repurchases, redemptions or other acquisitions of shares of capital stock of the Company in connection with (1) any employment contract, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors or consultants, (2) a dividend reinvestment or stockholder stock purchase plan and

(3) the issuance of capital stock of the Company (or securities convertible into or exercisable for such capital stock) as consideration in an acquisition transaction entered into prior to such Event of Default, (b) as a result of an exchange or conversion of any class or series of the Company's capital stock (or any capital stock of a Subsidiary of the Company) for any class or series of the Company's capital stock or of any class or series of the Company's indebtedness for any class or series of the Company's capital stock, (c) the purchase of fractional interests in shares of the Company's capital stock pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged, (d) any declaration of a dividend in connection with any Rights Plan, the issuance of rights, stock or other property under any Rights Plan, or the redemption or repurchase of rights pursuant thereto or (e) any dividend in the form of stock, warrants, options or other rights where the dividend stock or the stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks *pari passu* with or junior to such stock).

Payment of principal of, premium, if any, and interest on this Security shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. Payments of principal, premium, if any, and interest due at the Maturity of this Security shall be made at the Place of Payment upon surrender of such Securities to the Paying Agent, and payments of interest shall be made, subject to such surrender where applicable, by wire transfer at such place and to such account at a banking institution in the United States as may be designated in writing to the Paying Agent at least ten (10) Business Days prior to the date for payment by the Person entitled thereto unless proper written transfer instructions have not been received by the relevant record date, in which case such payments shall be made by check mailed to the address of such Person as such address shall appear in the Security Register. Notwithstanding the foregoing, so long as the Holder of this Security is the Property Trustee, the payment of the principal of (and premium, if any) and interest (including any overdue installment of interest and Additional Tax Sums, if any) on this Security will be made at such place and to such account as may be designated by the Property Trustee.

The indebtedness evidenced by this Security is, to the extent provided in the Indenture, subordinate and junior in right of payment to the prior payment in full of all Senior Debt, and this Security is issued subject to the provisions of the Indenture with respect thereto. Each Holder of this Security, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee on his or her behalf to take such actions as may be necessary or appropriate to effectuate the subordination so provided and (c) appoints the Trustee his or her attorney-in-fact for any and all such purposes. Each Holder hereof, by his or her acceptance hereof, waives all notice of the acceptance of the subordination provisions contained herein and in the Indenture by each holder of Senior Debt, whether now outstanding or hereafter incurred, and waives reliance by each such holder upon said provisions.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

[REVERSE OF SECURITY]

This Security is one of a duly authorized issue of securities of the Company (the "*Securities*") issued under the Junior Subordinated Indenture, dated as of July 27, 2005 (the "*Indenture*"), between the Company and JPMorgan Chase Bank, National Association, as Trustee (in such capacity, the "*Trustee*," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee, the holders of Senior Debt, the Holders of the Securities and the holders of the Preferred Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered.

All terms used in this Security that are defined in the indenture or in the Amended and Restated Trust Agreement, dated as of July 27, 2005 (as modified, amended or supplemented from time to time, the "*Trust Agreement*"), relating to the ESS Statutory Trust III (the "*Trust*") among the Company, as Depositor, the Trustees named therein and the Holders from time to time of the Trust Securities issued pursuant thereto, shall have the meanings assigned to them in the Indenture or the Trust Agreement, as the case may be.

The Company may, on any Interest Payment Date, at its option, upon not less than thirty (30) days' nor more than sixty (60) days' written notice to the Holders of the Securities (unless a shorter notice period shall be satisfactory to the Trustee) on or after July 30, 2010 and subject to the terms and conditions of Article XI of the Indenture, redeem this Security in whole at any time or in part from time to time at a Redemption Price equal to one hundred percent (100%) of the principal amount hereof, together, in the case of any such redemption, with accrued interest, including any Additional Interest, through but excluding the date fixed as the Redemption Date.

In addition, upon the occurrence and during the continuation of a Special Event, the Company may, at its option, upon not less than thirty (30) days' nor more than sixty (60) days' written notice to the Holders of the Securities (unless a shorter notice period shall be satisfactory to the Trustee), redeem this Security, in whole but not in part, subject to the terms and conditions of *Article XI* of the Indenture at a Redemption Price equal to one hundred seven and one half percent (107.5%) of the principal amount hereof, together, in the case of any such redemption, with accrued interest, including any Additional Interest, through but excluding the date fixed as the Redemption Date.

In the event of redemption of this Security in part only, a new Security or Securities for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof. If less than all the Securities are to be redeemed, the particular Securities to be redeemed shall be selected not more than sixty (60) days prior to the Redemption Date by the Trustee from the Outstanding Securities not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of a portion of the principal amount of any Security.

The Indenture permits, with certain exceptions as therein provided, the Company and the Trustee at any time to enter into a supplemental indenture or indentures for the purpose of modifying in any manner the rights and obligations of the Company and of the Holders of the Securities, with the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities. The indenture also contains provisions permitting Holders of specified percentages in principal amount of the Securities, on behalf of the Holders of all Securities, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium, if any, and interest, including any Additional Interest (to the extent legally enforceable), on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is restricted to transfers to "Qualified Purchasers" (as such term is defined in the Investment Company Act of 1940, as amended), and is registrable in the Securities Register, upon surrender of this Security for registration of transfer at the office or agency of the Company maintained for such purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Securities Registrar and duly executed by, the Holder hereof or such Holder's attorney duly authorized in writing, and thereupon one or more new Securities, of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities are issuable only in registered form without coupons in minimum denominations of $100,000 and any integral multiple of $1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities are exchangeable for a like aggregate principal amount of Securities and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

The Company and, by its acceptance of this Security or a beneficial interest herein, the Holder of, and any Person that acquires a beneficial interest in, this Security agree that, for United States federal, state and local tax purposes, it is intended that this Security constitute indebtedness.

This Security shall be construed and enforced in accordance with and governed by the laws of the State of New York, without reference to its conflict of laws provisions (other than Section 5-1401 of the General Obligations Law).

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed on this 27 day of July, 2005.

Extra Space Storage LP

By: ESS Holdings Business Trust I
Its: General Partner

By: /s/ CHARLES L. ALLEN

Name: Charles L. Allen
Title: *Trustee*

This is one of the Securities referred to in the within-mentioned Indenture.

Dated: July 27, 2005

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, *not in its individual capacity, but solely as Trustee*

By: /s/ (ILLEGIBLE)

Authorized signatory

QuickLinks

EXTRA SPACE STORAGE LP UNSECURED JUNIOR SUBORDINATED NOTE DUE 2035

Exhibit 4.4

PREFERRED SECURITIES CERTIFICATE

THE PREFERRED SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "*SECURITIES ACT*"), AND SUCH PREFERRED SECURITIES OR ANY INTEREST THEREIN MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF ANY PREFERRED SECURITIES IS HEREBY NOTIFIED THAT THE SELLER OF THE PREFERRED SECURITIES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A UNDER THE SECURITIES ACT.

THE HOLDER OF THE PREFERRED SECURITIES REPRESENTED BY THIS CERTIFICATE AGREES FOR THE BENEFIT OF THE TRUST AND THE DEPOSITOR THAT (A) SUCH PREFERRED SECURITIES MAY BE OFFERED, RESOLD OR OTHERWISE TRANSFERRED ONLY (I) TO THE TRUST, OR (II) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A "QUALIFIED PURCHASER" (AS DEFINED IN SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED), AND (B) THE HOLDER WILL NOTIFY ANY PURCHASER OF ANY PREFERRED SECURITIES FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

THE PREFERRED SECURITIES WILL BE ISSUED AND MAY BE TRANSFERRED ONLY IN BLOCKS HAVING AN AGGREGATE LIQUIDATION AMOUNT OF NOT LESS THAN $100,000. TO THE FULLEST EXTENT PERMITTED BY LAW, ANY ATTEMPTED TRANSFER OF PREFERRED SECURITIES, OR ANY INTEREST THEREIN, IN A BLOCK HAVING AN AGGREGATE LIQUIDATION AMOUNT OF LESS THAN $100,000 AND MULTIPLES OF $1,000 IN EXCESS THEREOF SHALL BE DEEMED TO BE VOID AND OF NO LEGAL EFFECT WHATSOEVER. TO THE FULLEST EXTENT PERMITTED BY LAW, ANY SUCH PURPORTED TRANSFEREE SHALL BE DEEMED NOT TO BE THE HOLDER OF SUCH PREFERRED SECURITIES FOR ANY PURPOSE, INCLUDING, BUT NOT LIMITED TO, THE RECEIPT OF PRINCIPAL OF OR INTEREST ON SUCH PREFERRED SECURITIES, OR ANY INTEREST THEREIN, AND SUCH PURPORTED TRANSFEREE SHALL BE DEEMED TO HAVE NO INTEREST WHATSOEVER IN SUCH PREFERRED SECURITIES.

THE HOLDER OF THIS SECURITY, OR ANY INTEREST THEREIN, BY ITS ACCEPTANCE HEREOF OR THEREOF ALSO AGREES, REPRESENTS AND WARRANTS THAT IT IS NOT AN EMPLOYEE BENEFIT, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER PLAN OR ARRANGEMENT SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") (EACH A "PLAN"), OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY PLAN'S INVESTMENT IN THE ENTITY, AND NO PERSON INVESTING "PLAN ASSETS" OF ANY PLAN MAY ACQUIRE OR HOLD THIS PREFERRED SECURITY OR ANY INTEREST THEREIN. ANY PURCHASER OR HOLDER OF THE PREFERRED SECURITIES OR ANY INTEREST THEREIN WILL BE DEEMED TO HAVE REPRESENTED BY ITS PURCHASE AND HOLDING THEREOF THAT IT IS NOT AN EMPLOYEE BENEFIT PLAN WITHIN THE MEANING OF SECTION 3(3) OF ERISA, OR A PLAN TO WHICH SECTION 4975 OF THE CODE IS APPLICABLE, A TRUSTEE OR OTHER PERSON ACTING ON BEHALF OF AN EMPLOYEE BENEFIT PLAN OR PLAN, OR ANY

OTHER PERSON OR ENTITY USING THE ASSETS OF ANY EMPLOYEE BENEFIT PLAN OR PLAN TO FINANCE SUCH PURCHASE.

THIS OBLIGATION IS NOT A DEPOSIT AND IS NOT INSURED BY THE UNITED STATES OR ANY AGENCY OR FUND OF THE UNITED STATES, INCLUDING THE FEDERAL DEPOSIT INSURANCE CORPORATION (THE "FDIC").

Certificate Number: P-2

Twenty Five Million Aggregate Liquidation Amount Preferred Securities

Certificate Evidencing Preferred Securities

of

ESS STATUTORY TRUST III

Preferred Securities
(liquidation amount $1,000 per Preferred Security)

ESS Statutory Trust III, a statutory trust created under the laws of the State of Delaware (the "*Trust*"), hereby certifies that Bear, Stearns Securities Corp. (the "*Holder*") is the registered owner of 25,000 Preferred Securities of the Trust representing an undivided preferred beneficial interest in the assets of the Trust and designated the ESS Statutory Trust III Preferred Securities, (liquidation amount $1,000 per Preferred Security) (the "*Preferred Securities*"). Subject to the terms of the Trust Agreement (as defined below), the Preferred Securities are transferable on the books and records of the Trust, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer as provided in *Section 5.7* of the Trust Agreement (as defined below). The designations, rights, privileges, restrictions, preferences and other terms and provisions of the Preferred Securities are set forth in, and this certificate and the Preferred Securities represented hereby are issued and shall in all respects be subject to the terms and provisions of, the Amended and Restated Trust Agreement of the Trust, dated as of July 27, 2005 as the same may be amended from time to time (the "*Trust Agreement*"), among Extra Space Storage LP, as Depositor, JPMorgan Chase Bank, National Association, as Property Trustee, Chase Bank USA, National Association, as Delaware Trustee, the Administrative Trustees named therein and the Holders, from, time to time, of Trust Securities. The Trust will furnish a copy of the Trust Agreement to the Holder without charge upon written request to the Property Trustee at its Corporate Trust Office.

Upon receipt of this certificate, the Holder is bound by the Trust Agreement and is entitled to the benefits thereunder.

The Preferred Securities Certificate shall be governed by and construed in accordance with the laws of the State of Delaware.

All capitalized terms used but not defined in this Preferred Securities Certificate are used with the meanings specified in the Trust Agreement, including the Schedules and Exhibits thereto.

IN WITNESS WHEREOF, one of the Administrative Trustees of the Trust has executed on behalf of the Trust this certificate this 27 day of July, 2005.

ESS STATUTORY TRUST III

By: /s/ CHARLES L. ALLEN

Name: Charles L. Allen
Title: *Administrative Trustee*

This is one of the Preferred Securities referred to in the within-mentioned Trust Agreement.

Dated: July 27, 2005

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, NOT IN ITS INDIVIDUAL CAPACITY, BUT SOLELY AS PROPERTY TRUSTEE

By: /s/ (ILLEGIBLE)

Authorized signatory

REVERSE OF SECURITY

The Trust promises to pay Distributions from July 27, 2005, or from the most recent Distribution Date to which Distributions have been paid or duly proved for, quarterly (subject to deferral as set forth herein) in arrears on January 30, April 30, July 30 and October 30 of each year, commencing on October 30, 2005, at a fixed rate equal to 6.91% per annum through the interest payment date on July 30, 2010 ("Fixed Rate Period"), and thereafter at a variable rate equal to LIBOR plus 2.40% per annum of the Liquidation Amount of the Preferred Securities represented by this Preferred Securities Certificate, together with any Additional Interest Amounts, in respect to such period.

In the event (and to the extent) that the Depositor exercises its right under the Indenture to defer the payment of interest on the Notes, Distribution on the Preferred Securities shall be deferred.

Distributions on the Trust Securities shall be made by the Paying Agent from the Payment Account and shall be payable on each Distribution Date only to the extent that the Trust has funds then on hand and available in the Payment Account for the payment of such Distributions.

Distributions on the Securities must be paid on the dates payable (after giving effect to any Extension Period) to the extent that the Trust has funds available for the payment of such Distributions in the Payment Account of the Trust. The Trust's funds available for Distribution to the Holders of the Preferred Securities will be limited to payments received from the Depositor.

During an Event of Default, the Depositor shall not (i) declare or pay any dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment with respect to, any of the Depositor's capital stock or (ii) make any payment of principal of or any interest or premium, if any, on or repay, repurchase or redeem any debt securities of the Depositor that rank *pari passu* in all respects with or junior in interest to the Notes (other than (a) repurchases, redemptions or other acquisitions of shares of capital stock of the Depositor in connection with (1) any employment contract, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors or consultants, (2) a dividend reinvestment or stockholder stock purchase plan or (3) the issuance of capital stock of the Depositor (or securities convertible into or exercisable for such capital stock) as consideration in an acquisition transaction entered into prior to such Event of Default, (b) as a result of an exchange or conversion of any class or series of the Depositor's capital stock (or any capital stock of a Subsidiary (as defined in the Indenture) of the Depositor) for any class or series of the Depositor's capital stock or of any class or series of the Depositor's indebtedness for any class or series of the Depositor's capital stock, (c) the purchase of fractional interests in shares of the Depositor's capital stock pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged, (d) any declaration of a dividend in connection with any Rights Plan (as defined in the Indenture), the issuance of rights, stock or other property under any Rights Plan, or the redemption or repurchase of rights pursuant thereto or (e) any dividend in the form of stock, warrants, options or other rights where the dividend stock or the stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks *pari passu* with or junior to such stock).

On each Note Redemption Date, on the stated maturity (or any date of principal repayment upon early maturity) of the Notes and on each other date on (or in respect of) which any principal on the Notes is repaid, the Trust will be required to redeem a Like Amount of Trust Securities at the Redemption Price. Under the Indenture, the Notes may be redeemed by the Depositor on any Interest Payment Date, at the Depositor's option, on or after July 30, 2010 in whole or in part from time to time at the Optional Note Redemption Price of the principal amount thereof or the redeemed portion thereof, as applicable, together, in the case of any such redemption, with accrued interest, including any Additional Interest, to but excluding the date fixed for redemption. The Notes may also be redeemed by the Depositor, at its option, at any time, in whole but not in part, upon the occurrence of an

Investment Company Event or a Tax Event at the Special Note Redemption Price; *provided*, that such Investment Company Event or a Tax Event is continuing on the Redemption Date.

The Trust Securities redeemed on each Redemption Date shall be redeemed at the Redemption Price with the proceeds from the contemporaneous redemption or payment at maturity of Notes. Redemptions of the Trust Securities (or portion thereof) shall be made and the Redemption Price shall be payable on each Redemption Date only to the extent that the Trust has funds then on hand and available in the Payment Account for the payment of such Redemption Price.

Payments of Distributions (including my Additional Interest Amounts), the Redemption Price, Liquidation Amount or any other amounts in respect of the Preferred Securities shall be made by wire transfer at such place and to such account at a banking institution in the United States as may be designated in writing at least ten (10) Business Days prior to the date for payment by the Person entitled thereto unless proper written transfer instructions have not been received by the relevant record date, in which case such payments shall be made by check mailed to the address of such Person as such address shall appear in the Security Register. If any Preferred Securities are held by a Depositary, such Distributions shall be made to the Depositary in immediately available funds.

The indebtedness evidenced by the Notes is, to the extent provided in the Indenture, subordinate and junior in right of payment to the prior payment in full of all Senior Debt (as defined in the Indenture), and this Security is issued subject to the provisions of the Indenture with respect thereto.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfers this Preferred Securities Certificate to:

(Insert assignee's social security or tax identification number)

(Insert address and zip code of assignee)

and irrevocably appoints

agent to transfer this Preferred Securities Certificate on the books of the Trust. The agent may substitute another to act for him or her.

Date: _____

Signature: _____

(Sign exactly as your name appears on the other side of this Preferred Securities Certificate)

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to S.E.C. Rule 17Ad-15.

QuickLinks

Exhibit 10.11

2004 LONG TERM INCENTIVE COMPENSATION PLAN OPTION AWARD FOR EMPLOYEE WITH EMPLOYMENT AGREEMENT

EXTRA SPACE STORAGE INC.
2004 LONG TERM INCENTIVE COMPENSATION PLAN

OPTION AWARD AGREEMENT

AGREEMENT by and between Extra Space Storage Inc., a self-administered Maryland corporation (the "Company") and (the "Optionee"), dated as of the 12th day of August, 2004.

WHEREAS, the Company maintains the Extra Space Storage Inc. 2004 Long Term Incentive Compensation Plan (as amended from time to time, the "Plan") (capitalized terms used but not defined herein shall have the respective meanings ascribed thereto by the Plan (which are set forth in Appendix A, attached hereto for your convenience));

WHEREAS, the Optionee is an employee of the Company or its Subsidiaries; and

WHEREAS, the Committee has determined that it is in the best interests of the Company and its shareholders to grant a stock option to the Optionee subject to the terms and conditions set forth below.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Grant of Stock Option.

The Company hereby grants the Optionee an Option to purchase shares of Common Stock, subject to the following terms and conditions and subject to the provisions of the Plan. The Plan is hereby incorporated herein by reference as though set forth herein in its entirety.

The Option is not intended to be and shall not be qualified as an "incentive stock option" under Section 422 of the Code.

2. Option Price.

The Option Price per Share shall be $12.50.

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3. Initial Exercisability.

(a) Subject to paragraph 5 below, the Option, to the extent that there has been no termination of the Optionee's employment and the Option has not otherwise expired or been forfeited, shall become exercisable as follows:

For the Period Ending On	Percent of the Grant Exercisable
August 12, 2005	25%
August 12, 2006	25%
August 12, 2007	25%
August 12, 2008	25%

(b) Notwithstanding the foregoing, the Option shall also become exercisable and otherwise vested (i) if and as provided in the employment agreement between the Optionee and the Company, dated as of , as amended from time to time (the "Employment Agreement") to the same extent as they would were the provisions of the Employment Agreement relating to such exercisability and vesting applicable by their terms to the Options, if and to the extent the Employment Agreement is in effect at the relevant time, and nothing herein shall limit any of the Optionee's rights under the Employment Agreement and (ii) upon a Change in Control while the Optionee is employed.

4. Exercisability Upon and After Termination of Optionee.

(a) In the event of the Optionee's Termination of Service other than a termination by the Optionee without Good Reason (as defined in the Employment Agreement, if and to the extent the Employment Agreement is in effect at the relevant time), termination by the Company and its Subsidiaries for Cause (as defined in the Employment Agreement, if and to the extent the Employment Agreement is in effect at the relevant time) or termination by reason of death, Retirement or Disability, no exercise of the Option may occur after the expiration of the three-month period to follow such termination, or if earlier, the expiration of the term of the Option set forth in paragraph 5 below; provided that, if the Optionee should die after a Termination of Service, but while the Option is still in effect, the Option (if and to the extent otherwise exercisable under paragraph 3(a) above) may be exercised in the manner provided by the Plan until the earlier of (i) one year from the date of the Termination of Service of the Optionee, or (ii) the date on which the term of the Option expires in accordance with paragraph 5 below.

(b) In the event the Optionee has a Termination of Service on account of death, Disability or Retirement, the Option may be exercised until the earlier of (i) one year from the date of the Termination of Service of the Optionee, or (ii) the date on which the term of the Option expires as provided under paragraph 5 below.

(c) Notwithstanding any other provision of this Agreement, if (i) the Optionee has a Termination of Service by the Company or a Subsidiary for Cause or (ii) the Optionee terminates employment with the Company and its Subsidiaries without Good Reason (other than on account of death, Retirement or Disability), the Optionee's Options, to the extent then unexercised, shall thereupon cease to be exercisable and shall be forfeited forthwith.

(d) Other than as specified below, no Option (or portion thereof) which had not become exercisable at the time of cessation of employment shall ever be or become exercisable. No provision of this paragraph 4 is intended to or shall permit the exercise of the Option to the extent the Option was not exercisable upon cessation of employment.

(e) The Committee may, in its sole discretion, accelerate all or a portion of the vesting of any Option upon the cessation of the Optionee's employment for any reason (other than a termination by the Company for Cause).

5. Term.

Unless earlier forfeited, the Option shall, notwithstanding any other provision of this Agreement, expire in its entirety upon the 10th anniversary of the date hereof. The Option shall also expire and be forfeited at such earlier times and in such circumstances as otherwise provided hereunder or under the Plan.

6. Miscellaneous.

(a) **THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF MARYLAND WITHOUT REFERENCE TO PRINCIPLES OF CONFLICT OF LAWS.** The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified except by a written agreement executed by the parties hereto or their respective successors and legal representatives. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(b) The Committee may make such rules and regulations and establish such procedures for the administration of this Agreement as it deems appropriate. Without limiting the generality of the foregoing, the Committee may interpret this Agreement, with such interpretations to be conclusive and binding on all persons and otherwise accorded the maximum deference permitted by law, provided that the Committee's interpretation shall not be entitled to deference on and after a Change in Control except to the extent that such interpretations are made exclusively by members of the Committee who are individuals who served as Committee members before the Change in Control. In the event of any dispute or disagreement as to the interpretation of this Agreement or of any rule, regulation or procedure, or as to any question, right or obligation arising from or related to this Agreement, the decision of the Committee shall be final and binding upon all persons.

(c) All notices hereunder shall be in writing, and if to the Company or the Committee, shall be delivered to the Board or mailed to its principal office, addressed to the attention of the Board; and if to the Optionee, shall be delivered personally, sent by email or facsimile transmission or mailed to the Optionee at the address appearing in the records of the Company. Such addresses may be changed at any time by written notice to the other party given in accordance with this paragraph 6(c).

(d) The failure of the Optionee or the Company to insist upon strict compliance with any provision of this Agreement or the Plan, or to assert any right the Optionee or the Company, respectively, may have under this Agreement or the Plan, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement or the Plan.

(e) The Optionee agrees that, at the request of the Committee, the Optionee shall represent to the Company in writing that the Shares being acquired are acquired for investment only and not with a view to distribution and that such Shares will be disposed of only if registered for sale under the Securities Act or if there is an available exemption for such disposition. The Optionee expressly understands and agrees that, in the event of such a request, the making of such representation shall be a condition precedent to receipt of Shares upon exercise of the Option.

(f) Nothing in this Agreement shall confer on the Optionee any right to continue in the employ of the Company or its Subsidiaries or interfere in any way with the right of the Company or its Subsidiaries to terminate the Optionee's employment at any time.

(g) This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto, other than the Employment Agreement if and to the extent the Employment Agreement is in effect at the relevant time.

IN WITNESS WHEREOF, the C ompany and the Optionee have executed this Agreement as of the day and year first above written.

EXTRA SPACE STORAGE INC.

By: _____

Name: _____

Title: _____

_____

[Optionee's Name]

Appendix A

Please note, the definitions contained in this Appendix A are provided for your convenience, and at all times, such definitions shall have the meaning ascribed thereto under the Plan, as may be amended from time to time.

"Award Agreement" means a written agreement in a form approved by the Committee to be entered into between the Company and the Participant as provided in Section 3 of the Plan.

"Board" means the Board of Directors of the Company.

"Change in Control" means the happening of any of the following:

(i) any "person," including a "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, but excluding (A) the Company, (B) any entity controlling, controlled by or under common control with the Company, (C) any employee benefit plan of the Company or any entity described in clause (B), (D) with respect to any particular Participant, the Participant and any "group" (as such term is used in Section 13(d)(3) of the Exchange Act) of which the Participant is a member), (E) Kenneth M. Woolley, his affiliates, associates and people acting in concert with any of the foregoing and (F) Spencer F. Kirk, his affiliates, associates and people acting in concert with any of the foregoing, is or becomes the "beneficial owner" (as defined in Rule 13(d)(3) under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of either (1) the combined voting power of the Company's then outstanding securities or (2) the then outstanding Shares (in either such case other than as a result of an acquisition of securities directly from the Company); provided, however, that, in no event shall a Change in Control be deemed to have occurred upon an initial public offering of the Common Stock under the Securities Act; or

(ii) any consolidation or merger of the Company where the shareholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, shares representing in the aggregate 50% or more of the combined voting power of the securities of the corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any); or

(iii) there shall occur (A) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of

the assets of the Company, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by "persons" (as defined above) in substantially the same proportion as their ownership of the Company immediately prior to such sale or (B) the approval by shareholders of the Company of any plan or proposal for the liquidation or dissolution of the Company; or

(iv) the members of the Board at the beginning of any consecutive 24-calendar-month period (the "Incumbent Directors") cease for any reason other than due to death to constitute at least a majority of the members of the Board; provided that any director whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the members of the Board then still in office who were members of the Board at the beginning of such 24-calendar-month period, shall be deemed to be an Incumbent Director.

"Code" means the Internal Revenue Code of 1986, as amended.

"Committee" means the Committee appointed by the Board under Section 3 of the Plan.

"Common Stock" means the Company's Common Stock, par value $.01 per share, either currently existing or authorized hereafter.

"Director" means a non-employee director of the Company or its Subsidiaries.

"Disability" means the occurrence of an event which would entitle an employee of the Company to the payment of disability income under one of the Company's approved long-term disability income plans or, in the absence of such a plan, unless otherwise provided by the Committee in the Participant's Award Agreement, a disability which renders the Participant incapable of performing all of his or her material duties for a period of at least 180 consecutive or non-consecutive days during any consecutive twelve-month period.

"Grantee" means an employee, Director and consultant granted Restricted Stock, Phantom Shares or Dividend Equivalent Rights or such other equity-based Awards as may be granted pursuant to Section 9 of the Plan.

"Option" means the right to purchase, at a price and for the term fixed by the Committee in accordance with the Plan, and subject to such other limitations and restrictions in the Plan and the applicable Award Agreement, a number of Shares determined by the Committee.

"Option Price" means the exercise price per Share.

"Participant" means a Grantee or Optionee.

"Retirement" means the Termination of Service of a Participant with the Company under circumstances which would entitle an employee of the Company to an immediate pension under one of the Company's approved retirement plans, or, in the absence of such a plan, unless otherwise provided by the Committee in the Participant's Award Agreement, the Termination of Service (other than for Cause) of a Participant on or after the Participant's attainment of age 65 or on or after the Participant's attainment of age 55 with five consecutive years of service with the Company and or its Subsidiaries or its affiliates.

"Securities Act" means the Securities Act of 1933, as amended.

"Shares" means shares of Common Stock of the Company.

"Subsidiary" means any corporation (other than the Company), partnership or other entity at least 50% of the economic interest in the equity of which is owned by the Company or by another subsidiary.

"Successor of the Optionee" means the legal representative of the estate of a deceased Optionee or the person or persons who shall acquire the right to exercise an Option by bequest or inheritance or by reason of the death of the Optionee.

"Termination of Service" means a Participant's termination of employment or other service, as applicable, with the Company and its Subsidiaries. Cessation of service as an officer, or employee, Director and consultant shall not be treated as a Termination of Service if the Participant continues without interruption to serve thereafter in another one (or more) of such other capacities.

Schedule to Exhibit 10.11

As of the date of filing this report, the Company has entered into this form of Long Term Incentive Compensation Plan Option Award Agreement with the following current or former executive officers (each of whom had an employment agreement with the Company at the time): Kenneth M. Woolley, Kent W. Christensen, Charles L. Allen and Karl Haas. In accordance with Instruction 2 to Item 601 of Regulation S-K, the Company has filed only the form of such agreement as the award agreements are substantially identical in all material respects, except as to the parties thereto, the dates of execution, the number of stock options awarded and the exercise price of such options. The Company agrees to furnish the agreements at the request of the SEC.

Exhibit 10.12

2004 LONG TERM INCENTIVE COMPENSATION PLAN OPTION AWARD FOR EMPLOYEE WITHOUT EMPLOYMENT AGREEMENT

EXTRA SPACE STORAGE INC.
2004 LONG TERM INCENTIVE COMPENSATION PLAN

OPTION AWARD AGREEMENT

AGREEMENT by and between Extra Space Storage Inc., a self-administered Maryland corporation (the "Company") and (the "Optionee"), dated as of the 12th day of August, 2004.

WHEREAS, the Company maintains the Extra Space Storage Inc. 2004 Long Term Incentive Compensation Plan (as amended from time to time, the "Plan") (capitalized terms used but not defined herein shall have the respective meanings ascribed thereto by the Plan (which are set forth in Appendix A, attached hereto for your convenience));

WHEREAS, the Optionee is an employee of the Company or its Subsidiaries; and

WHEREAS, the Committee has determined that it is in the best interests of the Company and its shareholders to grant a stock option to the Optionee subject to the terms and conditions set forth below.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Grant of Stock Option.

The Company hereby grants the Optionee an Option to purchase shares of Common Stock, subject to the following terms and conditions and subject to the provisions of the Plan. The Plan is hereby incorporated herein by reference as though set forth herein in its entirety.

The Option is not intended to be and shall not be qualified as an "incentive stock option" under Section 422 of the Code.

2. Option Price.

The Option Price per Share shall be $12.50.

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3. Initial Exercisability.

(c) Subject to paragraph 5 below, the Option, to the extent that there has been no termination of the Optionee's employment and the Option has not otherwise expired or been forfeited, shall become exercisable as follows:

For the Period Ending On	Percent of the Grant Exercisable
August 12, 2005	25%
August 12, 2006	25%
August 12, 2007	25%
August 12, 2008	25%

(d) Notwithstanding the foregoing, the Option shall also become exercisable and otherwise vested upon a Change in Control while the Optionee is employed.

4. Exercisability Upon and After Termination of Optionee.

(a) In the event of the Optionee's Termination of Service other than a termination by the Optionee for any reason, termination by the Company and its Subsidiaries for Cause or termination by reason of death, Retirement or Disability, no exercise of the Option may occur after the expiration of the three-month period to follow such termination, or if earlier, the expiration of the term of the Option set forth in paragraph 5 below; provided that, if the Optionee should die after a Termination of Service, but while the Option is still in effect, the Option (if and to the extent otherwise exercisable under paragraph 3(a) above) may be exercised in the manner provided by the Plan until the earlier of (i) one year from the date of the Termination of Service of the Optionee, or (ii) the date on which the term of the Option expires in accordance with paragraph 5 below.

(b) In the event the Optionee has a Termination of Service on account of death, Disability or Retirement, the Option may be exercised until the earlier of (i) one year from the date of the Termination of Service of the Optionee, or (ii) the date on which the term of the Option expires as provided under paragraph 5 below.

(c) Notwithstanding any other provision of this Agreement, if (i) the Optionee has a Termination of Service by the Company or a Subsidiary for Cause or (ii) the Optionee terminates employment with the Company and its Subsidiaries for any reason (other than on account of death, Retirement or Disability), the Optionee's Options, to the extent then unexercised, shall thereupon cease to be exercisable and shall be forfeited forthwith.

(d) Other than as specified below, no Option (or portion thereof) which had not become exercisable at the time of cessation of employment shall ever be or become exercisable. No provision of this paragraph 4 is intended to or shall permit the exercise of the Option to the extent the Option was not exercisable upon cessation of employment.

(e) The Committee may, in its sole discretion, accelerate all or a portion of the vesting of any Option upon the cessation of the Optionee's employment for any reason (other than a termination by the Company for Cause).

5. Term.

Unless earlier forfeited, the Option shall, notwithstanding any other provision of this Agreement, expire in its entirety upon the 10th anniversary of the date hereof. The Option shall also expire and be forfeited at such earlier times and in such circumstances as otherwise provided hereunder or under the Plan.

6. Miscellaneous.

(a) **THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF MARYLAND WITHOUT REFERENCE TO PRINCIPLES OF CONFLICT OF LAWS.** The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified except by a written agreement executed

by the parties hereto or their respective successors and legal representatives. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(b) The Committee may make such rules and regulations and establish such procedures for the administration of this Agreement as it deems appropriate. Without limiting the generality of the foregoing, the Committee may interpret this Agreement, with such interpretations to be conclusive and binding on all persons and otherwise accorded the maximum deference permitted by law, provided that the Committee's interpretation shall not be entitled to deference on and after a Change in Control except to the extent that such interpretations are made exclusively by members of the Committee who are individuals who served as Committee members before the Change in Control. In the event of any dispute or disagreement as to the interpretation of this Agreement or of any rule, regulation or procedure, or as to any question, right or obligation arising from or related to this Agreement, the decision of the Committee shall be final and binding upon all persons.

(c) All notices hereunder shall be in writing, and if to the Company or the Committee, shall be delivered to the Board or mailed to its principal office, addressed to the attention of the Board; and if to the Optionee, shall be delivered personally, sent by email or facsimile transmission or mailed to the Optionee at the address appearing in the records of the Company. Such addresses may be changed at any time by written notice to the other party given in accordance with this paragraph 6(c).

(d) The failure of the Optionee or the Company to insist upon strict compliance with any provision of this Agreement or the Plan, or to assert any right the Optionee or the Company, respectively, may have under this Agreement or the Plan, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement or the Plan.

(e) The Optionee agrees that, at the request of the Committee, the Optionee shall represent to the Company in writing that the Shares being acquired are acquired for investment only and not with a view to distribution and that such Shares will be disposed of only if registered for sale under the Securities Act or if there is an available exemption for such disposition. The Optionee expressly understands and agrees that, in the event of such a request, the making of such representation shall be a condition precedent to receipt of Shares upon exercise of the Option.

(f) Nothing in this Agreement shall confer on the Optionee any right to continue in the employ of the Company or its Subsidiaries or interfere in any way with the right of the Company or its Subsidiaries to terminate the Optionee's employment at any time.

(g) This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.

IN WITNESS WHEREOF, the Company and the Optionee have executed this Agreement as of the day and year first above written.

EXTRA SPACE STORAGE INC.

By: _____

Name: _____

Title: _____

_____

[Optionee's Name]

Appendix A

Please note, the definitions contained in this Appendix A are provided for your convenience, and at all times, such definitions shall have the meaning ascribed thereto under the Plan, as may be amended from time to time.

"Award Agreement" means a written agreement in a form approved by the Committee to be entered into between the Company and the Participant as provided in Section 3 of the Plan.

"Board" means the Board of Directors of the Company.

"Cause" means, unless otherwise provided in the Participant's Award Agreement, (i) engaging in (A) willful or gross misconduct or (B) willful or gross neglect, (ii) repeatedly failing to adhere to the directions of superiors or the Board or the written policies and practices of the Company or its Subsidiaries or its affiliates, (iii) the commission of a felony or a crime of moral turpitude, or any crime involving the Company or its Subsidiaries, or any affiliate thereof, (iv) fraud, misappropriation or embezzlement, (v) a material breach of the Participant's employment agreement (if any) with the Company or its Subsidiaries or its affiliates, or (vi) any illegal act detrimental to the Company or its Subsidiaries or its affiliates; provided, however, that, if at any particular time the Participant is subject to an effective employment agreement with the Company, then, in lieu of the foregoing definition, "Cause" shall at that time have such meaning as may be specified in such employment agreement.

"Change in Control" means the happening of any of the following:

(i) any "person," including a "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, but excluding (A) the Company, (B) any entity controlling, controlled by or under common control with the Company, (C) any employee benefit plan of the Company or any entity described in clause (B), (D) with respect to any particular Participant, the Participant and any "group" (as such term is used in Section 13(d)(3) of the Exchange Act) of which the Participant is a member), (E) Kenneth M. Woolley, his affiliates, associates and people acting in concert with any of the foregoing and (F) Spencer F. Kirk, his affiliates, associates and people acting in concert with any of the foregoing, is or becomes the "beneficial owner" (as defined in Rule 13(d)(3) under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of either (1) the combined voting power of the Company's then outstanding securities or (2) the then outstanding Shares (in either such case other than as a result of an acquisition of securities directly from the Company); provided, however, that, in no event shall a Change in Control be deemed to have occurred upon an initial public offering of the Common Stock under the Securities Act; or

(ii) any consolidation or merger of the Company where the shareholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, shares representing in the aggregate 50% or more of the combined voting power of the securities of the corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any); or

(iii) there shall occur (A) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by "persons" (as defined above) in substantially the same proportion as their ownership of the Company immediately prior to such sale or (B) the approval by shareholders of the Company of any plan or proposal for the liquidation or dissolution of the Company; or

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(iv) the members of the Board at the beginning of any consecutive 24-calendar-month period (the "Incumbent Directors") cease for any reason other than due to death to constitute at least a majority of the members of the Board; provided that any director whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the members of the Board then still in office who were members of the Board at the beginning of such 24-calendar-month period, shall be deemed to be an Incumbent Director.

"Code" means the Internal Revenue Code of 1986, as amended.

"Committee" means the Committee appointed by the Board under Section 3 of the Plan.

"Common Stock" means the Company's Common Stock, par value $.01 per share, either currently existing or authorized hereafter.

"Director" means a non-employee director of the Company or its Subsidiaries.

"Disability" means the occurrence of an event which would entitle an employee of the Company to the payment of disability income under one of the Company's approved long-term disability income plans or, in the absence of such a plan, unless otherwise provided by the Committee in the Participant's Award Agreement, a disability which renders the Participant incapable of performing all of his or her material duties for a period of at least 180 consecutive or non-consecutive days during any consecutive twelve-month period.

"Grantee" means an employee, Director and consultant granted Restricted Stock, Phantom Shares or Dividend Equivalent Rights or such other equity-based Awards as may be granted pursuant to Section 9 of the Plan.

"Option" means the right to purchase, at a price and for the term fixed by the Committee in accordance with the Plan, and subject to such other limitations and restrictions in the Plan and the applicable Award Agreement, a number of Shares determined by the Committee.

"Option Price" means the exercise price per Share.

"Participant" means a Grantee or Optionee.

"Retirement" means the Termination of Service of a Participant with the Company under circumstances which would entitle an employee of the Company to an immediate pension under one of the Company's approved retirement plans, or, in the absence of such a plan, unless otherwise provided by the Committee in the Participant's Award Agreement, the Termination of Service (other than for Cause) of a Participant on or after the Participant's attainment of age 65 or on or after the Participant's attainment of age 55 with five consecutive years of service with the Company and or its Subsidiaries or its affiliates.

"Securities Act" means the Securities Act of 1933, as amended.

"Shares" means shares of Common Stock of the Company.

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"Subsidiary" means any corporation (other than the Company), partnership or other entity at least 50% of the economic interest in the equity of which is owned by the Company or by another subsidiary.

"Successor of the Optionee" means the legal representative of the estate of a deceased Optionee or the person or persons who shall acquire the right to exercise an Option by bequest or inheritance or by reason of the death of the Optionee.

"Termination of Service" means a Participant's termination of employment or other service, as applicable, with the Company and its Subsidiaries. Cessation of service as an officer, or employee, Director and consultant shall not be treated as a Termination of Service if the Participant continues without interruption to serve thereafter in another one (or more) of such other capacities.

Schedule to Exhibit 10.12

As of the date of filing this report, the Company has entered into this form of Long Term Incentive Compensation Plan Option Award Agreement with its employees other than Kenneth M. Woolley, Kent W. Christensen, Charles L. Allen and Karl Haas (each of whom had an employment agreement with the Company). In accordance with Instruction 2 to Item 601 of Regulation S-K, the Company has filed only the form of such agreement as the award agreements are substantially identical in all material respects, except as to the parties thereto, the dates of execution, the number of stock options awarded and the exercise price of such options. The Company agrees to furnish the agreements at the request of the SEC.

Exhibit 10.13

2004 NON-EMPLOYEE DIRECTOR SHARE PLAN OPTION AWARD AGREEMENT FOR DIRECTORS

EXTRA SPACE STORAGE INC.
2004 NON-EMPLOYEE DIRECTORS' SHARE PLAN

OPTION AWARD AGREEMENT

AGREEMENT by and between Extra Space Storage Inc., a self-administered Maryland corporation (the "Company") and (the "Participant"), dated as of the 12th day of August, 2004.

WHEREAS, the Company maintains the Extra Space Storage Inc. 2004 Non-Employee Directors' Share Plan (as amended from time to time, the "Plan") (capitalized terms used but not defined herein shall have the respective meanings ascribed thereto by the Plan (which are set forth in Appendix A, attached hereto for your convenience));

WHEREAS, the Participant is a director; and

WHEREAS, the compensation committee has determined that it is in the best interests of the Company and its shareholders to grant a stock option to the Participant subject to the terms and conditions set forth below.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Grant of Stock Option.

The Company hereby grants the Participant an Option to purchase shares of Common Stock, subject to the following terms and conditions and subject to the provisions of the Plan. The Plan is hereby incorporated herein by reference as though set forth herein in its entirety.

The Option is not intended to be and shall not be qualified as an "incentive stock option" under Section 422 of the Code.

2. Option Price.

The Option Price per Share shall be $12.50.

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3. Initial Exercisability.

(e) Subject to paragraph 5 below, the Option, to the extent that there has been no termination of the Participant's service and the Option has not otherwise expired or been forfeited, shall become exercisable as follows:

For the Period Ending On	Percent of the Grant Exercisable
August 12, 2005	25%
August 12, 2006	25%
August 12, 2007	25%
August 12, 2008	25%

(f) Notwithstanding the foregoing, a Participant's Option will become immediately exercisable in full at the time the Participant ceases to serve as a director due to death or disability or upon a Change in Control.

4. Exercisability Upon and After Termination of Participant.

(a) In the event of the Participant ceases to serve as a director by reason other than on account of death or disability, no exercise of the Option may occur after the expiration of the two-month period to follow such termination, or if earlier, the expiration of the term of the Option set forth in paragraph 5 below; provided that, if the Participant should die after a cessation of service as a director, the Option (if and to the extent otherwise exercisable under paragraph 3 above) may be exercised in the manner provided by the Plan until the earlier of (i) one year from the date the Participant ceases to serve as a director of the Company, or (ii) the date on which the term of the Option expires in accordance with paragraph 5 below.

(b) In the event the Participant ceases to serve as a director on account of death or disability, the Participant's Option (whether or not otherwise exercisable) may be exercised until the earlier of (i) one year from the date the Participant ceases to serve as a director, or (ii) the date on which the term of the Option as provided under paragraph 5 below.

(c) Unless otherwise provided herein, no Option (or portion thereof) which had not become exercisable at the time of cessation of service shall ever be or become exercisable.

(d) The compensation committee may, in its sole discretion, accelerate the vesting of any Option upon the cessation of the Participant's service for any reason.

5. Term.

Unless earlier forfeited, the Option shall, notwithstanding any other provision of this Agreement, expire in its entirety at the earlier of (i) the 10th anniversary of the date hereof or (ii) one year after the date the Participant ceases to serve as a director for any reason.

6. Miscellaneous.

(a) **THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF MARYLAND WITHOUT REFERENCE TO PRINCIPLES OF CONFLICT OF LAWS.** The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified except by a written agreement executed by the parties hereto or their respective successors and legal representatives. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(b) The compensation committee may make such rules and regulations and establish such procedures for the administration of this Agreement as it deems appropriate. Without limiting the generality of the foregoing, the compensation committee may interpret this Agreement, with such interpretations to be conclusive and binding on all persons and otherwise accorded the maximum

deference permitted by law, provided that the compensation committee's interpretation shall not be entitled to deference on and after a Change in Control except to the extent that such interpretations are made exclusively by members of the compensation committee who are individuals who served as compensation committee members before the Change in Control. In the event of any dispute or disagreement as to the interpretation of this Agreement or of any rule, regulation or procedure, or as to any question, right or obligation arising from or related to this Agreement, the decision of the compensation committee shall be final and binding upon all persons.

(c) All notices hereunder shall be in writing, and if to the Company or the compensation committee, shall be delivered to the board of directors of the Company (the "Board") or mailed to its principal office, addressed to the attention of the Board; and if to the Participant, shall be delivered personally, sent by email or facsimile transmission or mailed to the Participant at the address appearing in the records of the Company. Such addresses may be changed at any time by written notice to the other party given in accordance with this paragraph 6(c).

(d) The failure of the Participant or the Company to insist upon strict compliance with any provision of this Agreement or the Plan, or to assert any right the Participant or the Company, respectively, may have under this Agreement or the Plan, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement or the Plan.

(e) The Participant agrees that, at the request of the compensation committee, the Participant shall represent to the Company in writing that the shares being acquired are acquired for investment only and not with a view to distribution and that such shares will be disposed of only if registered for sale under the Securities Act, or if there is an available exemption for such disposition. The Participant expressly understands and agrees that, in the event of such a request, the making of such representation shall be a condition precedent to receipt of Shares upon exercise of the Option.

(f) Nothing in this Agreement shall confer on the Participant any right to continue in the service of the Company or its subsidiaries or interfere in any way with the right of the Company or its subsidiaries to terminate the Participant's service at any time.

(g) This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.

IN WITNESS WHEREOF, the Company and the Participant have executed this Agreement as of the day and year first above written.

EXTRA SPACE STORAGE INC.

By: _____

Name: _____

Title: _____

_____

[Participant's Name]

Appendix A

Please note, the definitions contained in this Appendix A are provided for your convenience, and at all times, such definitions shall have the meaning ascribed thereto under the Plan, as may be amended from time to time.

"Board" means the Board of Directors of the Company.

"Change in Control" shall have occurred if:

(i) any "person," including a "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, but excluding (A) the Company, (B) any entity controlling, controlled by or under common control with the Company, (C) any employee benefit plan of the Company or any entity described in clause (B), (D) with respect to any particular Participant, the Participant and any "group" (as such term is used in Section 13(d)(3) of the Exchange Act) of which the Participant is a member), (E) Kenneth M. Woolley, his affiliates, associates and people acting in concert with any of the foregoing and (F) Spencer F. Kirk, his affiliates, associates and people acting in concert with any of the foregoing, is or becomes the "beneficial owner" (as defined in Rule 13(d)(3) under the

Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of either (1) the combined voting power of the Company's then outstanding securities or (2) the then outstanding Shares (in either such case other than as a result of an acquisition of securities directly from the Company); provided, however, that, in no event shall a Change in Control be deemed to have occurred upon an initial public offering of the Company's common stock under the Securities Act; or

(ii) any consolidation or merger of the Company where the shareholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, shares representing in the aggregate 50% or more of the combined voting power of the securities of the corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any); or

(iii) there shall occur (A) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by "persons" (as defined above) in substantially the same proportion as their ownership of the Company immediately prior to such sale or (B) the approval by shareholders of the Company of any plan or proposal for the liquidation or dissolution of the Company; or

(iv) the members of the Board at the beginning of any consecutive 24-calendar-month period (the "Incumbent Directors") cease for any reason other than due to death to constitute at least a majority of the members of the Board; provided that any director whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the members of the Board then still in office who were members of the Board at the beginning of such 24-calendar-month period, shall be deemed to be an Incumbent Director.

"Code" means the Internal Revenue Code of 1986, as amended from time to time. References to any provision of the Code include regulations thereunder and successor provisions and regulations thereto.

"Common Stock" means the Company's Common Stock, par value $.01 per share, either currently existing or authorized hereafter.

"Option" means the right, granted to a director under Section 6 of the Plan, to purchase a specified number of Shares at the specified exercise price for a specified period of time under the Plan. No Option shall be intended to qualify as an "incentive stock option" under Section 422 of the Code.

"Option Price" means the exercise price per Share.

"Participant" means any person who, as a non-employee director of the Company, has been granted an Option which remain outstanding under the Plan

"Securities Act" means the Securities Act of 1933, as amended.

"Share" means a common share of the Company and such other securities as may be substituted for such Share or such other securities pursuant to Section 7 of the Plan.

Schedule to Exhibit 10.13

As of the date of filing this report, the Company has entered into this form of Share Plan Option Award Agreement with each of its non-employee directors, including: Anthony Fanticola, Hugh W. Horne, Joseph D. Margolis, Roger B. Porter and K. Fred Skousen. In accordance with Instruction 2 to Item 601 of Regulation S-K, the Company has filed only the form of such agreement as the award agreements are substantially identical in all material respects, except as to the parties thereto, the dates of execution, the number of stock options awarded and the exercise price of such options. The Company agrees to furnish the agreements at the request of the SEC.

CONTRIBUTION AGREEMENT
(AAAAA RENT-A-SPACE)

between

AAAAA RENT-A-SPACE, ALAMEDA, LTD., LIMITED PARTNERSHIP, a California limited partnership,
AAAAA RENT-A-SPACE, ALAMEDA II, LTD. LIMITED PARTNERSHIP, a California limited partnership,
AAAAA RENT-A-SPACE, BERKELEY I, LTD., LIMITED PARTNERSHIP, a California limited partnership,
AAAAA RENT-A-SPACE BERKELEY II, LTD., LIMITED PARTNERSHIP, a California limited partnership,
AAAAA RENT-A-SPACE – CASTRO VALLEY, LTD. LIMITED PARTNERSHIP, a California limited partnership,
AAAAA RENT-A-SPACE – COLMA, LTD. LIMITED PARTNERSHIP, a California limited partnership,
AAAAA RENT-A-SPACE, HAYWARD, LTD., LIMITED PARTNERSHIP, a California limited partnership,
AAAAA RENT-A-SPACE – MAUI, A LIMITED PARTNERSHIP, a Hawaiian limited partnership,
AAAAA RENT-A-SPACE, SAN LEANDRO, LTD., LIMITED PARTNERSHIP, a California limited partnership,
AAAAA RENT-A-SPACE, SAN PABLO, LTD. LIMITED PARTNERSHIP, a California limited partnership,
AAAAA RENT-A-SPACE – VALLEJO, LTD. LIMITED PARTNERSHIP, a California limited partnership
as CONTRIBUTORS,

and

EXTRA SPACE STORAGE LP,
a Delaware limited partnership, as ACQUIROR,

Dated as of June 15, 2007

EACH CONTRIBUTOR IS MAKING A DECISION TO INVEST IN UNITS OF LIMITED PARTNERSHIP INTEREST IN THE ACQUIROR AND IN THE SECURITIES FOR WHICH THOSE UNITS ARE EXCHANGEABLE (COLLECTIVELY, THE "SECURITIES"). IN MAKING SUCH INVESTMENT DECISION, EACH CONTRIBUTOR MUST RELY ON ITS OWN EXAMINATION OF THE ISSUERS OF THE SECURITIES AND THE TERMS OF THE INVESTMENT, INCLUDING THE MERITS OF THE INVESTMENT AND THE RISKS INVOLVED. THE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. EACH CONTRIBUTOR IS AWARE THAT IT MAY BE REQUIRED TO BEAR THE FINANCIAL RISK OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NO GENERAL SOLICITATION WILL BE CONDUCTED AND NO OFFERING LITERATURE OR ADVERTISING IN ANY FORM WILL OR MAY BE EMPLOYED IN THIS OFFERING OF THE SECURITIES, EXCEPT FOR THIS DOCUMENT (INCLUDING AMENDMENTS AND SUPPLEMENTS HERETO) AND THE DOCUMENTS SUMMARIZED HEREIN OR ENCLOSED HEREWITH. NO PERSON OTHER THAN THE REIT IS AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFERING NOT CONTAINED IN THIS DOCUMENT (INCLUDING AMENDMENTS AND SUPPLEMENTS HERETO) AND THE DOCUMENTS SUMMARIZED HEREIN OR ENCLOSED HEREWITH. SUCH OTHER INFORMATION OR REPRESENTATIONS, IF GIVEN OR MADE, MUST NOT BE RELIED UPON.

THIS CONTRIBUTION AGREEMENT (the "**Agreement**") is made and entered into effective as of the 15th day of June, 2007 (hereinafter the "**Effective Date**"), by, between, and among those entities identified as Contributors on the signature pages of this Agreement, (each a "**Contributor**", and collectively "**Contributors**") and **EXTRA SPACE STORAGE LP**, a Delaware limited partnership ("**Acquiror**").

R E C I T A L S:

A. Each of the Contributors operates and owns either fee title to, or a leasehold estate pursuant to the Ground Leases (hereinbelow defined) in, one or more of the self storage facilities listed on **Exhibit "A"** (each a "**Property**" and collectively the "**Properties**"). Each of the Properties is more fully described on **Exhibit "A-1"** through **"A-14"**, inclusive.

B. Subject to the terms and conditions of this Agreement, Acquiror desires to acquire and accept all of Contributors' right, title, and interest in and to the Properties from Contributors in their as-is, where-is condition and Contributors are willing to contribute and convey all of Contributors' right, title, and interest in and to the Properties.

NOW, THEREFORE, in consideration of and in reliance upon the terms, covenants, conditions and representations contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Contributors and Acquiror agree as follows:

1. **Contribution**. Subject to, and on the terms and conditions herein set forth, Contributors hereby agree to contribute and convey to Acquiror, and Acquiror hereby agrees to accept, all of Contributors' right, title, and interest in and to the Properties. Subject to any provision contained herein that expressly permits the termination of this Agreement as to a particular Property, Acquiror expressly acknowledges and agrees that Acquiror has no right to acquire and Contributors have no obligation to contribute and convey, less than all of the Properties, it being the express agreement and understanding of

Acquiror and Contributors that, as a material inducement to Acquiror and Contributors to enter into this Agreement, Acquiror has agreed to acquire and accept, and Contributors have agreed to contribute and convey, all of the Properties in accordance with the terms and conditions hereof.

2. **Property Description**.

(a) Subject to the provisions of this Section 2, each Property includes all of the right, title and interest of the applicable Contributor in and to (i) all buildings, structures, fixtures, easements, rights of way and improvements located thereon or appurtenant thereto (collectively, the "**Improvements**"), (ii) the Personal Property (hereinafter defined), (ii) the Intangible Personal (hereinafter defined), (iii) the Leases (hereinafter defined), (iv) the Designated Contracts (hereinafter defined), (v) the Security Deposits (hereinafter defined) and (vi) the Ground Leases (hereinafter defined). Notwithstanding anything to the contrary in the preceding sentence, the term "Property" shall not include any of the Excluded Property (hereinafter defined) with respect to any of the Properties.

(b) For purposes of this Agreement "**Personal Property**" means, as to each Property, all fixtures, furniture, carpeting, draperies, appliances, building supplies, equipment, machinery, inventory and other tangible items of personal property which are owned by the Contributor of such Property and presently affixed, attached to, placed or situated upon such Property and/or used exclusively in connection with the ownership, operation and occupancy of such Property.

(c) For purposes of this Agreement, "**Intangible Property**" means, as to each Property, all assignable intangible personal property, if any, now or through the date of Closing owned by the Contributor of such Property and arising out of or in connection with such Contributor's ownership of such Property and the Personal Property, including (to the extent any such items exist): (i) such Contributor's rights to use all plans, specifications and drawings relating to the Improvements located on such Property (subject to the rights of the parties who prepared the same), (ii) transferable licenses, permits and certificates of occupancy issued by governmental authorities relating to the use, maintenance, occupancy and/or operation of such Property and the Personal Property, and (iii) any presently effective and assignable warranties and guaranties with respect to such Property.

(d) For purposes of this Agreement, "**Leases**" means, as to each Property, all leases and rental agreements (other than the Ground Leases) now or hereafter entered into for occupancy of space within the improvements or other portions of such Property.

(e) For purposes of this Agreement, "**Designated Contracts**" means, as to each Property, (1) those Contracts (hereinafter defined) which Acquiror has chosen to have assigned to Acquiror at the Closing and which are listed on **Exhibit "B"** attached hereto and by this reference made a part hereof (2) those Contracts that prior to Closing are designated in writing by Acquiror as Contracts that Acquiror chooses to have assigned to Acquiror at Closing, and (3) any Contracts hereafter approved by Acquiror pursuant to the provisions of Section 9(c) below.

(f) For purposes of this Agreement, "**Security Deposits**" means, as to each Property, all security deposits of tenants under Leases ("**Tenants**"), if any, which as of the Closing Date have not been applied by Contributor in accordance with the terms of the applicable Leases.

(g) For purposes of this Agreement, "**Ground Leases**" means: the Berkeley II Ground Lease, the Castro Valley Ground Lease, the Kapolei Ground Lease, and the San Pablo Ground Lease, each as defined on **Exhibit "A"**.

(h) For purposes of this Agreement, "**Excluded Property**" means: (i) any bank accounts of any Contributor, (ii) any motor vehicles or aircraft owned by any Contributor, (iii) any business forms, employee training manuals, proprietary Contributor software and other intellectual property owned and used by any of the Contributors in the operation of a self storage business at any of the Properties, (iv) except as provided in Section 24 below, the right to use the name "AAAAA Rent-A-Space", (v) any operating accounts, replacement or reserve accounts or other accounts maintained by or on behalf of any Contributor or such Contributor's affiliates with respect to the Properties, excepting however, reserve accounts under the Third Party Loans that are assumed by Acquiror, which reserve accounts shall be assigned by Contributor to Acquiror at closing of the applicable Property; (vi) any refundable cash or other security deposits or any bonds posted by or on behalf of any Contributor with any governmental authorities, utilities or other parties, other than those for which an adjustment is made pursuant to Section 8 below; (vii) subject to any obligation of any Contributor to remit such refunds to Tenants, any refunds of real estate taxes and assessments, personal property taxes and similar payments attributable to the period prior to the applicable Closing (provided, however, any refunds for the fiscal tax year in which the Closing occurs shall be prorated in accordance with Section 8 below); (viii) subject to Section 10 below, any claims under any Contributor's insurance policies; (ix) any agreement between a Contributor and such Contributor's on-site property manager; and (x) any loans or other securities (as defined in the Investment Company Act of 1940) owned by any Contributor.

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3. **Contribution Consideration; Series A Participating Redeemable Preferred Units; Other Agreements**.

(a) General. Acquiror's sole general partner is ESS Holdings Business Trust I, a Massachusetts business trust (the "**General Partner**") and a wholly owned subsidiary of Extra Space Storage Inc., a Maryland corporation (the "**REIT**"). The REIT is a real estate investment trust whose common stock, par value $0.01 per share (the "**Stock**") is traded on the New York Stock Exchange (the "**NYSE**").

(b) Contribution Consideration. The aggregate consideration to be delivered to Contributors by Acquiror for the Properties (the "**Contribution Consideration**") shall consist of that number (the "**Total Series A Preferred Unit Amount**") of Series A Preferred Units (as defined in the Amended and Restated Partnership Agreement) that is equal to the number of OP Units (as defined in the Amended and Restated Partnership Agreement) having an aggregate value (based upon each OP Unit having a value which is equal to the average closing price of the Stock on the NYSE for the ten (10) consecutive trading days ending on the second trading day immediately preceding the Closing Date (as defined below)) that equals the aggregate of the following items: (a) One Hundred Fifty Million Two Hundred Thousand and No/100 Dollars ($150,200,000.00) (the "**Gross Dollar Value**"); minus (b) the outstanding balance of the Third Party Loans (hereinafter defined) (including unpaid principal and interest and related charges and other fees and expenses owing with respect to the Third Party Loans) as of the Proration Date (as defined below), but specifically not including any prepayment fees or prepayment penalties payable with respect to the any of the Third Party Loans; minus (c) One Hundred Fifteen Million and No/100 Dollars ($115,000,000.00). The parties agree that the fair market value of the total Series A Preferred Units is equal to the Gross

Dollar Value minus the outstanding balance of the Third Party Loans **(**the **"Net Value"**). The parties further agree that each Series A Preferred Unit shall have a liquidation preference equal to the sum of (x) One Hundred Fifteen Million and No/100 Dollars ($115,000,000.00) divided by the total number of Series A Preferred Units issued to Contributors, plus (y) the value of an OP Unit at the time of liquidation. As used herein, the term "**Third Party Loans**" shall mean all of the loans identified on **Exhibit "**D**"** attached hereto and by this reference made a part hereof. Each Property that is security for a Third Party Loan is hereinafter referred to as a "**Third Party Loan Property**" and all of the Properties that are security for a Third Party Loan are hereinafter collectively referred to as the "**Third Party Loan Properties**". Subject to the provisions of Section 3(d) below, Acquiror shall, at the Closing, pay in full the outstanding balance owing with respect to each of the Third Party Loans other than the "**Hayward Loan**" and the "**San Leandro Loan**" (each, as defined on Exhibit "D"). Subject to the provisions of Section 3(e) below, Acquiror shall, at the Closing, assume the Hayward Loan and the San Leandro Loan.

(c) Allocation of Contribution Consideration. The number of Series A Preferred Units that shall be distributed to each Contributor (the "**Allocated Contribution Consideration**") shall be equal to the product (rounded to the nearest whole number so that the sum of all Series A Preferred Units distributed to all Contributors pursuant to this Agreement is equal to the Total Series A Preferred Unit Amount) of the Total Series A Preferred Unit Amount multiplied by a fraction the numerator of which is such Contributor's Allocated Share of the Net Value (hereinafter defined) and the denominator of which is the total Net Value. As used herein, the term "**Allocated Share of the Net Value**" shall mean as to each Contributor the shall mean the portion of the Net Value allocated to such Contributor's Property on **Exhibit "C"** attached hereto and by this reference made a part hereof.

(d) Payment of Certain Third Party Loans. With the exception of the Hayward Loan (as defined on Exhibit "D") and the San Leandro Loan (defined on Exhibit "D"), Acquiror shall, at the Closing, pay in full the aggregate outstanding balance of the all of the Third Party Loans (each individually a **"Prepaid Loan"** and collectively the **"Prepaid Loans"**), including unpaid principal and interest and any related charges and other fees and expenses and any prepayment fees or prepayment penalties payable with respect to the Prepaid Loans; provided, however, that any prepayment fees or prepayment penalties payable with respect to the prepayment of a Prepaid Loan shall not reduce the amount of the Gross Dollar Value for purposes of determining the Net Value pursuant to Section 3(b) above.

(e) Assumption of Hayward Loan and San Leandro Loan. The obligations of Contributors and Acquiror under this Agreement shall be subject to the following:

(1) Each Third Party Lender and each loan servicer of either the Hayward Loan or the San Leandro Loan (each hereinafter a **"Assumption Loan"** and collectively the **"Assumption Loans"**) consenting to the transaction which is the subject of this Agreement and Acquiror's assumption of the Assumption Loans, all on terms that are reasonably acceptable to Acquiror (the "**Lender Conditions**"). Contributors have informed Acquiror that KN Productions, Inc. (hereinafter the "**Contributor Guarantor**") has executed separate Indemnity and Guaranty Agreements with respect to each of the Assumption Loans and that each Third Party Lender of the Assumption Loans may require Acquiror to provide a financially responsible person to provide a similar guaranty and indemnity with respect to such Third Party Lender's Assumption Loan (hereinafter a "**Replacement Guarantor**"). Acquiror agrees to offer a Replacement Guarantor who shall, in Acquiror's reasonable determination, satisfy the financial conditions required to be maintained by the applicable Contributor Guarantor pursuant to the Third Party Loan Documents (hereinafter defined) for each Assumption Loan, including, but not limited to, any guarantees of each Assumption Loan; provided, however, that the parties acknowledge that Acquiror may, at Acquiror's option, require that the assumption and/or guaranties of the Assumption Loans be provided by, one or more affiliates of Acquiror who satisfy the foregoing criteria. In the event that the Third Party Loan Documents for the Assumption Loans do not specify financial conditions required to be maintained by the applicable Contributor Guarantor, then, in the event so required by the applicable Third Party Lender, Acquiror agrees to offer a Replacement Guarantor who shall have a minimum net worth of at least $100,000,000.00. Notwithstanding the foregoing, in no event shall Acquiror be required to approve any Lender Conditions which require Acquiror or any affiliate of Acquiror to execute any guaranties or to incur any obligations with respect to an Assumption Loan which are materially more onerous or burdensome than the guaranties and/or obligations undertaken by the applicable Contributor or such Contributor's affiliates (including, but not limited to, the Contributor Guarantor) under the applicable Third Party Loan Documents for such Assumption Loan.

(2) Promptly after the Effective Date, Acquiror and Contributors shall apply to each Third Party Lender and servicer of the Assumption Loans for such Third Party Lender and servicer's consent to the transaction which is the subject of this Agreement and Acquiror's assumption of each of the Assumption Loans in accordance with Lender Conditions that area reasonably acceptable to Acquiror. Contributors and Acquiror each agree to use commercially reasonable efforts to cooperate with each other and with each such Third Party Lender and servicer in seeking such approval and consent and in responding to the reasonable requests of such Third Party Lender and/or servicer. Notwithstanding anything to the contrary contained herein, provided that Contributors

and Acquiror shall have satisfied their respective obligations under this Section, the failure of a Third Party Lender to approve the assignment and assumption of an Assumption Loan by the Closing Date shall not constitute a default by either Contributor or Acquiror.

(3) Notwithstanding anything to the contrary in this Agreement, if at the Closing Date, any Third Party Lender and/or the servicer of either of the Assumption Loans has not consented to the transaction which is the subject of this Agreement and to Acquiror's assumption of such Loan in accordance with Lender Conditions that are reasonably acceptable to Acquiror, the following provisions of this Section 3(e)(3) shall apply:

(A) Acquiror may, by written notice to Contributors given at or prior to the Closing Date or at any time after the giving of a notice pursuant to Section 3(e)(3)(B) below with respect to such Assumption Loan, elect to waive the condition that such Third Party Lender and servicer consent to the transaction which is the subject of this Agreement and to Acquiror's assumption of such Assumption Loan and proceed to Closing, in which event, the provisions of Section 13(c) below shall apply to such Loan, or

(B) Acquiror may, by written notice to Contributors given at or prior to the Closing, elect to proceed to the Closing with respect to all of the Properties other than one or more of the Third Party Loan Properties securing an Assumption Loan with respect to which Acquiror has not received such consent (with an appropriate reduction in the Gross Dollar Value for purposes of determining the Total Series A Preferred Unit Amount), in which event, Acquiror and Contributor shall continue to seek the consent of such Third Party Lender and/or the servicer of such Third Party Lender's Assumption Loan to the transaction which is the subject of this Agreement and Acquiror's assumption of such Assumption Loan in accordance with the provisions of Section 3(e)(2) above and the provisions of Sections 3(e)(4) and 8(g) shall apply to the Third Party Loan Property which secures such Assumption Loan.

If at the Closing Date the Third Party Lenders and/or the servicers of both Assumption Loans have not consented to the transaction which is the subject of this Agreement and Acquiror's assumption of such Assumption Loans, Acquiror may, in Acquiror's sole discretion, make a different election with respect to each Assumption Loan.

(4) As to each Assumption Loan with respect to which Acquiror has made an election pursuant to Section 3(e)(3)(B) above, upon the applicable Third Party Lender's approval of Acquiror's assumption of such Assumption Loan in accordance with Lender Conditions which are reasonably acceptable to Acquiror, Contributor and Acquiror agree to execute such documentation as may be reasonably required by Third Party Lender pursuant to and in accordance with the terms of the Third Party Loan Documents and such Lender Conditions and to take all other steps reasonably necessary to promptly Close the loan assumption and Acquiror's acquisition of the Third Party Loan Property which secures such Assumption Loan as soon as reasonably possible, but in no event later than the tenth (10th) business day after the Lender shall have approved such loan assumption, the completion of which shall include such Third Party Lender's release of Contributor and each Contributor Guarantor from future liability with respect to the Assumption Loan.

(5) If Acquiror initially makes an election pursuant to Section 3(e)(3)(B) above with respect to an Assumption Loan and thereafter makes an election pursuant to Section 3(e)(3)(A) above with respect to such Assumption Loan, the Closing with respect to Acquiror's acquisition of the Third Party Loan Property that secures such Assumption Loan shall occur as soon as reasonably possible after the date on which Acquiror gives Contributors written notice of Acquiror's election pursuant to Section 3(e)(3)(A) above with respect to such Assumption Loan, but in no event later than ten (10) business days after the giving of such written notice.

(6) Concurrently with the Closing of the assumption of each Assumption Loan and provided the applicable Third Party Lender shall agree, all reserve accounts maintained by such Third Party Lender on behalf of Contributor in connection with the Assumption Loan, if any, shall be assigned by the applicable Contributor to Acquiror at the Closing of the applicable Third Party Loan Property and such Contributor shall receive a credit at Closing equal the amounts so assigned. If the applicable Third Party Lender shall not agree to the assignment and assumption of existing reserves at Closing as aforesaid, such Contributor shall not receive a credit therefore at Closing, and, if required by such Third Party Lender, Acquiror shall establish replacement reserves in the amounts required by the Third Party Lender, and Acquiror shall upon such Contributor's request, reasonably cooperate with such Contributor's efforts to recover such Contributor reserves from such Lender.

(7) Acquiror shall be responsible for and pay all fees, costs, expenses, and other charges charged by any Third Party Lender with respect to its consenting to the transaction which is the subject of this Agreement and the assumption of any Assumption Loan in accordance with the provisions of this Section 3(e) including, without limitation, any loan assumption fees.

(f) Issuance of Series A Preferred Units. The Series A Preferred Units shall be issued and delivered to Contributors at Closing. Subject to the terms and conditions contained in the Amended and Restated Partnership Agreement (hereinafter defined), the Series A Preferred Units shall be redeemable for cash or exchangeable for shares ("**Conversion Shares**") of the Stock; provided, however, that notwithstanding anything to the contrary in either the Amended and Restated Partnership Agreement or this Agreement, the REIT shall not exchange, in the aggregate with respect to all such exchanges, more than 25,000,000 Conversion Shares with respect to the redemption of either some or all of the Series A Preferred Units. Anything in the Amended and Restated Partnership Agreement to the contrary notwithstanding, Acquiror agrees that so long as the Series A Preferred Units remain issued and outstanding, Acquiror shall not (i) authorize or issue any securities in Acquiror having any preference as to or on a parity with the dividend or redemption rights, liquidation preferences, conversion rights, voting rights or any other rights or privileges of the Series A Preferred Units, (ii) reclassify any partnership interests into interests having any preference as to or on a parity with the dividend or redemption rights, liquidation preferences, conversion rights, voting rights or any other rights or privileges of the Series A Preferred Units, (iii) authorize or issue any debt which is convertible into or exchangeable for, partnership interests in Acquiror having any preference as to or on parity with the dividend or redemption rights, liquidation preferences, conversion rights, voting rights or any other rights or privileges of the Series A Preferred Units, or (iv) amend or repeal any provision of, or add any provision to the Amended and Restated Partnership Agreement if such actions would alter or change the preferences, rights, privileges or restrictions provided for the benefit of the Series A Preferred Units.

(g) Transfer Restrictions.

(1) By executing and delivering this Agreement, each Contributor agrees that such Contributor may only sell, transfer, assign, pledge or encumber, or otherwise convey any or all of the Series A Preferred Units issued and delivered to such Contributor in connection with this transaction (any of the foregoing, a "**Transfer**") in strict compliance with this Agreement, the Amended and Restated Partnership Agreement, the charter documents of the REIT and the registration and other provisions of the Securities Act of 1933, as amended (and the rules and regulations promulgated thereunder (the "**Securities Act**")), any state securities laws, the rules of the NYSE, in each case as may be applicable (collectively, the "**Transfer Requirements**"). In addition, without the consent of the General Partner which may be given or withheld in its sole and absolute discretion, no Contributor nor any successor shall be permitted to Transfer such Contributor's (or successor's) Series A Preferred Units, or take any action, which would cause the Series A Preferred Units issued pursuant to this Agreement to such Contributor to be directly or indirectly owned by more than one partner as determined for purposes of Treasury Regulation Section 1.7704-1(h)(1)(ii), but without regard to Treasury Regulation Section 1.7704-1(h)(3)(ii). Notwithstanding the foregoing, at all times after

the date which is two years following the contribution of the Properties to Acquiror, the Contributors agree that all of the Series A Preferred Units will be held, in the aggregate, by not more than six partners (determined as described in the prior sentence).

(2) Permitted Transfers. Provided that Big Sky Limited Liability Company, a Wyoming limited liability company ("**BSLLC**") and H. James Knuppe and Barbara Knuppe, as Trustees of the RAS I International Trust, a Cook Island international trust ("**RAS**") each (A) agree to assume and be bound by the provisions of Sections 3(g)(1) and 3(i) of this Agreement and the provisions of the Amended and Restated Partnership Agreement with respect to the Series A Preferred Units, and (B) execute and deliver to Acquiror an Accredited Investor Questionnaire (in the form attached hereto as **Exhibit "K"**), the parties agree and understand that immediately after receipt of the Series A Preferred Units, each Contributor shall transfer the Series A Preferred Units received by such Contributor to BSLLC which in turn, shall transfer such Series A Preferred Units to RAS, and after such transfers, BSLLC and RAS shall, with respect to the Series A Preferred A Units, be treated as "Contributors" under this Agreement. Furthermore, subject to Section 3(g)(1) above and Section 3(i) below, but notwithstanding anything to the contrary in Section 11.3A of the Amended and Restated Partnership Agreement, Acquiror agrees to not unreasonably withhold or delay its consent with respect to any Transfer of Series A Preferred Units by a Contributor for estate planning objectives, including the assignment, sale, transfer or conveyance of Series A Preferred Units (Y) to parents, spouses, siblings, descendants, and/or ancestors of any individuals who own and control such Contributor, and (Z) to trusts, family trusts, partnerships, limited liability companies, family limited partnerships or other entities established for estate planning purposes by any individuals who own and control such Contributor.

(h) Registration Rights. At Closing, the Acquiror shall cause the REIT to enter into a Registration Rights Agreement (the "**Registration Rights Agreement**") substantially in the form of **Exhibit "E"** attached hereto, pursuant to which the REIT shall agree to register the resale of Conversion Shares.

(i) Lock-Up Period. By executing and delivering this Agreement, each Contributor agrees that until the close of the period immediately following the Closing Date and ending on September 1, 2008 (the "**Lock-Up Period**") such Contributor shall not have the right to require Acquiror to redeem any Series A Preferred Unit held by Contributor under the Amended and Restated Partnership Agreement. If any Contributor transfers any Series A Preferred Unit or any interest therein, such Series A Preferred Unit shall remain subject to this Section 3(i) and, as a condition to the validity of such disposition and in addition to any other Transfer Requirements, the transferee of such Series A Preferred Unit or interest therein shall be required to assume, in a form acceptable to Acquiror, the obligations of this Section 3(i) with respect to such Series A Preferred Unit. Thereafter, such transferee shall, for purposes of this Section 3(i), be a Contributor. Notwithstanding the foregoing, prior to the expiration of the Lock-Up Period, Contributors may (in each case, in strict compliance with the Transfer Requirements) pledge or encumber (to or for the benefit of a lender, which, in addition to banks, shall include, without limitation, Acquiror, the REIT, securities firms, broker/dealers and other entities engaged in the business of commercial lending) all or any portion of the Series A Preferred Units. Acquiror agrees to review each request by Contributors that Acquiror consent to Contributors' pledging or encumbering Contributors' Series A Preferred Units on a case by case basis; provided, however, that such consent shall not be unreasonably denied.

(j) Alternative Redemption Rights. At any time in which Contributors are entitled to require Acquiror to redeem the Series A Preferred Units, Acquiror will consider, in good faith, proposals made from time to time by all of the Contributors, acting as a group, to redeem all of the Series A Preferred Units issued pursuant to this Agreement with property designated by the Contributors making such proposal (an **"Alternative Redemption"**). Such proposals may include a statement that such Alternative Redemption is intended to be part of a series of transactions (potentially including a cash redemption pursuant to Section 16.4 of the Amended and Restated Partnership Agreement) pursuant to which all of Contributors' Series A Preferred Units shall be completely redeemed. Acquiror shall not unreasonably withhold its acceptance of a proposal for an Alternative Redemption that meets the criteria set forth in this Section 3(j) and that does not, in Acquiror's reasonable judgment, expose Acquiror, any of Acquiror's partners or the REIT to a risk of liability or damage, or of a penalty or other exposure for noncompliance with law. Each such proposal for an Alternative Redemption shall be accompanied by an opinion of reputable tax counsel (which may be Baker & McKenzie LLP), in form and substance reasonably satisfactory to Acquiror, which opinion (A) at the election of Acquiror, shall state that Acquiror shall be entitled to rely on such opinion, and (B) shall be reconfirmed at the closing of the Alternative Redemption that, under then applicable law, the proposed Alternative Redemption should result in the redeeming Contributors receiving for federal income tax purposes a tax basis in the property to be received by the Contributors pursuant to the proposed Alternative Redemption that is determined under Section 732(a) or (b) of the Code, as applicable, and specifying which such Section applies. Acquiror may allow additional Alternative Redemptions in its absolute discretion. Alternative Redemptions will be required to meet the following requirements:

(1) In all events, neither Acquiror nor any of its affiliates will assume or be required to bear, directly or indirectly, any costs of expenses or any environmental, tax, legal, economic or reporting risks or liabilities beyond those which would inhere in a redemption of Series A Preferred Units for cash in accordance with the Amended and Restated Partnership Agreement.

(2) Neither the Acquiror nor any of its affiliates will make any representations or warranties regarding the properties so acquired, tax treatment, etc.

(k) Further Assurances. Each party hereto will execute such further documents and take such further actions as may be reasonably requested by the other to consummate the transactions consummated hereby, to vest the Acquiror with full right, title and interest in and to the Property or to effect the other purposes of this Agreement.

(l) Treatment as Contribution. It is the intent of the parties to this Agreement that the contribution, transfer, conveyance and assignment effectuated pursuant to this Agreement for the Contribution Consideration shall constitute a "**Capital Contribution**" to the Acquiror and is intended to be governed by Section 721(a) of the United States Internal Revenue Code of 1986, as amended (the "**Code**"), and that such transfer shall not be treated as a sale, or a disguised sale under Section 707(a)(2)(B) of the Code, by either party. Contributors and Acquiror hereby consent to such treatment. Acquiror and the Contributor agree to file income tax returns treating such transaction as a non-taxable contribution under Section

721(a) of the Code. It is the intent of the parties that Contributors' share of the non-recourse liabilities of Acquiror shall be determined in accordance with the provisions of Section 1.752-3 of the Treasury Regulations, as amended from time to time.

(m) Survival of Obligations. The parties agree that the obligations of the parties pursuant to Sections 3(f), 3(g), 3(h), 3(i), 3(j), 3(k) and 3(l) shall survive the Closing and the delivery of the Deeds and the other documents contemplated by this Agreement.

4. **Earnest Money Deposit**.

(a) Deposit of Earnest Money. Concurrently with the execution of this Agreement by Acquiror and Contributors, Acquiror shall deposit with Chicago Title Insurance Company, National Office, at 171 N. Clark Street, 3rd Floor, Chicago, IL 60601, Attention: Ronald K. Szopa, as the "**Escrow Agent**" and "**Title Company**," an earnest money deposit in cash in the amount of FOURTEEN MILLION NINE HUNDRED THOUSAND AND NO/100 DOLLARS ($14,900,000.00) ("**Earnest Money Deposit**"). Except as specifically set forth in this Agreement, the Earnest Money Deposit shall be non-refundable.

(b) Investment of Earnest Money Deposit. Upon receipt, Escrow Agent shall deposit the Earnest Money Deposit into an interest bearing money market account maintained at a bank customarily used by Escrow Agent for such purposes. All interest earned on the Earnest Money Deposit while held by Escrow Agent shall be added to and increase the amount of Earnest Money Deposit and shall be reported to the Internal Revenue Service as income of Acquiror. Acquiror and Contributors agree to provide Escrow Agent with their respective tax identification numbers upon execution of this Agreement and Acquiror and Contributors shall promptly execute all forms reasonably requested by Escrow Agent in connection with depositing the Earnest Money Deposit in an interest-bearing account as provided above.

(c) Release of Earnest Money Deposit at Closing. Upon the Closing of Acquiror's acquisition of each Property in accordance with this Agreement, a portion of the Earnest Money Deposit shall be released and delivered to Acquiror, with such portion of the Earnest Money Deposit being determined in accordance with the following provisions of this Section 4(c):

(1) With respect to the Closing for each of the Properties other than the last three (3) Properties to Close, the portion of the Earnest Money Deposit to be released to Acquiror with respect to each such Property shall be equal to the product of $7,400,000.00 multiplied by a fraction the numerator of which is the Allocated Contribution Consideration for such Property and the denominator of which is the aggregate Allocated Contribution Consideration for all of the Properties.

(2) $2,500,000.00 of the Earnest Money Deposit shall be released and delivered to Acquiror upon the Closing of each of the last three (3) Properties to Close; provided, however, that at the Closing of the last Property, the entire remaining balance of the Earnest Money Deposit (including interest) shall be released and delivered to Acquiror.

Except for a release of all or any portion of the Earnest Money Deposit to Acquiror as provided above in this Section 4(c), if either Acquiror or any Contributor makes a written demand upon Escrow Agent for payment of the Earnest Money Deposit (or a portion thereof), Escrow Agent shall give written notice to the other parties of such demand. If Escrow Agent does not receive a written objection from any other party to the proposed payment of the Earnest Money Deposit (or a portion thereof) within three (3) business days after that party's receipt of such notice, Escrow Agent shall make the payment of the Earnest Money Deposit (or a portion thereof) pursuant to the demand. If Escrow Agent does receive such written objection within such three (3) business day period, Escrow Agent shall continue to hold the Earnest Money Deposit (or a portion thereof) as provided in Section 4(b) until otherwise directed by joint written instructions from Acquiror and Contributors or a final, non-appealable judgment of a court of competent jurisdiction. However, Escrow Agent shall have the right to deposit the Earnest Money Deposit with the clerk of the Superior Court of Alameda County, California. If Escrow Agent so deposits the Earnest Money Deposit with the clerk of the court, Escrow Agent shall give written notice thereof to Contributors and Acquiror and, upon such deposit and notice, Escrow Agent shall be relieved and discharged of all further obligations hereunder.

5. **Items from Contributors**.

(a) Documents. Acquiror acknowledges that each Contributor has, with respect to each Property owned by such Contributor, made available to Acquiror at such Contributor's principal place of business all of the following (collectively, the "**Documents**"), to the extent that they exist and are within the control of any of the Contributors or any of their respective affiliates, employees or agents and to the extent the same do not constitute Excluded Documents, as defined below:

(1) All inspections, studies, assessments, reports, audits, and surveys affecting or relating to such Property, including, but not limited to, all title reports, title policies, land surveys, environmental, mechanical, electrical, structural, soils, and similar reports, assessments, and/or audits, traffic studies, and appraisals. (Acquiror acknowledges that a substantial number of such title reports, surveys, engineering reports and environmental reports have already been received).

(2) All site plans, as-built plans, drawings, environmental, mechanical, electrical, structural, soils, and similar plans and specifications relating to such Property.

(3) All certificates, inspections, permits, compliance letters, and certificates of occupancy relating to such Property or such Contributor's business on such Property.

(4) A rent roll for such Property (each hereinafter a "**Rent Roll**) together with a copy of the standard form of lease agreement, amendments, and side agreements and tenant insurance sales materials used in connection with the operation of such Property, and a true and correct copy of each non-self storage lease affecting such Property.

(5) A list of all real estate contracts, including service contracts, license agreements, warranties, management, maintenance, leasing commission or other agreements affecting such Property, if any, together with copies of the same. The contracts which are included on the lists delivered to Acquiror pursuant to this Section 5(a)(5) are hereinafter collectively referred to as the "**Contracts**".

(6) Copies of all real and personal property tax statements relating to such Property, or any part thereof, for each of the two years prior to the current year and, if available, for the current year.

(7) A schedule of all litigation affecting such Property or such Contributor during the past twelve (12) months, together with a "loss run" of all claims submitted to the Contributor's insurance carriers for the past five (5) years.

(8) Copies of financial statements for such Property for 2004, 2005, 2006 and year to date 2007, together with copies of monthly delinquency reports, unit mix/occupancy statistics report, monthly management reports, non-rented unit reports (collectively the "**Financial Reports**"). Prior to the Closing, each Contributor shall provide Acquiror with monthly updates to Contributor's Financial Reports within five (5) business days after the end of each month.

(9) Copies of the organizational documents for such Contributor.

(10) Copies of all the documents evidencing and or securing each Third Party Loan, including, but not limited to, any guarantees of each Third Party Loan (hereinafter collectively the "**Third Party Loan Documents**").

(11) Copies of all Ground Lease agreements and amendments.

(b) Excluded Documents. As used herein, "**Excluded Documents**" shall mean (i) any purchase and escrow agreements and correspondence pertaining to Contributor's acquisition of the Property, (ii) any agreements and/or letters of intent pertaining to the potential acquisition of the Property by any past or prospective purchasers, (iii) any third party purchase inquiries and correspondence, appraisals or economic evaluations of the Property, (iv) any personnel records and files maintained by or on behalf of Contributor with respect to individuals, if any, employed at or in connection with a Property which Contributor is obligated by law to keep confidential, and (v) any documents or materials which are subject to the attorney/client privilege or which are the subject of a confidentiality obligation.

(c) Return of Documents. As to each Property, at such time as this Agreement is terminated for any reason, Acquiror shall return to Contributors the copies and/or originals of all of the Documents delivered or made available to Acquiror by or on behalf of any Contributor with respect to such Property.

(d) No Representations. Acquiror acknowledges that with the exception of the Documents described in Sections 5(a)(4), 5(a)(5), 5(a)(7), 5(a)(8), 5(a)(9), 5(a)(10), and 5(a)(11), many of the Documents were prepared by third parties other than Contributors, and in some instances, may have been prepared prior to Contributors' ownership of the Properties. Acquiror

further acknowledges and agrees that, except as expressly set forth in Section 14 below (1) neither Contributors nor any of Contributors' respective agents, employees or contractors has made any warranty or representation regarding the truth, accuracy or completeness of the Documents or the source(s), and (2) Contributors have not undertaken any independent investigation as to the truth, accuracy or completeness of the Documents and Contributors are providing the Documents or making the Documents available to Acquiror solely as an accommodation to Acquiror. To the extent such Documents exist and are in the possession or reasonable control of any of the Contributors or any of their respective affiliates, employees or agents, Contributors warrant that the Documents described in Sections 5(a)(4), 5(a)(5), 5(a)(7), 5(a)(8), 5(a)(9), 5(a)(10), and 5(a)(11) are true and accurate in all material respects and, to the extent such documents do not exist or are not within the reasonable control of any of the Contributors or any of their respective affiliates, employees or agents, Contributors agree to provide reasonable cooperation with Acquiror to provide Acquiror with access to such Documents.

(e) Survival of Obligations. The obligations of Section 5(c) shall survive any termination of this Agreement. In addition to any other remedies available to Contributors, Contributors shall have the right to seek equitable relief (including specific performance and injunctive relief) against Acquiror and Acquiror's representatives to enforce the provisions of Section 5(c).

6. **Rule 3-14 Audit**. Contributors acknowledge that under Rule 3-14 of Regulation S-X, Acquiror is required to obtain certain information in connection with reports Acquiror is required to file with the Securities and Exchange Commission. Accordingly, provided that Acquiror provides a certificate executed by an executive officer of Acquiror that Acquiror is obligated to complete a Rule 3-14 Audit (hereinbelow defined) Contributors agree to (a) allow Acquiror and Acquiror's representatives, at Acquiror's sole cost and expense, to perform an audit of Contributors' respective operations at the Properties to the extent required under Rule 3-14 of Regulation S-X (hereinafter a "**Rule 3-14 Audit**"), and (b) make available to Acquiror and Acquiror's representatives for inspection and audit at Contributors' respective offices all of Contributors' books and records reasonably requested by Acquiror for the full calendar year 2005 and the full calendar year 2006 and relating to the operations of each Contributor on the Properties, including, but not limited to, income, expense, occupancy, and other financial and occupancy information relating to the Properties. In connection with the foregoing, Acquiror shall give Contributors no less than ten (10) business days' prior written notice of Acquiror's plans to inspect and audit such books and records. Contributors acknowledge that Rule 3-14 may require Acquiror to perform a Rule 3-14 Audit both after the expiration of the Due Diligence Period and after the Closing and Contributors agree that Contributors' respective obligations under this Section 6 shall survive the Closing and delivery of documents contemplated by this Agreement. Any Rule 3-14 Audit shall be completed as soon as reasonably possible and Acquiror and Acquiror's representatives shall use commercially reasonable best efforts not to interfere with Contributors' ability to conduct its business. Copies of all Rule 3-14 Audits shall be promptly provided to each Contributor at no cost to Contributor. Acquiror expressly acknowledges and agrees that all Rule 3-14 Audits, together with the books and records made available to Acquiror in connection therewith, shall be subject to the terms and conditions of Section 26 below.

7. **Title Insurance Policies**. At Closing, Acquiror's title to each of the Properties shall be evidenced by an extended coverage title insurance policy (on the CLTA or ALTA form, as applicable) (each hereinafter a **"Title Policy"** and collectively the **"Title Policies"**) in the full amount of the "Allocated Share of the Gross Dollar Value" (hereinafter defined) for such Property, insuring that Acquiror or Acquiror's designee, is the owner of either fee simple title or a leasehold estate under the applicable Ground Lease (as applicable) in and to such property subject only to the exceptions to title for

such Property listed on **Exhibit "F"** attached hereto and by this reference made a part hereof (hereinafter the **"Permitted Exceptions"**). At Closing, Contributors' agree to provide such affidavits as the Title Company may reasonably require as a condition to issuance of the Title Policies. So long as such failure is not a result of a default by any Contributor under this Agreement, Contributors' inability to deliver title to any of the Properties in the condition necessary for the Title Company to issue the Title Policies for any reason shall constitute a failure of a condition and shall not constitute a breach of Contributors' obligations under this Agreement. As used herein, **"Allocated Share of the Gross Dollar Value"** with respect to each Property shall mean an amount equal to the Gross Dollar Value multiplied by a fraction the numerator of which is such Contributor's Allocated Share of the Gross Dollar Value (hereinafter defined) and the denominator of which is the total Gross Dollar Value. As used herein, the term "**Allocated Share of the Gross Dollar Value**" shall mean as to each Contributor the portion of the Gross Dollar Value allocated to such Contributor's Property on **Exhibit "M"** attached hereto and by this reference made a part hereof.

8. **Proration Date, Closing Date and Closing Procedures and Requirements**.

(a) Closing Date. Subject to the provisions of Section 3(e)(3)(B) above, the "**Closing Date**" or "**Closing**" of this Agreement and the completion of Contributors' contribution of the Properties to Acquiror and Acquiror's acquisition of the Properties shall occur on or before June 26, 2007 (hereinafter the "**Initial Scheduled Closing Date**"). Closing shall be coordinated and conducted through the Title Company's office and neither party shall be required to personally attend the Closing. The "**Closing Date**" with respect to any Property shall be the date on which the "**Closing**" with respect to such Property occurs. The "**Closing**" with respect to any Property shall be deemed to have occurred when all of the conditions to Closing with respect to such Property (as set forth in this Agreement) have either been satisfied or waived, the Escrow Agent holds a separate settlement statement signed by the Contributor of such Property with respect to such Property, a separate settlement statement signed by Acquiror with respect to such Property, and all of the funds and all of the other documents required by this Agreement, and Contributors and Acquiror have authorized Escrow Agent to deliver such funds and documents in accordance with the provisions of this Agreement. The Closing of a Property shall not occur unless each condition to Acquiror's obligations and each condition to Contributors' obligations more specifically set out and otherwise enumerated in respectively in Sections 12 and 13 below have been satisfied or waived with respect to such Property.

(b) Transitional Walk-Through. Within approximately ten (10) days prior to Closing, Acquiror's operational staff shall have the right to conduct a general walk-through of all buildings, improvements, storage areas (not under the control of Tenants) and, subject to each Tenant's rights, other spaces, equipment and Personal Property with representatives of Contributors in order to prepare for and assist in the transition of management at Closing.

(c) Conveyance of Properties and Delivery of Closing Documents. Each Contributor shall convey such Contributor's Property to Acquiror pursuant to a "**Deed**" and/or "**Assignments**", as applicable, and the other documents which are more particularly described on **Exhibit "G"** attached hereto and by this reference made a part hereof. At the Closing with respect to the Alameda Property, the Contributor of the Alameda Property and each of such Contributor's affiliates will provide Acquiror with an additional separate assignment of all of such Contributor's rights, claims, and causes of action arising from or relating to the environmental condition of the Alameda Property against all prior owners and other potentially responsible parties (other than such Contributor and any of such Contributor's affiliates); provided, however, that such Contributor shall retain the right to assert any and all defenses that are now or hereafter available to such Contributor with respect to any claims that might hereafter be asserted against

such Contributor and relating to the environmental condition of the Alameda Property. The Contributor of the Alameda Property agrees to cooperate with Acquiror (at Acquiror's expense) in the assertion of such claims by Acquiror. By the Closing Date, each Contributor shall deliver to the Title Company each of the documents identified on Exhibit "G" as a document to be delivered by such Contributor (with each such document having been duly executed, in recordable form where applicable). By the Closing Date, Acquiror shall deliver to the Title Company each of the documents identified on Exhibit "G" as a document to be delivered by Acquiror (with each such document having been duly executed, in recordable form where applicable). Promptly after the Closing Date, the Title Company shall record and/or deliver the Deeds, Assignments and other documents identified on Exhibit "G" in the manner specified on Exhibit "G".

(d) Prorations. At Closing, all prorations shall be funded in cash or other immediately available funds by the party obligated to pay such prorations pursuant to the following provisions of this Section 8(d):

(1) All real property ad valorem taxes and general and special assessments applicable to each Property for the year in which the Closing occurs shall be prorated between Contributors and Acquiror as of 12:01 a.m. on the third day prior to the Closing Date for such Property (the "**Proration Date**"), said proration to be based upon the most recently available tax or assessment rate and valuation with respect to such Property. Notwithstanding the foregoing, any taxes or assessments levied against any Property with respect to any period of time prior to the Proration Date shall remain and be the obligation of Contributors, if not provided for in the prorations, and Contributors shall promptly pay, or reimburse Acquiror, as applicable, all such taxes or assessments prior to their delinquency. At or prior to the Closing, Contributors shall pay all real property ad valorem taxes and all general and special assessments applicable to the Properties which are due and payable for any period prior to the year in which the Closing occurs. Acquiror shall be responsible for the payment of any taxes or assessments levied against any Property with respect to any period of time after the Closing Date. Any refund for real estate taxes or assessments applicable to the period preceding the Closing, whether paid before or after the Closing, shall be paid to Contributors, and Acquiror shall have no claim or right whatsoever thereto, provided, however, any refund applicable to the pro-rated tax year for which Acquiror paid a portion shall be prorated. The remaining principal amount (after the application of the prorated portion of any installment applicable to the period prior to the Closing Date) of any and all assessments and/or bonds which encumber the Properties or any part thereof shall not be prorated or apportioned but shall be assumed in full by Acquiror at Closing. The obligations under this subsection shall survive Closing.

(2) Subject to the Proration Review (as defined in **Exhibit "H"**), all income and operating expense items, including, but not limited to, utilities, yellow page advertisements, prepaid insurance premiums (but only to the extent that Contributors' insurance policies are assigned to Acquiror at Closing pursuant to Section 14(a)(14) below), Ground Lease rents, and all amounts due under any Designated

Contracts, shall be prorated as of the Proration Date. For any deposit with a utility company for which the utility company accepts the Acquiror as assignee and permits the retention of the deposit, Acquiror shall give the applicable Contributor a credit at Closing for each such retained deposit with a utility company serving a Property in which case such Contributor shall assign such Contributor's rights to each such deposit to Acquiror at the Closing; or, at such Contributor's option, such Contributor shall be entitled to receive a refund of each such deposit from the utility company, and Acquiror shall post its own deposits.

(3) For purposes of this Agreement, "**Rentals**" means, collectively, all amounts paid or payable by Tenants under their respective Leases in connection with their occupancy of the Property, including prepaid rents. "Rentals" shall not include the Security Deposits. At the Closing with respect to each Property, Rentals for such Property shall be allocated in accordance with the following provisions of this Section 8(d)(3):

(A) As to each Property, at the Closing, the Contributor of such Property shall pay to Acquiror the amount of any Rentals which have been prepaid for any period after the month in which the Proration Date with respect to such Property occurs.

(B) If the Proration Date occurs on a date that is after the tenth (10th) day of any calendar month, the Contributor of such Property shall provide Acquiror and Escrow Agent with a list of those Rentals that have actually been collected with respect to such Property as of the Proration Date, and Escrow Holder shall make appropriate debits and credits to the accounts of Acquiror and Contributor to reflect such prorations.

(C) If the Proration Date occurs on a date that is on or between the first (1st) and tenth (10th) day of any calendar month, Rentals for such Property for such calendar month shall be deemed received based on the average historical collection rate for such Property during the first ten (10) days of each of the three (3) calendar months immediately preceding the calendar month in which the Proration Date with respect to such Property shall occur. For purposes of proration of Rentals at Closing, (I) the Contributor of such Property shall provide Acquiror and Escrow Agent with the amount of those Rentals that have been deemed received by such Contributor as of the Proration Date pursuant to the first sentence of this Section, (II) the Contributor of such Property shall provide Acquiror and Escrow Agent with a list of the Rentals actually received by such Contributor for such month, and (III) Escrow Holder shall make appropriate debits and credits to the accounts of Acquiror and such Contributor to reflect such prorations. By way of example only, assume that as of the Proration Date, Contributor has actually received $20,000 in Rentals for the month in which the Proration Date occurs and that scheduled monthly Rentals for the Property are in the aggregate $50,000. If the Proration Date occurs on the fifth (5th) day of a 30-day calendar month and historically, 85% of the Rentals are collected by the tenth (10th) day of a month, then for purposes of prorating Rentals, Escrow Agent shall (x) assume that $42,500 of the Rentals will be collected during the first ten (10) days of the calendar month in which the Closing shall occur, (y) then allocate five/thirtieths (5/30) of the amount of the Rentals deemed collected (i.e. $7,083.33) to Contributor and the remainder to Acquiror, and (z) credit Acquiror at Closing with an amount equal to the difference in Rentals actually collected by Contributor and the amount allocated to Contributor at Closing pursuant to clause (y) above (i.e. $12,916.67).

(D) If the Proration Date shall occur on a date that is (i) after the tenth (10th) day of any calendar month, those Rentals which have not been collected as of the Proration Date shall be deemed "**Delinquent Rentals**" and (ii) on a date that is on or between the first (1st) and tenth (10th) day of any calendar month, those Rentals not deemed collected pursuant Section 8(d)(3)(C) above,

shall be deemed "**Delinquent Rentals.**" At the Closing with respect to each Property, the unpaid Delinquent Rentals for such Property shall be treated as though received by Acquiror and prorated as follows: (x) Delinquent Rentals that are unpaid for no more than 30 days shall be allocated 75% to the Contributor of such Property and 25% to Acquiror; (y) Delinquent Rentals that are unpaid in excess of 30 days but no more than 60 days shall be allocated to 50% to the Contributor of such Property and 50% to Acquiror; and (z) Delinquent Rentals that are unpaid for more than 60 days shall be allocated 100% to Acquiror. If a Tenant has any Rentals that are delinquent, all Rentals for that tenant (regardless of whether delinquent or not) shall be included in the longest delinquency category for which that tenant is delinquent as of the Proration Date. As an example, if a Tenant has Rentals that are 61-days delinquent, all of the Rentals of that Tenant shall be entirely in the over 60-day category. Upon the Closing, Escrow Agent shall credit to the account of the Contributor of each Property the aggregate amount of the Delinquent Rentals allocated to such Contributor for such Property pursuant to clauses (x) and (y) above. After Closing, Acquiror shall be entitled to retain all Delinquent Rentals actually received as to such Property and Contributors shall have no interest therein, as Contributors shall have received at Closing a credit for and payment of its agreed-upon share of such Delinquent Rentals. Accordingly, there shall be no post-Closing reconciliation or adjustment with respect to Delinquent Rentals, other than as may be necessary to determine the actual amounts of Delinquent Rentals as of the Proration Date.

(E) As to each Property, at the Closing, the Contributor of such Property shall pay to Acquiror the amount of any Security Deposits.

(4) Other customary adjustments, if any, made in connection with the sale of similar type of storage properties shall be prorated between Acquiror and Contributors at the Closing.

(5) Subject to the terms and conditions hereof, within sixty (60) days after the Closing, Acquiror and Contributors shall review the prorations in accordance with the provisions of **Exhibit "H** attached hereto and by this reference made a part hereof.

(e) Closing Costs. Contributors shall pay all filing and recording fees relating to documents required to clear title to the Properties, specifically including the payment and release of the liens of the Prepaid Loans. Acquiror shall pay any taxes (including, but not limited to, transfer taxes, transfer fees, documentary and intangible taxes) relating to the transfer of title to the Properties and sales tax and surtax to state or local entities with reference to the sale of the Properties, and the cost of the Title Policies (hereinafter defined). Acquiror shall pay the closing fees

charged by the Escrow Agent and Title Company. Acquiror shall pay any intangible taxes, fees or other costs charged by the lenders on the assumption of the Third Party Loans which Acquiror assumes per Section 3(e) above. Any closing and/or escrow fees or costs not specifically enumerated above shall be paid by Acquiror. Acquiror and Contributor shall each pay their own attorneys' fees in connection with the preparation and negotiation of this Agreement.

(f) Transfer of Possession and Risk of Loss. Operational control of the Properties shall be transferred to Acquiror at the start of business on the Closing Date, subject to the supervision of the Contributors. Legal possession and all risks of loss with respect to the Properties shall be borne by Contributors until the delivery of the applicable Deed at Closing.

(g) Assumption Loan Outside Closing Date. Notwithstanding anything to the contrary contained in this Agreement, if (1) Acquiror made an election pursuant to Section 3(e)(3)(B) above with respect to one or more of the Assumption Loans, and (2) the Closing with respect to each Third Party Loan Property securing each such Assumption Loan has not occurred by August 25, 2007, the following provisions of this Section 8(g) shall apply:

(1) Provided that none of the Contributors is in default in the performance of the obligations of any Contributor under this Agreement and provided that no event has occurred which, with the giving of notice or lapse of time, or both, would constitute such a default by any of the Contributors, each Contributor shall have the right to thereafter terminate this Agreement with respect to any of the Properties for which a Closing has not occurred by written notice to Acquiror.

(2) Provided that Acquiror is not in default in the performance of Acquiror's obligations under this Agreement and provided that no event has occurred which, with the giving of notice or lapse of time, or both, would constitute such a default Acquiror shall have the right to thereafter terminate this Agreement with respect to any of the Properties for which a Closing has not occurred by written notice to Contributors.

(3) Upon a termination of this Agreement pursuant to either Section 8(g)(1) or Section 8(g)(2) above, Escrow Agent shall return the applicable portion of the Earnest Money Deposit to Acquiror and the parties shall have no further liability to one another hereunder with respect to the Properties for which a Closing has not occurred except to the extent expressly stated otherwise herein.

9. **Covenants of Contributors**. Contributors agree and covenant as follows:

(a) Conduct of Business. Up to the earlier of the Closing with respect to the Properties of such Contributor or the termination of this Agreement, each Contributor shall (i) operate the business conducted at each of such Contributor's Properties in the manner in which such Contributor has operated and maintained such Properties during the twelve (12) month period prior to the Effective Date, (ii) use commercially reasonable efforts to preserve intact each of such Contributor's Properties and the good will and advantageous relationships of such Contributor with customers, suppliers, independent contractors, employees and other persons or entities material to the operation of the businesses conducted on such Properties, (iii) perform such Contributors' material obligations under all Leases, Ground Leases, and other agreements affecting any of such Contributor's Properties, and (iv) not knowingly take any action or omit to take any action which would cause any of the representations or warranties of any Contributor contained herein to become inaccurate or any of the covenants of any Contributor to be breached. No Contributor will engage in any practice, take any action, or enter into any transaction outside of the ordinary and usual course of business. Notwithstanding anything to the contrary in this Section, no Contributor shall, without Acquiror's written consent (which consent may be withheld in Acquiror's sole and absolute discretion), enter into any lease agreements with tenants or modify or extend existing Leases other than Leases for storage space in the ordinary course of business and in no event: (1) for a term greater than one (1) year; (2) at rental rates less than the rate in effect for like units; or (3) which allow rent concessions unless such rent concessions are made in such Contributor's ordinary and usual course of business and are consistent with the terms disclosed to Acquiror. Contributors hereby disclose to Acquiror that Contributors are currently offering rental concessions which are more particularly described on **Exhibit "I"** attached hereto and by this reference made a part hereof.

(b) Existing Notes, Mortgages, and Ground Leases. Until the earlier of the Closing with respect to such Properties or termination of this Agreement, no Contributor shall modify, alter or amend any existing note or mortgage encumbering any of such Contributor's Properties or further encumber any of such Contributor's Properties without the prior written consent of Acquiror, or allow any existing note or mortgage encumbering any of such Contributor's Properties to be in default in any material respect. Until the earlier of the Closing with respect to such Ground Lease or termination of this Agreement, Contributors will not modify, alter or amend any of the Ground Leases, or allow any of the Ground Leases to be in default in any material respect.

(c) Further Contracts. Up to the earlier of the Closing with respect to such Property or the termination of this Agreement, no Contributor shall, without Acquiror's prior written approval (which approval may be withheld in Acquiror's sole and absolute discretion) and except as provided in Section 9(a) above with respect to Leases for storage space, enter into any further Contracts or leases relating to such Contributor's Properties, which cannot be terminated upon thirty (30) days notice without cost to Acquiror. Any Contracts which are approved by Acquiror pursuant to the provisions of this Section 9(c) shall be deemed a Designated Contract hereunder and Acquiror shall assume at Closing the obligations of Contributor arising thereunder to the extent that such obligations arise from and after the Closing Date.

(d) Warranties and Guaranties. No Contributor shall, before or after the Closing Date with respect to such Contributor's Properties or earlier termination of this Agreement, release or materially and adversely modify any warranties or guarantees, if any, of manufacturers, suppliers and installers related to such Contributor's Properties or any part thereof, except with the prior written consent of Acquiror, which consent may be withheld in Acquiror's sole and absolute discretion after the delivery of the Approval Notice.

(e) Change in Facts or Circumstances. If, prior to the Closing with respect to all of the Properties, any Contributor becomes actually aware of any fact or circumstance which would make either any representation or warranty contained in this Agreement or any of the documents or other materials provided to Acquiror pursuant to this Agreement inaccurate, such Contributor shall promptly notify Acquiror in writing of such fact

or circumstance; provided, however, that in no event shall any Contributor have any liability, obligation or responsibility with respect to any representation or warranty which was true and accurate when made by such Contributor upon the execution and delivery of this Agreement, but which subsequently becomes untrue or inaccurate merely by the passage of time or by an action which such Contributor is authorized or permitted to take under this Agreement (e.g. any new Leases, Contracts) or for any reason which is not a breach or default by such Contributor of the covenants made by such Contributor in this Section 9.

(f) Telephone Listing. Prior to Closing, Contributors will provide Acquiror with the addresses and telephone numbers of each telephone company business office that serves a Property and will execute and deliver to Acquiror all documents required by the telephone company, including supersedure papers, to transfer the telephone number, telephone listing, and yellow page advertisements of Contributors to Acquiror.

(g) Termination of Employees and Rights to Occupy Apartment. Acquiror shall have no obligation to hire the employees of any of the Contributors (if any) and no duty or other obligation with respect to the termination of any such employees. Contributors shall terminate the rights of any person to occupy any residential apartment on any of the Properties effective as of the Closing and without cost or liability to Acquiror. None of the Contributors nor any of their respective managing agents will, between the date hereof and the date of Closing, enter into any new employment contracts or agreements or hire any new employees except in the ordinary course of such Contributor's business. Acquiror shall not have any liability under any pension or profit sharing plan that any Contributor or its managing agent may have established with respect to the Property or its employees.

(h) Evidence of Completion of Construction at Colma Property. The parties acknowledge that the Contributor of the Colma Property recently completed the construction of certain on site and off site improvements to the Colma Property which improvements are more particularly described on **Exhibit "J"** attached hereto and by this reference made a part hereof. Within ten (10) days of the date of this Agreement, the Contributor of the Colma Property shall provide Acquiror with an un-conditional certificate of occupancy with respect to such improvements or other evidence satisfactory to Acquiror that such Improvements have been completed in a manner that complies with all of the requirements of applicable governmental authorities.

(i) Termination of Contracts. Contributors shall be responsible for cancellation of Contracts which are not Designated Contracts and shall be responsible for the payment of all cancellation fees associated with the termination of those Contracts. Notwithstanding anything to the contrary contained herein, Contributors shall cause the termination of all property management agreements with respecting each Property. Contributors' cancellation of Contracts which are not Designated Contracts shall be effective upon the Closing.

(j) Withholding Certificates. Each Contributor shall provide to Acquiror prior to the Closing a federal FIRTPA certificate and any comparable certificates under applicable state law demonstrating that Acquiror is not required to withhold any amount from its payment of the Contribution Consideration on account of taxes.

10. **Damage to Properties**. If before the Closing with respect to all of the Properties any of the Properties with respect to which a Closing has not yet occurred is materially or adversely affected in any way as a result of any fire, flood, earthquake, similar acts of nature or other acts of destruction which involves damage requiring repair and restoration costs of less than or equal to Two Million Dollars ($2,000,000), Contributors and Acquiror shall be obligated to proceed with the Closing with respect to such Property and each of the other Properties. In that event, the Allocated Contribution Consideration for such Property shall be reduced by the cost of repairing and restoring each such Property. If such material or adverse change involves damage requiring repair and restoration costs in excess of Two Million Dollars ($2,000,000) for any one Property, or in excess of Ten Million Dollars ($10,000,000) in the aggregate for all Properties, Acquiror shall have the option to (a) proceed with the Closing with respect to all of the Properties, taking each such Property in its un-restored condition together with any insurance proceeds or the right to receive such insurance proceeds, and the rights to any other claims arising as a result of such material or adverse , in which event, Acquiror shall, at Closing, receive a credit against the Contribution Consideration for each such Property in an amount which is equal to the difference between (1) the cost of repairing and restoring each such Property and (2) the total amount of insurance proceeds payable with respect to such material adverse change, or (b) terminate this Agreement with respect to each of the Properties for which a Closing has not occurred. Upon a termination of this Agreement pursuant to this Section 10, Escrow Agent shall return the applicable portion of the Earnest Money Deposit to Acquiror and the parties shall have no further liability to one another hereunder with respect to the Properties for which a Closing has not occurred except to the extent expressly stated otherwise herein.

11. **Eminent Domain**. If before Closing with respect to all of the Properties, proceedings are commenced or threatened for the taking by exercise of the power of eminent domain of all or a material part of any of the Properties which, as reasonably determined by Acquiror, would render such Property unacceptable to Acquiror as a self-storage facility, Acquiror shall have the right, by giving written notice to Contributors within five (5) days after Contributors give written notice to Acquiror of the commencement of such proceedings to terminate this Agreement with respect to any of the Properties for which a Closing has not occurred. If before the Closing with respect to all of the Properties, proceedings are commenced or threatened for the taking by exercise of the power of eminent domain of less than such a material part of any of the Properties, or if Acquiror has the right to terminate this Agreement pursuant to the preceding sentence but Acquiror does not exercise such right, then this Agreement shall remain in full force and effect and, on the Closing with respect to such Properties, the condemnation award (or, if not therefore received, the right to receive such portion of the award) payable on account of each such taking shall be transferred by Contributor to Acquiror as part of the Intangible Property and Acquiror and Contributor shall proceed to Closing in accordance with the terms of this Agreement without a reduction in the Contribution Consideration. Contributors shall give notice to Acquiror within ten (10) days after Contributors receive notice of the commencement of any proceedings for the taking by exercise of the power of eminent domain of all or any part of any of the Properties. Upon a termination of this Agreement pursuant to this Section 11, Escrow Agent shall return the applicable portion of the Earnest Money Deposit to Acquiror and the parties shall have no further liability to one another hereunder with respect to the Properties for which a Closing has not occurred except to the extent expressly stated otherwise herein.

12. **Conditions to Acquiror's Obligations**. Acquiror's obligation to acquire the Properties or otherwise perform any obligations provided for in this Agreement is conditioned upon the occurrence of the following conditions on or before the Closing Date:

(a) The representations, warranties and covenants of Contributors contained in this Agreement shall be materially true and correct as of the Closing Date.

(b) Each of the Contributors shall have performed and complied with all material covenants and agreements contained herein which are to be performed and materially complied with by such Contributor at or prior to the Closing Date.

(c) The Title Company shall be irrevocably committed to issuing the Title Policies upon Closing insuring ownership of each of the Properties in the name of Acquiror or its nominee or assignee in the amount of the Allocated Share of the Gross Dollar Value for such Property, subject only to the Permitted Exceptions.

(d) None of the Properties shall have been materially affected by any legislative or regulatory change occurring after the expiration of the Due Diligence Period that would prohibit Acquiror from using each of the Properties as a self-storage facility in a manner which is consistent with Contributors' historical use of that Property.

(e) There shall be no pending actions, suits or proceedings of any kind or nature whatsoever, legal or equitable, affecting any of the Properties in any material way, or relating to or arising out of the ownership or operation of any of the Properties, and continuing after the date of this Agreement in any court or before or by a federal, state, county, municipal department, commission, board, bureau, or agency or other governmental instrumentality.

(f) Except as provided otherwise in Section 3(e)(3) above, each Third Party Lender and each servicer of an Assumption Loan shall have approved the transaction which is the subject of this Agreement and the Lender Conditions with respect to each Assumption Loan are acceptable to Acquiror in accordance with the terms and conditions hereof.

(g) The lessor of each Ground Lease shall have received any required notice of assignment to the Acquiror, and consented to such assignment (when required by the Ground Lease). The lessor of each Ground Lease shall have also executed an estoppel certificate which acknowledges, to the best of the ground lessor's knowledge, that rents are current, that there are no material defaults by lessee beyond all applicable cure and notice provisions, and confirming the completeness of Acquiror's copy of the Ground Lease.

(h) No material default by any lessee under a Ground Lease shall have occurred and be then continuing and no event shall have occurred and be then continuing which, with the giving of notice or lapse of time, or both, shall constitute such a default.

(i) No material default shall have occurred and be then continuing under any of the Third Party Loan Documents and no event shall have occurred and be then continuing which, with the giving of notice or lapse of time, or both, shall constitute such a default.

(j) In the event any of the foregoing conditions or other conditions to this Agreement are not fulfilled, and are not waived by Acquiror on or before the Closing with respect to a Property, Acquiror may terminate this Agreement with respect to all, but not less than all, of the Properties for which a Closing has not yet occurred. Upon a termination of this Agreement pursuant to this Section 12(j), Escrow Agent shall return the applicable portion of the Earnest Money Deposit to Acquiror and the parties shall have no further liability to one another hereunder with respect to the Properties for which a Closing has not occurred except to the extent expressly stated otherwise herein.

(k) Neither Acquiror nor Contributor shall willfully or in bad faith act or fail to act for the purpose of permitting any of Acquiror's Conditions in this Section 12 to fail.

(l) Acquiror shall have the right to waive, in its sole and absolute discretion, any of the conditions precedent set forth in this Section 12, and the election by Acquiror to proceed with the Closing as to a particular Property with the actual knowledge that a condition precedent has not been satisfied, shall be deemed Acquiror's waiver of such condition precedent for such Property to the extent any such Acquiror condition precedent has not been previously satisfied or waived.

13. **Conditions to Contributors' Obligations**. Contributors' obligation to transfer the Properties or otherwise perform any obligations provided for in this Agreement is conditioned upon the occurrence of the following conditions on or before the Closing Date:

(a) The representations, warranties and covenants of Acquiror contained in this Agreement shall be materially true and correct as of the Closing Date.

(b) Acquiror shall have performed and complied with all material covenants and agreements contained herein which are to be performed and materially complied with by Acquiror at or prior to the Closing Date.

(c) As to each Assumption Loan, the Third Party Lender of such Assumption Loan shall have agreed to release the applicable Contributor and each Contributor Guarantor from future liability with respect to such Assumption Loan; provided, however, that Contributors shall be deemed to have waived the condition specified in this Section 13(c) with respect to such Assumption Loan if:

(1) Acquiror has made an election pursuant to Section 3(e)(3)(A) above with respect to such Assumption Loan; and

(2) At the Closing with respect to the Third Party Loan Property which secures such Assumption Loan, Acquiror agrees to indemnify, defend, and hold the Contributor of such Third Party Loan Property and the Contributor Guarantor harmless of and from any and all claims arising from or relating to such Assumption Loan from and after such Closing. Such indemnification shall be in a form which is reasonably acceptable to such Contributor and such Contributor's counsel.

(d) The lessor of each Ground Lease shall have consented to the assignment olf the Ground Lease to Acquiror when required by the Ground Lease, unless waived by Acquiror.

(e) The Amended and Restated Partnership Agreement, in the form submitted to Contributors, shall have been adopted as the partnership agreement of Acquiror.

(f) In the event any of the foregoing conditions or other conditions to this Agreement are not fulfilled, and are not waived by Contributors on or before the Closing with respect to a Property, Contributors may terminate this Agreement with respect to all of the Properties for which a Closing has not occurred. Upon a termination of this Agreement pursuant to this Section 13(f), Escrow Agent shall return the applicable portion of the Earnest Money Deposit to Acquiror and the parties shall have no further liability to one another hereunder with respect to the Properties for which a Closing has not occurred except to the extent expressly stated otherwise herein.

(g) Neither Acquiror nor Contributor shall willfully or in bad faith act or fail to act for the purpose of permitting any of Acquiror's Conditions in this Section 13 to fail.

(h) Contributor shall have the right to waive, in its sole and absolute discretion, any of the conditions precedent set forth in this Section 13, and the election by Contributor to proceed with the Closing as to a particular Property with the actual knowledge that a condition precedent has not been satisfied, shall be deemed Contributor's waiver of such condition precedent for such Property to the extent any such Contributor condition precedent has not been previously satisfied or waived.

14. **Contributors' Representations and Warranties**.

(a) For purposes of this Section 14, as to each Property, "Contributor" shall mean and refer only to the entity that owns such Property. The representations and warranties set forth in this Agreement shall be separate for each Contributor and shall be made solely as to itself and the Property it owns. There shall be no joint liability to Acquiror among or between the several Contributor entities with respect to any of the warranties or representations set forth in this Agreement. Acquiror understands and agrees that Acquiror shall look solely to the separate and specific Contributor entity and the separate and specific Property it owns with respect to each representation and warranty set forth in this Agreement. Subject to the foregoing, as to each

Property, respectively, Contributor represents and warrants to Acquiror that the following matters are true and correct as of the Effective Date and, subject to this Section, will also be true and correct as of the Closing.

(1) Contributor is a limited partnership duly formed, validly existing and in good standing in the state of its organization and, on or before the Closing, Contributor will be qualified to do business in each state in which Contributor operates a self storage business.

(2) Contributor has the full power and authority necessary to enter into, deliver and perform this Agreement, the other agreements contemplated hereby and any other documents or instruments to be executed and delivered by Contributor at Closing. The execution and delivery of this Agreement by Contributor and the consummation by Contributor of the transactions contemplated by this Agreement have been duly authorized by all necessary action on the part of Contributor and will not, with or without the giving of notice, lapse of time or both, violate, conflict with, result in a breach of, or constitute a default under or give to others any right of termination or cancellation of, (1) the organizational documents, including the bylaws and charter, if any, of Contributor, (2) any agreement, document, instrument or other undertaking to which Contributor is a party or by which Contributor, its interests or any of its assets or properties are bound, or (3) to the Actual Knowledge of Contributor , any applicable law, or any judgment, writ, injunction, decree, statute, order, rule or regulation applicable to Contributor or by which its interests or any of its assets or properties are bound, or (4) result in the creation of any lien upon any Property owned by Contributor. This Agreement has been duly executed and delivered by Contributor and constitutes a valid and legally binding obligation of Contributor, enforceable against Contributor in accordance with and subject to its respective terms, subject to applicable bankruptcy, insolvency, moratorium or other similar laws relating to creditors' rights and general principles of equity. The signatures on this Agreement for and on behalf of Contributor are genuine, and the signatory for Contributor has been duly authorized to execute the same on behalf of such Contributor.

(3) With the exception of the Berkeley II Property, the Castro Valley Property, the Kapolei Property, and the San Pablo II Property (hereinafter collectively the "**Ground Lease Properties**"), to the Actual Knowledge of Contributor, either Contributor or Contributor's predecessor in interest owns fee simple title to each Property for which Contributor is designated as the "owner" on Exhibit "A"; provided, however, that the provisions of this Section 14(a)(3) as applied to each Property shall, at the Closing for such Property, be merged into the Deed for such Property and shall not survive the Closing for such Property. Contributor's predecessor in interest, if any, is owned and controlled, directly or indirectly through one or more intermediate entities, by the same individuals who own and control Contributor.

(4) To the Actual Knowledge of Contributor, either Contributor or Contributor's predecessor in interest owns all of the interest of the lessee under each Ground Lease for which Contributor is designated as the "owner" on Exhibit "A"; provided, however, that the provisions of this sentence as applied to each Property shall not survive the Closing for such Property. Contributor's predecessor in interest, if any, is owned and controlled, directly or indirectly through one or more intermediate entities, by the same individuals who own and control Contributor. Contributor has provided Acquiror with a true, correct and complete copy of each Ground Lease and all amendments to each Ground Lease. The copy of each Ground Lease (including any

amendments thereto) delivered to Acquiror by Contributors constitutes the entire agreement between the lessor under such Ground Lease and the Contributor of the leasehold estate which is the subject of such Ground Lease with respect to the property which is the subject of such Ground Lease. Except as set forth in the copy of each Ground Lease delivered by Contributors to Acquiror, no such Ground Lease has

been modified, changed, altered, assigned, supplemented, or amended. To the Actual Knowledge of Contributors, none of the Ground Leases is in default beyond all applicable cure and notice periods and no event has occurred which, with the giving of notice or lapse of time, or both, would constitute such a default. To the Actual Knowledge of Contributors, each Ground Lease is in full force and effect according to its terms and is valid and binding upon each lessor thereunder.

(5) To the Actual Knowledge of Contributor, Contributor has not received any written notice that Contributor is in default under any of the Leases or under any of the Contracts or that any event has occurred which, with the giving of notice or lapse of time, or both, would constitute such a default.

(6) The tenant under the Kapolei Ground Lease is entitled to a credit against the "Base Rent" (as defined in the Kapolei Ground Lease) payable under the Kapolei Ground Lease in accordance with the provisions of Section 2(d) of the Kapolei Ground Lease.

(7) To the Actual Knowledge of Contributor, and except as disclosed to Acquiror in writing, Contributor has not received written notice of any municipal violation which have not been corrected.

(8) To the Actual Knowledge of Contributor, the Financial Reports will fairly represent in all material respects the financial condition and operating results of the Property for the periods indicated, subject to normal year end adjustments. To the Actual Knowledge of Contributor, since the date of the last financial statement included in the information provided to Acquiror pursuant to this Agreement, there has been no material adverse change in the financial condition or in the operations of any Property.

(9) No lease commission or similar fee is due or unpaid by Contributor with respect to any Lease, and there are no written or oral agreements that will obligate Acquiror, as Contributor's assignee, to pay any such commission or fee under any Lease or extension, expansion or renewal thereof. Except as set forth on the Rent Roll, the Leases and any guarantees thereof are in full force and effect, and, to Contributor's Actual Knowledge, are subject to no defenses, setoffs or counterclaims for the benefit of the Tenants. Except as noted in the Rent Roll, neither the landlord under the Leases nor, to Contributor's Actual Knowledge, any Tenant is in default under its Lease beyond all applicable notice and cure periods. Except as disclosed on the Rent Roll, no rents or security deposits or other payments have been collected in advance for more than one (1) month. Except as disclosed on the Rent Roll, each rental concession, rental abatement or other benefit granted to Tenants under the Leases will have been fully utilized prior to the Closing.

(10) The right of any person to occupy the manager's apartment on each Property (if any) is a month to month tenancy that can be terminated on not more than thirty (30) days notice to such person.

(11) To the Actual Knowledge of Contributor, Contributor has not received any written notice of (A) a pending or overtly threatened in writing condemnation or eminent domain proceeding relating to the Property, or (B) pending or overtly threatened in writing actions, suits, legal or other proceedings with reference to the Property.

(12) To Contributor's Actual Knowledge, Contributor has not received written notice of any present default or breach under any mortgage or other encumbrance encumbering the Property or any covenants, conditions, restrictions, rights-of-way or easements which may affect the Property or any portion or portions thereof, except as disclosed on any title insurance policies provided to Acquiror prior to the Closing.

(13) Except as set forth on the Schedule 14(a)(13) attached hereto and incorporated herein, to the Actual Knowledge of Contributor, Contributor has not received written notice of any existing, pending, or threatened investigation, inquiry or proceeding by any governmental authority or any other entity or person or to any remedial obligations under any Environmental Law, as defined herein.

(14) To the Actual Knowledge of Contributors all of Contributors' insurance policies are in full force and effect, all premiums for such policies were paid when due and all future premiums for such policies (and any replacements thereof) shall be paid by Contributors on or before the due date therefore. Until the Closing, Contributor shall pay the premiums on, and shall not cancel or voluntarily allow to expire, any of Contributor's insurance policies unless such policy is replaced, without any lapse of coverage, by another policy or policies providing coverage at least as extensive as the policy or policies being replaced. To the extent permitted under such policy, Contributor agrees to assign on a non-exclusive basis to Acquiror at Closing such of Contributor's current policies as Acquiror may request in writing and will use commercially reasonable efforts to cause Acquiror to be named as an additional insured under each of such policies on or before the expiration of the Due Diligence Period. At Closing, Contributor shall, provided that Acquiror has been named as an additional insured on such policies, provide Acquiror with a Certificate of Insurance on Accord Form 25 or Form 27, as applicable, as evidence that Acquiror has been named as an additional insured under each such policy and with evidence reasonably satisfactory to Acquiror that each such policy has been assigned to Acquiror. In the event of such an assignment, the premiums on any of such policies that Acquiror elects to have assigned to it shall be prorated between Contributor and Acquiror as of the Proration Date.

(15) To the Actual Knowledge of Contributor and except as disclosed in the Documents, there are no labor disputes pending or overtly threatened in writing concerning the operation or maintenance of any of the Properties. Contributors are not a party to any union or other collective bargaining agreement with employees employed in connection with the ownership, operation or maintenance of any of the Properties.

(16) No act of bankruptcy, voluntary or involuntary has occurred with respect to Contributor or any of its affiliates.

(17) Neither Contributor, nor to Contributor's Actual Knowledge, any member, partner or shareholder of Contributor, nor, to Contributor's actual knowledge, any person or entity with actual authority to direct the actions of any member, partner or shareholder of Contributor, nor, to Contributor's actual knowledge, any other person or entity holding any legal or beneficial interest whatsoever in Contributor, (a) are named on

any list of persons, entities and governments issued by the Office of Foreign Assets Control of the United States Department of the Treasury ("**OFAC**") pursuant to Executive Order 13224 – Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism ("**Executive Order 13224**"), as in effect on the Effective Date, or any similar list known to Contributor or publicly issued by OFAC or any other department or agency of the United States of America (collectively, the "**OFAC Lists**"), (b) are included in, owned by, controlled by, knowingly acting for or on behalf of, knowingly providing assistance, support, sponsorship, or services of any kind to, or otherwise knowingly associated with any of the persons, entities or governments referred to or described in the OFAC Lists, or (c) has knowingly conducted business with or knowingly engaged in any transaction with any of the persons, entities or governments named on any of the OFAC Lists or any of the persons, entities or governments included in, owned by, controlled by, acting for or on behalf of, providing assistance, support, sponsorship, or services of any kind to, or, to Contributor's knowledge, otherwise associated with any of the persons, entities or governments referred to or described in the OFAC Lists.

(18) All liabilities assumed or taken subject to by Acquiror in connection with the transfer of the Properties to Acquiror are "qualified liabilities" as defined in Treasury Regulation Section 1.707-5(a)(6).

(b) As used in this Agreement, the term "**Actual Knowledge**" (or words of similar import) shall, when used with respect to any Contributor, mean the present, current, actual, conscious (and not constructive, imputed or implied) knowledge of H. James Knuppe, Barbara Knuppe or Michael J. Knuppe, without having made independent inquiry. No such person shall have any personal liability or obligation whatsoever with respect to any of the matters set forth in this Agreement and any other documents, agreements or instruments related thereto or any of the representations made by Contributor being or becoming untrue, inaccurate or incomplete in any respect and Acquiror shall look solely to the assets of the Contributor entity with respect to a breach of a representation and warranty hereunder as to any Contributor or Property. Under no circumstances whatsoever shall information possessed by or known to any person or entity (including any of Contributors' consultants, agents or advisors or their respective employees or representatives, or another Contributor), other than H. James Knuppe, Barbara Knuppe, or Michael J. Knuppe, be imputed or attributed to any Contributor.

(c) All representations, warranties and covenants of each Contributor contained in Section 5(d) above and this Section 14 shall survive the Closing and shall inure to the benefit of Acquiror and its legal representatives, heirs, successors or assigns for a period of six (6) months after the Closing of the applicable Property and shall automatically expire unless Acquiror prior thereto has given such Contributor written notice of any alleged breach and Acquiror commences and serves an action against Contributor within ninety (90) days after Acquiror gives such notice to Contributor (and, in the event any such suit is timely commenced by Acquiror and served against Contributor, shall survive thereafter only insofar as the subject matter of the alleged breach specified in such suit is concerned). If notice is not timely given and suit is not timely commenced and served by Acquiror, Contributor's representations and warranties shall thereafter be void and no force or effect as to such Property.

(d) Notwithstanding anything to the contrary contained in this Agreement, no Contributor shall have any liability, obligation or responsibility of any kind to Acquiror or any party claiming by, under or through Acquiror with respect to any of the representations and warranties contained in Section 14 above if, prior to the Closing with respect to a Property,

Acquiror obtains knowledge from any source (including the Documents) that any of the foregoing representations and warranties are untrue or incorrect with respect to such Property, and Acquiror nevertheless Closes Acquiror's acquisition of such Property pursuant to this Agreement. Acquiror further agrees to provide Contributors with written notice (a "**Representation Notice**") promptly upon Acquiror's learning that any representation or warranty of any Contributor in this Agreement is untrue or incorrect or has been breached by such Contributor. In the event Acquiror gives one or more Representation Notices with respect to the warranties and representations of a Contributor and such Contributor fails to correct each inaccuracy or cure all such breaches of any representation or warranty, then Acquiror's sole remedy in respect to a change in facts or circumstances which do not otherwise constitute a default of such Contributor of such Property pursuant to this Agreement, shall be to elect, in Acquiror's sole discretion, to (a) if such breach(es) relate(s) to one or more of the Properties, remove such Properties from the Properties being conveyed pursuant to this Agreement and receive a reduction in the Contribution Consideration in an amount equal to the amount of the Allocated Share of the Gross Dollar Value for such Property or Properties, in which event no party hereto shall have any further obligation or liability to any other party hereto with respect to such Property or Properties except for those provisions of this Agreement which expressly survive the termination of this Agreement or (b) if such breach(es) relate to a Property or to Properties having, in the aggregate, an Allocated Purchase Price equal to or greater than $50,000,000.00, terminate this Agreement, in which event the undisbursed portion of the Earnest Money Deposit shall be returned to Acquiror within five (5) days of such termination and, following the return of such Earnest Money Deposit, no party hereto shall have any further obligation or liability to any other party hereto with respect to any Properties for which a Closing has not occurred except with respect to those provisions of this Agreement which expressly survive the termination of this Agreement.

15. **Additional Representations and Warranties by Contributors**. Subject to the provisions of Section 14(a) above, each Contributor makes the following representations and warranties to Acquiror, each of which is material and is being relied upon by Acquiror and will be true and correct as of Closing:

(a) Such Contributor is acquiring the Series A Preferred Units for such Contributor's own account (or if such Contributor is a trustee, for a trust account) for investment only, and not with a view to or for sale in connection with any distribution of all or any part of such Series A Preferred Units. Such Contributor hereby agrees that such Contributor shall not, directly or indirectly, transfer all or any part of such Series A Preferred Units (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of all or any part of the Series A Preferred Units), except in accordance with the registration provisions of the Securities Act, and the regulations thereunder or an exemption from such registration provisions, with any applicable state or non-U.S. securities laws, and with the terms of this Agreement. Such Contributor understands that such Contributor must bear the economic risk of an investment in the Series A Preferred Units for an indefinite period of time because, among other reasons, the offering and sale of such Series A Preferred Units have not been registered under the Securities Act and, therefore, such Series A Preferred Units cannot be resold unless such resale is subsequently registered under the Securities Act or an exemption from such registration is available. Such Contributor also understands that sales or transfers of such Series A Preferred Units are further restricted by the provisions of the REIT's charter or the organizational agreements of the Acquiror, and may be restricted by other applicable securities laws. If at any time the Series A Preferred Units are evidenced by certificates or other documents, each such certificate or other document shall contain a legend stating that (1)

such Series A Preferred Units (i) have not been registered under the Securities Act or the securities laws of any state; (ii) have been issued pursuant to a claim of exemption from the registration provisions of the Securities Act and any state securities law which may be applicable;

and (iii) may not be sold, transferred or assigned without compliance with the registration provisions of the Securities Act and the regulations thereunder and any other applicable federal or state securities laws or compliance with applicable exemptions therefrom; (2) sale, transfer or assignment of such Series A Preferred Units is further subject to restrictions contained in the organizational documents of the issuer of such securities and such Series A Preferred Units may not be sold, transferred or assigned unless and to the extent permitted by, and in accordance with, the provisions of the Amended and Restated Partnership Agreement of the Acquiror or the charter of the REIT, as applicable; and (3) sale, transfer or assignment of such Series A Preferred Units is subject to restrictions contained in the Registration Rights Agreement and this Agreement being executed by Contributor on the date of this Agreement.

(b) Such Contributor has received and carefully reviewed the following documents: (A) the Form S-11 for the REIT, which was filed with the Securities and Exchange Commission ("**SEC**") and became effective on August 17, 2004; (B) the Form 10-K for the year ended December 31, 2006 for the REIT; (C) the annual proxy statement of the REIT for 2006 (i.e., for its 2007 annual meeting); (D) the Form 10-Q for the REIT for the calendar quarter ending March 31, 2007 and for each calendar quarter ending between the Effective Date of this Agreement and the Closing Date; and (E) the Amended and Restated Agreement of Limited Partnership of Acquiror dated August 17, 2004, as the same is to be amended pursuant to the proposed Second Amended and Restated Agreement of Limited Partnership of Acquiror, a copy of which has been delivered to Contributors (the "**Amended and Restated Partnership Agreement**"), as the same is to be amended pursuant to the Partnership Joinder Agreement. Such Contributor has been afforded the opportunity to ask questions of those persons such Contributor considers appropriate and to obtain any additional information such Contributor desires in respect of the Series A Preferred Units and the business, operations, conditions (financial and otherwise) and current prospects of Acquiror and the REIT and has received answers thereto satisfactory to such Contributor from the Acquiror or the REIT or their representatives regarding the terms and conditions of the offering of the Series A Preferred Units, and such Contributor has obtained all additional information requested by such Contributor of Acquiror or the REIT and their representatives to verify the accuracy of all information furnished to such Contributor regarding the offering of such Series A Preferred Units. Such Contributor represents and warrants that such Contributor has read this Agreement in its entirety and has relied upon and is making his, her or its decision to acquire the Series A Preferred Units in exchange for such Contributor's interests based solely upon his, her or its review and evaluation of this Agreement and is not relying on the REIT or any of its subsidiaries, affiliates or any of their respective representatives or agents with respect to any tax or other economic considerations involved in connection with the receipt of the Series A Preferred Units. Such Contributor represents and warrants that such Contributor has been advised to consult with his, her or its tax, legal and other advisors regarding the receipt of the Series A Preferred Units and its effects, the tax consequences of making and not making a contribution hereunder, and has obtained, in such Contributor's judgment, sufficient information to evaluate the merits and risks of an exchange and investment hereunder. Such Contributor has not been furnished with and has not relied on any oral or written representation in connection with the offering of the Series A Preferred Units that is not contained in this Agreement.

(c) Such Contributor has such knowledge and experience in financial and business matters such that such Contributor is capable of evaluating the merits and risks of Acquiring the Series A Preferred Units, and that such Contributor has evaluated the risks of investing in the Series A Preferred Units and has determined that they are a suitable investment for such Contributor. Such Contributor represents and warrants that such Contributor understands that an investment in the Series A Preferred Units is a speculative investment that involves very significant risks and tax uncertainties and that such Contributor is prepared to bear the economic,

tax and other risks of an investment in the Series A Preferred Units for an indefinite period of time, and is able to withstand a total loss of such Contributor's investment in the Series A Preferred Units.

(d) Such Contributor is an "accredited investor" as defined in Regulation D under the Securities Act ("Accredited Investor"). In this regard, such Contributor has completed, signed and returned with this Agreement an Accredited Investor Questionnaire substantially in the form attached hereto as **Exhibit "K"**. Such Contributor will, upon request, execute and/or deliver any additional documents deemed by the Acquiror to be necessary or desirable to confirm such Contributor's Accredited Investor status.

(e) Such Contributor represents and agrees that such Contributor is not and will not be (1) an "employee benefit plan" within the meaning of Section 3(3) of ERISA, whether or not subject to ERISA, (2) a "plan" within the meaning of Section 4975 of the Code, or (3) any person or entity whose assets include or are deemed to include the assets of any such "employee benefit plan" or "plan" by reason of Section 2510.3-101 of the Regulations of the U.S. Department of Labor or otherwise. Such Contributor will, upon request, execute, deliver and/or provide any additional documents deemed by the Acquiror to be necessary or desirable to confirm the foregoing.

(f) Such Contributor represents and warrants that the signature pages correctly set forth, for such Contributor, (1) the principal residence of such Contributor if such Contributor is a natural person, (2) the place of business (or, if there is more than one place of business, the chief executive office) of such Contributor if such Contributor is a corporation, partnership, limited liability company, business trust or other entity (an "**Entity**"), (3) the state of incorporation, organization or formation if such Contributor is an Entity other than a general partnership, (4) the information specified in clauses (1) and (2) of this subsection 15(f) as to each trustee of such Contributor if such Contributor is a trust (other than a business trust) and such trustee is a natural person and (5) the information specified in clauses (2) and (3) of this subsection 15(f) as to each trustee of such Contributor if such Contributor is a trust (other than a business trust) and such trustee is an Entity.

(g) Such Contributor has obtained from its own counsel advice regarding the tax consequences of (1) the transfer of such Contributor's Property to Acquiror and the receipt of the Contribution Consideration, as consideration therefor, (2) Such Contributor's admission as a limited partner of Acquiror, and (3) any other transaction contemplated by this Agreement. Such Contributor further represents and warrants that it has not relied on Acquiror, Acquiror's affiliates, representatives, counsel or other advisors and their respective representatives for such tax advice.

(h) Such Contributor is not a foreign person and is not owned directly or indirectly, in whole or in part, by a foreign person as determined for purposes of the Code and the regulations promulgated thereunder. No withholding for taxes is required upon the issuance of Series A

Preferred Units to such Contributor.

(i) Such Contributor has not entered into any agreement and is not otherwise liable or responsible to pay any brokers' or finders' fees or expenses to any Person with respect to this Agreement or its acquisition of Series A Preferred Units contemplated hereby, except for any such Person the fees and expenses for which such Contributor shall be solely responsible for and pay.

The warranties and representations of Contributor set forth in this Section 15 shall survive the Closing.

16. **Remaking of Contributor Warranties and Representations at Closing**. Except as expressly provided otherwise in Sections 14 and 15 above, the representations and warranties made in this Agreement by Contributor shall be deemed remade by Contributor as of the Closing Date with the same force and effect as if, in fact, specifically remade at that time.

17. **Acquiror's Representations and Warranties**. Acquiror makes the following representations and warranties, each of which is material and is being relied upon by Contributors:

(a) Acquiror is a limited liability company, duly formed, validly existing and in good standing in the state of Delaware and, on or before the Closing, Acquiror, or Acquiror's affiliated company taking title at Closing, will be qualified to do business in the state in which the Properties are located. The REIT is a real estate investment trust duly organized, validly existing and in good standing under the laws of the State of Maryland.

(b) Acquiror has the full power and authority necessary to enter into, deliver and perform this Agreement, the other agreements contemplated hereby and any other documents or instruments to be executed and delivered by Acquiror at Closing. The execution and delivery of this Agreement by Acquiror and the consummation by Acquiror of the transactions contemplated by this Agreement have been duly authorized by all necessary action on the part of Acquiror and will not, with or without the giving of notice, lapse of time or both, violate, conflict with, result in a breach of, or constitute a default under or give to others any right of termination or cancellation of, (1) the organizational documents, including the bylaws and charter, if any, of Acquiror, (2) any agreement, document, instrument or other undertaking to which Acquiror is a party or by which Acquiror, its interests or any of its assets or properties are bound, or (3) to Acquiror's Actual Knowledge, any applicable law, or any judgment, writ, injunction, decree, statute, order, rule or regulation applicable to Acquiror or by which its interests or any of its assets or properties are bound.. This Agreement has been duly executed and delivered by Acquiror and constitutes a valid and legally binding obligation of Acquiror, enforceable against Acquiror in accordance with and subject to its respective terms, subject to applicable bankruptcy, insolvency, moratorium or other similar laws relating to creditors' rights and general principles of equity. The signatures on this Agreement for and on behalf of Acquiror are genuine, and the signatory for Acquiror has been duly authorized to execute the same on behalf of such Contributor.

(c) Neither Acquiror, nor any member or manager of Acquiror, nor, to Acquiror's Actual Knowledge, any person or entity with actual authority to direct the actions of any member or manager of Acquiror without the vote, consent, or approval of any other person, (i) are named on any list of persons, entities and governments issued by OFAC pursuant to Executive Order 13224, as in effect on the date hereof, or any OFAC Lists, (ii) are included in, owned by, controlled by, knowingly acting for or on behalf of, knowingly providing assistance, support, sponsorship, or services of any kind to, or otherwise knowingly associated with any of the persons, entities or governments referred to or described in the OFAC Lists, or (iii) has knowingly conducted business with or knowingly engaged in any transaction with any of the persons, entities or governments named on any of the OFAC Lists or any of the persons, entities or governments included in, owned by, controlled by, acting for or on behalf of, providing assistance, support, sponsorship, or services of any kind to, or, to Acquiror's knowledge, otherwise associated with any of the persons, entities or governments referred to or described in the OFAC Lists.

(d) The Series A Preferred Units, when issued in accordance with this Agreement will be duly and validly issued, fully paid and nonassessable.

(e) The performance by the REIT of the terms and conditions of this Agreement does not and will not conflict with the Articles of Incorporation or By-Laws of the REIT and does not breach or violate any applicable law, rule or regulation of any governmental authority.

(f) There is no action, suit or proceeding pending or, to Acquiror's Actual Knowledge, threatened against the REIT or any of its properties, which would, if adversely determined, have a material adverse effect on the financial condition or results of operations of the REIT. There is no action or proceeding pending or, to Acquiror's Actual Knowledge, threatened against the REIT which challenges or impairs the REIT's ability to execute, deliver and perform under this Agreement or any of the documents and/or instruments to be delivered in accordance herewith.

(g) Each and every one of the foregoing representations and warranties is true and correct as of the Effective Date and will be true and correct as of the Closing Date.

(h) As used in this Agreement, the term "**Actual Knowledge**" (or words of similar import) shall, when used with respect to Acquiror, mean the present, current, actual, conscious (and not constructive, imputed or implied) knowledge of Kenneth M. Woolley, Kent W. Christensen, Charles L. Allen, or David L. Rasmussen, without having made independent inquiry. No such person shall have any personal liability or obligation whatsoever with respect to any of the matters set forth in this Agreement and any other documents, agreements or instruments related thereto or any of the representations made by Acquiror being or becoming untrue, inaccurate or incomplete in any respect and Contributors shall look solely to the assets of the Acquiror with respect to a breach of a representation and warranty hereunder as to Acquiror. Under no circumstances whatsoever shall information possessed by or known to any person or entity (including any of Acquiror's consultants, agents or advisors or their respective employees or representatives), other than Kenneth M. Woolley, Kent W. Christensen, Charles L. Allen, or David L. Rasmussen, be imputed or attributed to Acquiror.

(i) All representations, warranties and covenants of Acquiror contained in this Agreement shall survive the Closing and shall inure to the benefit of Contributors and their respective legal representatives, heirs, successors or assigns for a period of six (6) months after the last Closing

of Acquiror's acquisition of a Property under this Agreement and shall automatically expire unless Contributors prior thereto have given such Acquiror written notice of any alleged breach and Acquiror commence and serve an action against Acquiror within ninety (90) days after Contributors give such notice to Acquiror (and, in the event any such suit is timely commenced by Contributors and served against Acquiror, shall survive thereafter only insofar as the subject matter of the alleged breach specified in such suit is concerned). If notice is not timely given and suit is not timely commenced and served by Contributors, Acquiror's representations and warranties shall thereafter be void and no force or effect as to such Property.

18. **Remaking of Acquiror Warranties and Representations** The representations and warranties made in this Agreement by Acquiror shall be deemed remade by Acquiror as of the Closing Date with the same force and effect as if, in fact, specifically remade at that time. Other than the representations contained in Section 17 above and the covenants of Acquiror contained in Section 20 below, Acquiror makes no representation with respect to and is not responsible for any federal, state or local tax consequences to Contributor of the transaction covered by this Agreement.

19. **Indemnification**.

(a) Subject to the limitations contained in Sections 14, 22, and 25, each Contributor agrees to indemnify, defend and hold harmless Acquiror and its nominees, successors, assigns, officers, directors, members, managers, partners, agents, and employees from and against any and all liabilities, claims, causes of action, penalties, costs and expenses, of any kind or nature whatsoever, to the extent arising out of, resulting from, relating to, or incident to a breach of the express representations and warranties of such Contributor.

(b) Each Contributor agrees to indemnify, defend and hold Acquiror harmless from and against any and all claims, costs, penalties, damages, losses, liabilities and expenses, including attorneys' fees, related to or arising from any claim related to the transactions contemplated herein by any person holding a direct or indirect interest in Contributor, including but not limited to any claim for the breach of any fiduciary duty or the terms, conditions, representations and warranties of this Agreement generally.

(c) Subject to the provisions of Section 17 above, Acquiror agrees to indemnify, defend and hold harmless Contributors and Contributors' respective nominees, successors, assigns, officers, directors, members, managers, partners, agents, and employees from and against any and all liabilities, claims, causes of action, penalties, costs and expenses, of any kind or nature whatsoever, arising out of, resulting from, relating to, or incident to (i) Acquiror's ownership or use of the Properties after the Closing Date, (ii) the Designated Contracts, (iii) the Leases, or (iv) the Ground Leases.

(d) The provisions of this Section 19 shall survive the Closing.

20. **Tax Matters**.

(a) Definitions. As used in this Section 20, the terms set forth below shall have the following respective meanings:

(1) "Book Gain" means, with respect to each Contributor, any gain that would not be required under Section 704(c) of the Code and applicable Treasury Regulations to be specifically allocated to such Contributor but rather would be allocated to all partners in Acquiror, including the REIT (indirectly through the General Partner and one or more limited partners), in accordance with their respective economic interests in Acquiror.

(2) "Protected Gain" shall mean, with respect to each Contributor, the taxable gain that such Contributor would be allocated and recognize under Section 704(c) of the Code if such Contributor's Property is sold in a fully taxable transaction. The Contributors' estimate of the initial Protected Gain allocable to each Contributor with respect to such Contributor's Property as of the Closing Date is set forth on **Exhibit "L"** attached hereto and by this reference made a part hereof. Anything to the contrary herein notwithstanding, any gain that would be allocated to a Contributor upon a sale of any Property that corresponds to a Book Gain would not be considered Protected Gain.

(3) "Sale Restriction Period" shall mean a period of time commencing on the Closing Date and ending on the earlier of (i) the date that is ten (10) years following the Closing Date; or (ii) the date on which more than ninety-five percent (95%) of the Series A Preferred Units issued by the Acquiror pursuant to this Agreement have been disposed of in the aggregate by Contributors in one or more taxable transactions.

(b) Restrictions on Disposition of Property.

(1) Acquiror agrees, without the consent of the applicable Contributor, which consent may be granted or withheld in such Contributor's sole discretion, not to sell or dispose of such Contributor's Property in a transaction that would cause such Contributor, during the Sale Restriction Period, to recognize any Protected Gain, unless Acquiror makes the indemnity payment to such Contributor set forth in Section 20(c) below. Without limiting the foregoing, upon the expiration of the Sale Restriction Period, Acquiror nonetheless agrees that it shall use reasonable efforts to structure any sale or disposition of each Contributor's Property such that it permits the applicable Contributor to not recognize any taxable gain, it being understood that Acquiror will have no liability to Contributor if Contributor recognizes gain as a result of the sale or disposition. Contributors agree that the preceding sentence will not apply to either a sale of a Property where the primary purpose of the sale is the generation of cash for the payment of direct and indirect obligations of the Acquiror or a bulk sale of one or more Properties together with at least four other properties.

(2) The prohibition on the sale or other disposition of the Property will not apply if the Property is disposed of in a transaction in which no gain is required to be recognized by Contributor (for example, an exchange under Section 1031 of the Code or a tax-free partnership merger or contribution). In the event of an involuntary conversion of the Property within the meaning of Section 1033 of the

Code during the Sale Restriction Period, Acquiror shall use its reasonable efforts to replace the converted Property unless otherwise consented to in writing by Contributor, which consent may be granted or withheld in the Contributor's sole discretion, it being understood that Acquiror will have no liability to Contributor if Contributor recognizes gain as a result of the sale or disposition.

(c) Indemnity Payment. In the event of a sale or disposition by Acquiror of a Contributor's Property in a transaction to which Section 20(b) applies, Acquiror shall reimburse such Contributor for all income tax incurred with respect to the Protected Gain attributable to such Contributor's Property. Anything to the contrary in this Agreement notwithstanding, the sole and exclusive rights and remedies of Contributor for a breach or violation of the provisions of Section 20(b) by Acquiror shall be a claim for damages against Acquiror, computed as set forth in this 20(c), and Contributor shall not be entitled to pursue a claim for specific performance of the provisions of Section 20(b) by Acquiror, or bring a claim against any person that acquires the Property from Acquiror in violation of Section 20(b).

(d) Section 704(c) Method. Acquiror will use the "traditional method" as described in Treasury Regulation Section 1.704-3(b) for tax allocations with respect to the Properties.

21. **Tax Computations for REIT Qualification**. Contributors acknowledge that (a) the computation of taxable income of Acquiror is crucial in the determination of the taxable income of REIT, (b) the REIT needs to be able to prepare accurate estimates of its taxable income in order to monitor compliance with the requirement that it distribute 90% of its taxable income to its shareholders, and (c) the depreciation of the Property and the required depreciation allocations under Section 704(c) of the Code will materially impact the computation of Acquiror's and REIT's taxable income. Accordingly, each Contributor agrees that (y) within twenty (20) days of the Effective Date, Contributor shall provide

Acquiror with tax-basis computations and historical tax depreciation schedules updated through the Closing Date for each Property, and (z) within twenty (20) days of the Effective Date, Contributors shall provide Acquiror with all data required to perform depreciation allocations (as contemplated by Section 704(c) of the Code) with respect to each Property. Such data shall include the tax basis allocable to each Contributor for each of such Contributor's Properties. In addition, each Contributor acknowledges that, in the event repayment of any Existing Indebtedness triggers discharge of indebtedness income under the Code (and particularly Section 61(a)(12) thereof), the Amended and Restated Partnership Agreement shall be amended to specially allocate all such income to Contributor. The provisions of this Section 21 shall survive the Closing and the delivery of the Deeds and the other documents contemplated by this Agreement.

22. **Acquisition "As-Is"**.

(a) Acquiror expressly acknowledges and agrees that prior to the Effective Date hereof, Acquiror has had sufficient opportunity to conduct due diligence with respect to and inspect each of the Properties and, subject to the terms and conditions of this Agreement, does approve the Properties.

(b) NOTWITHSTANDING ANYTHING CONTAINED IN THIS AGREEMENT TO THE CONTRARY, EXCEPT FOR THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY MADE BY A CONTRIBUTOR IN SECTIONS 14 AND 15 ABOVE OR OTHERWISE EXPRESSLY MADE BY A CONTRIBUTOR IN THIS AGREEMENT OR BY A CONTRIBUTOR IN THE DOCUMENTS OR INSTRUMENTS DELIVERED BY SUCH CONTRIBUTOR AT THE CLOSING, IF ANY, IT IS UNDERSTOOD AND AGREED THAT NEITHER SUCH CONTRIBUTOR NOR ANY OF ITS AGENTS, EMPLOYEES OR CONTRACTORS HAS MADE, AND IS NOT NOW MAKING, AND ACQUIROR HAS NOT RELIED UPON AND WILL NOT RELY UPON (DIRECTLY OR INDIRECTLY), ANY WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, ORAL OR WRITTEN WITH RESPECT TO THE PROPERTIES, INCLUDING WARRANTIES OR REPRESENTATIONS AS TO (I) MATTERS OF TITLE, (II) ENVIRONMENTAL MATTERS RELATING TO ANY OF THE PROPERTIES OR ANY PORTION THEREOF, (III) GEOLOGICAL CONDITIONS, (IV) FLOODING OR DRAINAGE, (V) SOIL CONDITIONS, (VI) THE AVAILABILITY OF ANY UTILITIES TO ANY OF THE PROPERTIES, (VII) USAGES OF ADJOINING PROPERTY, (VIII) ACCESS TO ANY OF THE PROPERTIES OR ANY PORTION THEREOF, (IX) THE VALUE, COMPLIANCE WITH THE PLANS AND SPECIFICATIONS, SIZE, LOCATION, AGE, USE, DESIGN, QUALITY, DESCRIPTIONS, SUITABILITY, SEISMIC OR OTHER STRUCTURAL INTEGRITY, OPERATION, TITLE TO, OR PHYSICAL OR FINANCIAL CONDITION OF THE IMPROVEMENTS OR ANY OTHER PORTION OF ANY OF THE PROPERTIES, (X) ANY INCOME, EXPENSES, CHARGES, LIENS, ENCUMBRANCES, RIGHTS OR CLAIMS ON OR AFFECTING OR PERTAINING TO ANY OF THE PROPERTIES OR ANY PART THEREOF, (XI) THE PRESENCE OF HAZARDOUS SUBSTANCES (HEREINBELOW DEFINED) IN OR ON, UNDER OR IN THE VICINITY OF ANY OF THE PROPERTIES, (XII) THE CONDITION OR USE OF ANY OF THE PROPERTIES OR COMPLIANCE OF ANY OF THE PROPERTIES WITH ANY OR ALL PAST, PRESENT OR FUTURE FEDERAL, STATE OR LOCAL ORDINANCES, RULES, REGULATIONS OR LAWS, BUILDING, FIRE OR ZONING ORDINANCES, CODES OR OTHER SIMILAR LAWS, (XIII) THE EXISTENCE OR NON-EXISTENCE OF UNDERGROUND STORAGE TANKS, (XIV) THE POTENTIAL FOR FURTHER DEVELOPMENT OF ANY OF THE PROPERTIES, (XV) ZONING, OR THE EXISTENCE OF VESTED LAND USE, ZONING OR BUILDING ENTITLEMENTS AFFECTING ANY OF THE PROPERTIES, (XVI) THE

MERCHANTABILITY OF ANY OF THE PROPERTIES OR FITNESS OF ANY OF THE PROPERTIES FOR ANY PARTICULAR PURPOSE, (XVII) TAX CONSEQUENCES (INCLUDING THE AMOUNT, USE OR PROVISIONS RELATING TO ANY TAX CREDITS), (XVIII) MARKETPLACE CONDITIONS SUCH AS SELF STORAGE SATURATION, (XIX) OCCUPANCY LEVELS, OR (XX) CURRENT INCOME STREAMS. ACQUIROR FURTHER ACKNOWLEDGES THAT, EXCEPT FOR THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY MADE BY A CONTRIBUTOR IN SECTIONS 14 AND 15 ABOVE OR OTHERWISE EXPRESSLY MADE BY A CONTRIBUTOR IN THIS AGREEMENT OR BY A CONTRIBUTOR IN THE DOCUMENTS OR INSTRUMENTS DELIVERED BY SUCH CONTRIBUTOR AT THE CLOSING, ANY INFORMATION OF ANY TYPE WHICH ACQUIROR HAS RECEIVED OR MAY RECEIVE FROM CONTRIBUTOR OR ITS AGENTS, EMPLOYEES OR CONTRACTORS, INCLUDING ANY ENVIRONMENTAL REPORTS AND SURVEYS, IS FURNISHED ON THE EXPRESS CONDITION THAT ACQUIROR SHALL NOT RELY THEREON, ALL SUCH INFORMATION BEING FURNISHED WITHOUT ANY REPRESENTATION OR WARRANTY WHATSOEVER.

(c) ACQUIROR REPRESENTS AND WARRANTS THAT ACQUIROR IS A KNOWLEDGEABLE, EXPERIENCED AND SOPHISTICATED ACQUIROR OF REAL ESTATE AND THAT ACQUIROR HAS RELIED AND SHALL RELY SOLELY ON (I) ACQUIROR'S OWN EXPERTISE AND THAT OF ACQUIROR'S CONSULTANTS IN PURCHASING THE PROPERTIES, (II) ACQUIROR'S OWN KNOWLEDGE OF THE PROPERTIES BASED ON ACQUIROR'S INVESTIGATIONS AND INSPECTIONS OF THE PROPERTIES AND (III) THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY MADE BY A CONTRIBUTOR IN SECTIONS 14 AND 15 ABOVE OR OTHERWISE EXPRESSLY MADE BY A CONTRIBUTOR IN THIS AGREEMENT OR BY A CONTRIBUTOR IN THE DOCUMENTS OR INSTRUMENTS DELIVERED BY SUCH CONTRIBUTOR AT THE CLOSING. EXCEPT FOR THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY MADE BY A CONTRIBUTOR IN SECTIONS 14 AND 15 ABOVE OR OTHERWISE EXPRESSLY MADE BY A CONTRIBUTOR IN THIS AGREEMENT OR BY A CONTRIBUTOR IN THE DOCUMENTS OR INSTRUMENTS DELIVERED BY SUCH CONTRIBUTOR AT THE CLOSING: (W) ACQUIROR HAS CONDUCTED SUCH INSPECTIONS AND INVESTIGATIONS OF THE PROPERTIES AS ACQUIROR DEEMS NECESSARY, INCLUDING THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, AND SHALL RELY UPON THE SAME, (X) UPON CLOSING, ACQUIROR SHALL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS, MAY NOT HAVE BEEN REVEALED BY ACQUIROR'S INSPECTIONS AND INVESTIGATIONS, (Y) ACQUIROR ACKNOWLEDGES AND AGREES THAT UPON CLOSING, EACH CONTRIBUTOR SHALL SELL AND CONVEY TO ACQUIROR AND ACQUIROR SHALL ACCEPT SUCH CONTRIBUTOR'S PROPERTY "AS IS, WHERE IS," WITH ALL FAULTS AND DEFECTS (LATENT AND APPARENT), AND (Z). ACQUIROR FURTHER ACKNOWLEDGES AND AGREES THAT THERE ARE NO ORAL AGREEMENTS, WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE PROPERTY MADE BY CONTRIBUTOR, OR ANY AGENT, EMPLOYEE OR CONTRACTOR OF CONTRIBUTOR.

(d) ACQUIROR ACKNOWLEDGES AND AGREES CONTRIBUTOR WOULD NOT HAVE AGREED TO SELL THE PROPERTY TO ACQUIROR WITHOUT THE DISCLAIMERS AND OTHER AGREEMENTS SET FORTH HEREIN. ACQUIROR ACKNOWLEDGES THAT THE PURCHASE PRICE REFLECTS THE NATURE OF THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT, AS LIMITED BY THE

WAIVERS AND DISCLAIMERS CONTAINED IN THIS AGREEMENT. ACQUIROR HAS FULLY REVIEWED THE DISCLAIMERS AND WAIVERS SET FORTH IN THIS AGREEMENT WITH ACQUIROR'S COUNSEL AND UNDERSTANDS THE SIGNIFICANCE AND EFFECT THEREOF.

(e) THE TERMS AND CONDITIONS OF SECTIONS 22(b), 22(c), AND 22(d) SHALL EXPRESSLY SURVIVE THE CLOSING, NOT MERGE WITH THE PROVISIONS OF THE DEED OR ANY OTHER CLOSING DOCUMENTS.

_____
ACQUIROR'S INITIALS

(f) Except with respect to any representations, warranties and indemnities expressly set forth in this Agreement and except with respect to any representations, warranties, indemnities, covenants or agreements set forth in any document or instrument delivered by a Contributor at Closing, and except as otherwise expressly provided in this Section, as to each Contributor and the Property owned by such Contributor, subject only to Section 25(d) below and those obligations of such Contributor hereunder which this Agreement specifically provides shall survive the Closing, Acquiror and anyone claiming by, through or under Acquiror hereby waives its right to recover from and fully and irrevocably releases each Contributor and such Contributor's partners, members, employees, officers, directors, parent, subsidiaries, successors and assigns (the "**Released Parties**") from any and all claims, responsibility and/or liability that Acquiror may now have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to (a) the condition (including any construction defects, errors, omissions or other conditions, latent or otherwise), valuation, salability or utility of any of the Properties, or its suitability for any purpose whatsoever, (b) any other claims under Environmental Laws, and (c) any information furnished by the Released Parties under or in connection with this Agreement. This release includes claims of which Acquiror is presently unaware or which Acquiror does not presently suspect to exist which, if known by Acquiror, would materially affect Acquiror's release of the Released Parties. Acquiror specifically waives the provision of any statute or principle of law, which provides otherwise including, with respect to those Properties in California, California Civil Code 1542 which provides in pertinent part:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

Acquiror' Initials:

In this connection and to the extent permitted by law, Acquiror agrees, represents and warrants that Acquiror realizes and acknowledges that factual matters now unknown to Acquiror may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and Acquiror further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that Acquiror nevertheless hereby intends to release, discharge and acquit Contributor from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses.

(g) As used herein, (a) "**Environmental Laws**" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.), as amended, or the Resource Conservation and Recovery Act (42 U.S.C. Section 6902 et seq.), as amended, or any other federal, state or local law, ordinance, rule or regulation relating to Hazardous Substances and applicable to the Property (but specifically excluding any principles of common law or common law theories); and (b) "**Hazardous Substances**" means any hazardous, toxic or dangerous waste, substance or material, any pollutant or contaminant, or any substance or organism which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, or any substance which contains gasoline, diesel fuel or other petroleum hydrocarbons, polychlorinated biphenyls (PCBs), radon gas, urea formaldehyde or asbestos.

(h) As to each Property, the foregoing provisions of this Section 22, including the waivers and releases by Acquiror, shall survive the Closing and the recordation of the Deed, and shall not be deemed merged into the Deed or other documents and instruments delivered at Closing.

23. **Rights of First Refusal**. Affiliates of Contributors own and operate two additional self storage facilities commonly referred to as the "Moraga Rent-A-Space" facility and the "Lahaina Rent-A-Space" facility (hereinafter collectively the "**ROR Facilities**"). Contributors agree that concurrently with the Closing, Contributors' shall cause the owners of the ROR Facilities to grant Acquiror, for a period of two (2) years from the first Closing, a right of first refusal to purchase each of the ROR Facilities by a Grant of Right of First Refusal, which shall be in a form to be agreed upon by such affiliates and Acquiror and executed and recorded at Closing. The Grant of Right of First Refusal shall provide, among other things, that if the owner of an ROR Facility (the "**ROR Owner**") receives a bona fide third party offer to purchase the ROR Facility (the "**ROR Offer**") that the ROR Owner is prepared to accept, then Acquiror shall have a period of time not to exceed ten (10) business days in which to agree, in writing, to the terms and conditions of the ROR Offer. Acquiror's failure to exercise its right of first refusal within such ten (10) business day period shall constitute Acquiror's election not to acquire the applicable ROR Facility in accordance with the terms of such ROR Offer and, thereafter, the right of first refusal shall terminate with respect to such ROR Offer and the ROR Owner shall be entitled to sell the ROR Offer in accordance with the provisions of such ROR Offer free and clear of any such right of first refusal. Acquiror agrees to promptly execute any and all commercially reasonable instruments and/or documents to confirm the expiration or earlier termination of the right of first refusal. Notwithstanding anything to the contrary contained herein, the parties agree that the right of first refusal shall not apply to the transfer of any interest in any ROR Facility by an affiliate of Contributors or the immediate family of H. James Knuppe to any lineal descendant of H. James Knuppe; provided that the right of first refusal shall survive such transfer. The right of first refusal granted to Acquiror shall be personal to Acquiror and shall not be assignable (except to an Affiliate of Acquiror) without the express prior written consent of Contributor and the ROR Owners, which consent may be withheld in their sole and absolute discretion.

24. **Grant of License to Use Name "Rent-A-Space"**. Concurrently with the Closing, Contributors shall cause the holder of the rights to the names and/or marks "AAAAA" and "Rent-A-Space", and combinations thereof, to license, on a non-exclusive basis, such names and/or marks to Acquiror for a period of time commencing on the Closing Date and expiring with respect to each Property on the second anniversary of the Closing Date for such Property. Acquiror shall not be required to pay any additional consideration with respect to the grant of such license and such grant of license shall be in a form to be agreed upon prior to the Closing.

25. **Defaults**.

(a) If any Contributor hereunder fails to perform its obligations as Contributor and such Contributor fails to cure such default within five (5) business days after such Contributor's receipt of a written notice from Acquiror specifying such default, then Acquiror shall elect, as Acquiror's sole remedy, either: (a) specifically enforce this Agreement or seek injunctive relief, (b) if such breach or default relates to one or more Properties, remove such Property or Properties from the Properties being conveyed pursuant to this Agreement, receive a reduction in the Contribution Consideration in the amount of the Allocated Share of the Gross Dollar Value of each such Property and the payment to Acquiror of Acquiror's Reimbursable Due Diligence Expenses (as hereinafter defined) allocable to each such Property, (c) if such breach or default relates to Properties having, in the aggregate, an Allocated Purchase Price equal to or greater than $50,000,000.00, terminate this Agreement and receive an immediate refund of the Earnest Money Deposit from Escrow Agent. The foregoing remedies are Acquiror's sole and exclusive remedies with respect to Contributor's default, and Acquiror waives any and all other remedies as may be available at law or in equity in connection with Contributor's default.

(b) IN THE EVENT THE CLOSING AND THE CONSUMMATION OF THE TRANSACTION CONTEMPLATED HEREIN DO NOT OCCUR AS PROVIDED HEREIN BY REASON OF ANY BREACH OF ACQUIROR WHICH IS NOT CURED WITHIN FIVE (5) DAYS AFTER WRITTEN NOTICE OF SUCH BREACH IS GIVEN TO ACQUIROR BY CONTRIBUTORS, ACQUIROR AND CONTRIBUTOR AGREE THAT IT WOULD BE IMPRACTICAL AND EXTREMELY DIFFICULT TO ESTIMATE THE DAMAGES WHICH CONTRIBUTOR MAY SUFFER AS A RESULT THEREOF. THEREFORE, ACQUIROR AND CONTRIBUTOR DO HEREBY AGREE THAT A REASONABLE ESTIMATE OF THE TOTAL NET DETRIMENT THAT CONTRIBUTOR WOULD SUFFER IN THE EVENT THAT ACQUIROR BREACHES THIS AGREEMENT AND FAILS TO COMPLETE THE PURCHASE OF EACH PROPERTY IS AND SHALL BE, AS CONTRIBUTOR'S SOLE AND EXCLUSIVE REMEDY THE RIGHT TO TERMINATE THIS AGREEMENT AND TO RETAIN THE UNDISBURSED PORTION OF THE EARNEST MONEY DEPOSIT AS LIQUIDATED DAMAGES, AND FOLLOWING SUCH TERMINATION NO PARTY HERETO SHALL HAVE ANY FURTHER OBLIGATION OR LIABILITY TO ANY OTHER PARTY HERETO EXCEPT WITH RESPECT TO THOSE PROVISIONS OF THIS AGREEMENT WHICH EXPRESSLY SURVIVE THE TERMINATION OF THIS AGREEMENT. UPON ANY SUCH BREACH BY ACQUIROR, UNLESS OTHERWISE SPECIFIED, THIS AGREEMENT SHALL BE TERMINATED WITH RESPECT TO EACH PROPERTY FOR WHICH A CLOSING HAS NOT OCCURRED AND NEITHER PARTY SHALL HAVE ANY FURTHER RIGHTS OR OBLIGATIONS HEREUNDER, EACH TO THE OTHER, EXCEPT FOR THE RIGHT OF CONTRIBUTOR TO RECEIVE THE UNDISBURSED PORTION OF THE EARNEST MONEY DEPOSIT FROM ESCROW AGENT AS AFORESAID AND RETAIN THE UNDISBURSED PORTION OF THE EARNEST MONEY DEPOSIT AS LIQUIDATED DAMAGES FROM ACQUIROR AND THE OBLIGATION OF ACQUIROR TO DELIVER TO CONTRIBUTOR THE DOCUMENTS PURSUANT TO SECTION 5(C), ABOVE; PROVIDED, HOWEVER, THAT THIS LIQUIDATED DAMAGES PROVISION SHALL NOT LIMIT CONTRIBUTOR'S RIGHT TO INJUNCTIVE RELIEF DUE TO ACQUIROR'S BREACH OF ACQUIROR'S OBLIGATIONS UNDER SECTION 25 BELOW]. THE PARTIES ACKNOWLEDGE THAT SUCH PAYMENT OF THE EARNEST MONEY DEPOSIT IS NOT INTENDED AS A FORFEITURE OR PENALTY, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO CONTRIBUTOR.

INITIALS:

AAAAA RENT-A-SPACE, ALAMEDA, LTD., LIMITED PARTNERSHIP, a California limited Partnership	EXTRA SPACE STORAGE LP

AAAAA RENT-A-SPACE, ALAMEDA II, LTD.,
LIMITED PARTNERSHIP, a California limited
Partnership

AAAAA RENT-A-SPACE, BERKELEY I, LTD.,
LIMITED PARTNERSHIP, a California limited
Partnership

AAAAA RENT-A-SPACE, BERKELEY II, LTD.,
LIMITED PARTNERSHIP, a California limited
Partnership

AAAAA RENT-A-SPACE-CASTRO VALLEY,
LTD. LIMITED PARTNERSHIP, a California
limited partnership

AAAAA RENT-A-SPACE – COLMA, LTD.,
LIMITED PARTNERSHIP, a California limited
Partnership

AAAAA RENT-A-SPACE, HAYWARD, LTD.,
LIMITED PARTNERSHIP, a California limited
Partnership

AAAAA RENT-A-SPACE – MAUI, A
LIMITED PARTNERSHIP, a Hawaii limited
Partnership

AAAAA RENT-A-SPACE, SAN LEADRO,
LTD.,LIMITED PARTNERSHIP, a California
limited partnership

AAAAA RENT-A-SPACE, SAN PABLO, LTD.,
LIMITED PARTNERSHIP, a California limited
Partnership

AAAAA RENT-A-SPACE – VALLEJO, LTD.,
LIMITED PARTNERSHIP, a California limited
Partnership

(c) Notwithstanding anything to the contrary contained in this Agreement, if the Closing is consummated, as to Acquiror and each Contributor hereunder, as to each Property, no party shall have any liability to another party following the Closing of such Property with respect to any breaches of representations, warranties or covenants under this Agreement (other than the covenants and obligations contained in Section 8(d) and Section 8(e) unless and until the aggregate amount of the actual general and compensatory damages suffered by the non-defaulting party by reason of any such breach of representations, warranties or covenants exceeds the sum of Ten Thousand Dollars ($10,000.00) for such Property (in which event the defaulting party shall be responsible from the first dollar). Unless and until the amount of the actual damages suffered or incurred by the non-defaulting party by reason of any such breach of representations, warranties or covenants exceeds in the aggregate, the sum of Ten Thousand Dollars ($10,000.00) for such Property, the non-defaulting party shall not be entitled to file an action or lawsuit or undertake any other legal proceeding against the defaulting party by reason of such breach of representations, warranties or covenants. The covenants and the obligations of the parties contained in Section 8(d) and Section 8(e) shall be excluded from the application of this Section. The provisions of this Section shall survive the Closing and the recordation of the Deed, and shall not be deemed merged into the Deed or other documents or instruments delivered at Closing.

(d) The obligations and liabilities of each Contributor under this Agreement are and shall be separate from the obligations and liabilities of each other Contributor. Furthermore, as to each Property and the Contributor of such Property, such Contributor's total liability with respect to a breach of any representations, warranties or other obligations of such Contributor contained in this Agreement or in any document or instrument executed and delivered at Closing (including any indemnity obligations in this Agreement or in any such document or instrument) shall be limited to an amount equal to two and one-half percent (2 ½%) of the Allocated Purchase Price for such Property. It is expressly understood and agreed that in no event shall any of the direct or indirect partners, shareholders, owners, affiliates, officers, directors, employees or agents of each Contributor or any affiliate or controlling person thereof, have any liability for any claim, cause of action or other liability arising out of or relating to this Agreement whether based on contract, common law, statute, equity or otherwise. In no event shall a Contributor be liable to Acquiror for

consequential, indirect or punitive damages. The foregoing limitations on liability shall survive the Closing or any earlier termination of this Agreement and shall not diminish or otherwise affect Acquiror's waivers and releases in Section 22 of this Agreement.

26. **Confidentiality**.

(a) Acquiror agrees that, prior to the Closing, all documents and information obtained from Contributors or Contributors' representatives pursuant to this Agreement including, without limitation, the Documents, shall be kept confidential as provided in this Section 26(a). Prior to the Closing, the property information received from Contributors shall not be disclosed by Acquiror or its representatives, in any manner whatsoever, in whole or in part, except (1) with the prior written consent of Contributors (which consent may be withheld in Contributors' sole and absolute discretion), (2) to the extent that such document or information is publicly available,

(3) to Acquiror's representatives who need to know the property information for the purpose of evaluating the Properties and who are informed by the Acquiror of the confidential nature of the property information; (4) as may be necessary for Acquiror or Acquiror's representatives to comply with applicable laws, including, without limitation, governmental regulatory, disclosure, tax and reporting requirements, to comply with other requirements of regulatory and supervisory authorities and self-regulatory organizations having jurisdiction over Acquiror or Acquiror's representatives; or to comply with regulatory or judicial processes; or (5) as may be necessary in order to assume the Assumption Loans. In permitting Acquiror and its representatives to review the Documents to assist Acquiror, Contributor has not waived any privilege or claim of confidentiality with respect thereto, and no third party benefits or relationships of any kind, either expressed or implied, have been offered, intended or created by Contributor and any such claims are expressly rejected by Contributor and waived by Acquiror. The provisions of this Section 26(a) shall survive the Closing but shall, notwithstanding any other provision of this Agreement, survive any termination of this Agreement.

(b) Contributors and Acquiror agree that the existence and terms of this Agreement shall be kept confidential as provided in this Agreement. The identity of Acquiror and Contributor, the existence of this Agreement and the terms of this Agreement shall be kept confidential and shall not be disclosed by Contributors, Acquirors or their respective representatives, in any manner whatsoever, in whole or in part, except (1) with the prior written consent of the non-disclosing party (which consent may be withheld in the non-disclosing party's or parties' sole and absolute discretion), (2) to the extent that such document or information is publicly available, or (3) as may be necessary for Contributors, Acquiror's or any of their respective representatives to comply with applicable laws, including, without limitation, governmental regulatory, disclosure, tax and reporting requirements, to comply with other requirements of regulatory and supervisory authorities and self-regulatory organizations having jurisdiction over any Contributor or such Contributor's representatives; or to comply with regulatory or judicial processes. Furthermore, except as expressly permitted pursuant to the provisions of subparts (2) or (3) of this Section 26(b), under no circumstances shall Acquiror use the name "Knuppe" or disclose the name "Knuppe" without the express prior written consent of Contributors (which consent may be withheld in Contributors' sole and absolute discretion). Acquiror shall give Contributors advance written notice of Acquiror's use of the name "Knuppe" in accordance with the provision of this Section 26(b), which notice shall include a reference to the applicable laws which require such disclosure. Contributors hereby disclose to Acquiror that Contributor may have inadvertently disclosed the nature of this Agreement to the property manager(s) of the Hayward Property. Acquiror expressly acknowledges and agrees that the foregoing limited inadvertent disclosure shall not be deemed a default hereof.

27. **Payment of Commissions**. Each party hereto represents and warrants that it has employed no brokers or real estate agencies in the creation of or the negotiations relating to this Agreement, and each party shall indemnify, defend and hold harmless the other party by reason of any breach of such party of its warranty and representation under this section. The provisions of this section shall survive Closing.

28. **Successors and Assigns**. Subject to the restrictions on assignment set forth below, this Agreement shall be binding upon and inure to the benefit of Contributors and Acquiror and their respective estates, personal representatives, heirs, devisees, legatees, successors and permitted assigns. Acquiror may not assign any of its rights and/or delegate any of its obligations under this Agreement without first obtaining the prior written consent of the Contributors, which consent may be withheld by Contributors in their sole and absolute discretion, provided that Contributors' consent shall not be required for an assignment to an "affiliated" company (as defined hereafter). Any assignee as may be

consented to by Contributors or which is permitted under this Section shall expressly assume in writing all obligations of Acquiror under this Agreement and shall further acknowledge and agree in writing to be bound by all of the provisions of this Agreement as if the assignee had originally executed this Agreement as Acquiror. Notwithstanding any assignment as may be consented to by Contributors or which is permitted under this Section, the named Acquiror hereunder shall not be released, and shall remain liable for, all obligations of the party which is the Acquiror under this Agreement. An "affiliated" company shall mean an entity that controls, is controlled by, or is under common control with the Acquiror.

29. **Notices**. Any notice, approval, waiver, objection or other communication required or permitted to be given hereunder or given in regard to this Agreement by one party to the other shall be in writing and the same shall be deemed to have been served and received (a) if hand delivered, when delivered in person to the address set forth hereinafter for the party to whom notice is given; (b) if by overnight delivery when received by the other party; or (c) if by facsimile, when received by the other party at the number hereinafter specified as evidenced by the confirmation receipt of the Sender; provided, however, that if such facsimile is received after 5:00 p.m. Pacific Time, such notice shall be deemed received on the next business day. Any party may change its address for notices by notice theretofore given in accordance with this section:

If to Contributors:

AAAAA Rent-A-Space
Attn: Dr. H. James Knuppe
4545 Crow Canyon Place
Castro Valley, CA 94552
Tel. (510) 727-1800 x 311
Fax. (510) 727-0185
Email. Knuppe@aol.com

With a Copy to:	Miller, Starr & Regalia Attn: Eugene Miller & Hans Lapping 1331 N. California Blvd., 5th Flr. Walnut Creek, CA 94596 Tel. (925) 935-9400 Fax. (925) 933-4126 Email. ehm@msandr.com & hl@msandr.com
And With a Copy to:	Baker & McKenzie LLP Attn: Richard M. Lipton One Prudential Plaza, Suite 3500 130 East Randolph Drive Chicago, Illinois 60601 Tel: 312-861-7590 Fax: 312-698-2254 Email: Richard.m.lipton@bakernet.com
If to Acquiror:	Extra Space Storage LLC Attn: David L. Rasmussen 2795 E. Cottonwood Parkway, #400 Salt Lake City, UT 84121 Tel. 801-365-4473 Fax 801-365-4947 Email: drasmussen@extraspace.com

With a Copy to:	Steven E. Tyler Holland & Hart LLP 60 East South Temple, Suite 2000 Salt Lake City, Utah 84111 Tel. 801-595-7800 Fax 801-364-9124 Email: setyler@hollandhart.com

30. **Timing**. If any date herein (except the Proration Date) shall fall on a Saturday, Sunday, Monday or national or state holiday ("**Non-business Day**"), the date shall automatically be advanced to the first Tuesday thereafter; but if that day is a Non-business Day, then the date shall be the next business day.

31. **Further Assurances**. From time to time, at either party's reasonable request, whether on or after Closing, and without further consideration, the other party shall execute and deliver any further commercially reasonable instruments of conveyance and take such other commercially reasonable actions as the requesting party may reasonably require to complete the transfer of the Properties to Acquiror.

32. **Counterparts**. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of the executed Agreement may be accomplished by facsimile transmission, and if so, the facsimile copy shall be deemed an executed original counterpart of the Agreement. All executed counterparts together shall constitute one and the same document, and any signature pages, including facsimile copies thereof, may be assembled to form a single original document.

33. **Attorney's Fees**. Each party shall bear its own attorneys' fees in connection with the preparation and negotiation of this Agreement and any controversy, claim or dispute between or among the parties.

34. **Time of Essence**. Time is of the essence of this Agreement.

35. **Survival**. All provisions that expressly survive the Closing or termination of this Agreement shall survive.

36. **Governing Law**. This Agreement and all transactions contemplated hereby shall be governed by, construed and enforced in accordance with the laws of the State of California with the exception of issues of title to each Property which will be construed in accordance with the laws of the State in which a particular Property is located. The parties agree that this Agreement has been made in Castro Valley, California and that exclusive jurisdiction for matters arising under this Agreement shall be in the State courts in Alameda County, California. Each party, by signing this Agreement, irrevocably consents to and shall submit to such jurisdiction.

37. **Entire Agreement and Amendments**. This Agreement, together with all exhibits attached hereto or referred to herein, contain all representations and the entire understanding between the parties hereto with respect to the subject matter hereof. Any prior correspondence, memoranda or agreements are replaced in total by this Agreement and exhibits hereto. This Agreement may only be modified or amended upon the written consent of both parties.

38. **No Recordation**. There shall be no recordation of either this Agreement or any memorandum hereof or any affidavit pertaining hereto, and any such recordation of this Agreement or memorandum hereof or affidavit pertaining hereto by any party hereunder shall constitute a material default hereunder by such party, and non-defaulting shall have all rights and remedies expressly available to such party hereunder.

39. **Severability**. If any provision of this Agreement or application to any party or circumstance shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances, other than those as to which it is so determined invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be valid and shall be enforced to the fullest extent permitted by law.

40. **Participation in Drafting**. The language of this Agreement shall be in all cases construed simply according to its fair meaning and not strictly for or against any of the parties hereto. Contributors and Acquiror each acknowledge that they participated equally in the drafting of this Agreement and, accordingly, no court construing this Agreement shall construe it more stringently against one party than any other.

41. **Exhibits and Schedules**. Exhibit "A" through Exhibit "L", inclusive, and Schedule 14(a)(13) are hereby incorporated herein.

42. **Contributors' Access to Records**. For a period of four (4) years subsequent to the Closing Date, Acquiror agrees to reasonably cooperate with Contributors and Contributors' agents, employees and representatives in the event of Contributors' need to respond to any legal requirement, including any tax audit, by allowing Contributors and Contributors' agents, employees and representatives access, upon reasonable advance written notice (which notice shall identify the nature of the information sought by Contributors), at all reasonable times during business hours to examine and make copies of any and all files and records delivered by Contributors to Acquiror. The provisions of this Section shall survive the Closing and the recordation of the Deed for a period of four (4) years and shall not merge into the Deed and the other documents and instruments delivered at Closing.

[*Signatures on Following Pages*]

IN WITNESS WHEREOF, the parties have executed this Contribution Agreement effective as of the Effective Date.

CONTRIBUTORS:

AAAAA RENT-A-SPACE, ALAMEDA, LTD., LIMITED PARTNERSHIP, a California limited partnership

By: **KN PRODUCTIONS - ALAMEDA, INC.,** a Nevada corporation, its general partner

By: /s/ Michael Knuppe
Name: Michael Knuppe
Title: President
Date: 6-14-07

AAAAA RENT-A-SPACE, ALAMEDA II, LTD. LIMITED PARTNERSHIP, a California limited partnership

By: **KN PRODUCTIONS CO., INC.,** a California corporation, its general partner

By: /s/ Michael Knuppe
Name: Michael Knuppe
Title: President
Date: 6-14-07

AAAAA RENT-A-SPACE, BERKELEY I, LTD., LIMITED PARTNERSHIP, a California limited partnership

By: **KN PRODUCTIONS CO., INC.,** a California corporation, its general partner

By: /s/ Michael Knuppe
Name: Michael Knuppe
Title: President
Date: 6-14-07

AAAAA RENT-A-SPACE BERKELEY II, LTD., LIMITED PARTNERSHIP, a California limited partnership

By: **KN PRODUCTIONS CO., INC.,** a California corporation, its general partner

By: /s/ Michael Knuppe
Name: Michael Knuppe
Title: President
Date: 6-14-07

AAAAA RENT-A-SPACE – CASTRO VALLEY, LTD. LIMITED PARTNERSHIP, a California limited partnership

By: **KN PRODUCTIONS CO., INC.,** a California corporation, its general partner

By: /s/ Michael Knuppe
Name: Michael Knuppe
Title: President
Date: 6-14-07

AAAAA RENT-A-SPACE – COLMA, LTD. LIMITED PARTNERSHIP, a California limited partnership

By: **KN PRODUCTIONS - COLMA, INC.,** a Nevada corporation, its general partner

By: /s/ Michael Knuppe
Name: Michael Knuppe
Title: President
Date: 6-14-07

AAAAA RENT-A-SPACE, HAYWARD, LTD., LIMITED PARTNERSHIP, a California limited partnership

By: **KN PRODUCTIONS - HAYWARD, INC.,** a Nevada corporation, its general partner

By: /s/ Michael Knuppe
Name: Michael Knuppe
Title: President
Date: 6-14-07

AAAAA RENT-A-SPACE – MAUI, A LIMITED PARTNERSHIP, a Hawaiian limited partnership

By: **KN PRODUCTIONS CO., INC.,** a California corporation, its general partner

By: /s/ Michael Knuppe
Name: Michael Knuppe
Title: President
Date: 6-14-07

AAAAA RENT-A-SPACE, SAN LEANDRO, LTD., LIMITED PARTNERSHIP, a California limited partnership

By: **KN PRODUCTIONS – SAN LEANDRO, INC**., a Nevada corporation, its general partner

By: /s/ Michael Knuppe
Name: Michael Knuppe
Title: President
Date: 6-14-07

AAAAA RENT-A-SPACE, SAN PABLO, LTD. LIMITED PARTNERSHIP, a California limited partnership

By: **KN PRODUCTIONS CO., INC**., a California corporation, its general partner

By: /s/ Michael Knuppe
Name: Michael Knuppe
Title: President
Date: 6-14-07

AAAAA RENT-A-SPACE – VALLEJO, LTD. LIMITED PARTNERSHIP, a California limited partnership

By: **KN PRODUCTIONS CO., INC**., a California corporation, its general partner

By: /s/ Michael Knuppe
Name: Michael Knuppe
Title: President
Date: 6-14-07

ACQUIROR:

EXTRA SPACE STORAGE LP, a Delaware limited partnership

BY: **ESS HOLDINGS BUSINESS TRUST I**, a Massachusetts business trust, its sole general partner

By: /s/ Charles L. Allen
Name: CHARLES L. ALLEN
Title: TRUSTEE 6-15-07

The foregoing Agreement is approved this 14th day of June, 2007, by the following:

/s/ H. James Knuppe
H. James Knuppe

/s/ Barbara Knuppe
Barbara Knuppe

LIST OF EXHIBITS & SCHEDULES

Exhibit “A”	Schedule of Properties
Exhibit “B”	Designated Contracts
Exhibit “C”	Schedule of Allocated Share of the Net Value
Exhibit “D”	Schedule of Third Party Loans
Exhibit “E”	Registration Rights Agreement
Exhibit “F”	Permitted Exceptions
Exhibit “G”	Schedule of Closing Documents
Exhibit “H”	Proration Review
Exhibit “I”	Schedule of Rental Conscessions
Exhibit “J”	Description of Colma Improvements
Exhibit “K”	Accredited Investor Questionnaire

Exhibit “L”	Schedule of Protected Gain
Exhibit “M”	Schedule of the Allocated Share of the Gross Dollar Value
Schedule 17.A(xiii)	Disclosure of Hazardous Materials

EXHIBIT “A”
(Schedule of Properties)

1. That certain self storage facility located at 2201 Clement Avenue, Alameda, California 94501 and more particularly described on **Exhibit “A-1”** attached hereto and by this reference made a part hereof (hereinafter the “**Alameda I Property**”). Fee title to the Alameda I Property is owned by AAAAA Alameda I.

2. That certain self storage facility located at 2189 Clement Avenue, Alameda, California 94501 and more particularly described on **Exhibit “A-2”** attached hereto and by this reference made a part hereof (hereinafter the “**Alameda II Property**”). Fee title to the Alameda II Property is owned by AAAAA Alameda II.

3. That certain self storage facility located at 600 Cedar Street Berkeley, California 94710 and more particularly described on **Exhibit “A-3”** attached hereto and by this reference made a part hereof (hereinafter the “**Berkeley I Property**”). Fee title to the Berkeley I Property is owned by AAAAA Berkeley I.

4. That certain self storage facility located at 601 Cedar Street Berkeley, California 94710 and more particularly described on **Exhibit “A-4”** attached hereto and by this reference made a part hereof (hereinafter the “**Berkeley II Property**”). AAAAA Berkeley II owns a leasehold estate in the Berkeley II Property pursuant to that certain Lease Agreement dated October 1, 1979 by and between 3 Prop, Inc., assignee; originally Martha M. Carter, as landlord and AAAAA Rent-A-Space, Berkeley II, Ltd. Limited Partnership, a California Limited Partnership, as tenant (hereinafter the “**Berkeley II Ground Lease**”). AAAAA Berkeley II also owns title to all of the improvements located on the Berkeley II Property.

5. That certain self storage facility located at 3939 Castro Valley Boulevard, Castro Valley, California 94548 and more particularly described on **Exhibit “A-5”** attached hereto and by this reference made a part hereof (hereinafter the “**Castro Valley Property**”). AAAAA Castro Valley owns a leasehold estate in the Castro Valley Property pursuant to that certain Lease Agreement dated June 17, 1997 by and between Adam Cohen, Lea Cohen, Trustee; Ronald D. Staley and Janice L. Staley, as landlord and KN Productions, Inc., as tenant (hereinafter the “**Castro Valley Ground Lease**”). AAAAA Castro Valley also owns title to all of the improvements located on the Castro Valley Property.

6. That certain self storage facility located at 3601 Junipero Serro Boulevard, Colma, California 84014 and more particularly described on **Exhibit “A-6”** attached hereto and by this reference made a part hereof (hereinafter the “**Colma Property**”). Fee title to the Colma Property is owned by AAAAA Colma.

7. That certain self storage facility and located at 24700 Mission Boulevard, Hayward, California 94544 and more particularly described on **Exhibit “A-7”** attached hereto and by this reference made a part hereof (hereinafter the “**Hayward Property**”). Fee title to the Hayward Property is owned by AAAAA Hayward.

8. That certain self storage facility located at 340 Ala Makani Street, Kahului, Hawaii 96732 and more particularly described on **Exhibit “A-8”** attached hereto and by this reference made a part hereof (hereinafter the “**Kahului I Property**”). Fee title to the Kahului I Property is owned by AAAAA Maui.

9. That certain self storage facility located at 356 Ala Makani Street, Kahului, Hawaii 96732 and more particularly described on **Exhibit “A-9”** attached hereto and by this reference made a part hereof (hereinafter the “**Kahului II Property**”). Fee title to the Kahului II Property is owned by AAAAA Maui.

10. That certain self storage facility located at 590 Farrington Highway, Kapolei, Hawaii 96797 and more particularly described on **Exhibit “A-10”** attached hereto and by this reference made a part hereof (hereinafter the “**Kapolei Property**”). AAAAA Maui owns a leasehold estate in the Kapolei Property pursuant to that certain Lease Agreement dated June 14, 1999 by and between The Trustees under the Will and of the Estate of James Campbell, Deceased, as landlord and AAAAA Rent-A-Space — Maui, Ltd., a Hawaii Limited Partnership, as tenant (hereinafter the “**Kapolei Ground Lease**”). AAAAA Maui also owns title to all of the improvements located on the Kapolei I Property.

11. That certain self storage facility located at 2000/2002 Doolittle Drive, San Leandro, California 94577 and more particularly described on **Exhibit “A-11”** attached hereto and by this reference made a part hereof (hereinafter the “**San Leandro Property**”). Fee title to the San Leandro Property is owned by AAAAA San Leandro.

12. That certain self storage facility located at 3500 San Pablo Dam Road, San Pablo, California 94803 and more particularly described on **Exhibit “A-12”** attached hereto and by this reference made a part hereof (hereinafter the “**San Pablo I Property**”). Fee title to the San Pablo Property is owned by AAAAA San Pablo.

13. That certain self storage facility located at 3500 San Pablo Dam Road, San Pablo, California 94803 and more particularly described on **Exhibit “A-13”** attached hereto and by this reference made a part hereof (hereinafter the “**San Pablo II Property**”). AAAAA San Pablo owns a leasehold estate in the San Pablo II Property pursuant to that certain Lease Agreement dated June 1, 1995 by and between Billy C. Sanders and Laverne Elizabeth Sanders, Trustees of the Sanders Family 1993 Trust, as landlord and AAAAA Rent-A-Space San Pablo II Limited Partnership, a California General Partnership, as tenant (hereinafter the “**San Pablo II Ground Lease**”). AAAAA San Pablo also owns title to all of the improvements located on the San Pablo II Property.

14. That certain self storage facility located at 4311 Sonoma Boulevard, Vallejo, California 94589 and more particularly described on **Exhibit "A-14"** attached hereto and by this reference made a part hereof (hereinafter the "**Vallejo Property**"). Fee title to the Vallejo Property is owned by AAAAA Vallejo.

EXHIBIT "B"
(Designated Contracts)

5A Service Contracts

Alameda		
Assume		
Kiosk Maintenance	Open Tech	$250 per month
ADT		
Cancel		
Waste Management Services		
AJAY	We have a national account with AJAY and spoke to them for direction. They said to have the seller send them a letter cancelling the contracts (and date) and state that we are going to assume the contracts on a national level.	
Vending	7UP - 30 day notice required	
Postage		
SBC		
AVAYA	Kate told me they were cancelling this service which ends in April 2007	
Gate Servicing	Task Master	
Management Software	Task Master	
Berkeley		
Assume		
Kiosk Maintenance	Open Tech	$250 per month
ADT		
Cancel		
Waste Management Services		
AJAY	We have a national account with AJAY and spoke to them for direction. They said to have the seller send them a letter cancelling the contracts (and date) and state that we are going to assume the contracts on a national level.	
Vending	7UP - 30 day notice required	
Postage		
SBC		
AVAYA	Kate told me they were cancelling this service which ends in April 2007	
Gate Servicing	Task Master	
Management Software	Task Master	
Castro Valley		
Assume		
Kiosk Maintenance	Open Tech	$250 per month
ADT	Service for this site it combined with the sellers main office and will need to be transferred once property is purchased.	ADT if there is a problem with the flow.
Elevators	National Elevator	
Cancel		
Waste Management Services		
Vending	7UP - 30 day notice required	
Postage		
SBC		
AVAYA	Kate told me they were cancelling this service which ends in April 2007	
Gate Servicing	Task Master	
Management Software	Task Master	

Colma		
Assume		
Kiosk Maintenance	Open Tech	$250 per month
ADT		
Cancel		
Waste Management Services		
AJAY	We have a national account with AJAY and spoke to them for direction. They said to have the seller send them a letter cancelling the contracts (and date) and state that we are going to assume the contracts on a national level.	
Vending	7UP - 30 day notice required	

Postage		
SBC		
AVAYA	Kate told me they were cancelling this service which ends in April 2007	
Gate Servicing	Task Master	
Management Software	Task Master	

Hayward

Assume		
Kiosk Maintenance	Open Tech	$250 per month
ADT		

Cancel	
Waste Management Services	
AJAY	We have a national account with AJAY and spoke to them for direction. They said to have the seller send them a letter cancelling the contracts (and date) and state that we are going to assume the contracts on a national level.
Vending	No contract
Postage	
SBC	
AVAYA	Kate told me they were cancelling this service which ends in April 2007
Gate Servicing	Task Master
Management Software	Task Master

Kahului

Assume		
Kiosk Maintenance	Open Tech	$250 per month
Landscape		
Security One	Express 11/7/07	

Cancel	
Waste Management Services	
AJAY	We have a national account with AJAY and spoke to them for direction. They said to have the seller send them a letter cancelling the contracts (and date) and state that we are going to assume the contracts on a national level.
Vending	No contract
Postage	
SBC	
AVAYA	Kate told me they were cancelling service which ends in April 2007
Gate Servicing	Task Master
Management Software	Task Master

Kapolei

Assume		
Kiosk Maintenance	Open Tech	$250 per month
Lifeline Fire & Security		
Landscape	Landscaper is looking to get contract signed.	

Cancel	
Waste Management Services	
AJAY	We have a national account with AJAY and spoke to them for direction. They said to have the seller send them a letter cancelling the contracts (and date) and state that we are going to assume the contracts on a national level.
Vending	7UP - 30 day notice required
Blueprint machine	Lease
Postage	
SBC	
AVAYA	Kate told me they were cancelling this service which ends in April 2007
Gate Servicing	Task Master
Management Software	Task Master

San Leandro

Assume		
Kiosk Maintenance	Open Tech	$250 per month
ADT		

Cancel	
Waste Management Services	
AJAY	We have a national account with AJAY and spoke to them for direction. They said to have the seller send them a letter cancelling the contracts (and date) and state that we are going to assume the contracts on a national level.
Vending	7UP - 30 day notice required
Postage	
SBC	
AVAYA	Kate told me they were cancelling this service which ends in April 2007
Gate Servicing	Task Master
Management Software	Task Master

San Pablo (EI Sobrante)

Assume		
Kiosk Maintenance	Open Tech	$250 per month
ADT		
Cancel		
Waste Management Services		
AJAY	We have a national account with AJAY and spoke to them for direction. They said to have the seller send them a letter cancelling the contracts (and date) and state that we are going to assume the contracts on a national level.	
Vending	7UP - 30 day notice required	
Postage		
SBC		
AVAYA	Kate told me they were cancelling this service which ends in April 2007	
Gate Servicing	Task Master	
Management Software	Task Master	

Vallejo

Assume		
Kiosk Maintenance	Open Tech	$250 per month
ADT		
Cancel		
Waste Management Services		
AJAY	We have a national account with AJAY and spoke to them for direction. They said to have the seller send them a letter cancelling the contracts (and date) and state that we are going to assume the contracts on a national level.	
Vending	7UP - 30 day notice required	
Postage		
SBC		
AVAYA	Kate told me they were cancelling this service which ends in April 2007	
Gate Servicing	Task Master	
Management Software	Task Master	

Advertising

Assume

Directory Name	Pub Initials	Close Date	Pub Date	EXR Shared Costs	
Maul-Molokai-Lanal	LMB	10/6/2006	Feb-07	1/2 & 2/3	2 ads in this book
Fremont-Hayward	ATT	1/19/2007	Apr-07	3/4	
Island of Oahu-Honolulu	LMB	6/2/2006	Oct-05	2/3	
Western Sonoma Co	VZ	7/13/2005	Nov-05	100%	
San Francisco	ATT	8/31/2006	Dec-06	2/3	
Vallejo	ATT	8/31/2006	Dec-06	100%	
Contra Costa Co Central	ATT	9/29/2006	Jan-07	2/3 & 1/2	2 ads in this book
Napa Valley	VYP		Dec-06	100%	vallejo Only
Casuo Valley Independent		9/15/2006	Sep-06	100%	This book also has coupon ads associated with it
Rockridge Independent		8/15/2006	Aug-06	1/2	This book also has coupon ads associated with it
Alameda Independent		2/1/2007	Feb-07	100%	This book also has coupon ads associated with it

Cancel

Directory Name	Pub Initials	Close Date	Pub Date	Site Advertised
Marin County	ATT	3/2/2007	Jun-07	
San Maleo Co Central	ATT	3/2/2007	Jun-07	
San Mateo Co North	ATT	3/2/2007	Jun-07	
Chinese Yellow Pages		4/30/2007	Jun-07	
Island of Oahu-Honolulu	Paridise	3/24/2007	Jul-07	
Oaldand	ATT	6/10/2007	Sep-07	
Los Altos	ATT	7/16/2006	Nov-06	Foster City Only
Palo Allo	ATT	7/15/2006	Nov-06	Foster City Only
Contra Costa Co West	ATT	6/10/2007	Sep-07	
LaMorinda CCS*****	UPC	5/5/2007	Jun-06	

Advertising – There are several ads that are shared with properties we are not purchasing which we will need to negotiate cost for.

**All book costs will need to be prorated from the date of purchase.

10-23 Exhibits

EXHIBIT "C"
(Allocated Share of the Net Value)

Property	Allocated Share of the Net Value
Alameda I and Alameda II	$ 15,962,725.00*
Berkeley I and Berkeley II	$ 19,844,743.12*
Castro Valley	$ 5,804,034.00*
Colma	$ 17,088,433.44*
Hayward	$ 7,637,720.00*
Kahului I and Kahului II	$ 18,325,680.54*
Kapolei	$ 28,579,748.00*
San Leandro	$ 9,757,358.89*
San Pablo I and San Pablo II	$ 5,035,525.16*
Vallejo	$ 2,875,377.21*
Total:	$ 130,911,345.36*

*Estimate based on most recent payoff letter from applicable Third Party Lender. Amounts will be adjusted when final payoff letters are received.

EXHIBIT "D"
(Schedule of Third Party Loans)

1. That certain loan (hereinafter the "**Colma Third Party Loan**") evidenced by a Promissory Note dated May 20, 1997 in which AAAAA Rent-a-Space, Ltd. Limited Partnership, a California limited partnership appears as Borrower and Merrill Lynch Credit Corporation (hereinafter the "**Colma Lender**") appears as lender (hereinafter the "**Colma Third Party Note**") and which is secured by a mortgage/deed of trust against the Colma Property of even date therewith (hereinafter the "**Colma Third Party Mortgage**").

2. That certain loan (hereinafter the "**Hayward Third Party Loan**") evidenced by a Promissory Note dated in which the AAAAA Rent-a-Space - Hayward, Ltd. Limited Partnership, a California limited partnership appears as Borrower and Merrill Lynch Credit Corporation (hereinafter the "**Hayward Lender**") appears as lender (hereinafter the "**Hayward Third Party Note**") and which is secured by a mortgage/deed of trust against the Hayward Property of even date therewith (hereinafter the "**Hayward Third Party Mortgage**").

3. That certain loan (hereinafter the "**San Leandro Third Party Loan**") evidenced by a Promissory Note dated July 14, 1997 in which AAAAA Rent-a-Space - Colma, Ltd. Limited Partnership, a California limited partnership appears as Borrower and Merrill Lynch Credit Corporation (hereinafter the "**San Leandro Lender**") appears as lender (hereinafter the "**San Leandro Third Party Note**") and which is secured by a mortgage/deed of trust against the San Leandro Property of even date therewith (hereinafter the "**San Leandro Third Party Mortgage**").

4. That certain loan (hereinafter the "**Berkeley I Third Party Loan**") evidenced by a Promissory Note dated July 14, 1983, in which AAAAA Berkeley I appears as Borrower and Gibraltar Savings, a Federal Savings and Loan Association (hereinafter the "**Berkeley I Lender**") appears as lender (hereinafter the "**Berkeley I Third Party Note**") and which is secured by a mortgage/deed of trust against the Colma Property of even date therewith (hereinafter the "**Berkeley I Third Party Mortgage**").

5. That certain loan (hereinafter the "**Berkeley II Third Party Loan**") evidenced by a Promissory Note dated July 18, 1983 in which the AAAAA Berkeley II appears as Borrower and Gibraltar Savings, a Federal Savings and Loan Association (hereinafter the "**Berkeley II Lender**") appears as lender (hereinafter the "**Berkeley II Third Party Note**") and which is secured by a mortgage/deed of trust against the Colma Property of even date therewith (hereinafter the "**Berkeley II Third Party Mortgage**").

6. That certain loan (hereinafter the "**San Pablo Third Party Loan**") evidenced by a Promissory Note dated July 14, 1983 in which AAAAA San Pablo appears as Borrower and Gibraltar Savings, a Federal Savings and Loan Association (hereinafter the "**San Pablo Lender**") appears as lender (hereinafter the "**San Pablo Third Party Note**") and which is secured by a mortgage/deed of trust against the San Pablo Property of even date therewith (hereinafter the "**San Pablo Third Party Mortgage**").

7. That certain loan (hereinafter the "**Vallejo Third Party Loan**") evidenced by a Promissory Note dated July 13, 1983 in which AAAAA Vallejo appears as Borrower and Gibraltar Savings, a Federal Savings and Loan Association (hereinafter the "**Vallejo Lender**") appears as lender (hereinafter the "**Vallejo Third Party Note**") and which is secured by a mortgage/deed of trust against the Vallejo Property of even date therewith (hereinafter the "**Vallejo Third Party Mortgage**").

8. That certain loan (hereinafter the "**Kahului II Third Party Loan**") evidenced by a Promissory Note dated June 19, 2003 in which the AAAAA Maui appears as Borrower and Wyoming

Bank & Trust (hereinafter the "**Kahului II Lender**") appears as lender (hereinafter the "**Kahului II Third Party Note**") and which is secured by a mortgage/deed of trust against the Kahului II Property of even date therewith (hereinafter the "**Kahului II Third Party Mortgage**").

EXHIBIT "F"
(Permitted Exceptions)

Property	Permitted Exceptions from Schedule B-II of Chicago Title Company Title Commitment for Applicable Property
Alameda I	Exceptions Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16
Alameda II	Exceptions Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16
Berkeley I	Exceptions Nos. 1, 3, 4, 5, 6, 7, 9, 10, 13
Berkeley II	Exceptions Nos. 1, 3, 4, 6, 7, 8, 9, 14, 17
Castro Valley	Exceptions Nos. 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 15
Colma	Exceptions Nos. 1, 2, 3, 6
Hayward	Exceptions Nos. 1, 3, 4, 5, 6, 9
Kahului I	Exceptions Nos. 1, 2, 6, 13, 16, 17, 18, 19, 20, 23, 24
Kahului II	Exceptions Nos. 1, 2, 6, 13, 16, 17, 18, 19, 22, 24, 25
Kapolei	Exceptions Nos. 1, 2, 3, 4, 5, 6, 7, 9, 11, 12, 13, 14, 15, 16
San Leandro	Exceptions Nos. 1, 5, 6, 7, 8, 9, 10, 11, 12, 15
San Pablo I	Exceptions Nos. 1, 3, 4, 5, 6, 7
San Pablo II	Exceptions Nos. 1, 3, 4, 5, 8
Vallejo	Exceptions Nos. 1, 3, 4, 5, 6, 7, 8, 10

EXHIBIT "G"
(Schedule of Closing Documents)

Doc. No.	Document Description:	To Be Delivered/Signed By:	To Be Delivered To:
1.	With respect to each Property other than the Ground Lease Properties, a Grant Deed in the form attached hereto as **Exhibit "G-1"** and by this reference made a part hereof (as to those Properties located in the State of California) or a Warranty Deed in the form attached hereto as **Exhibit "G-2"** and by this reference made a part hereof (as to those Properties located in the State of Hawaii) fully executed in recordable form by the Contributor of such Property	The Contributor of each Property other than the Ground Lease Properties	Acquiror
2.	With respect to each of the Ground Lease Properties, duplicate originals of an Assignment and Assumption of Ground Lease in the form attached as **Exhibit "G-3"** and by this reference made a part hereof executed by each Contributor of a Ground Lease Property and Acquiror, in recordable form	The Contributor of Each Ground Lease Property and Acquiror	One copy to the Contributor of the Property and one copy to Acquiror
3.	With respect to each of the Properties, duplicate originals of an Assignment of Leases and Designated Contracts in the form attached as **Exhibit "G-4"** and by this reference made a part hereof executed by each Contributor of a Ground Lease Property and Acquiror, in recordable form	The Contributor of each Property and Acquiror	One copy to the Contributor of the Property and one copy to Acquiror
4.	A Non-Foreign Affidavit in compliance with Section 1445(b)(2) of the Internal Revenue Code of 1986, as amended.	Each Contributor	Acquiror
5.	With respect to each Property, a letter advising tenants under the Leases of the change in ownership of the Property and directing them to pay rent and send any notices to Acquiror or as Acquiror may direct	The Contributor of such Property	Acquiror
6.	With respect to each Property, the originals of all Leases affecting the such Property and updated copies of the Rent Roll for such Property, and other reports and information, updated to within twenty-four (24) hours prior to the date of Closing for such Property, including tenant's name, unit occupied, unit size, term of lease (including beginning date), monthly rental, prepaid rent, if any, and amount of security deposit, paid-to-date, and a Monthly Management and Occupancy Report indicating aging of delinquent rents and fees owed in 30, 60, and 90 day increments, if any, and all other relevant factors. Possession and control of all Leases for storage units shall be delivered to Acquiror at either	The Contributor of such Property	Acquiror

Doc. No.	Document Description:	To Be Delivered/Signed	To Be Delivered To:

		By:	
	the Property or at such Contributor's principal place of business. Originals of all Ground Leases and all other Leases shall be delivered directly to Acquiror. All tenant records and the executed originals of all service contracts, warranties, maintenance agreements, and other documents affecting the operation of the Property.		
7.	With respect to each Property, a Bank Deposit Authorization Letter in the form attached as **Exhibit "G-5"** to the Agreement, authorizing Acquiror's bank to deposit rent checks made payable to Contributor into Acquiror's account after Closing. Acquiror agrees to not deposit and will give to Contributor any checks Acquiror receives which are payable to Contributor and which do not relate to the Property or the Contributor's businesses on the Property	Each Contributor of a Property	Acquiror
8.	With respect to each Contributor, duplicate originals of a Partnership Joinder Agreement in the form of **Exhibit "G-6"** attached hereto and by this reference made a part hereof executed by such Contributor	Each Contributor of a Property	Acquiror
9.	With respect to each Contributor, duplicate originals of the Registration Rights Agreement duly executed by such Contributor and the REIT	To be executed by each Contributor and the REIT	One copy to the REIT and one copy to such Contributor
10.	Accredited Investor Questionnaire	To be executed by each Contributor	Acquiror
11.	With respect to each Property, supersedure and other forms and papers required for transfer and conversion of telephone numbers, telephone listings and yellow page advertisements and other related matters	The Contributor of such Property	Acquiror
12.	With respect to each Property, at either such Contributor's principal place of business or at such Property, in each such Contributor's discretion, any and all building plans, surveys, site plans, engineering plans and studies, utility plans, landscaping plans, development plans, blueprints, specifications, drawings and other documentation concerning the Property in the possession or subject to the control of Contributor or any property manager or employee of such Contributor	The Contributor of such Property	Acquiror
13.	With respect to each Property, any existing bonds, warranties or guaranties which are in any way applicable to the Property or any part thereof	The Contributor of such Property	Acquiror
14.	All other necessary or appropriate documents	Contributor	Acquiror

Doc. No.	Document Description:	To Be Delivered/Signed By:	To Be Delivered To:
	reasonably required by the Acquiror in order to consummate the transaction contemplated herein		
15.	Such other Documents as are specified in the Contribution Agreement	Acquiror or Each Contributor, as applicable	
16.	All other necessary or appropriate documents reasonably required by Contributor in order to consummate the transaction expressly contemplated hereby	Acquiror	Contributor

EXHIBIT "G-1"

FORM OF CALIFORNIA GRANT DEED

RECORDING REQUESTED BY
AND RECORDED MAIL TO:

Attn:

MAIL TAX STATEMENTS TO:

Attn:

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

Documentary Transfer Tax
Not Shown Pursuant To Revenue
And Taxation Code Section 11932

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, AAAAA RENT-A-SPACE , a California limited partnership ("**Grantor**"), hereby grants to , a , ("**Grantee**"), all of Grantor's right, title and interest in the real property situated in the City of , County of , State of California, and more particularly described on **Exhibit A** annexed hereto and made a part hereof, together with all improvements, buildings, structures, easements, privileges and rights appurtenant thereto, subject only to the exceptions set forth on **Exhibit B** attached hereto.

[Signature On Following Page]

IN WITNESS WHEREOF, the Grantor has executed this Grant Deed as of the day of , 2007.

Grantor: AAAAA RENT-A-SPACE , a limited partnership

By: KN Productions, Inc., a California corporation
Its: General Partner

By: _____
Name: Michael Knuppe
Its: President

State of California)
) ss.
County of)

On , 200 before me, , a Notary Public, personally appeared , personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A

LEGAL DESCRIPTION

[See Attached]

EXHIBIT B

PERMITTED EXCEPTIONS

[See Attached]

STATEMENT OF
DOCUMENTARY TRANSFER TAX

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

AFFIDAVIT OF REAL PROPERTY TRANSFER TAX DUE AND REQUEST THAT AMOUNT OF TAX NOT BE MADE A PART OF THE PERMANENT RECORD IN THE OFFICE OF THE COUNTY RECORDER

TO: COUNTY RECORDER

In accordance with Revenue and Taxation Code Section 11932, request is hereby made that the amount of the County of Property Transfer tax shall be shown on this statement and not be recorded with the attached Grant Deed, and that this statement be affixed to the document by the Recorder after the record is made and before the original is returned.

Name of Grantor: AAAAA RENT-A-SPACE , a California limited partnership

Name of Grantee: , a

The amount of the documentary transfer tax due on the attached Grant Deed, computed on the full value of the subject property, is as follows:

County Tax: $
City Tax: $

[Signature Page To Follow]

I declare under penalty of perjury that the foregoing is true and correct.

Grantor: AAAAA RENT-A-SPACE , a limited partnership

By: KN Productions, Inc., a California corporation
Its: General Partner

By: _____
Name: Michael Knuppe
Its: President

EXHIBIT "G2"
(Form Hawaii Deed)

LAND COURT SYSTEM REGULAR SYSTEM

AFTER RECORDATION, RETURN BY MAIL o OR PICKUP o :

C/O

ATTN:

TYPE OF DOCUMENT: (TOTAL PAGES:)

WARRANTY DEED

PARTIES TO DOCUMENT:

GRANTOR: AAAAA RENT-A-SPACE , A HAWAII LIMITED PARTNERSHIP

GRANTEE: , A

TAX MAP KEY FOR PROPERTY:

WARRANTY DEED

THIS WARRANTY DEED is made this day of , 2007, by AAAAA RENT-A-SPACE , a Hawaii limited partnership, whose address is hereinafter called the "Grantor," in favor of , a

whose address is c/o , , ,
Attn: , hereinafter called the "Grantee".

WITNESSETH:

That for TEN AND NO/100 DOLLARS ($10.00), and other valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, the Grantor does hereby grant, bargain, sell and convey unto the Grantee, its successors and assigns, in fee simple:

All of that certain real property described in Exhibit "A" attached hereto and made a part hereof.

AND the reversions, remainders, rents, issues and profits thereof and all of the estate, right, title and interest of the Grantor, both at law and in equity, therein and thereto.

TO HAVE AND TO HOLD the same, together with all buildings, improvements, rights, easements, privileges and appurtenances thereon and thereto belonging or appertaining or held and enjoyed therewith, unto the Grantee according to the tenancy herein set forth, forever.

AND, in consideration of the premises, the Grantor does hereby covenant with the Grantee that the Grantor is seized of the property herein described in fee simple; that said property is free and clear of and from all liens and encumbrances except for the lien of real property taxes not yet by law required to be paid and except as may be specifically set forth in Exhibit "B"; that the Grantor has good right to sell and convey said property as aforesaid; and that the Grantor will WARRANTY AND DEFEND the same unto the Grantee against the lawful claims and demands of all persons, except as aforesaid.

The conveyance herein set forth and the warranties of the Grantor concerning the same are expressly declared to be in favor of the Grantee, and the Grantee's, successors and assigns.

The terms "Grantor" and "Grantee," as and when used herein, or any pronouns used in place thereof, shall mean and include the masculine, feminine or neuter, the singular or plural number, individuals, partnerships, trustees or corporations and their and each of their respective successors and assigns, according to the context thereof. All covenants and obligations undertaken by two or more persons shall be deemed to be joint and several unless a contrary intention is clearly expressed elsewhere herein.

IN WITNESS WHEREOF, the Grantor has executed these presents on the day and year first above written.

AAAAA RENT-A-SPACE , a limited partnership

By: KN Productions, Inc., a California corporation
Its: General Partner

By: _____
Name: Michael Knuppe
Its: President

"Grantor"

Exhibit A

[See Attached]

Exhibit B

[See Attached]

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On , 2007 before me, , Notary Public, personally appeared
, proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are

subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Notary Public

EXHIBIT "G-3"
(Form Assignment and Assumption of Ground Lease)

FORM OF
ASSIGNMENT AND ASSUMPTION OF GROUND LEASE

RECORDING REQUESTED BY AND WHEN
RECORDED MAIL TO:

Attn:

SPACE ABOVE THIS LINE RESERVED FOR

RECORDER'S USE

ASSIGNMENT AND ASSUMPTION OF GROUND LEASE

This ASSIGNMENT AND ASSUMPTION OF GROUND LEASE ("Assignment") is made and entered into as of the day of , 200_ by and between AAAAA RENT-A-SPACE , a limited partnership ("Assignor") and , a ("Assignee").

R E C I T A L S :

Assignor, among other Contributors, and Extra Space Storage LLC, a Delaware limited liability company ("Contract Acquiror"), entered into that certain Contribution Agreement dated , 2006 ("Agreement"), with respect to the contribution to Acquiror of the "Property" described therein. All capitalized terms used herein and not defined herein shall have the meaning ascribed thereto in the Agreement.

Assignor desires to assign and transfer to Assignee, as designee of Contract Acquiror, all of Assignor's right, title and interest in and to that certain unrecorded Ground Lease, dated as of , evidenced by Memorandum of Lease recorded as Instrument No. made by and between , as ground lessor, and Assignor, as ground lessee (the "Ground Lease"), and Assignee desires to accept such assignment and assume the Ground Lease on the terms hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

The "Effective Date" of this Assignment shall be the Closing of the Contribution of the Property to Acquiror.

As of the Effective Date, Assignor hereby assigns and transfers to Assignee all of Assignor's right, title and interest in and to the Ground Lease and the security deposit delivered by Assignor thereunder, if any.

Assignee hereby accepts the above assignment and expressly assumes and covenants to keep, perform, fulfill and discharge all of the terms, covenants, conditions and obligations required to be kept, performed, fulfilled and discharged by Assignor, as lessee, under and with respect to the Ground Lease from and after the Effective Date of this Assignment.

This Assignment may be executed in any number of counterparts, each of which may be executed by any one or more of the parties hereto, but all of which shall constitute one and the same instrument, and shall be binding and effective when all parties hereto have executed and delivered at least one counterpart.

The terms and provisions of this Assignment shall be binding upon and inure to the benefit of the respective parties hereto, and their respective successors and assigns.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Assignor and Assignee have duly executed this Assignment as of the day and year first above written.

Assignor: AAAAA RENT-A-SPACE , a limited partnership

By: KN Productions, Inc., a California corporation
Its: General Partner

By: _____
Name: Michael Knuppe
Its: President

Assignee: , a

By: _____
Name: _____
Its: _____

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On , 2007 before me, , Notary Public, personally appeared , personally known to me to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

_____
Notary Public

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On , 2007 before me, , Notary Public, personally appeared , personally known to me to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

_____
Notary Public

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On , 2007 before me, , Notary Public, personally appeared , personally known to me to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

_____
Notary Public

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On , 2007 before me, , Notary Public, personally appeared , personally known to me to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Notary Public

EXHIBIT "G-4"
(Form Assignment of Leases and Designated Contracts)

FORM OF
ASSIGNMENT AND ASSUMPTION OF LEASES AND DESIGNATED CONTRACTS

THIS ASSIGNMENT AND ASSUMPTION OF LEASES AND DESIGNATED CONTRACTS ("Assignment") is made and entered into as of the day of , 200_ by and between AAAAA RENT-A-SPACE , a limited partnership ("Assignor") and , a ("Assignee").

R E C I T A L S:

A. Assignor, among other Contributors, and Extra Space Storage LLC, a Delaware limited liability company ("Contract Acquiror"), entered into that certain Contribution Agreement dated , 2006 ("Agreement") with respect to the contribution to Contract Acquiror of that certain real property more particularly described on Exhibit "A" attached hereto and by this reference made a part hereof (the "Property").

B. Assignor desires to assign and transfer to Assignee, as designee of Contract Acquiror, all of Assignor's right, title and interest in and to the all existing tenant leases of storage unit space on the Property and all subleases and rights thereunder, the tenant leases of non-storage unit space on the Property listed on **Schedule 1** attached hereto and by this reference made a part hereof, if any, and all prepayments and deferred items, claims, security deposits, other deposits, refunds, causes of action and rights of recovery under such tenant leases (collectively the "Leases") and the contracts identified in **Schedule "2"** attached hereto (the "Designated Contracts"), and Assignee desires to accept such assignment and assume the Leases and Designated Contracts on the terms hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

1. The "Effective Date" of this Assignment shall be the Closing of the contribution of the Property to Contract Acquiror.

2. Assignor hereby assigns and transfers to Assignee all of Assignor's right, title and interest in and to the Leases and the Designated Contracts, all from and after the Effective Date of this Assignment.

3. Assignee hereby accepts the above assignment and expressly assumes and covenants to keep, perform, fulfill and discharge all of the terms, covenants, conditions and obligations required to be kept, performed, fulfilled and discharged by Assignor under and with respect to the Designated Contracts and the Leases from and after the Effective Date of this Assignment.

4. This Assignment may be executed in any number of counterparts, each of which may be executed by any one or more of the parties hereto, but all of which shall constitute one and the same instrument, and shall be binding and effective when all parties hereto have executed and delivered at least one counterpart.

5. The terms and provisions of this Assignment shall be binding upon and inure to the benefit of the respective parties hereto, and their respective successors and assigns.

[SIGNATURES FOLLOW ON SUCCEEDING PAGE]

IN WITNESS WHEREOF, Assignor and Assignee have duly executed this Assignment as of the day and year first above written.

Assignor: AAAAA RENT-A-SPACE , a limited partnership

By: KN Productions, Inc., a California corporation
Its: General Partner

By: _____
Name: Michael Knuppe
Its: President

Assignee: , a

By: _____
Name: _____
Its: _____

SCHEDULE "1" TO
ASSIGNMENT OF LEASES & DESIGNATED CONTRACTS

Non-Storage Space Leases

[See Attached]

SCHEDULE "2" TO
ASSIGNMENT OF LEASES & DESIGNATED CONTRACTS

Designated Contracts

[See Attached]

EXHIBIT "G-5"

(Bank Deposit Letter)

Dated:

Bank Officer's Name

Name of Acquiror's Bank

Bank Address

City, State, Zip

Re: [Name and address of Contributor's facility]

TO WHOM IT MAY CONCERN:

("**Contributor**"), transferred, on , 200 , the self-storage facility (both real and personal property), known as and located at to **EXTRA SPACE OF LLC**, a limited liability company ("**Extra Space**"). This is to authorize you to deposit all rental checks payable to and/or to the account of Extra Space at your bank.

CONTRIBUTOR:

AAAAA RENT-A-SPACE , a limited partnership

By: KN Productions, Inc., a California corporation
Its: General Partner

By: _____
Name: Michael Knuppe

Its: President

EXHIBIT "G-6"
(Partnership Joinder Agreement)

PARTNERSHIP JOINDER AGREEMENT

THIS PARTNERSHIP JOINDER AGREEMENT (hereinafter the "Agreement") is made and entered into effective as of the day of February, 2010, by , a ("**Contributor**") in favor of **EXTRA SPACE STORAGE LP**, a Delaware limited partnership ("**Acquiror**").

R E C I T A L S:

A. Concurrently with the execution of this Agreement and pursuant to that certain Contribution Agreement dated , between Contributor and others and Acquiror, Contributor has conveyed certain real and personal property to Acquiror in exchange for an interest as a limited partner of Acquiror and Acquiror has issued to Contributor Participating Preferred OP Units (hereinafter the "Contributor OP Units") (as more particularly defined in that certain Second Amended and Restated Agreement of Limited Partnership of Extra Space Storage LP dated as of , 2007 (the "**Partnership Agreement**")).

B. Contributor desires to execute this Agreement to evidence Contributor's agreement to and adoption of the Partnership Agreement.

NOW, THEREFORE, for and in consideration of the issuance of the foregoing limited partnership interests to Contributor and other good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged by Contributor, Contributor hereby adopts, accepts, and agrees to be bound by all of the terms and provisions of the Partnership Agreement, as the Partnership Agreement may hereafter be amended, modified, or restated, and to perform all of the obligations therein imposed upon a limited partner of Contributor with respect to the Contributor OP Units.

DATED effective as of the day and year first above written.

CONTRIBUTOR:

AAAAA RENT-A-SPACE , a limited partnership

By: KN Productions, Inc., a California corporation
Its: General Partner

By: _____
Name: Michael Knuppe
Its: President

EXHIBIT "H"

PRORATION REVIEW

1. **Post Closing Proration Review**. Within sixty (60) calendar days after Closing, Acquiror shall, in good faith, review the prorations as of the Proration Date as set forth in the Agreement (the "**Proration Review**") and shall send a copy of the Proration Review to Contributors. Acquiror expressly acknowledges and agrees that the prorations of the Rentals shall not be subject to the Proration Review. Acquiror and Contributors shall each have an opportunity to provide the other with a review (a "Review") of the Proration Review setting forth in reasonable detail any discrepancy which it has discovered in the prorations made at the Closing or in the Proration Review. If either party to which the Proration Review is presented does not provide the other party with a Review within thirty (30) days after receipt of the Proration Review, such party shall be deemed to be in agreement with the Proration Review. If either party to which any such Review is presented disagrees with such Review, it shall give written notice (the "Disagreement Notice") to the other party within thirty (30) days after receipt of such Review (and, if no such notice is given, the party to which such Review was presented shall be deemed to agree with it). Such Disagreement Notice shall detail all points of disagreement. If Contributors and Acquiror do not resolve such disagreement within ten (10) business days after delivery of the Disagreement Notice, the parties shall proceed to mediation. If the parties agree or are deemed to agree with either the Proration Review or the Review or if there is an settlement reaches at the mediation, then Contributors or Acquiror shall, as applicable, pay to the other party, in cash, the amount owed within thirty (30) days of the date of such agreement or deemed agreement or such mediated settlement, as applicable.

2. **Dispute Resolution**. Any controversy or claim between or among the parties hereto relating to or arising from the Review that is no resolved during the ten (10) business day negotiation period described above, shall be submitted to JAMS for mediation. Either party may commence mediation by providing to JAMS and the other party a written request for mediation, setting forth the subject of the dispute and the relief requested. The parties will cooperate with JAMS and with one another in selecting a mediator from JAMS panel of neutrals, and in scheduling the mediation proceedings. The parties covenant that they will participate in the mediation in good faith, and that they will share equally in its costs. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the parties, their agents, employees, experts and attorneys, and by the mediator and any JAMS employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any litigation or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. Either party may seek equitable relief prior to the mediation to preserve the status quo pending the completion of that process. Except for such an action to obtain equitable relief, neither party may commence a civil action with respect to the matters submitted to mediation until after the completion of the initial mediation session, or 45 days after the date of filing the written request for mediation, whichever occurs first.

Mediation may continue after the commencement of a civil action, if the parties so desire. The provisions of this clause may be enforced by any court of competent jurisdiction.

EXHIBIT "I"
(Schedule of Rental Concessions)

The rental concessions described in the attachments to an email dated December 7, 2006 from counsel for Contributors to counsel for Acquirors

EXHIBIT "J"
(Description of Colma Improvements)

·complete existing driveway/ramp
·complete landscaping and fencing at the front of the property
·install signage
·remove front gate
·clean-up construction debris

EXHIBIT "K"
(Accredited Investor Questionnaire)

INVESTOR QUESTIONNAIRE

To: Extra Space Storage LP
2795 E. Cottonwood Parkway, #400
Salt Lake City, Utah 84121

Ladies and Gentlemen:

In connection with the potential investment by the undersigned (the "Investor") in securities (the "Securities") of Extra Space Storage, LP, a Delaware limited partnership (the "Company"), the Investor is required to complete and deliver this Investor Questionnaire (the "Questionnaire"). The Investor has been informed that the Securities have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or any foreign jurisdiction and that sales of the Securities will be made pursuant to the private placement exemptions from registration provided in Section 4(2) of the Securities Act and Regulation D thereunder, and exemptions from registration under state securities laws.

The Investor understands that the following information is needed in order to ensure compliance with the requirements of applicable federal and state exemptions from securities registration requirements, and to determine whether the Investor meets the standards required for investing in the Company. The Investor also understands that the purpose of this Questionnaire is to enable the Company to discharge its responsibilities under applicable federal and state laws, and that the Company will rely upon the information contained in this Questionnaire. Accordingly, the Investor represents and warrants to the Company as follows:

(i) The information contained in this Questionnaire is true, complete and accurate and may be relied upon by the Company.

(ii) The Investor understands and agrees that the Company may present this Questionnaire and the information provided in answers to such parties as it deems advisable if called upon to establish the availability of an applicable exemption under any federal or state securities law or if the contents of the Questionnaire are relevant to any issue in any investigation, action, suit or proceeding to which the Company or any of its respective affiliates is a party or by which any of them is or may be affected.

The Investor understands that this Questionnaire does not constitute an offer by the Company to sell the Securities to the Investor, but is merely a request for information.

Accredited Investor Status

The undersigned qualifies as an "accredited investor" pursuant to Regulation D under the Securities Act of 1933, as amended (the "Act") as a result of his, her or its status as (check the appropriate description(s)):

o A natural person with a net worth, or joint net worth with his or her spouse, exceeding $1,000,000, at the time of purchase.
o A natural person who had an individual income in excess of $200,000 in each of the two most recent years, or joint income with that person's spouse in excess of $300,000 in each of those years, and who reasonably expects to reach the same income level in the current year.
o A director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general

partner of a general partner of that issuer.

o A corporation, an organization described in Section 501(c)(3) of the Internal Revenue Code, a Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000.

o A trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment.

o A bank as defined in Section 3(a)(2) of the Act, whether acting in its individual or fiduciary capacity.

o A savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity.

o A broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934.

o An insurance company as defined in Section 2(13) of the Act.

o An investment company registered under the Investment Company Act of 1940, or a business development company as defined in Section 2(a)(48) of that act.

o A small business investment company licensed by the Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.

o A plan established and maintained by a state, or its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000.

o An employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if:

(a) the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered Investment Adviser;

(b) the employee benefit plan has total assets in excess of $5,000,000, or

(c) it is a self-directed plan with investment decisions made solely by persons that are "accredited investors" under any one or more of the categories specified in paragraphs 1 through 15 herein.

o A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.

o An entity in which all of the equity owners are "accredited investors" under any one or more of the categories specified above.

If the Investor is a trust, please identify if the trust is revocable or irrevocable by checking one of the following boxes.

o Revocable Trust — If it is a revocable trust which may be amended or revoked at any time by the grantor(s), each grantor of the trust must be an Accredited Investor. Please have the trustee of the revocable trust complete the information required below regarding each grantor. By marking the box next to each grantor, the trustee represents and warrants that the grantor is an individual "Accredited Investor" and meets one of the standards set forth in this questionnaire.

Name of Grantor(s) as Accredited Investor	Confirmation of Status Appropriate Section to Qualify as Accredited Investor
	o
	o
	o
	o

o Irrevocable Trust — If it is an Irrevocable trust, please contact the Company for additional inquiries.

Indemnification

The Investor agrees to indemnify and hold harmless the Company and its respective stockholders, officers, directors, counsel and affiliates (collectively, "Indemnitees") from and against any and all damages suffered and liabilities, expenses and losses incurred by any of the Indemnitees (including costs of investigation, defense and reasonable attorneys' fees) arising out of or relating to any untrue statement of fact, omission or inaccuracy made by the Investor in this Questionnaire. If the Investor is more than one individual or entity, the obligation of the Investors to the Indemnitees shall be joint and several, and each of the representations, warranties and acknowledgments contained in this Questionnaire shall be deemed to be made by and be binding upon each such person or entity, and his, her or its heirs, executors, administrators, successors and assigns.

IF INDIVIDUAL

_____

Name: _____

Dated: , 200

IF CORPORATION OR OTHER ENTITY

Its: _____

Dated: , 200

EXHIBIT "L"
(Schedule of Protected Gain)

Property	Protected Gain
Alameda I & II	$ 15,285,232.00
Berkeley I & II	20,500,142.00
Castro Valley	2,933,672.00
Colma	25,073,129.00
Hayward	10,480,463.00
Kahului	15,302,717.00
Kapolei	24,638,669.00
San Leandro	13,293,674.00
San Pablo I & II	5,153,364.00
Vallejo	3,109,783.00
Total:	$ 135,770,845.00

EXHIBIT "M"
(Schedule of Allocated Share of the Gross Dollar Value)

Property	Allocated Share of the Gross Dollar Value
Alameda I and Alameda II	$ 15,962,725.00
Berkeley I and Berkeley II	$ 20,785,923.00
Castro Valley	$ 5,804,034.00
Colma	$ 25,885,067.00
Hayward	$ 11,037,720.00
Kahului I and Kahului II	$ 19,195,160.00
Kapolei	$ 28,579,748.00
San Leandro	$ 14,245,579.00
San Pablo I and San Pablo II	$ 5,406,795.00
Vallejo	$ 3,297,249.00
Total:	$ 150,200,000.00

Exhibit 10.26

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this "**Agreement**"), dated as of June , 2007, is made and entered into by and among Extra Space Storage Inc., a Maryland corporation (the "**Company**"), and certain persons listed on Schedule 1 hereto (such persons, in their capacity as holders of Registrable Securities, the "**Holders**" and each the "**Holder**").

WITNESSETH:

WHEREAS, the operating partnership of the Company, Extra Space Storage LP, a Delaware limited partnership ("**ESS OP**"), **AAAAA RENT-A-SPACE, ALAMEDA, LTD., LIMITED PARTNERSHIP,** a California limited partnership, and certain other parties (AAAAA Rent-A-Space, Alameda, Ltd., Limited Partnership and such other parties each being hereinafter referred to as a "**Contributor**" and all being hereinafter collectively referred to as "**Contributors**") have entered into a Contribution Agreement, dated as of June 15, 2007 (the "**Contribution Agreement**"), pursuant to which each Contributor contributed all of such Contributor's right, title, and interest in certain real property to ESS OP in exchange for "Series A Preferred Units" (the "**Series A Units**"), as defined in the Second Amended and Restated Agreement of Limited Partnership for Extra Space (the "Partnership Agreement") exchangeable, under certain circumstances, into shares of common stock, par value $0.01 per share, of the Company (the "**Common Shares**"); and

WHEREAS, pursuant to the Contribution Agreement, the Series A Units were issued by ESS OP directly to the Holders; and

WHEREAS, the Company desires to enter into this Agreement with the Holders in order to grant the Holders the registration rights contained herein.

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

"**Affiliate**" shall mean, when used with reference to a specified Person, (i) any Person that directly or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the specified Person; (ii) any Person who, from time to time, is a member of the Immediate Family of a specified Person; (iii) any Person who, from time to time, is an officer or director or manager of a specified Person; or (iv) any Person who, directly or indirectly, is the beneficial owner of 50% or more of any class of equity securities or other ownership interests of the specified Person, or of which the specified Person is directly or indirectly the owner of 50% or more of any class of equity securities or other ownership interests.

"**Agreement**" shall mean this Registration Rights Agreement as originally executed and as amended, supplemented or restated from time to time.

"**Board**" shall mean the Board of Directors of the Company.

"**Business Day**" shall mean each day other than a Saturday, a Sunday or any other day on which banking institutions in the State of Utah are authorized or obligated by law or executive order to be closed.

"**Common Shares**" shall have the meaning set forth in the Recitals hereof.

"**Series A Units**" shall have the meaning set forth in the Recitals hereof.

"**Commission**" shall mean the Securities and Exchange Commission and any successor thereto.

"**Company**" shall have the meaning set forth in the introductory paragraph hereof.

"**Contribution Agreement**" shall have the meaning set forth in the Recitals hereof.

"**Control**" (including the terms "**Controlling**," "**Controlled by**" and "**under common Control with**") shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person through the ownership of Voting Power, by contract or otherwise.

"**ESS OP**" shall have the meaning set forth in the Recitals hereof.

"**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended (or any corresponding provision of succeeding law) and the rules and regulations thereunder.

"**Holder**" shall have the meaning set forth in the introductory paragraph hereof.

"**Person**" shall mean any individual, partnership, corporation, limited liability company, joint venture, association, trust, unincorporated organization or other governmental or legal entity.

"**Registrable Securities**" shall mean the Common Shares that may be acquired by the Holders in connection with the exercise by such Holders of the redemption rights associated with the Series A Units; provided, however, such Registrable Securities shall cease to be Registrable Securities when (i) a registration statement with respect to the sale of such Registrable Securities shall have become effective under the Securities Act and all such Registrable Securities shall have been disposed of in accordance with such registration statement, (ii) such Registrable Securities shall have been sold in accordance with Rule 144 (or any successor provision) under the Securities Act, (iii) such Registrable Securities become eligible to be publicly sold without limitation as to amount or manner of sale pursuant to Rule 144 (or any successor provision) under the Securities Act, or (iv) such Registrable Securities have ceased to be outstanding.

"**Registration Expenses**" shall mean (i) the fees and disbursements of counsel and independent public accountants for the Company incurred in connection with the Company's performance of or compliance with this Agreement, including the expenses of any special audits or "comfort" letters required by or incident to such performance and compliance, and any premiums and other costs of policies of insurance obtained by the Company against liabilities arising out of the sale of any securities and (ii) all registration, filing and stock exchange fees, all fees and expenses of complying with securities or "blue sky" laws, all fees and expenses of custodians, transfer agents and registrars, and all printing expenses, messenger and delivery expenses; provided, however, "Registration Expenses" shall not include any out-of-pocket expenses of the Holders, transfer taxes, underwriting or brokerage commissions or discounts associated with effecting any sales of Registrable Securities that may be offered, which expenses shall be borne by each Holder of Registrable Securities on a *pro rata* basis with respect to the Registrable Securities so sold.

"**Securities Act**" shall mean the Securities Act of 1933, as amended (or any successor corresponding provision of succeeding law), and the rules and regulations thereunder.

"**Shelf Registration Statement**" shall have the meaning set forth in Section 2(a) hereof.

"**Stand-Off Period**" shall have the meaning set forth in Section 6 hereof.

"**Voting Power**" shall mean voting securities or other voting interests ordinarily (and apart from rights accruing under special circumstances) having the right to vote in the election of board members or Persons performing substantially equivalent tasks and responsibilities with respect to a particular entity.

2. Shelf Registrations.

(a) Shelf Registration. The Company agrees to use commercially reasonable efforts to file with the Commission a registration statement under the Securities Act for the offering on a continuous or delayed basis in the future covering resales of the Registrable Securities (the "**Shelf Registration Statement**"), such filing to be made (subject to Section 3) on or prior to the date which is fourteen (14) days after the later of (i) the date on which the Series A Units may be exchanged for Common Shares pursuant to the provisions of the Contribution Agreement or (ii) such other date as may be required by the Commission pursuant to its interpretation of applicable federal securities laws and the rules and regulations promulgated thereunder. The Company shall use commercially reasonable efforts to cause such Shelf Registration Statement to be declared effective by the Commission as soon as practicable thereafter. The Shelf Registration Statement shall be on an appropriate form and the registration statement and any form of prospectus included therein (or prospectus supplement relating thereto) shall reflect the plan of distribution or method of sale as the Holders may from time to time notify the Company.

(b) Effectiveness. The Company shall use commercially reasonable efforts to keep the Shelf Registration Statement continuously effective for the period beginning on the date on which the Shelf Registration Statement is declared effective and ending on the date that all of the Registrable Securities registered under the Shelf Registration Statement cease to be Registrable Securities. During the period that the Shelf Registration Statement is effective, the Company shall supplement or make amendments to the Shelf Registration Statement, if required by the Securities Act or if reasonably requested by the Holders (whether or not required by the form on which the securities are being registered), including to reflect any specific plan of distribution or method of sale, and shall use commercially reasonable efforts to have such supplements and amendments declared effective, if required, as soon as practicable after filing.

3. Black-Out Periods.

Notwithstanding anything herein to the contrary, the Company shall have the right, exercisable from time to time by delivery of a notice authorized by the Board, on not more than two (2) occasions in any 12-month period, to require the Holders not to sell pursuant to a registration statement or similar document under the Securities Act filed pursuant to Section 2 or to suspend the effectiveness thereof if at the time of the delivery of such notice, the Board has considered a plan to engage no later than sixty (60) days following the date of such notice in a firm commitment underwritten public offering or if the Board has reasonably and in good faith determined that such registration and offering, continued effectiveness or sale would materially interfere with any material transaction involving the Company; provided, however, that in no event shall the black-out period extend for more than sixty (60) days on any such occasion. The Company, as soon as practicable, shall (i) give the Holders prompt written notice in the event that the Company has suspended sales of Registrable Securities pursuant to this Section 3, (ii) give the Holders prompt written notice of the completion of such offering or material transaction and (iii) promptly file any amendment necessary for any registration statement or prospectus of the Holders in connection with the completion of such event.

Each Holder agrees by acquisition of the Registrable Securities that upon receipt of any notice from the Company of the happening of any event of the kind described in this Section 3, such Holder will forthwith discontinue its disposition of Registrable Securities pursuant to the registration statement relating to such Registrable Securities until such Holder's receipt of the notice of completion of such event.

4. Registration Procedures.

(a) In connection with the filing of any registration statement as provided in this Agreement, the Company shall use commercially reasonable efforts to, as expeditiously as reasonably practicable:

(1) prepare and file with the Commission the requisite registration statement (including a prospectus therein and any supplement thereto) to effect such registration and use commercially reasonable efforts to cause such registration statement to become effective; provided, however, that before filing such registration statement or any amendments or supplements thereto, the Company will furnish copies of all such documents proposed to be filed to counsel for the sellers of Registrable Securities covered by such registration statement and provide reasonable time for such sellers and their counsel to comment upon such documents if so requested by a Holder;

(2) prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to maintain the effectiveness of such registration and to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement during the period in which such registration statement is required to be kept effective;

(3) furnish to each Holder of the securities being registered, without charge, such number of conformed copies of such registration statement and of each such amendment and supplement thereto (in each case including all exhibits other than those which are being incorporated into such registration statement by reference), such number of copies of the prospectus contained in such registration statements (including each complete prospectus and any summary prospectus) and any other prospectus filed under Rule 424 under the Securities Act in conformity with the requirements of the Securities Act, and such other documents, as the Holders may reasonably request;

(4) register or qualify all Registrable Securities under such other securities or "blue sky" laws of such jurisdictions as the Holders and the underwriters of the securities being registered, if any, shall reasonably request, to keep such registration or qualification in effect for so long as such registration statement remains in effect, and take any other action which may be reasonably necessary or advisable to enable the Holders to consummate the disposition in such jurisdiction of the securities owned by the Holders, except that the Company shall not for any such purpose be required to qualify generally to do business as a foreign company or to register as a broker or dealer in any jurisdiction where it would not otherwise be required to qualify but for this Section 4(a)(4), or to consent to general service of process in any such jurisdiction, or to be subject to any material tax obligation in any such jurisdiction where it is not then so subject;

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(5) immediately notify the Holders at any time when the Company becomes aware that a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made, and, at the request of the Holders, promptly prepare and furnish to the Holders a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made;

(6) comply or continue to comply in all material respects with the Securities Act and the Exchange Act and with all applicable rules and regulations of the Commission thereunder so as to enable any Holder to sell its Registrable Securities pursuant to Rule 144 promulgated under the Securities Act, as further agreed to in Section 7 hereof;

(7) provide a transfer agent and registrar for all Registrable Securities covered by such registration statement not later than the effective date of such registration statement;

(8) cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any Securities Act legend; and enable certificates for such Registrable Securities to be issued for such number of shares and registered in such names as the Holders may reasonably request in writing at least three (3) Business Days prior to any sale of Registrable Securities;

(9) list all Registrable Securities covered by such registration statement on any securities exchange or national quotation system on which any such class of securities is then listed or quoted and cause to be satisfied all requirements and conditions of such securities exchange or national quotation system to the listing or quoting of such securities that are reasonably within the control of the Company including, without limitation, registering the applicable class of Registrable Securities under the Exchange Act, if appropriate, and using commercially reasonable efforts to cause such registration to become effective pursuant to the rules of the Commission;

(10) in connection with any sale, transfer or other disposition by any Holder of any Registrable Securities pursuant to Rule 144 promulgated under the Securities Act, cooperate with such Holder to facilitate the timely preparation and delivery of certificates representing the Registrable Securities to be sold and not bearing any Securities Act legend, and enable certificates for such Registrable Securities to be issued for such number of shares and registered in such names as the Holders may reasonably request in writing at least three (3) Business Days prior to any sale of Registrable Securities;

(11) notify each Holder, promptly after it shall receive notice thereof, of the time when such registration statement, or any post-effective amendments to the registration statement, shall have become effective, or a supplement to any prospectus forming part of such registration statement has been filed;

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(12) notify each Holder of any request by the Commission for the amendment or supplement of such registration statement or prospectus for additional information; and

(13) advise each Holder, promptly after it shall receive notice or obtain knowledge thereof, of (A) the issuance of any stop order, injunction or other order or requirement by the Commission suspending the effectiveness of such registration statement or the initiation or threatening of any proceeding for such purpose and use commercially reasonable efforts to prevent the issuance of any stop order, injunction or other order or requirement or to obtain its withdrawal if such stop order, injunction or other order or requirement should be issued, (B) the suspension of the registration of the subject shares of the Registrable Securities in any state jurisdiction and (C) the removal of any such stop order, injunction or other order or requirement or proceeding or the lifting of any such suspension.

(b) In connection with the filing of any registration statement covering Registrable Securities, each Holder shall furnish in writing to the Company such information regarding such Holder (and any of its Affiliates), the Registrable Securities to be sold, the intended method of distribution of such Registrable Securities and such other information requested by the Company as is necessary or advisable for inclusion in the registration statement relating to such offering pursuant to the Securities Act. Such writing shall expressly state that it is being furnished to the Company for use in the preparation of a registration statement, preliminary prospectus, supplementary prospectus, final prospectus or amendment or supplement thereto, as the case may be.

Each Holder agrees by acquisition of the Registrable Securities that (i) upon receipt of any notice from the Company of the happening of any event of the kind described in Section 4(a)(5), such Holder will forthwith discontinue its disposition of Registrable Securities pursuant to the registration statement

relating to such Registrable Securities until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 4(a)(5); (ii) upon receipt of any notice from the Company of the happening of any event of the kind described in clause (A) of Section 4(a)(13), such Holder will discontinue its disposition of Registrable Securities pursuant to such registration statement until such Holder's receipt of the notice described in clause (C) of Section 4(a)(13); and (iii) upon receipt of any notice from the Company of the happening of any event of the kind described in clause (B) of Section 4(a)(13), such Holder will discontinue its disposition of Registrable Securities pursuant to such registration statement in the applicable state jurisdiction(s) until such Holder's receipt of the notice described in clause (C) of Section 4(b).

5. Indemnification.

(a) Indemnification by the Company. The Company agrees to indemnify and hold harmless each Holder, its partners, officers, directors, trustees, stockholders, employees, agents and investment advisers, and each Person, if any, who controls such Holder within the meaning of the Securities Act or the Exchange Act, together with the partners, officers, directors, trustees, stockholders, employees, agents and investment advisers of such controlling person, against any losses, claims, damages, and expenses (including, without limitation, reasonable attorneys' fees), joint or several, to which the Holders or any such indemnitees may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages, liabilities and expenses (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the registration statement under which such Registrable Securities were registered and sold under the Securities Act, including any periodic or current reports or other filings incorporated by reference

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into such registration statement, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or any violation of the Securities Act or state securities laws or rules thereunder by the Company relating to any action or inaction by the Company in connection with such registration and the Company will reimburse each Holder for any reasonable legal or any other expenses reasonably incurred by it in connection with investigating or defending any such loss, claim, liability, action or proceedings; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon an untrue statement or alleged statement or omission or alleged omission made in such registration statement, any such preliminary prospectus, final prospectus, summary prospectus, amendment or supplement in reliance upon and in conformity with written information furnished to the Company by any Holder specifically stating that it is for use in the preparation thereof; and provided, further, that the Company shall not be liable to the Holders or any other Person who controls such Holder within the meaning of the Securities Act or the Exchange Act in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of such Person's failure to send or give a copy of the final prospectus or supplement to the Persons asserting an untrue statement or alleged untrue statement or omission or alleged omission at or prior to the written confirmation of the sale of Registrable Securities to such Person if such statement or omission was corrected in such final prospectus or supplement the filing date of which was prior to the date of the sale of the Registrable Securities giving rise to the Company's indemnification obligation. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Holders or any such controlling Person and shall survive the transfer of such securities by the Holders.

(b) Indemnification by the Holders. Each Holder agrees to indemnify and hold harmless (in the same manner and to the same extent as set forth in Section 5(a)) the Company, each member of the Board, each officer, employee, agent and investment adviser of the Company and each other Person, if any, who controls any of the foregoing within the meaning of the Securities Act or the Exchange Act, with respect to any untrue statement or alleged untrue statement of a material fact in or omission or alleged omission to state a material fact from such registration statement, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, if such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Holder regarding such Holder giving such indemnification specifically stating that it is for use in the preparation of such registration statement, preliminary prospectus, final prospectus, summary prospectus, amendment or supplement, provided, however, that the Holder shall not be liable to the Company or any other Person if such statement or omission was corrected in such final prospectus or supplement the filing date of which was prior to the date of the sale of the Registrable Securities giving rise to the Holder's indemnification obligation. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or any such Board member, officer, employee, agent, investment adviser or controlling Person and shall survive the transfer of such securities by any Holder. The obligation of a Holder to indemnify will be several and not joint among the Holders of Registrable Securities and the liability of each such Holder of Registrable Securities will be in proportion to and limited in all events to the net amount received by such Holder from the sale of Registrable Securities pursuant to such registration statement.

(c) Notices of Claims, etc. Promptly after receipt by an indemnified party of notice of the commencement of any action or proceeding involving a claim referred to in the preceding paragraphs of this Section 5, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the latter of the commencement of such action; provided, however, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under the preceding paragraphs of this Section 5, except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any such action is brought against an indemnified party, unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, the indemnifying party shall be entitled to assume the defense thereof, for itself, if applicable, together with any other indemnified party similarly notified, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to the indemnified party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof.

(d) Indemnification Payments. To the extent that the indemnifying party does not assume the defense of an action brought against the indemnified party as provided in Section 5(c), the indemnified party (or parties if there is more than one) shall be entitled to the reasonable legal expenses of common counsel for the indemnified party (or parties). In such event, however, the indemnifying party will not be liable for any settlement effected without the written consent of such indemnifying party, which consent shall not be unreasonably withheld. The indemnification required by this Section 5 shall be made by periodic payments of the amount thereof during the course of an investigation or defense, as and when bills are received or expense, loss, damage or liability is incurred. The indemnifying party shall not settle any claim without the consent of the

indemnified party, which consent shall not be unreasonably withheld, unless such settlement involves a complete release of such indemnified party without any admission of liability by the indemnified party.

(e) Contribution. If, for any reason, the foregoing indemnity is unavailable, or is insufficient to hold harmless an indemnified party, then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of the expense, loss, damage or liability, (i) in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and the indemnified party on the other (determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission relates to information supplied by the indemnifying party or the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission) or (ii) if the allocation provided by subclause (i) above is not permitted by applicable law or provides a lesser sum to the indemnified party than the amount hereinafter calculated, in the proportion as is appropriate to reflect not only the relative fault of the indemnifying party and the indemnified party, but also the relative benefits received by the indemnifying party on the one hand and the indemnified party on the other, as well as any other relevant equitable considerations. No indemnified party guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any indemnifying party who was not guilty of such fraudulent misrepresentation, and the liability for contribution of each Holder of Registrable Securities will be in proportion to and limited in all events to the net amount received by such Holder from the sale of Registrable Securities pursuant to such registration statement.

6. Market Stand-Off Agreement. Each Holder hereby agrees that it shall not, to the extent requested by the Company or an underwriter of securities of the Company, directly or indirectly sell, offer

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to sell (including without limitation any short sale), grant any option or otherwise transfer or dispose of any Registrable Securities (other than to donees or partners of the Holder who agree to be similarly bound) within seven days prior to and for up to 90 days following the effective date of a registration statement of the Company filed under the Securities Act or the date of an underwriting agreement with respect to an underwritten public offering of the Company's securities (the "**Stand-Off Period**"); provided, however, that:

(a) with respect to the Stand-Off Period, such agreement shall not be applicable to the Registrable Securities to be sold on the Holder's behalf to the public in an underwritten offering pursuant to such registration statement;

(b) all executive officers and directors of the Company then holding Common Stock of the Company shall enter into similar agreements;

(c) the Company shall use commercially reasonable efforts to obtain similar agreements from each 5% or greater shareholder of the Company; and

(d) the Holders shall be allowed any concession or proportionate release allowed to any (i) officer, (ii) director or (iii) other 5% or greater shareholder of the Company that entered into similar agreements.

In order to enforce the foregoing covenant, the Company shall have the right to place restrictive legends on the certificates representing the Registrable Securities subject to this Section 6 and to impose stop transfer instructions with respect to the Registrable Securities and such other Common Shares of each Holder (and the Common Shares or securities of every other Person subject to the foregoing restriction) until the end of such period.

7. Covenants Relating To Rule 144. At such times as the Company becomes obligated to file reports in compliance with either Section 13 or 15(d) of the Exchange Act, the Company covenants that it will file any reports required to be filed by it under the Securities Act and the Exchange Act and that it will take such further action as any Holder may reasonably request, all to the extent required from time to time to enable Holders to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (a) Rule 144 under the Securities Act, as such rule may be amended from time to time or (b) any similar rule or regulation hereafter adopted by the Commission.

8. Miscellaneous.

(a) Termination; Survival. The rights of each Holder under this Agreement shall terminate upon the date that all of the Registrable Securities held by such Holder may be sold during any three-month period in a single transaction or series of transactions without volume limitations under Rule 144 (or any successor provision) under the Securities Act. Notwithstanding the foregoing, the obligations of the parties under Section 5 and paragraphs (d), (e) and (g) of this Section 8 shall survive the termination of this Agreement.

(b) Expenses. All Registration Expenses incurred in connection with any Shelf Registration under Section 2 shall be borne by the Company, whether or not any registration statement related thereto becomes effective.

(c) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one

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or more such counterparts have been signed by each of the parties and delivered to each of the other parties.

(d) Applicable Law; Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Maryland. The parties consent to the exclusive jurisdiction of the United States District Court for the District of Utah in connection with any civil action concerning any controversy, dispute or claim arising out of or relating to this Agreement, or any other agreement contemplated by, or otherwise with respect to, this Agreement or the breach hereof, unless such court would not have subject matter jurisdiction thereof, in which event the parties consent to the jurisdiction of the State of Utah. The parties hereby waive and agree not to assert in any litigation concerning this Agreement the doctrine of *forum non conveniens*.

(e) Waiver Of Jury Trial. THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.

(f) Prior Agreement; Construction; Entire Agreement. This Agreement, including the exhibits and other documents referred to herein (which form a part hereof), constitutes the entire agreement of the parties with respect to the subject matter hereof, and supersedes all prior agreements and understandings between the parties, and all such prior agreements and understandings are merged herein and shall not survive the execution and delivery hereof.

(g) Notices. All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand or sent, postage prepaid, by registered, certified or express mail or reputable overnight courier service or be telecopier and shall be deemed given when so delivered by hand or, if mailed, three (3) Business Days after mailing (one Business Day in the case of express mail or overnight courier service), addressed as follows:

If to the Holder:	To the address indicated for such Holder in Schedule 1 hereto.
With a copy to:	Miller, Starr & Regalia Attn: Eugene Miller & Hans Lapping 1331 N. California Blvd., 5th Flr. Walnut Creek, CA 94596 Tel. (925) 935-9400 Fax. (925) 933-4126 Email. ehm@msandr.com & hl@msandr.com
And with a copy to:	Baker & McKenzie Attn: Richard M. Lipton One Prudential Plaza, Suite 3500 130 East Randolph Drive Chicago, Illinois 60601 Tel: 312-861-7590 Fax: 312-698-2254 Email: Richard.m.lipton@bakernet.com

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If to the Company:	Extra Space Storage Inc. 2795 E. Cottonwood Parkway, #400 Salt Lake City, Utah 84121 Attention: Charles Allen, Esq. Facsimile: 801-562-5579
With a copy to:	Extra Space Storage LLC Attn: David L. Rasmussen 2795 E. Cottonwood Parkway, #400 Salt Lake City, UT 84121 Tel. 801-365-4473 Fax 801-365-4947 Email: drasmussen@extraspace.com

(h) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. The Company may assign its rights or obligations hereunder to any successor to the Company's business or with the prior written consent of Holders of a majority of the then outstanding Registrable Securities. Notwithstanding the foregoing, no assignee of the Company shall have any of the rights granted under this Agreement until such assignee shall acknowledge its rights and obligations hereunder by a signed written agreement pursuant to which such assignee accepts such rights and obligations.

(i) Headings. Headings are included solely for convenience of reference and if there is any conflict between headings and the text of this Agreement, the text shall control.

(j) Amendments And Waivers. The provisions of this Agreement may be amended or waived at any time only by the written agreement of the Company and the Holders of a majority of the Registrable Securities, with, for the purposes of this Section 8(j) the holders of Series A Units being deemed to be the holders of that number of Registrable Securities that are issuable upon the exchange of their Series A Units.; provided, however, that the provisions of this Agreement may not be amended or waived without the consent of the Holders of all the Registrable Securities that are outstanding or issuable upon the exchange of Series A Units, which are adversely affected by such amendment or waiver if such amendment or waiver adversely affects a portion of the Registrable Securities that are outstanding or issuable upon the exchange of Series A Units but does not so adversely affect all of the Registrable Securities that are outstanding or issuable upon the exchange of Series A Units; provided, further, that the provisions of the preceding provision may not be amended or waived except in accordance with this sentence. Any waiver, permit, consent or approval of any kind or character on the part of any such Holders of any provision or condition of this Agreement must be made in writing and shall be effective only to the extent specifically set forth in writing. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each Holder of Registrable Securities and the Company.

(k) Interpretation; Absence Of Presumption. For the purposes hereof, (i) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires, (ii) the terms "hereof," "herein," and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, paragraph or other references are to the Sections, paragraphs, or other references to this Agreement unless otherwise specified, (iii) the word "including" and words of similar import

when used in this Agreement shall mean "including, without limitation," unless the context otherwise requires or unless otherwise specified, (iv) the word "or" shall not be exclusive and (v) provisions shall apply, when appropriate, to successive events and transactions.

This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instruments to be drafted.

(l) Severability. If any provision of this Agreement shall be or shall be held or deemed by a final order by a competent authority to be invalid, inoperative or unenforceable, such circumstance shall not have the effect of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable, but this Agreement shall be construed as if such invalid, inoperative or unenforceable provision had never been contained herein so as to give full force and effect to the remaining such terms and provisions.

(m) Specific Performance; Other Rights. The parties recognize that various other rights rendered under this Agreement are unique and, accordingly, the parties shall, in addition to such other remedies as may be available to them at law or in equity, have the right to enforce the rights under this Agreement by actions for injunctive relief and specific performance.

(n) Further Assurances. In connection with this Agreement, as well as all transactions and covenants contemplated by this Agreement, each party hereto agrees to execute and deliver or cause to be executed and delivered such additional documents and instruments and to perform or cause to be performed such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions and conditions of this Agreement and all such transactions and covenants contemplated by this Agreement.

(o) No Waiver. The waiver of any breach of any term or condition of this Agreement shall not operate as a waiver of any other breach of such term or condition or of any other term or condition, nor shall any failure to enforce any provision hereof operate as a waiver of such provision or of any other provision hereof.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first written above.

EXTRA SPACE STORAGE INC.,
a Maryland corporation

By: _____
Name:
Title:

HOLDERS:

_____
H. JAMES KNUPPE

_____
BARBARA KNUPPE

Schedule 1

THE HOLDERS

List of holders of the Series A Units:

Name of the Holder	Number of Series A Units Held	Address of the Holder
H. James Knuppe and Barbara Knuppe		

Exhibit 10.30

LOAN AGREEMENT

between

ESP SEVEN SUBSIDIARY LLC
as Borrower

and

GENERAL ELECTRIC CAPITAL CORPORATION
as Lender

October 16, 2007

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LIST OF EXHIBITS AND SCHEDULES

LIST OF DEFINED TERMS

LOAN AGREEMENT

This Loan Agreement (this "**Agreement**") is entered into as of October 16, 2007 between **GENERAL ELECTRIC CAPITAL CORPORATION**, a Delaware corporation ("**Lender**"), and **ESP SEVEN SUBSIDIARY LLC**, a Delaware limited liability company ("**Borrower**").

ARTICLE 1

CERTAIN DEFINITIONS

Section 1.1 **Certain Definitions**. As used herein, the following terms have the meanings indicated:

"**Additional Project**" has the meaning assigned in Section 2.9.

"**Affiliate**" means, as to any Person, (a) any corporation in which such Person or any partner, shareholder, director, officer, member, or manager of such Person, at any level, directly or indirectly owns or controls more than ten percent (10%) of the beneficial interest, (b) any partnership, joint venture or limited liability company in which such Person or any partner, shareholder, director, officer, member, or manager of such Person, at any level, is a partner, joint venturer or member, (c) any trust in which such Person or any partner, shareholder, director, officer, member or manager of such Person, at any level, or any individual related by birth, adoption or marriage to such Person, is a trustee or beneficiary, (d) any entity of any type which is directly or indirectly owned or controlled by (or is under common control with) such Person or any partner, shareholder, director, officer, member or manager of such Person, at any level, (e) any partner, shareholder, director, officer, member, manager or employee of such Person, or (f) any individual related by birth, adoption or marriage to any partner, shareholder, director, officer, member, manager, or employee of such Person. Each Borrower Party shall be deemed to be an Affiliate of Borrower.

"**Agreement**" means this Loan Agreement.

"**Anti-Money Laundering Laws**" means those laws, regulations and sanctions, state and federal, criminal and civil, that (a) limit the use of and/or seek the forfeiture of proceeds from illegal transactions; (b) limit commercial transactions with designated countries or individuals believed to be terrorists, narcotics dealers or otherwise engaged in activities contrary to the interests of the United States; (c) require identification and documentation of the parties with whom a Financial Institution conducts business; or (d) are designed to disrupt the flow of funds to terrorist organizations. Such laws, regulations and sanctions shall be deemed to include the Patriot Act, the Bank Secrecy Act, the Trading with the Enemy Act, 50 U.S.C. App. Section 1 et seq., the International Emergency Economic Powers Act, 50 U.S.C. Section 1701 et seq., and the sanction regulations promulgated pursuant thereto by the OFAC, as well as laws relating to prevention and detection of money laundering in 18 U.S.C. Sections 1956 and 1957.

"**Applicable Margin**" means, for each calendar quarter, the applicable amount for such quarter, as determined in accordance with Section 2.2(1).

"**Assignment of Rents and Leases**" means each Assignment of Rents and Leases, executed by Borrower or a Subsidiary for the benefit of Lender, and pertaining to leases of space in a Project.

"**Average Daily Balance**" means, for any calendar quarter, the mean average daily closing balance of the Loan during such calendar quarter.

"**Bank Secrecy Act**" means the Bank Secrecy Act, 31 U.S.C. Sections 5311 et seq.

"**Borrower Party**" means any Joinder Party, each Subsidiary, Extra Space of Pennsylvania LLC, a Utah limited liability company, Extra Space Management, Inc., a Utah corporation, ESP 7, and Extra Space of Pennsylvania Two LLC, a Utah limited liability company, and any general partner or managing member in Borrower, at any level.

"**Borrowing Base**" means, as of any date of determination, an amount equal to the least of (a) the Maximum Commitment, (b) eighty-five percent (85%) of the sum of the Valuation Amounts of all Projects then serving as Collateral and (c) the principal amount that would result in a Debt Service Coverage of 1.15:1.00; provided, however, the Valuation Amount and Underwritten NOI of the "1195 Lanham, MD" Project shall be excluded from Borrowing Base calculations until such time as Lender has received evidence reasonably acceptable to Lender that (i) the Mortgage covering such Project has been recorded in the appropriate real property records and (ii) all state and county taxes for such Mortgage have been paid in full; provided further, that if the preceding clauses (i) and (ii) have not been satisfied on or before the date which is ninety (90) days after the Closing Date, the Valuation Amount and Underwritten NOI of the "1195 Lanham, MD" Project shall be permanently excluded from Borrowing Base calculations and the Mortgage executed by Extra Space of Lanham LLC shall be retuned to Borrower.

"**Business Day**" means a day other than a Saturday, a Sunday, or a legal holiday on which national banks located in the State of New York are not open for general banking business.

"**Closing Date**" means the date of the "gap" closing (i.e., upon the Title Company's irrevocable written commitment to issue to Lender the Title Insurance Policies and Lender's acknowledgment of the satisfaction of the other conditions set forth in Part A of Schedule 2.1).

"**Collateral**" means the Projects and all other "Mortgaged Property" described in the Mortgages, and any other property that at any time secures the Loan or any portion thereof.

"**Contract Rate**" has the meaning assigned in Article 2.

"**Contribution Agreement**" means that certain Contribution and Indemnity Agreement of even date herewith executed by Borrower and the Subsidiaries in favor of each other.

"**Debt**" means, for any Person, without duplication: (a) all indebtedness of such Person for borrowed money, for amounts drawn under a letter of credit, or for the deferred purchase price of property for which such Person or any of its assets is liable, (b) all unfunded amounts under a loan agreement, letter of credit, or other credit facility for which such Person or any of its assets would be liable or subject, if such amounts were advanced under the credit facility, (c) all amounts required to be paid by such Person as a guaranteed payment to partners or a preferred or special dividend, including any mandatory redemption of shares or interests, but not including any REIT Distributions, (d) all indebtedness guaranteed by such Person, directly or indirectly, (e) all obligations under leases that constitute capital leases for which such Person or any of its assets is liable or subject, and (f) all obligations of such Person under interest rate swaps, caps, floors, collars and other interest hedge agreements, in each case whether such Person or any of its assets is liable or subject, contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations such Person otherwise assures a creditor against loss.

"**Debt Service**" means the aggregate interest, fixed principal, and other payments due under the Loan (and under any other permitted Debt relating to the Projects expressly approved by Lender), but not including Excess, for the period of time for which calculated (unless otherwise noted). The foregoing calculation shall exclude payments applied to escrows or reserves required by Lender.

"**Debt Service Coverage**" means, as of any date, the ratio of annualized Underwritten NOI for the immediately preceding twelve (12) calendar months to annualized Debt Service.

"**Default Rate**" means the lesser of (a) the maximum per annum rate of interest allowed by applicable law, and (b) the Contract Rate plus five percent (5%) per annum.

"**Environmental Laws**" means any federal, state or local law (whether imposed by statute, ordinance, rule, regulation, administrative or judicial order, or common law), now or hereafter enacted, governing health, safety, industrial hygiene, the environment or natural resources, or Hazardous Materials, including, without limitation, such laws governing or regulating (a) the use, generation, storage, removal, recovery, treatment, handling, transport, disposal, control, release, discharge of, or exposure to, Hazardous Materials, (b) the transfer of property upon a negative declaration or other approval of a governmental authority of the environmental condition of such property, or (c) requiring notification or disclosure of releases of Hazardous Materials or other environmental conditions whether or not in connection with a transfer of title to or interest in property.

"**ESP 7**" means Extra Space Properties Seven LP, a Utah limited partnership.

"**Event of Default**" has the meaning assigned in Article 10.

"**Excess**" has the meaning assigned in Section 2.7.

"**Financial Institution**" means a United States Financial Institution as defined in 31 U.S.C. Section 5312, as periodically amended.

Foster-Miller" means Foster-Miller, Inc., a Massachusetts limited liability company.

"**Foster-Miller Lease**" means that certain Lease dated April 14, 1990 as amended, by and between Extra Space of Waltham LLC, as successor in interest to J. Gershon Bloch and Peter L. Godecke, as Trustees of Waltham Storage Depot Trust, as landlord, and Foster-Miller, as tenant, covering a portion of the Project known as "1206 Waltham, MA".

"**Guaranty**" means that certain Guaranty of even date herewith executed by Extra Space of Lanham LLC, a Maryland limited liability company, for the benefit of Lender.

"**Hazardous Materials**" means (a) petroleum or chemical products, whether in liquid, solid, or gaseous form, or any fraction or by-product thereof, (b) asbestos or asbestos-containing materials, (c) polychlorinated biphenyls (pcbs), (d) radon gas, (e) underground storage tanks, (f) any explosive or radioactive substances, (g) lead or lead-based paint, or (h) any other substance, material, waste or mixture which is or shall be listed, defined, or otherwise determined by any governmental authority to be hazardous, toxic, dangerous or otherwise regulated, controlled or giving rise to liability under any Environmental Laws.

"**Interest Holder**" has the meaning assigned in Section 8.1.

"**Joinder Party**" means the Persons, if any, executing the Joinder hereto, including Extra Space Storage LLC, a Delaware limited liability company, and ESP 7.

"**Libor Rate**" shall mean the British Bankers Association LIBOR Rate (rounded upward to the nearest one sixteenth of one percent) listed on Reuters Screen LIBOR01 Page for U.S. Dollar deposits with a designated maturity of one (1) month determined as of 11:00 a.m. London Time on the second (2nd) full Eurodollar Business Day next preceding the first day of each month with respect to which interest is payable under the Loan (unless such date is not a Business Day in which event the next succeeding Eurodollar Business Day which is also a Business Day will be used). If Reuters (i) publishes more than one (1) such Libor Rate, the average of such rates shall apply, or (ii) ceases to publish the Libor Rate, then the Libor Rate shall be determined from such substitute financial reporting service as Lender in its discretion shall determine. The term "**Eurodollar Business Day**", shall mean any day on which banks in the City of London are generally open for interbank or foreign exchange transactions.

"**Lien**" means, as to any Project, any interest, or claim thereof, in the Collateral securing an obligation owed to, or a claim by, any Person other than the owner of the Collateral, whether such interest is based on common law, statute or contract, including the lien or security interest arising from a deed of trust, mortgage, assignment, encumbrance, pledge, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term "Lien" shall include reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting the Collateral.

"**Loan**" means the revolving line of credit to be made by Lender to Borrower under this Agreement and all other amounts secured by the Loan Documents.

"**Loan Documents**" means: (a) this Agreement, (b) the Note, (c) the Mortgages, (d) the Assignments of Rents and Leases, (e) UCC financing statements, (f) the Pledge Agreement, (g) the Guaranty, (h) such assignments of management agreements, contracts and other rights as may be required by Lender, (i) any letter of credit provided to Lender in connection with the Loan, (j) all other documents evidencing, securing, governing or otherwise pertaining to the Loan, and (k) all amendments, modifications, renewals, substitutions and replacements of any of the foregoing.

"**Loan Year**" means the period between the Closing Date and October 31, 2008 for the first Loan Year and the period between each succeeding November 1 and October 31 until the Maturity Date.

"**Lockout Period**" has the meaning assigned in Section 2.3(4).

"**LTV Ratio**" shall mean, as of the date of determination, the ratio, expressed as a percentage, of (a) the Maximum Commitment to (b) the aggregate value of the Projects as of such date, as determined by Lender in accordance with its then-current underwriting policies and procedures for properties similar to the Projects.

"**Maturity Rate**" means the earlier of (a) October 31, 2010, as such date may possibly be extended as provided in Section 2.3(3), or (b) any earlier date on which the entire Loan is required to be paid in full, by acceleration or otherwise, under this Agreement or any of the other Loan Documents.

"**Maximum Commitment**" means $100,000,000.00, subject to reduction as provided in this Agreement.

"**Mortgage**" means each Mortgage, Security Agreement and Fixture Filing and each Deed of Trust, Security Agreement and Fixture Filing, executed by Borrower or a Subsidiary in favor of Lender, covering a Project.

"**Net Cash Flow**" means, for any period, the amount by which Operating Revenues exceed the sum of (a) Operating Expenses, (b) Debt Service paid during such period, (c) capital expenditures, tenant improvement costs and leasing commissions, each approved by Lender and paid by Borrower during such period, and (d) any actual payment into impounds, escrows, or reserves required by Lender, except to the extent that any such payment is already included within the definition of Operating Expenses. In addition, Net Cash Flow shall be increased by any proceeds withdrawn from reserves and impounds funded out of Operating Revenues to the extent such proceeds are not applied to Operating Expenses.

"**New Jersey Projects**" means, collectively, the "1054 Metuchen, NJ" Project and the "1331 Union, NJ Project".

"**New Jersey Subsidiaries**" means, collectively, Extra Space of Metuchen LLC, a New Jersey limited liability company, and Extra Space of Union LLC, a New Jersey limited liability company.

"**Non-Borrower Subsidiaries**" means, collectively, the Subsidiaries in which Borrower does not have a direct or indirect ownership interest.

"**Non-New Jersey Projects**" means, collectively, the Projects other than the New Jersey Projects.

"**Non-New Jersey Subsidiaries**" means, collectively, the Subsidiaries other than the New Jersey Subsidiaries.

"**Note**" means the Promissory Note of even date, in the stated principal amount of $100,000,000.00, executed by Borrower, and payable to the order of Lender in evidence of the Loan.

"**OFAC**" means the Office of Foreign Assets Control, Department of the Treasury.

"**Operating Expenses**" means, for any period, all reasonable and necessary expenses of operating the Projects in the ordinary course of business which are paid in cash by Borrower or the Subsidiaries during such period and which are directly associated with and fairly allocable to the Projects for the applicable period, including ad valorem real estate taxes and assessments, insurance premiums, regularly scheduled tax impounds paid to Lender, maintenance costs, management fees and costs, wages, salaries, personnel expenses, accounting, legal and other professional fees, fees and other expenses incurred by Lender and reimbursed by Borrower under the Loan Documents and deposits to any capital replacement, leasing or other reserves required by Lender. Operating Expenses shall exclude Debt Service, capital expenditures, tenant improvement costs, leasing commissions, any of the foregoing operating expenses which are paid from deposits to cash reserves and such deposits were previously included as Operating Expenses, any payment or expense for which Borrower was or is to be reimbursed from proceeds of the Loan or insurance or by any third party, and any non-cash charges such as depreciation and amortization. Any management fee or other expense payable to Borrower or to an Affiliate of Borrower shall be included as an Operating Expense only with Lender's prior approval. Operating Expenses shall not include federal, state or local income taxes.

"**Operating Revenues**" means, for any period, all cash receipts of the Subsidiaries or Borrower during such period from operation of the Projects or otherwise arising in respect of the Projects after the date hereof which are properly allocable to the Projects for the applicable period, including receipts from leases and parking agreements, concession fees and charges, other miscellaneous operating revenues and proceeds from rental or business interruption insurance, but excluding security deposits and earnest money deposits until they are forfeited by the depositor, advance rentals until they are earned, and proceeds from a sale or other disposition.

"**Patriot Act**" means the USA PATRIOT Act of 2001, Pub. L. No. 107-56.

"**Person**" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, trustee, estate, limited liability company, unincorporated organization, real estate investment trust, government or any agency or political subdivision thereof, or any other form of entity.

"**Pledge Agreement**" means each Pledge and Security Agreement executed by Borrower or ESP 7 in favor of the Lender.

"**Potential Default**" means the occurrence of any event or condition which, with the giving of notice, the passage of time, or both, would constitute an Event of Default.

"**Projects**" means, collectively, (a) the properties described in Schedule 1.1(B) (as such schedule may from time to time be supplemented or updated in accordance with the terms hereof) and each Additional Project added to the Collateral in accordance with Section 2.9, and (b) as to each property described in clause (a) above, all other "Mortgaged Property" described in the Mortgage encumbering such property.

"**REIT Distributions**" means distributions made or reasonably required to be made by Borrower so that it contributes its proportionate share of any distributions made or scheduled to be made by any Joinder Party to its publicly traded parent companies for the purpose of funding distributions to REIT shareholders and REIT OP unit holders which are reasonably required to be made either (i) for the REIT to maintain its tax status as a Real Estate Investment Trust, or (ii) to comply with resolutions adopted by the Board of Directors of the publicly traded REIT.

"**Restoration Threshold**" means, as of any date, the lesser of (a) two and one-half percent (2.5%) of the replacement value of the improvements at the damaged Project as of such date, and (b) $500,000.

"**Single Purpose Entity**" shall mean a Person (other than an individual, a government, or any agency or political subdivision thereof), which (a) exists solely for the purpose of (i) as to each Subsidiary, owning its Project, and (ii) as to Borrower, owning the Subsidiaries and its Projects, (b) conducts business only in its own name, (c) does not engage in any business or have any assets (i) as to each Subsidiary, unrelated to the Project owned thereby, and (ii) as to Borrower, other than its ownership of the Subsidiaries and assets related to its Projects, (d) does not have any indebtedness other than as permitted by this Agreement, (e) has its own separate books, records, and accounts (with no commingling of assets), (f) holds itself out as being a Person separate and apart from any other Person, (g) observes corporate and partnership formalities independent of any other entity, and (h) otherwise constitutes a single purpose, bankruptcy remote entity as determined by Lender.

"**Site Assessment**" means an environmental engineering report for each Project prepared by an engineer engaged by Lender at Borrower's expense, and in a manner satisfactory to Lender, based upon an investigation relating to and making appropriate inquiries concerning the existence of Hazardous Materials on or about such Project, and the past or present discharge, disposal, release or escape of any such substances, all consistent with ASTM Standard E 1527-05 (or any successor thereto published by ASTM) and other good customary and commercial

practice; provided, however, the term Site Assessment shall include the reports listed in Schedule 1.1(C). Borrower represents and warrants to Lender that true, correct and complete copies of all items in Schedule 1.1 (C) were delivered to Lender prior to the Closing Date.

"**Specially Designated National and Blocked Persons**" means those Persons that have been designated by executive order or by the sanction regulations of OFAC as Persons with whom U.S. Persons may not transact business or must limit their interactions to types approved by OFAC.

"**Standard Adjustments**" means the following assumptions to be made with respect to each Project when calculating Underwritten NOI: (a) an occupancy rate equal to the lesser of market occupancy or the Project's actual occupancy rate (but in no event more than a ninety percent (90%) occupancy rate); (b) capital reserves of $0.15 per gross square foot; and (c) a management fee equal to the greater of the Project's actual management fee or six percent

(6%) of Operating Revenues. As used above, "market occupancy" means, as to each Project, the average occupancy rate of self-storage projects that are similar in size and quality to such Project and that are located in such Project's geographic market or sub-market area, all as determined by Lender.

"**Subsidiary**" means each of the entities identified as subsidiaries in Schedule 4.1.

"**Title Insurance Policies**" means, collectively, the ALTA (or equivalent) mortgagee policies of title insurance in the maximum amount of the Loan, with reinsurance and endorsements as Lender may require, containing no exceptions to title (printed or otherwise) which are unacceptable to Lender, and insuring that each Mortgage is a first-priority Lien on the Project encumbered thereby and related collateral.

"**Transfer**" has the meaning assigned in Section 8.1.

"**UCC**" means, as to each Project, the Uniform Commercial Code as enacted and in effect in the state where such Project is located (and as it may from time to time be amended), and, as to the Pledge Agreement, the Uniform Commercial Code as enacted and in effect in the State of Utah (and as it may from time to time be amended); provided that, to the extent that the UCC is used to define any term in this Agreement or in any other Loan Document and such term is defined differently in different Articles or Divisions of the UCC, the definition of such term contained in Article or Division 9 shall govern; provided further, however, that if, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, Lender's Liens on any Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the state where a Project is located, the term "UCC" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for the purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

"**Underwritten NOI**" means the amount by which Underwritten Operating Revenues on an aggregate basis for all Projects exceed Underwritten Operating Expenses on an aggregate basis for all Projects for the 12-month period immediately preceding the date of calculation.

"**Underwritten Operating Expenses**" means Operating Expenses as determined and adjusted by Lender to reflect the Standard Adjustments and otherwise in accordance with its then current audit policies and procedures for properties similar to the Project.

"**Underwritten Operating Revenues**" means Operating Revenues as determined and adjusted by Lender to reflect the Standard Adjustments and otherwise in accordance with its then current audit policies and procedures for properties similar to the Project.

"**U.S. Person**" means any United States citizen, any entity organized under the laws of the United States or its constituent states or territories, or any entity, regardless of where organized, having its principal place of business within the United States or any of its territories.

"**Valuation Amount**" means, with respect to each Project, the amount set forth opposite the reference to such Project in Schedule 1.1 (A) under the caption "Valuation Amount", as such Valuation Amount for the "1206 Waltham, MA" Project may be decreased pursuant to the terms of Section 8.16.

ARTICLE 2

LOAN TERMS

Section 2.1 **The Loan**. The Loan in the maximum amount outstanding at any time of up to ONE HUNDRED MILLION AND NO/100 DOLLARS ($100,000,000.00) shall be funded in one or more advances and repaid in accordance with this Agreement. Subject to the foregoing limitation and the other terms and conditions of this Agreement, Borrower may borrow, repay without penalty or premium, and reborrow hereunder. All Loan advances shall be made upon Borrower's satisfaction of the conditions for advances described in Schedule 2.1.

Section 2.2 **Interest Rate; Late Charge**.

(1) The outstanding principal balance of the Loan (including any amounts added to principal under the Loan Documents) shall bear interest at a variable rate of interest, adjusted monthly, equal to the Libor Rate plus the Applicable Margin (the "**Contract Rate**").

From the Closing Date through the end of the calendar quarter in which the first advance is made, the Applicable Margin is 1.0%.

The Applicable Margin shall be adjusted by reference to the following grid:

Test No.:	If Debt Service Coverage is:
1.	³ 2.00:1.00 assuming an Applicable Margin of 1.00, the Applicable Margin shall be 1.00%.
2.	³ 1.75:1.00 assuming an Applicable Margin of 1.25, but Test No. 1 above is not met, the Applicable Margin shall be 1.25%.

Test No.:	If Debt Service Coverage is:
3.	³ 1.50:1.00 assuming an Applicable Margin of 1.65, but neither Test No. 1 nor Test No. 2 above is met, the Applicable Margin shall be 1.65%.
4.	If none of Test No. 1, Test No. 2 or Test No. 3 is met, the Applicable Margin shall be 2.05%.

(2) Lender shall test the Debt Service Coverage at the end of the calendar quarter in which the first advance is made, and at the end of each calendar quarter thereafter, based on (i) an assumed Loan balance equal to the Average Daily Balance for such quarter and (ii) the then-current Libor Rate. If, based on such test, Lender determines that a different Applicable Margin applies to the Loan, Lender shall notify Borrower of the new Applicable Margin (and, upon Borrower's request, provide supporting calculations of Debt Service Coverage, Underwritten NOI and Standard

Adjustments to Borrower, which shall be provided to Borrower substantially in the form of Schedule 2.2(2) attached hereto), which shall apply to the outstanding balance of the Loan effective as of the first day of the next calendar quarter until again changed in accordance with the results of a subsequent Debt Service Coverage test.

(3) If, as a result of any restatement of or other adjustment to the financial statements of Borrower or for any other reason, the Lender determines that (a) the Debt Service Coverage as calculated based on financial information provided by Borrower as of any applicable date was inaccurate and (b) a proper calculation of the Debt Service Coverage would have resulted in different pricing for any period, then (i) if the proper calculation of the Debt Service Coverage would have resulted in a higher Contract Rate for such period, Borrower shall automatically and retroactively be obligated to pay to the Lender, promptly on demand by the Lender, an amount equal to the excess of the amount of interest that should have been paid for such period over the amount of interest actually paid for such period; and (ii) if the proper calculation of the Debt Service Coverage would have resulted in a lower Contract Rate for such period, Lender shall have no obligation to repay any interest to Borrower; provided that if, as a result of any restatement or other event a proper calculation of the Debt Service Coverage would have resulted in a higher Contract Rate for one or more periods and a lower Contract Rate for one or more other periods (due to the shifting of income or expenses from one period to another period or any similar reason), then the amount payable by Borrower pursuant to clause (i) above shall be based upon the excess, if any, of the amount of interest and fees that should have been paid for all applicable periods over the amount of interest and fees paid for all such periods.

(4) Interest owing for each month shall be computed on the basis of a fraction, the denominator of which is three hundred sixty (360) and the numerator of which is the actual number of days elapsed from the first day of such month (or, for the initial advance, from the date of such advance). Principal and other amortization payments shall be applied to the Loan balance as and when actually received.

(5) If Borrower fails to pay any installment of interest within five (5) days after the date on which the same is due, Borrower shall pay to Lender a late charge

on such past-due amount, as liquidated damages and not as a penalty, equal to five percent (5%) of such amount, but not in excess of the maximum amount of interest allowed by applicable law. The foregoing late charge is intended to compensate Lender for the expenses incident to handling any such delinquent payment and for the losses incurred by Lender as a result of such delinquent payment. Borrower agrees that, considering all of the circumstances existing on the date this Agreement is executed, the late charge represents a reasonable estimate of the costs and losses Lender will incur by reason of late payment. Borrower and Lender further agree that proof of actual losses would be costly, inconvenient, impracticable and extremely difficult to fix. Acceptance of the late charge shall not constitute a waiver of the default arising from the overdue installment, and shall not prevent Lender from exercising any other rights or remedies available to Lender. While any Event of Default exists, the Loan shall bear interest at the Default Rate.

Section 2.3 **Terms of Payment**. The Loan shall be payable as follows:

(1) **Interest**. Commencing on December 1, 2007, Borrower shall pay interest in arrears on the first day of each month until all amounts due under the Loan Documents are paid in full.

(2) **Principal Amortization/Mandatory Prepayments**. The Loan shall be an interest-only loan and Borrower shall not be required to make any regularly scheduled principal amortization payments; provided, however, if on any day the outstanding principal amount of the Loan exceeds the lesser of (i) eighty-five percent (85%) of the sum of the Valuation Amounts or (ii) the Maximum Commitment, Borrower shall pay such excess to Lender, in immediately available funds, within thirty (30) days of demand by Lender (or on such earlier date as is required by any other applicable provision of this Agreement).

(3) **Maturity**. On the Maturity Date, Borrower shall pay to Lender all outstanding principal, accrued and unpaid interest, and any other amounts due under the Loan Documents. Subject to the provisions of this Section 2.3(3), Borrower, at its option, may extend the term of the Loan for two (2) additional 12-month periods. Borrower's right to extend the term of the Loan is subject to the satisfaction of each of the following conditions as to each extension:

(a) Borrower shall deliver to Lender a written request to extend the term of the Loan (the "**Extension Request**") at least ninety (90) days before the then existing Maturity Date.

(b) No Event of Default or Potential Default has occurred and is continuing on the date on which Borrower delivers the Extension Request to Lender, or on the date the extension period commences.

(c) Borrower shall have paid to Lender, in immediately available funds, an extension fee equal to one quarter percent (0.25%) of the Maximum Commitment.

(d) During the extended term of the Loan, all terms and conditions of the Loan Documents (other than the original Maturity Date) shall continue to apply except that Borrower shall have no further right to extend the term of the Loan after the second extension.

(e) The Debt Service Coverage (based an Applicable Margin of 2.05% and assuming the outstanding Loan balance equals the Maximum Commitment) equals or exceeds 1.15 to 1 and the LTV Ratio does not exceed eighty-five percent (85%).

(f) If required by Lender, Borrower shall cause to be delivered to Lender at Borrower's expense an updated Site Assessment for each Property reasonably satisfactory to Lender, which shall show no adverse matters or items.

(g) If required by Lender, Borrower shall cause to be delivered to Lender at Borrower's expense an updated engineering and an updated seismic report for each Property, each report reasonably satisfactory to Lender, which shall show no adverse matters or items.

(h) Borrower shall execute and deliver such other instruments, certificates, opinions of counsel and documentation as Lender shall reasonably request in order to preserve, confirm or secure the Liens and security granted to Lender by the Loan Documents, including any amendments, modifications or supplements to any of the Loan Documents, endorsements to the Title Insurance Policies and, if required by Lender, estoppels and other certificates.

(i) Borrower shall pay all costs and expenses incurred by Lender in connection with such extension of the Loan, including Lender's attorneys' fees and disbursements.

(4) **Lockout/Prepayment**. The Loan may not be canceled or otherwise terminated by Borrower through April 30, 2009 (the "**Lockout Period**"). Thereafter, upon not less than thirty (30) days' prior written notice to Lender, Borrower may, upon repayment of the Loan and satisfaction of any other obligations owing under the Loan Documents in full (including without limitation the payment of the Unused Fee prorated from the first day of the then current calendar quarter through the end of the Lockout Period), Borrower may cancel the Loan, from and after which Borrower shall have no further right to request or receive Loan advances and Lender shall have no further obligations under the Loan Documents. If the Loan is accelerated during the Lockout Period for any reason other than casualty or condemnation, Borrower shall pay, in addition to all other amounts outstanding under the Loan Documents (including without limitation the payment of the Unused Fee prorated from the first day of the then current calendar quarter through the date of cancellation), a prepayment premium equal to $250,000.00.

(5) **Application of Payments**. All payments received by Lender under the Loan Documents shall be applied to the following, in such order as Lender may

elect in its sole discretion: (a) to any fees and expenses due to Lender under the Loan Documents; (b) to any Default Rate interest or late charges; (c) to accrued and unpaid interest; (d) to amounts owed under any reserves or escrows required by Lender; and (e) to the principal sum and other amounts due under the Loan Documents. Prepayments of principal shall be applied against amounts owing in inverse order of maturity.

Section 2.4 **Security**. The Loan shall be secured by the Mortgages creating a first lien on the Projects, the Assignments of Rents and Leases and the other Loan Documents.

Section 2.5 **Origination Fee**. As partial consideration for Lender's agreement to make the Loan, Borrower shall pay to Lender a loan origination fee of $500,000.00 (the "**Origination Fee**"). The Origination Fee shall be payable in full on or before the Closing Date.

Section 2.6 **Unused Fee**. In addition to the payment of the Origination Fee provided for in Section 2.5 above, Borrower shall pay to Lender (commencing on January 1, 2008 and by the first day of each April, July, October and January thereafter), an unused fee (the "**Unused Fee**") on the average daily amount of the Maximum Commitment which was unused during the immediately preceding calendar quarter calculated on the basis of actual days elapsed in a year consisting of 360 days, at the rate of one eighth percent (0.125%) per annum, calculated through the last calendar day of each such calendar quarter, and payable in arrears. For purposes of this Section 2.6: (a) the average daily amount of the Maximum Commitment which was unused shall equal: (i) the average daily Maximum Commitment during a calendar quarter; less (ii) the average daily utilization of the Maximum Commitment during such calendar quarter; (b) the average daily Maximum Commitment during a calendar quarter shall equal the quotient of: (i) the aggregate of the Maximum Commitment on each day during such calendar quarter; divided by (ii) the number of days in such calendar quarter; and (c) the average daily utilization of the Maximum Commitment during a calendar quarter shall equal the mean average daily closing balance of the Loan during such calendar quarter; provide, however, that the Unused Fee due January 1, 2008 shall be calculated for the period commencing on the Closing Date and ending on December 31, 2007.

Section 2.7 **Debt Service Coverage**. At the end of each Loan Year, Lender shall test the Debt Service Coverage based on an Applicable Margin of 2.05% and assuming the outstanding Loan balance equals the Maximum Commitment. If, as of any such determination date, the Debt Service Coverage is less than 1.15:1, (i) Lender shall have the right, in its sole and absolute discretion, to permanently reduce the Maximum Commitment to an amount which would increase the Debt Service Coverage to 1.15:1, and (ii) Borrower shall, within thirty (30) days after Lender's demand, which demand shall be accompanied by Lender's supporting calculations, pay to Lender, in immediately available funds, the amount, if any, by which the outstanding principal amount of the Loan exceeds the Borrowing Base (the "**Excess**") due to the reduction in the Maximum Commitment in accordance with clause (i). Any reduction in the Maximum Commitment pursuant to this Section 2.7 shall be effective as of the date of Lender's notice of such reduction to Borrower, and shall remain effective for the balance of the Loan term unless superseded by a subsequent reduction notice by Lender in accordance with this Section 2.7.

Section 2.8 **Partial Release of Collateral**. Except as expressly set forth below in this Section, Lender shall have no obligation to release any of the Collateral until all of Borrower's indebtedness and obligations under the Loan Documents have been paid and performed in full, and all obligations of Lender under this Agreement and the other Loan Documents have terminated. Borrower shall be entitled to obtain releases of Projects from the Lien of the Loan Documents, provided that all of the following conditions are satisfied as to each proposed release of a Project (the "**Release Project**"):

(1) Borrower has provided Lender with at least thirty (30) (or five (5) days for the release of the " 1195 Lanham, MD" Project completed within ninety (90) days after the Closing Date) but not more than ninety (90) days prior written notice (the "**Partial Release Notice**") of the proposed release together with copies of any documents which Borrower requests that Lender execute in connection with such proposed release.

(2) Except for the release of the "1195 Lanham, MD" Project completed within ninety (90) days after the Closing Date, for any proposed release occurring during the Lockout Period, the proposed release shall be requested in connection with a bona fide sale of the Release Project to a third party purchaser (not an Affiliate of Borrower or any Borrower Party). During the Lockout Period, no partial release shall be permitted if requested in connection with a refinance or other recapitalization of a Project or any other transaction other than a bona fide sale to a third party purchaser except for the release of the "1195 Lanham, MD" Project completed within ninety (90) days after the Closing Date.

(3) For any proposed release occurring after the Lockout Period, concurrently with the requested release, fee title to the Release Project, or the ownership interests in the current owners thereof, shall be transferred to a Person other than Borrower, any Subsidiary or any entity in which Borrower or any Subsidiary holds a direct or indirect ownership interest.

(4) No Event of Default or Potential Default has occurred and is continuing on the date on which Borrower delivers the Partial Release Notice to Lender, or on the date of the requested release.

(5) If, after giving effect to the requested release (and the resulting decrease in the Borrowing Base), the outstanding balance of the Loan exceeds the Borrowing Base, Borrower shall have paid to Lender the Excess.

(6) The remaining Projects shall be acceptable to Lender in its sole and absolute discretion. Without limiting the foregoing, the Valuation Amount for any remaining Project shall not exceed twenty-five percent (25%) of the sum of the Valuation Amounts for all remaining Projects, and the Valuation Amounts for all remaining Projects located in the same "Metropolitan Statistical Area" (as defined by the United States Office of Management and Budget) shall not exceed thirty-five percent (35%) of the sum of the Valuation Amounts for all remaining Projects.

(7) Lender shall have prepared, and Borrower shall have acknowledged, revised Schedules 1.1(A), l.(B) and 4.1, in each case revised to exclude the Release Project and, if applicable, its Subsidiary owner. As of the date of the release of Release Project from the Lien of the Loan Documents, such revised schedules shall be deemed to supersede and replace the prior versions thereof.

(8) Borrower shall have executed and delivered to Lender such other instruments, certificates and documentation as Lender shall reasonably request in order to preserve, confirm or secure the validity and priority of the remaining Liens and security granted to Lender under the Loan Documents, including any amendments, modifications or supplements to any of the Loan Documents and endorsements to the Title Insurance Policies insuring the Liens of the Mortgages encumbering the remaining Projects.

(9) Borrower shall have delivered to Lender a copy of any purchase and sale agreement and all other related documentation with respect to the sale of the Release Project.

(10) Borrower shall have paid all costs and expenses incurred by Lender in connection with the proposed release, including attorneys' fees and costs and all title insurance premiums for title endorsements required by Lender in connection with the proposed release.

Section 2.9 **Additional Projects**. During the term of the Loan, Borrower shall have the option of adding additional self-storage projects (each an "**Additional Project**") to the Collateral, upon the satisfaction of all of the following conditions precedent with respect to each such Additional Project (and delivery below shall be subject to Lender's receipt, review, approval and/or confirmation, at Borrower's cost and expense, each in form and substance satisfactory to Lender):

(1) Borrower has provided Lender with at least thirty (30) but not more than ninety (90) days prior written notice (the "**Additional Project Notice**") of the proposed addition of the Additional Project to the Collateral.

(2) No Event of Default or Potential Default has occurred and is continuing on the date on which Borrower delivers the Additional Project Notice to Lender, or on the date of the requested addition.

(3) The Additional Project shall be acquired by Borrower.

(4) The Additional Project shall be acceptable to Lender in its sole and absolute discretion.

(5) Concurrently with the addition of the Additional Project, Borrower shall pay to Lender a fee (the "**Additional Project Fee**") equal to one quarter percent (0.25%) of eighty-five percent (85%) of the Valuation Amount determined by Lender for such Additional Project; provided, however, the Additional Project Fee shall be waived for each of the first two (2) Additional Projects added to the Collateral in any Loan Year.

(6) Lender shall have received a Mortgage (the "**Additional Mortgage**") covering the Additional Project and all personal property related thereto (and such Additional Mortgage shall have been properly recorded in the official records of the county or counties in which the Additional Project is located).

(7) Lender shall have received an Assignment of Rents and Leases (the "**Additional Assignment of Rents and Leases**") covering the Additional Project and all leases related thereto (and such Additional Assignment of Rents and Leases shall have been properly recorded in the official records of the county or counties in which the Additional Project is located).

(8) Lender shall have prepared, and Borrower shall have acknowledged, revised Schedules 1.1(A) (which shall reflect Lender's determination of the Valuation Amount for the Additional Project) and l.1(B), revised to include the applicable information for the Additional Project. As of the date of the recordation of the Mortgage encumbering the Additional Project, such revised schedules shall be deemed to supersede and replace the prior versions thereof.

(9) Lender shall have received an ALTA (or equivalent) mortgagee policy of title insurance, with reinsurance and endorsements as Lender may reasonably require, containing no exceptions to title (printed or otherwise) which are unacceptable to Lender, and insuring that the Additional Mortgage is a first-priority Lien on the Additional Project and related collateral. Borrower shall also obtain, at its sole cost and expense, any endorsements, continuations or modifications to any existing title policies as Lender may reasonably request, including without limitation aggregation or tie-in endorsements, but not including any overall increase in the insured amount above the Maximum Commitment Amount.

(10) Lender shall have received legal opinions issued by counsel for the entity acquiring the Additional Project (and, where required by Lender, by Lender's local counsel), opining as to the due organization, valid existence and good standing of such Person, and the due authorization, execution, delivery, enforceability and validity of the Additional Mortgage and the Additional Assignment of Rents and Leases with respect to, such

Person; that the Loan, as reflected in the Loan Documents, is not usurious; to the extent that Lender is not otherwise satisfied, that the Additional Project and its use is in full compliance with all legal requirements; and as to such other matters as Lender and Lender's counsel reasonably may specify.

(11) Lender shall have received such information regarding the Additional Project as Lender shall request, including without limitation financial information, historic rent rolls and operating statements, to enable Lender to establish a Valuation Amount for the Additional Project.

(12) Lender shall have received UCC searches for the seller of the Additional Project.

(13) Lender shall have received evidence of insurance as required by this Agreement with respect to the Additional Project.

(14) Lender shall have received a current ALTA/ACSM land title survey of the Additional Project, dated or updated to a date not earlier than thirty (30) days prior to the date hereof, certified to Lender and the issuer of Lender's title insurance, prepared by a licensed surveyor acceptable to Lender and such title insurer, and conforming to Lender's current standard survey requirements.

(15) Lender shall have a current engineering report or architect's certificate with respect to the Additional Project, covering, among other matters, inspection of heating and cooling systems, roof and structural details and showing no failure of compliance with building plans and specifications, applicable legal requirements (including requirements of the Americans with Disabilities Act) and fire, safety and health standards. As requested by Lender, such report shall also include an assessment of the Additional Project's tolerance for earthquake and seismic activity.

(16) Lender shall have received a current Site Assessment for the Additional Project.

(17) Lender shall have received a current rent roll of the Additional Project, which Borrower shall represent and warrant is true and correct. Such rent roll shall include the following information: (a) tenant names; (b) unit/suite numbers; (c) area of each demised premises and total area of the Additional Project (stated in net rentable square feet); (d) rental rate (including escalations) (stated in gross amount and in amount per net rentable square foot per year); and (e) security deposit, if any.

(18) Lender shall have received evidence that the Additional Project and the operation thereof comply with all legal requirements, including that all requisite certificates of occupancy, building permits, and other licenses, certificates, approvals or consents required of any governmental authority have been issued without variance or condition and that there is no litigation, action, citation, injunctive proceedings, or like matter pending or threatened with respect to the validity of such matters. At Lender's request, Borrower shall furnish Lender with a zoning endorsement to Lender's title insurance policy (if available), zoning letters from applicable municipal agencies, and utility letters from applicable service providers or other reasonable proof that required utilities are available to the Additional Project.

(19) No condemnation or adverse zoning or usage change proceeding shall have occurred or shall have been threatened against the Additional Project; the Additional Project shall not have suffered any significant damage by fire or other casualty which has not been repaired; no law, regulation, ordinance, moratorium, injunctive proceeding, restriction, litigation, action, citation or similar proceeding or matter shall have been enacted, adopted, or threatened by any governmental authority, which would have, in Lender's judgment, a material adverse effect on the Additional Project or the acquirer of the Additional Project.

(20) All fees and commissions payable to real estate brokers, mortgage brokers, or any other brokers or agents in connection with the Loan or the acquisition of the Additional Project shall have been paid, such evidence to be accompanied by any waivers or indemnifications deemed necessary by Lender.

(21) Lender shall have received payment of Lender's costs and expenses in underwriting, documenting, and closing the transaction, including fees and expenses of Lender's inspecting engineers, consultants, and outside counsel.

(22) Lender shall have received such other authorizations, documents, certificates, updates, reports, searches or items as Lender reasonably may require with respect to the Additional Project.

ARTICLE 3

INSURANCE, CONDEMNATION, AND IMPOUNDS

Section 3.1 **Insurance.** Borrower shall, and shall cause the Subsidiaries to, maintain insurance as follows:

(1) **Casualty; Business Interruption.** Borrower shall, and shall cause the Subsidiaries, to keep the Projects insured against damage by fire and the other hazards covered by a standard extended coverage and all-risk insurance policy for the full insurable value thereof on a replacement cost claim recovery basis (without reduction for depreciation or co-insurance and without any exclusions or reduction of policy limits for acts of domestic and foreign terrorism or any similar acts no matter how labeled), and shall maintain boiler and machinery insurance, acts of domestic and foreign terrorism endorsement coverage and such other casualty insurance as reasonably required by Lender. Lender reserves the right to require from time to time the following additional insurance: flood, earthquake/sinkhole, windstorm and/or building law or ordinance. Borrower shall, and shall cause each Subsidiary, to keep each of its Projects insured against loss by flood if such Project is located currently or at any time in the future in an area identified by the Federal Emergency Management Agency as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994 (as such acts may from time to time be amended) in an amount at least equal to the lesser of (a) the maximum value of the Project (as determined by Lender) or (b) the maximum limit of coverage available under said acts. Any such flood insurance policy shall be issued in accordance with the requirements and current guidelines of the Federal Insurance Administration. Borrower shall, and shall cause each Subsidiary, to maintain business

interruption insurance, including rental income loss and extra expense, against all periods covered by Borrower and such Subsidiary's property insurance for a limit equal to twelve(12) calendar months' exposure, all without any exclusions or reduction of policy limits for acts of domestic and foreign terrorism or any similar acts no matter how labeled. Borrower shall not, and shall not permit the Subsidiaries, to maintain any separate or additional insurance which is

contributing in the event of loss unless it is properly endorsed and otherwise satisfactory to Lender in all respects. The proceeds of insurance paid on account of any damage or destruction to any Project shall be paid to Lender to be applied as provided in Section 3.2.

(2) **Liability.** Borrower shall, and shall cause the Subsidiaries, to maintain (a) commercial general liability insurance with respect to each Project providing for limits of liability of not less than $5,000,000 for both injury to or death of a person and for property damage per occurrence with a deductible not greater than $250,000.00, and (b) other liability insurance as reasonably required by Lender.

(3) **Form and Quality.** All insurance policies shall be endorsed in form and substance acceptable to Lender to name Lender as an additional insured, loss payee or mortgagee thereunder, as its interest may appear, with loss payable to Lender, without contribution, under a standard New York (or local equivalent) mortgagee clause. All such insurance policies and endorsements shall be fully paid for, shall be issued by appropriately licensed insurance companies acceptable to Lender with a rating of "A-:IX" or better as established by A.M. Best's Rating Guide, and shall be in such form, and shall contain such provisions, deductibles (with no increased deductible for acts of domestic and foreign terrorism or any similar acts no matter how labeled) and expiration dates, as are acceptable to Lender. Each policy shall provide that such policy may not be canceled or materially changed except upon thirty (30) days' prior written notice of intention of non-renewal, cancellation or material change to Lender and that no act or thing done by Borrower or any Subsidiary shall invalidate any policy as against Lender. Blanket policies shall be permitted only if Lender receives appropriate endorsements and/or duplicate policies containing Lender's right to continue coverage on a pro rata pass-through basis. Without limiting the foregoing, Lender shall have the right to conduct an annual review of Borrower's insurance coverage, which is provided pursuant to a blanket policy covering the Projects and other properties owned by affiliates of Extra Space Storage LLC, a Delaware limited liability company. Borrower agrees that Lender shall have the right to reasonably increase the amount of coverage required to be maintained under such blanket policy based on additional properties added to such blanket policy subsequent to the Closing Date (or subsequent to the most recent annual review, as the case may be), as determined by Lender's insurance consultants as part of such annual review. If Borrower or any Subsidiary fails to maintain insurance in compliance with this Section 3.1, Lender may obtain such insurance and pay the premium therefor and Borrower shall, on demand, reimburse Lender for all expenses incurred in connection therewith.

(4) **Assignment.** Borrower shall, and shall cause the Subsidiaries, to assign the policies or proofs of insurance to Lender, in such manner and form that Lender and its successors and assigns shall at all times have and hold the same as security for the payment of the Loan. If requested by Lender, Borrower shall deliver copies of all original policies certified to Lender by the insurance company or authorized agent as being true copies, together with the endorsements required hereunder. If Borrower or any Subsidiary elects to obtain any insurance which is not required under this Agreement (including earthquake insurance), all related insurance policies shall be endorsed in compliance with Section 3.1(3), and such additional insurance shall not be canceled

without prior notice to Lender. From time to time upon Lender's request, Borrower shall identify to Lender all insurance maintained by Borrower or the Subsidiaries with respect to each Project. The proceeds of insurance policies coming into the possession of Lender shall not be deemed trust funds, and Lender shall be entitled to apply such proceeds as herein provided.

(5) **Adjustments.** Borrower shall give immediate written notice of any loss to the insurance carrier, and shall give immediate notice to Lender of any loss which exceeds $25,000. Borrower, on its own behalf and on behalf of the Subsidiaries, hereby irrevocably authorizes and empowers Lender, as attorney-in-fact for Borrower and the Subsidiaries coupled with an interest, to notify any insurance carriers of Borrower and the Subsidiaries to add Lender as a loss payee, mortgagee insured or additional insured, as the case may be, to any policy maintained by Borrower or the Subsidiaries (regardless of whether such policy is required under this Agreement), to make proof of loss, to adjust and compromise any claim under insurance policies, to appear in and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds, and to deduct therefrom Lender's expenses incurred in the collection of such proceeds. Nothing contained in this Section 3.1(5), however, shall require Lender to incur any expense or take any action hereunder.

Section 3.2 **Use and Application of Insurance Proceeds.** Lender shall apply insurance proceeds to costs of restoring a damaged Project or the Loan as follows:

(1) if the loss is less than or equal to the Restoration Threshold, Lender shall apply the insurance proceeds to restoration provided (a) no Event of Default or Potential Default exists, and (b) Borrower or the applicable Subsidiary promptly commences and is diligently pursuing restoration of the Project;

(2) if the loss exceeds the Restoration Threshold, but is not more than ten percent (10%) of the replacement value of the improvements (for projects containing multiple phases or stand alone structures, such calculation to be based on the damaged phase or structure, not the project as a whole), Lender shall apply the insurance proceeds to restoration provided that at all times during such restoration (a) no Event of Default or Potential Default exists; (b) Lender determines that there are sufficient funds available to restore and repair the Project to a condition approved by Lender; (c) Lender determines that the Underwritten NOI during restoration will be sufficient to pay Debt Service during restoration; (d) Lender determines (based on leases which will remain in effect after restoration is complete) that after restoration the Debt Service Coverage will be at least equal to 1.15:1 based on an Applicable Margin of 2.05% and assuming the outstanding Loan balance equals the Maximum Commitment; (e) Lender determines that the LTV Ratio after restoration will not exceed eighty-five percent (85%); (f) Lender determines that restoration and repair of the Project to a condition approved by Lender will be completed within six months after the date of loss or casualty and in any event ninety (90) days prior to the Maturity Date; (g) Borrower or the applicable Subsidiary promptly commences and is diligently pursuing restoration of the Project; and (h) the Project after the restoration will be in compliance with and permitted under all applicable zoning, building and land use laws, rules, regulations and ordinances;

(3) if the conditions set forth above are not satisfied or the loss exceeds the maximum amount specified in Section 3.2(2) above, in Lender's sole discretion, Lender may apply any insurance proceeds it may receive to amounts owing under the Loan Documents in such order and manner as Lender in its sole discretion determines, or allow all or a portion of such proceeds to be used for the restoration of the Project; and

(4) insurance proceeds applied to restoration will be disbursed on receipt of satisfactory plans and specifications, contracts and subcontracts, schedules, budgets, lien waivers and architects' certificates, and otherwise in accordance with prudent commercial construction lending practices for construction loan advances, including, as applicable, the advance conditions under Schedule 2.1. Any insurance proceeds remaining after payment of all restoration costs shall be applied by Lender to the Loan balance or, at Lender's sole option, remitted to Borrower or the applicable Subsidiary.

Section 3.3 **Condemnation Awards.** Borrower shall immediately notify Lender of the institution of any proceeding for the condemnation or other taking of any Project or any portion thereof. Lender may participate in any such proceeding and Borrower will deliver to Lender all instruments necessary or required by Lender to permit such participation. Without Lender's prior consent, which shall not be unreasonably withheld, Borrower shall not, and shall not permit any Subsidiary to (1) agree to any compensation or award, and (2) take any action or fail to take any action which would cause the compensation to be determined. Borrower, on its own behalf and on behalf of the Subsidiaries, hereby assigns to Lender all awards and compensation to which Borrower or any Subsidiary is entitled for the taking or purchase in lieu of condemnation of any Project or any part thereof, and agrees that all such awards and compensation shall be paid to Lender. Borrower, on its own behalf and on behalf of the Subsidiaries, authorizes Lender to collect and receive such awards and compensation, to give proper receipts and acquittances therefor, and in Lender's sole discretion to apply the same toward the payment of the Loan, notwithstanding that the Loan may not then be due and payable, or to the restoration of the affected Project; however, if the award is less than or equal to $50,000 and Borrower requests that such proceeds be used for non-structural site improvements (such as landscape, driveway, walkway and parking area repairs) required to be made as a result of such condemnation, Lender will apply the award to such restoration in accordance with disbursement procedures applicable to insurance proceeds provided there exists no Potential Default or Event of Default. Borrower, upon request by Lender, shall execute or cause the Subsidiaries to execute all instruments requested to confirm the assignment of the awards and compensation to Lender, free and clear of all liens, charges or encumbrances.

Section 3.4 **Impounds.** Borrower shall deposit into a reserve with Lender, monthly on the first day of each month, one-twelfth (l/12th) of the annual charges for ground or other rent, if any (but only if such rent is due less often than monthly or, regardless of payment frequency, if Borrower has failed to make one or more of such payments), insurance premiums and real estate taxes, assessments and similar charges relating to each Project. On or before Closing Date, Borrower shall deposit with Lender a sum of money which together with the monthly installments will be sufficient to make each of such payments thirty (30) days prior to the date any delinquency or penalty becomes due with respect to such payments. Deposits shall

be made on the basis of Lender's estimate from time to time of the charges for the current year (after giving effect to any reassessment or, at Lender's election, on the basis of the charges for the prior year, with adjustments when the charges are fixed for the then current year). All funds so deposited shall be held by Lender, without interest, and may be commingled with Lender's general funds. Borrower hereby grants to Lender a security interest in all funds so deposited with Lender for the purpose of securing the Loan. While an Event of Default exists, the funds deposited may be applied in payment of the charges for which such funds have been deposited, or to the payment of the Loan or any other charges affecting the security of Lender, as Lender may elect, but no such application shall be deemed to have been made by operation of law or otherwise until actually made by Lender. Borrower shall furnish Lender with bills for the charges for which such deposits are required at least thirty (30) days prior to the date on which the charges first become payable. If at any time the amount on deposit with Lender, together with amounts to be deposited by Borrower before such charges are payable, is insufficient to pay such charges, Borrower shall deposit any deficiency with Lender immediately upon demand. Lender shall pay such charges when the amount on deposit with Lender is sufficient to pay such charges and Lender has received a bill for such charges.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to Lender that:

Section 4.1 **Organization and Power**. Borrower and each Borrower Party is duly organized, validly existing and in good standing under the laws of the state of its formation or existence. Borrower is in compliance with all legal requirements applicable to doing business in the state in which Borrower's Projects are located. Each Subsidiary is in compliance with all legal requirements applicable to doing business in the state in which such Subsidiary's Project is located. Borrower is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code. Borrower and each Borrower Party has only one state of incorporation or organization, which is set forth in Schedule 4.1. All other information regarding Borrower and each Borrower Party contained in Schedule 4.1, including the ownership structure of Borrower and its constituent entities, is true and correct as of the Closing Date.

Section 4.2 **Validity of Loan Documents**. The execution, delivery and performance by Borrower and each Borrower Party of the Loan Documents: (1) are duly authorized and do not require the consent or approval of any other party or governmental authority which has not been obtained; and (2) will not violate any law or result in the imposition of any lien, charge or encumbrance upon the assets of any such party, except as contemplated by the Loan Documents. The Loan Documents constitute the legal, valid and binding obligations of Borrower and each Borrower Party, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, or similar laws generally affecting the enforcement of creditors' rights.

Section 4.3 **Liabilities; Litigation; Other Secured Transactions**.

(1) The financial statements delivered by Borrower and each Borrower Party are true and correct with no significant change since the date of preparation. Except as disclosed in such financial statements, there are no liabilities (fixed or contingent) affecting any Project, Borrower or any Borrower Party. Except as disclosed in such financial statements, there is no litigation, administrative proceeding, investigation or other legal action (including any proceeding under any state or federal bankruptcy or insolvency law) pending or, to the knowledge of Borrower, threatened, against any Project, Borrower or any Borrower Party which if adversely determined could have a material adverse effect on such party, such Project or the Loan.

(2) Neither Borrower nor any Subsidiary is, or has been, bound (whether as a result of a merger or otherwise) as a debtor under a pledge or security agreement entered into by another Person, which has not heretofore been terminated.

Section 4.4 **Taxes and Assessments**. Each Project is comprised of one or more parcels, each of which constitutes a separate tax lot and none of which constitutes a portion of any other tax lot. Except as otherwise shown on the Title Insurance Policies, there are no pending or, to Borrower's best knowledge, proposed, special or other assessments for public improvements or otherwise affecting any Project, nor are there any contemplated improvements to any Project that may result in such special or other assessments.

Section 4.5 **Other Agreements; Defaults**. Neither Borrower nor any Borrower Party is a party to any agreement or instrument or subject to any court order, injunction, permit, or restriction which might adversely affect in any material respect any Project or the business, operations, or condition (financial or otherwise) of Borrower or any Borrower Party. Neither Borrower nor any Borrower Party is in violation of any agreement which violation would have an adverse effect in any material respect on any Project, Borrower, or any Borrower Party or Borrower's or any Borrower Party's business, properties, or assets, operations or condition, financial or otherwise.

Section 4.6 **Compliance with Law**.

(1) To the best of Borrower's knowledge, Borrower and each Borrower Party have all requisite licenses, permits, franchises, qualifications, certificates of occupancy or other governmental authorizations to own, lease and operate the Projects and carry on its business. Except as set forth in the zoning reports and the property condition reports obtained by Lender in connection with the Loan and listed in Schedule 4.6 attached hereto, each Project is in compliance with all applicable zoning, subdivision, building and other legal requirements and is free of structural defects. Except as set forth in the property condition reports obtained by Lender in connection with the Loan, each Project's building systems are in good working order, subject to ordinary wear and tear. Except as set forth in the zoning reports obtained by Lender in connection with the Loan and listed in Schedule 4.6 attached hereto, no Project constitutes, in whole or in part, a legally non-conforming use under applicable legal requirements.

(2) No condemnation has been commenced or, to Borrower's knowledge, is contemplated with respect to all or any portion of any Project or for the relocation of roadways providing access to any Project.

(3) Each Project has adequate rights of access to public ways and is served by adequate water, sewer, sanitary sewer and storm drain facilities. All public utilities necessary or convenient to the full use and enjoyment of each Project are located in the public right-of-way abutting such Project, and all such utilities are connected so as to serve such Project without passing over other property, except to the extent such other property is subject to a perpetual easement for such utility benefiting such Project. All roads necessary for the full utilization of each Project for its current purpose have been completed and dedicated to public use and accepted by all governmental authorities.

Section 4.7 **Location of Borrower**. Borrower's and each Subsidiary's principal place of business and chief executive offices are located at the address stated in Section 12.1 and, except as otherwise set forth in Schedule 4.1, Borrower and each Subsidiary at all times has maintained its principal place of business and chief executive office at such location or at other locations within the same state.

Section 4.8 **ERISA.**

(1) As of the Closing Date and throughout the term of the Loan, (a) neither Borrower nor any Subsidiary is nor will be an "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), which is subject to Title I of ERISA, and (b) the assets of Borrower and each Subsidiary do not and will not constitute "plan assets" of one or more such plans for purposes of Title I of ERISA; and

(2) As of the Closing Date and throughout the term of the Loan (a) neither Borrower nor any Subsidiary is nor will not be a "governmental plan" within the meaning of Section 3(3) of ERISA and (b) transactions by or with Borrower and each Subsidiary are not and will not be subject to state statutes applicable to Borrower or any Subsidiary regulating investments of and fiduciary obligations with respect to governmental plans.

(3) Neither Borrower nor any Subsidiary has any employees.

Section 4.9 **Margin Stock**. No part of proceeds of the Loan will be used for purchasing or acquiring any "margin stock" within the meaning of Regulations T, U or X of the Board of Governors of the Federal Reserve System.

Section 4.10 **Tax Filings**. Borrower and each Borrower Party have filed (or have obtained effective extensions for filing) all federal, state and local tax returns required to be filed and have paid or made adequate provision for the payment of all federal, state and local taxes, charges and assessments payable by Borrower and each Borrower Party, respectively.

Section 4.11 **Solvency**. Giving effect to the Loan, the fair saleable value of Borrower's assets exceeds and will, immediately following the making of the Loan, exceed

Borrower's total liabilities, including, without limitation, subordinated, unliquidated, disputed and contingent liabilities. The fair saleable value of Borrower's assets is and will, immediately following the making of the Loan, be greater than Borrower's probable liabilities, including the maximum amount of its contingent liabilities on its Debts as such Debts become absolute and matured. Borrower's assets do not and, immediately following the making of the Loan will not, constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. Borrower does not intend to, and does not believe that it will, incur Debts and liabilities (including contingent liabilities and other commitments) beyond its ability to pay such Debts as they mature (taking into account the timing and amounts of cash to be received by Borrower and the amounts to be payable on or in respect of obligations of Borrower). Giving effect to the Contribution Agreement, the fair saleable value of each Subsidiary's assets exceeds and will, immediately following the making of the Loan, exceed each Subsidiary's total liabilities, including subordinated, unliquidated, disputed and contingent liabilities. The fair saleable value of each Subsidiary's assets is and will, immediately following the making of the Loan and the encumbrance of the Projects by the Mortgages, be greater than each Subsidiary's probable liabilities, including the maximum amount of its contingent liabilities on its Debts as such Debts become absolute and matured. No Subsidiary's assets constitute and, immediately following the making of the Loan and the encumbrance of the Projects by the Mortgages will not constitute, unreasonably small capital to carry out its business as conducted or as proposed to be conducted. No Subsidiary intends to, nor does any Subsidiary believe that it will, incur Debts and liabilities (including contingent liabilities and other commitments) beyond its ability to pay such Debts as they mature (taking into account the timing and amounts of cash to be received by such Subsidiary and the amounts to be payable on or in respect of obligations of such Subsidiary). Except as expressly disclosed to Lender in writing, no petition in bankruptcy has been filed by or against Borrower or any Borrower Party in the last seven (7) years, and neither Borrower nor any Borrower Party in the last seven (7) years has ever made an assignment for the benefit of creditors or taken advantage of any insolvency act for the benefit of debtors. Neither Borrower nor any Borrower Party is contemplating either the filing of a petition by it under state or federal bankruptcy or insolvency laws or the liquidation of all or a major portion of its assets or property, and neither Borrower nor any Borrower Party has knowledge of any Person contemplating the filing of any such petition against it.

Section 4.12 **Full and Accurate Disclosure**. No statement of fact made by or on behalf of Borrower or any Borrower Party in this Agreement or in any of the other Loan Documents contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained herein or therein not misleading. There is no fact presently known to Borrower which has not been disclosed to Lender which adversely affects in any material respect, nor as far as Borrower can foresee, might adversely affect in any material respect, any Project or the business, operations or condition (financial or otherwise) of Borrower or any Borrower Party. All information supplied by Borrower regarding any other Collateral is accurate and complete in all material respects. All evidence of Borrower's and each Borrower Party's identity provided to Lender is genuine, and all related information is accurate.

ARTICLE 5

ENVIRONMENTAL MATTERS

Section 5.1 **Representations and Warranties on Environmental Matters**. To Borrower's knowledge, except as set forth in the Site Assessments, (1) no Hazardous Material is now or was formerly used, stored, generated, manufactured, installed, disposed of or otherwise present at or about any Project or any property adjacent to any Project (except for cleaning and other products currently used in connection with the routine maintenance or repair of the Projects in full compliance with Environmental Laws), (2) all permits, licenses, approvals and filings required by Environmental Laws have been obtained, and the use, operation and condition of the Projects do not, and did not previously, violate any Environmental Laws, and (3) no civil, criminal or administrative action, suit, claim, hearing, investigation or proceeding has been brought or been threatened, nor have any settlements been reached by or with any parties or any liens imposed in connection with any Project concerning Hazardous Materials or Environmental Laws.

Section 5.2 **Covenants on Environmental Matters**.

(1) Borrower shall, and shall cause each Subsidiary to, (a) comply strictly and in all respects with applicable Environmental Laws; (b) notify Lender immediately upon Borrower's or any Subsidiary's discovery of any spill, discharge, release or presence of any Hazardous Material (except for cleaning and other products used in connection with routine maintenance or repair of the Projects in full compliance with Environmental Laws) at, upon, under, within, contiguous to or otherwise affecting any Project which may constitute a violation of Environmental Law; (c) promptly remove such Hazardous Materials and remediate the affected Project in full compliance with Environmental Laws and in accordance with the reasonable recommendations and specifications of an independent environmental consultant approved by Lender; and (d) promptly forward to Lender copies of all orders, notices, permits, applications or other communications and reports in connection with any spill, discharge, release or the presence of any Hazardous Material or any other matters relating to the Environmental Laws or any similar laws or regulations, as they may affect any Project, any Subsidiary or Borrower.

(2) Borrower shall not cause, shall prohibit any other Person within the control of Borrower (including the Subsidiaries) from causing, and shall use prudent, commercially reasonable efforts to prohibit other Persons (including tenants) from causing (a) any spill, discharge or release, or the use, storage, generation, manufacture, installation, or disposal, of any Hazardous Materials (except for cleaning and other products used in connection with routine maintenance or repair of the Projects in full compliance with Environmental Laws) at, upon, under, within or about any Project or the transportation of any Hazardous Materials to or from any Project, (b) any underground storage tanks to be installed at any Project, or (c) any activity that requires a permit or other authorization under Environmental Laws to be conducted at any Project.

(3) Borrower shall provide to Lender, at Borrower's expense promptly upon the written request of Lender from time to time, a Site Assessment for any Project or; if required by Lender, an update to any existing Site Assessment for any Project, to assess the presence or absence of any Hazardous Materials and the potential costs in connection with abatement, cleanup or removal of any Hazardous Materials found on, under, at or within such Project. Borrower shall pay the cost of no more than one such Site Assessment or update for each Project in any twelve (12)-month period, unless Lender's request for a Site Assessment is based on either information provided under Section 5.2(1), a reasonable suspicion of Hazardous Materials at or near a Project, a breach of representations under Section 5.1, or an Event of Default, in which case any such Site Assessment or update shall be at Borrower's expense.

(4) Within 120 days after the Closing Date, Borrower shall cause to be prepared by environmental engineers approved by Lender, and shall deliver to Lender, Operations and Maintenance Programs (collectively, the "**O&M Programs**") for the removal or encapsulation of, or other

action for handling, asbestos-containing materials at the Projects referenced on Schedule 1.1(B) known as "1019 Norwood, MA," "1206 Waltham, MA," 1073 Arvada, CO," "1075 Thornton, CO", "1076 Westminster, CO," "1195 Lanham, MD," "1197 Morrisville, PA" and "1198 Philadelphia, PA" (collectively, the "**O&M Projects**"'). Borrower shall immediately implement the O&M Programs. Prior to the commencement of any construction, rehabilitation, modification or renovation at any O&M Project, including any such work which requires the removal of any materials or improvements of any kind in connection with the ceiling, subflooring, floor tiles, baseboard, wall texture, pipe insulation and other portions of such Project containing asbestos-containing materials (the "**ACM-Related Work**"), all ACM-Related Work shall be implemented in accordance with the procedures and programs in the O&M Program for such Project and all applicable governmental requirements. Each O&M Program and work resulting therefrom shall be conducted by an accredited, licensed, abatement contractor using state-of-the-art work practices and procedures and shall include all monitoring and project management performed by an accredited asbestos consultant. Borrower shall deliver to Lender promptly when available, copies of all reports, notices, submittals, permits, licenses, and certificates relating to any O&M Program. For each O&M Program, until all matters in such O&M Program have been satisfied, Borrower shall deliver to Lender, on or before the first day of each Loan Year, evidence of an annual inspection by the environmental engineers for the O&M Project covered thereby, addressing the status of affected space requiring ACM-Related Work or other action with respect to Hazardous Materials. Borrower shall follow the procedures of the O&M Programs with respect to any additional Hazardous Materials revealed by any annual inspection. All fees and expenses incurred for all such inspections and review and approval of any O&M Program shall be paid by Borrower.

Section 5.3 **Allocation of Risks and Indemnity**. As between Borrower and Lender, and except as expressly set forth below in this Section 5.3, all risk of loss associated with non-compliance with Environmental Laws, or with the presence of any Hazardous Material at, upon, within, contiguous to or otherwise affecting the Projects, shall lie solely with Borrower. Accordingly, except as expressly set forth below in this Section 5.3, Borrower shall bear all risks and costs associated with any loss (including any loss in value attributable to Hazardous

Materials), damage or liability therefrom, including all costs of removal of Hazardous Materials or other remediation required under this Agreement. Borrower shall at all times indemnify, defend and hold Lender harmless from and against any and all claims, suits, actions, debts, damages, losses, liabilities, litigations, judgments, charges, costs and expenses (including reasonable costs of defense), of any nature whatsoever proffered or incurred by Lender, whether as mortgagee or beneficiary under the Mortgages, as mortgagee in possession, or as successor-in-interest to Borrower or the Subsidiaries by foreclosure deed or deed in lieu of foreclosure, and whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law, including those arising from the joint, concurrent or comparative negligence of Lender, under or on account of the Environmental Laws, including the assertion of any lien thereunder, with respect to: (1) a breach of any representation, warranty or covenant of Borrower contained in this Article 5; (2) any acts performed by Lender pursuant to the provisions of this Article 5; (3) any discharge of Hazardous Materials, the threat of discharge of any Hazardous Materials or the storage or presence of any Hazardous Materials affecting any Project whether or not the same originates or emanates from a Project or any contiguous real estate, including any loss of value of any Project as a result of the foregoing; (4) any costs of removal or remedial action incurred by the United States Government or any costs incurred by any other Person or damages from injury to, destruction of, or loss of natural resources including reasonable costs of assessing such injury, destruction or loss incurred pursuant to any Environmental Laws; (5) liability for personal injury or property damage arising under any statutory or common law tort theory, including without limitation damages assessed for the maintenance of a public or private nuisance or for the carrying on of an abnormally dangerous activity at, upon, under or within any Project; and/or (6) any other environmental matter affecting any Project within the jurisdiction of the Environmental Protection Agency, any other federal agency or any state or local environmental agency. The foregoing notwithstanding, Borrower shall not be liable under the foregoing indemnification to the extent any such loss, liability, damage, claim, cost or expense results solely from Lender's gross negligence or willful misconduct. Borrower's obligations under this Article 5 shall arise upon the discovery of the presence of any Hazardous Material, whether or not the Environmental Protection Agency, any other federal agency or any state or local environmental agency has taken or threatened any action in connection with the presence of any Hazardous Materials and whether or not the existence of any such Hazardous Material or potential liability on account thereof is disclosed in any Site Assessment, and shall continue notwithstanding the repayment of the Loan or any transfer or sale of any right, title and interest in the Projects (by foreclosure, deed in lieu of foreclosure or otherwise). Notwithstanding the foregoing, subject to the conditions specified below in this Section 5.3, Borrower shall not be liable under this Section 5.3 for such indemnified matters directly created or arising from events or conditions caused or created by Lender with respect to any Project and first existing after Lender acquires title to such Project by foreclosure or acceptance of a deed in lieu thereof, but only if (a) Borrower delivers to Lender a current site assessment evidencing the presence of no Hazardous Materials on such Project and no violation of any Environmental Laws with respect to such Project not more than ninety (90) days and not less than thirty (30) days prior thereto, and (b) such loss, liability, damage, claim, cost or expense does not directly or indirectly arise from or relate to any release of or exposure to any Hazardous Material (including personal injury or damage to property), non-compliance with any Environmental Laws, or remediation existing or occurring prior to the date Lender acquires title to such Project.

Section 5.4 **Lender's Right to Protect Collateral**. If (1) any discharge of Hazardous Materials or the threat of a discharge of Hazardous Material affecting any Project occurs, whether originating or emanating from such Project or any contiguous real estate, and/or (2) Borrower or any Subsidiary fails to comply with any Environmental Laws or related regulations, Lender may at its election, but without the obligation so to do, give such notices and/or cause such work to be performed at the affected Project and/or take any and all other actions as Lender shall deem necessary or advisable in order to abate the discharge of any Hazardous Material, remove the Hazardous Material or cure Borrower's or such Subsidiary's noncompliance.

Section 5.5 **No Waiver**. Notwithstanding any provision in this Article 5 or elsewhere in the Loan Documents, or any rights or remedies granted by the Loan Documents, Lender does not waive and expressly reserves all rights and benefits now or hereafter accruing to Lender under any "security interest" or "secured creditor" exception under applicable Environmental Laws, as the same may be amended. No action taken by Lender pursuant to the Loan Documents shall be deemed or construed to be a waiver or relinquishment of any such rights or benefits under any "security interest exception."

ARTICLE 6

LEASING MATTERS

Section 6.1 **Representations and Warranties on Leases**. Borrower represents and warrants to Lender with respect to leases of each Project that: (1) the rent roll delivered to Lender is true and correct, and the leases are valid and in full force and effect; (2) the leases (including amendments) are in writing, and there are no oral agreements with respect thereto; (3) the copies of the leases delivered to Lender are true and complete; (4) neither the landlord

nor more than (i) five percent (5 %) of the self-storage tenants at any one Project and (ii) five percent (5%) of all self-storage tenants at all Projects are in default under any of the leases; (5) no retail or office tenant is in default under any of the leases which would represent more than five percent (5%) of the Operating Revenues of any one Project or the Projects in aggregate; (6) Borrower has no knowledge of any notice of termination or default with respect to any retail or office lease which would represent more than five percent (5%) of the Operating Revenues of any one Project or the Projects in aggregate (except that Foster-Miller has given notice that it is terminating the Foster-Miller Lease); (7) Borrower has not assigned or pledged any of the leases, the rents or any interests therein except to Lender; (8) no tenant or other party has an option to purchase all or any portion of any Project; (9) no retail or office tenant has the right to terminate its lease prior to expiration of the stated term of such lease; (10) not more than five percent (5%) of the self-storage tenants at any Project has prepaid more than one month's rent in advance (except for bona fide security deposits not in excess of an amount equal to two month's rent), and no self-storage tenants have prepaid more than twelve month's rent in advance; (11) no retail or office tenant has prepaid more than one month's rent in advance (except for bona fide security deposits not in excess of an amount equal to two month's rent); and (12) all existing retail and office leases are subordinate to the applicable Mortgages either pursuant to their terms or a recorded subordination agreement, or are month-to-month leases.

Section 6.2 **Standard Lease Form; Approval Rights**. Except as provided below, all future leases and other rental arrangements shall in all respects be approved by Lender and shall be on a standard lease form provided to Lender with no material modifications (except as approved by Lender). Except as provided below, all retail and office leases and other rental arrangements shall in all respects be approved by Lender and shall be on a standard lease form approved by Lender with no material modifications (except as approved by Lender). Lender hereby approves of the Borrower's current standard forms for self-storage leases and office/retail leases which have been provided to Lender. Retail and office lease forms shall provide that the tenant shall attorn to Lender, and that any cancellation, surrender, or amendment of such lease without the prior written consent of Lender shall be voidable by Lender. Borrower shall, and shall cause each Subsidiary to, hold, in trust, all tenant security deposits related to Borrower's and such Subsidiary's Project(s) in the manner required by the applicable leases and applicable law. Within ten (10) days after Lender's request, Borrower shall furnish to Lender a statement of all tenant security deposits, copies of all retail and office leases not previously delivered to Lender and a current rent roll for each Project, each certified by Borrower as being true and correct. Notwithstanding anything contained in the Loan Documents, Lender's approval shall not be required for future self-storage leases or self-storage lease extensions at a Project if there exists no Event of Default. Notwithstanding anything contained in the Loan Documents, Lender's approval shall not be required for future retail or office leases or retail or office lease extensions at a Project if the following conditions are satisfied: (1) there exists no Potential Default or Event of Default; (2) the lease is on the standard lease form approved by Lender with no material modifications (except as approved by Lender, such approval not to be unreasonably withheld or delayed); (3) the lease does not conflict with any restrictive covenant affecting the Project or any other lease for space in the Project; and (4) the leased premises, when combined with all other space in the Project leased to the same tenant or any Affiliate thereof, are not greater than 5,000 rentable square feet, and the lease term is at least 36 months (but not more than 60 months).

Section 6.3 **Covenants**. Borrower shall, and shall cause each Subsidiary to, (1) perform the obligations which Borrower or such Subsidiary is required to perform under the leases; (2) enforce the obligations to be performed by the tenants under (i) self-storage leases to the extent customary in the ordinary course of Borrower's business consistent with prudent property management practices and (ii) retail and office leases; (3) promptly furnish to Lender any notice of default or termination received by Borrower or any Subsidiary from, or given by Borrower or any Subsidiary to, any retail or office tenant unless such lease is for less than 1,000 rentable square feet; (4) not collect any rents from the self-storage tenants at any Project for more than thirty (30) days in advance of the time when the same shall become due, except for bona fide security deposits not in excess of an amount equal to two months rent, and provided that the aggregate prepaid rents collected for more than one month in advance for any Project shall not exceed five percent (5%) of the annualized gross revenues from such Project; (5) not collect any rents from retail or office tenants for more than thirty (30) days in advance of the time when the same shall become due, except for bona fide security deposits not in excess of an amount equal to two months rent; (6) not enter into any ground lease or master lease of any part of any Project; (7) not further assign or encumber any lease; (8) not, except with Lender's prior written consent, cancel or accept surrender or termination of any retail or office lease of not less than 1,000 rentable square feet at any Project except in the ordinary course of business, consistent with prudent property management practices; and (9) not, except with Lender's prior written consent,

modify or amend any retail or office lease (except for non-material modifications and amendments entered into in the ordinary course of business, consistent with prudent property management practices for the particular property type, not affecting the economic terms of the lease) of not less than 1,000 rentable square feet at any Project, and any action in violation of clauses (6), (7), (8), and (9) of this Section 6.3 shall be void at the election of Lender.

Section 6.4 **Tenant Estoppels**. At Lender's request, Borrower shall use commercially reasonable efforts to obtain and furnish to Lender, written estoppels in form and substance reasonably satisfactory to Lender, executed by self-storage tenants under any "corporate" or master leases of any part of any Project and by retail and office tenants under any leases of any part of any Project accounting for more than ten percent (10%) of the net rentable square footage of such Project and by retail and office tenants under any leases of any part of any Project in excess of 5,000 square feet, and confirming the term, rent, and other provisions and matters relating to the leases.

Section 6.5 **Project Information**. The information in Schedule 1.1(B) hereof with respect to each Project is correct.

ARTICLE 7

FINANCIAL REPORTING

Section 7.1 **Financial Statements**.

(1) **Monthly Reports**. Within thirty (30) days after the end of each calendar month, Borrower shall furnish to Lender, on a Project-by-Project basis, a current (as of the calendar month just ended) balance sheet, a detailed operating statement (showing monthly activity and year-to-date) stating Operating Revenues, Operating Expenses and Net Cash Flow for the calendar month just ended, an updated rent roll for each Project, and, as requested by Lender, a written statement setting forth any variance from the annual budget, a general ledger, copies of bank statements and bank reconciliations and other documentation supporting the information disclosed in the most recent financial statements.

(2) **Annual Reports**. Within ninety (90) days after the end of Borrower's fiscal years, Borrower shall furnish to Lender, on a Project-by-Project basis, a current (as of the end of such fiscal year) balance sheet, a detailed operating statement stating Operating Revenues, Operating

Expenses and Net Cash Flow for each of Borrower and each Project, and, if required by Lender at any time after an Event of Default has occurred (even if such Event of Default is subsequently waived by Lender in its sole discretion), prepared on a review basis and certified by an independent public accountant satisfactory to Lender, provided that in such event Borrower shall have an additional sixty (60) days to deliver such certified financial statements.

(3) **Certification: Supporting Documentation**. Each such financial statement shall be in scope and detail satisfactory to Lender and certified by the chief financial representative of Borrower.

(4) **Tax Returns**. Borrower shall furnish to Lender copies of Borrower's and each Subsidiary's filed federal, state and (if applicable) local income tax returns for each taxable year (with all forms and supporting schedules attached) within thirty (30) days after filing. Alternatively, if Borrower and each Subsidiary are included in a consolidated tax return pursuant to applicable tax law, delivery of such consolidated tax statements (with all forms and supporting schedules attached) within thirty (30) days after filing shall satisfy this requirement.

Section 7.2 **Accounting Principles**. All financial statements shall be prepared in accordance with generally accepted accounting principles, consistently applied from year to year. If the financial statements are prepared on an accrual basis, such statements shall be accompanied by a reconciliation to cash basis accounting principles.

Section 7.3 **Other Information**. Borrower shall deliver to Lender such additional information regarding Borrower, the Subsidiaries, its business, any Borrower Party, and the Projects within thirty (30) days after Lender's request therefor.

Section 7.4 **Annual Budget**. Borrower shall provide to Lender its proposed annual capital improvements budget for each Project for each fiscal year for Lender's review and approval, which approval shall not be unreasonably withheld, and Borrower shall provide to Lender its proposed annual operating budget for each Project for such fiscal year for Lender's review. Both such budgets shall be provided within ninety (90) days after the commencement of each fiscal year.

Section 7.5 **Audits**. Lender's employees and third party consultants shall be entitled to perform such financial investigations and audits of Borrower's and each Subsidiary's books and records as Lender shall deem necessary. Borrower shall reimburse Lender for the costs of (i) one financial audit of Borrower, the Subsidiaries and all Projects per Loan Year, (ii) any financial audits required in connection with determining the Debt Service Coverage in accordance with this Agreement, and (iii) any additional financial audits performed while any Event of Default exists. Borrower shall permit Lender and Lender's agents and consultants to examine such records, books and papers of Borrower and each Subsidiary which reflect upon its financial condition, the income and expenses relative to the Projects and the representations set forth in Article 9. Borrower authorizes Lender to communicate directly with Borrower's and each Subsidiary's independent certified public accountants; provided that Borrower shall have the right to participate in all communications with such accountants, and Borrower agrees to not impair, impede or delay such communications. Borrower authorizes such accountants to disclose to Lender any and all financial statements and other supporting financial documents and schedules, including copies of any management letter, with respect to the business, financial condition and other affairs of Borrower and each Subsidiary.

ARTICLE 8

COVENANTS

Borrower covenants and agrees with Lender as follows:

Section 8.1 **Due on Sale and Encumbrance; Transfers of Interests**. Without the prior written consent of Lender,

(1) Except as permitted under Section 2.8, no Transfer shall occur or be permitted, nor shall Borrower enter into any easement or other agreement granting rights in or restricting the use or development of any Project; and

(2) no Transfer shall occur or be permitted alone or in the aggregate which would (a) cause Borrower to cease to own one hundred percent (100%) of the beneficial interests in the Non-New Jersey Subsidiaries and the Non-New Jersey Projects, (b) cause either Borrower or ESP 7 to cease to own one hundred percent (100%) of the beneficial interests in the New Jersey Subsidiaries and the New Jersey Projects, (c) cause either (i) ESP 7 to cease to own one hundred percent of the ownership interests in Borrower, or (ii) Extra Space Storage LLC, a Delaware limited liability company ("**ESS**") to cease to own one hundred percent of the ownership interests in Borrower, (d) cause ESS to own less than (i) fifty-one percent (51%) of the ownership interests in ESP 7 or (ii) one hundred percent (100%) of the ownership interests in the general partner of ESP 7 (unless (A) ESS directly owns 100% of the ownership interests in Borrower under subsection (c)(ii) above and (B) ESP 7 no longer directly owns any membership interest in any New Jersey Subsidiary that owns any Project serving as Collateral), (e) cause ESS to cease to be wholly-owned and controlled by a limited partnership (the "**REIT OP**") functioning as the REIT's (as defined below) operating partnership, (f) cause either Extra Space Management, Inc. (so long as Extra Space Management, Inc. remains a Qualified Manager), or a Qualified Manager (defined below), to cease to be associated with and directly involved with day to day operational and management responsibilities for the business of the REIT OP, ESS and Borrower or (g) result in a new general partner, member or limited partner having the ability to control the affairs of Borrower or ESP 7 being admitted to or created in Borrower or ESP 7 (or result in any existing general partner or member or controlling limited partner withdrawing from Borrower or ESP 7).

As used in this Agreement, "**Transfer**" shall mean any direct or indirect sale, transfer, conveyance, installment sale, master lease, mortgage, pledge, encumbrance, grant of Lien or other interest, license, lease, alienation or assignment, whether voluntary or involuntary, of all or any portion of the direct or indirect legal or beneficial ownership of, or any interest in (a) any Project or any part thereof or (b) Borrower or ESP 7, including any agreement to transfer or cede to another Person any voting, management or approval rights, or any other rights, appurtenant to any such legal or beneficial ownership or other interest. "Transfer" is specifically intended to include any pledge or assignment, directly or indirectly, of a controlling interest in Borrower or ESP 7 or any of either's general partner, controlling limited partner or controlling member for purposes of securing so-called "mezzanine" indebtedness. "Transfer" shall not

include (i) the leasing of individual units within any Project so long as Borrower complies with the provisions of the Loan Documents relating to such leasing activity; or (ii) the transfer of limited partner or non-managing member interests in ESS so long as the transfer does not violate the provisions of Sections 8.1(2), and does not violate the provisions of Article 9. As used in this Section 3.9, "**control**", and the correlative terms "**controlled by**" and "**controlling**", shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the business and affairs of the entity in question by reason of ownership of beneficial interests, by contract or otherwise. As used herein, "**Qualified Manager**" shall mean a reputable and experienced owner, operator developer or manager of Class "A" or "B" self-storage facilities that (1) has at least ten (10) years experience in the ownership, operation, development or management of Class "A" or "B" self-storage facilities, (2) is the owner, operator, developer or manager of self-storage facilities containing, in the aggregate, not less than 2,000,000 rentable square feet, and (3) is not, and within the last seven (7) years has not, been the subject of a bankruptcy proceeding. As used herein, "**REIT**" shall mean Extra Space Storage Inc., or any successor corporation which has one or more classes of shares or other ownership interests that are registered with the Securities Exchange Commission and are publicly traded on a national securities exchange or in the over-the-counter securities market.

Without limiting the foregoing, Borrower further agrees that it will require each Person that proposes to become a partner, member or shareholder (each such Person, an "**Interest Holder**") in Borrower after the Closing Date to sign and deliver to Borrower, within thirty (30) days after such transfer (and Borrower shall deliver to Lender promptly after receipt), a certificate executed by a duly authorized officer of the new Interest Holder containing representations, warranties and covenants substantially the same as the representations, warranties and covenants provided by Borrower in Article 9 hereof.

Section 8.2 **Taxes; Charges**. Borrower shall pay (or cause the Subsidiaries to pay) before any fine, penalty, interest or cost may be added thereto, and shall not enter into (or permit any Subsidiary to enter into) any agreement to defer, any real estate taxes and assessments, franchise taxes and charges, and other governmental charges that may become a Lien upon any Project or become payable during the term of the Loan, and will promptly furnish Lender with evidence of such payment; however, Borrower's compliance with Section 3.4 of this Agreement relating to impounds for taxes and assessments shall, with respect to payment of such taxes and assessments, be deemed compliance with this Section 8.2. Borrower shall not, and shall not permit any Subsidiary to, suffer or permit the joint assessment of any Project with any other real property constituting a separate tax lot or with any other real or personal property. Borrower shall, or shall cause each Subsidiary to, pay when due all claims and demands of mechanics, materialmen, laborers and others which, if unpaid, might result in a Lien on Borrower's or such Subsidiary's Project; however, Borrower or any Subsidiary, as applicable, may contest the validity of such claims and demands so long as (1) Borrower notifies Lender that Borrower or such Subsidiary intends to contest such claim or demand, (2) Borrower or such Subsidiary provides Lender with an indemnity, bond or other security satisfactory to Lender (including an endorsement to the Title Insurance Policies insuring against such claim or demand) assuring the discharge of Borrower or such Subsidiary's obligations for such claims and demands, including interest and penalties, and (3) Borrower or such Subsidiary is diligently contesting the same by appropriate legal proceedings in good faith and at its own expense and

concludes such contest prior to the tenth (10th) day preceding the earlier to occur of the Maturity Date or the date on which the applicable Project is scheduled to be sold for non-payment.

Section 8.3 **Control; Management**. Without the prior written consent of Lender, there shall be no change in the day-to-day control and management of Borrower or Borrower's general partner or managing member, and no change in their respective organizational documents relating to control over Borrower, Borrower's general partner or managing member and/or any Project. Borrower shall not, nor shall Borrower permit any Subsidiary to, enter into, terminate, replace or appoint any property manager or terminate or amend the property management agreement in any material respect for any Project without Lender's prior written approval. Any change in ownership or control of a property manager shall be cause for Lender to re-approve such property manager and its property management agreement. Each property manager shall hold and maintain all necessary licenses, certifications and permits required by law. Borrower shall fully perform all of its covenants, agreements and obligations under any property management agreement to which it is a party. Borrower shall cause each Subsidiary to fully perform all of its covenants, agreements and obligations under any property management agreement to which Subsidiary is a party. Notwithstanding anything to the contrary in this Section 8.3, changes in the individual officers and directors and managers of the REIT and its subsidiaries shall be permitted without the consent of Lender so long as such entities maintain their status as Qualified Managers.

Section 8.4 **Operation; Maintenance; Inspection**. Borrower shall, and shall cause each Subsidiary to, observe and comply with all legal requirements applicable to its existence and to the ownership, use and operation of the Projects. Borrower shall, and shall cause the Subsidiaries to, maintain the Projects in good condition and promptly repair any damage or casualty. Borrower shall not, and shall not permit any Subsidiary to, without the prior written consent of Lender, undertake any material alteration of any Project or permit any of the fixtures or personalty owned by Borrower or any Subsidiary to be removed at any time from any Project, unless the removed item is removed temporarily for maintenance and repair or, if removed permanently, is obsolete and is replaced by an article of equal or better suitability and value, owned by Borrower or such Subsidiary and free and clear of any Liens except those in favor of Lender. Borrower shall, and shall cause the Subsidiaries to, permit Lender and its agents, representatives and employees, upon reasonable prior notice to Borrower, to inspect the Projects and conduct such environmental and engineering studies as Lender may require, provided such inspections and studies do not materially interfere with the use and operation of the Projects. Notwithstanding the foregoing, Borrower and its Subsidiaries shall be permitted to convert any or all of the existing office, retail or industrial space at the "1073 Arvada, CO" Project or the "1206 Waltham, MA" Project to self storage uses, or to otherwise build out such existing spaces for future tenants; provided that such activities do not violate other provisions of this Agreement, including without limitation prohibitions against Liens and other Debt.

Section 8.5 **Taxes on Security**. Borrower shall pay all taxes, charges, filing, registration and recording fees, excises and levies payable with respect to the Note or the Liens created or secured by the Loan Documents, other than income, franchise and doing business taxes imposed on Lender. If there shall be enacted any law (1) deducting all or a portion of the Loan from the value of any Project for the purpose of taxation, (2) affecting any Lien on any Project, or (3) changing existing laws of taxation of mortgages, deeds of trust, security deeds, or

debts secured by real property, or changing the manner of collecting any such taxes, Borrower shall promptly pay to Lender, on demand, all taxes, costs and charges for which Lender is or may be liable as a result thereof; however, if such payment would be prohibited by law or would render the Loan usurious, then instead of collecting such payment, Lender may declare all amounts owing under the Loan Documents to be immediately due and payable.

Section 8.6 **Legal Existence; Name, Etc**. Borrower shall, and shall cause each Subsidiary to, preserve and keep in full force and effect its existence as, and at all times operate as, a Single Purpose Entity. Borrower and each general partner or managing member in Borrower shall, and shall cause each Subsidiary to, preserve and keep in full force and effect its entity status, franchises, rights and privileges under the laws of the state of its formation, and all qualifications, licenses and permits applicable to the ownership, use and operation of the Projects. Neither Borrower, ESP 7 nor any general partner or managing member of Borrower or ESP 7 shall wind up, liquidate, dissolve, reorganize, merge, or consolidate with or into any Person, or permit any Subsidiary or Affiliate of Borrower or ESP 7 to do so. Without limiting the foregoing, neither Borrower nor ESP 7 shall, nor shall either permit any Subsidiary to, reincorporate or reorganize itself under the laws of any jurisdiction other than the jurisdiction in which it is incorporated or organized as of the Closing Date. Borrower, ESP 7 and each general partner or managing member in Borrower and ESP 7 shall, and shall cause each Subsidiary to, conduct business only in its own name and shall not change its name, identity, organizational structure, state of formation or the location of its chief executive office or principal place of business unless Borrower (1) shall have obtained the prior written consent of Lender to such change, and (2) shall have taken all actions necessary or requested by Lender to file or amend any financing statement or continuation statement to assure perfection and continuation of perfection of security interests under the Loan Documents. Borrower and ESP 7 (and each general partner or managing member in Borrower and ESP 7, if any) shall, and shall cause each Subsidiary to, maintain its separateness as an entity, including maintaining separate books, records, and accounts and observing corporate and partnership formalities independent of any other entity, shall pay its obligations with its own funds and shall not commingle funds or assets with those of any other entity. If Borrower or any Subsidiary does not have an organizational identification number and later obtains one, Borrower shall promptly notify Lender of such organizational identification number.

Section 8.7 **Affiliate Transactions**. Without the prior written consent of Lender, Borrower, ESP 7 and the Subsidiaries shall not engage in any transaction affecting any Project with an Affiliate of Borrower or of any Borrower Party except for transactions for which (i) the terms are commercially reasonable and competitive with amounts that would be paid to or received from third parties on an "arm's length" basis, (ii) the terms are reduced to a writing covering all material aspects of such arrangement, and (iii) the agreement is terminable without cause by Borrower, ESP 7, Subsidiary or, after the occurrence of an Event of Default, Lender, without penalty or fee, upon no more than thirty (30) days' prior written notice.

Section 8.8 **Limitation on Other Debt**. Borrower (and each general partner or managing member in Borrower, if any) shall not, without the prior written consent of Lender, (1) incur any Debt other than the Loan and (2) permit the Subsidiaries to incur any Debt other than their obligations under the Mortgages and customary trade payables which are payable, and shall be paid, within sixty (60) days of when incurred.

Section 8.9 **Further Assurances**. Borrower shall promptly (1) cure, or cause the appropriate Borrower Party to cure, any defects in the execution and delivery of the Loan Documents, (2) provide, and to cause each Borrower Party to provide, Lender such additional information and documentation on Borrower's and each Borrower Party's legal or beneficial ownership, policies, procedures and sources of funds as Lender deems necessary or prudent to enable Lender to comply with Anti-Money Laundering Laws as now in existence or hereafter amended, and (3) execute and deliver, or cause to be executed and delivered, all such other documents, agreements and instruments as Lender may reasonably request to further evidence and more fully describe the collateral for the Loan, to correct any omissions in the Loan Documents, to perfect, protect or preserve any Liens created under any of the Loan Documents, or to make any recordings, file any notices, or obtain any consents, as may be necessary or appropriate in connection therewith. From time to time upon the written request of Lender, Borrower shall deliver to Lender a schedule of the name, legal domicile address and jurisdiction of organization, if applicable, for each Borrower Party and each holder of a direct legal interest in Borrower or ESP 7.

Section 8.10 **Estoppel Certificates**. Borrower, within ten (10) days after request, shall furnish to Lender a written statement, duly acknowledged, setting forth the amount due on the Loan, the terms of payment of the Loan, the date to which interest has been paid, whether any offsets or defenses exist against the Loan and, if any are alleged to exist, the nature thereof in detail, and such other matters as Lender reasonably may request.

Section 8.11 **Notice of Certain Events**. Borrower shall promptly notify Lender of (1) any Potential Default or Event of Default, together with a detailed statement of the steps being taken to cure such Potential Default or Event of Default; (2) any notice of default received by Borrower or any Subsidiary under other obligations relating to any Project or otherwise material to Borrower's or any Subsidiary's business; and (3) any threatened or pending legal, judicial or regulatory proceedings, including any dispute between Borrower or any Subsidiary and any governmental authority, affecting Borrower, any Subsidiary or any Project in any material respect.

Section 8.12 **Indemnification.** Except for matters caused by Lender's gross negligence or willful misconduct, Borrower shall indemnify, defend and hold Lender harmless from and against any and all losses, liabilities, claims, damages, expenses, obligations, penalties, actions, judgments, suits, costs and disbursements (including the reasonable fees and actual expenses of Lender's counsel) of any kind or nature whatsoever, including those arising from the joint, concurrent, or comparative negligence of Lender, in connection with (1) any inspection, review or testing of or with respect to the Projects, (2) any investigative, administrative, mediation, arbitration, or judicial proceeding, whether or not Lender is designated a party thereto, commenced or threatened at any time (including after the repayment of the Loan) in any way related to the execution, delivery or performance of any Loan Document or to any Project, (3) any proceeding instituted by any Person claiming a Lien, and (4) any brokerage commissions or finder's fees claimed by any broker or other party in connection with the Loan, any Project, or any of the transactions contemplated in the Loan Documents, except to the extent any of the foregoing is caused by Lender's gross negligence or willful misconduct.

Section 8.13 **Application of Operating Revenues**. All Operating Revenues shall be applied to the payment of Debt Service and other payments due under the Loan Documents, taxes, assessments, water charges, sewer rents and other governmental charges levied, assessed or imposed against the Projects, insurance premiums, operations and maintenance charges relating to the Projects, and other obligations of the lessor under leases of space at each Project, before using Operating Revenues for any other purpose.

Section 8.14 **Representations and Warranties**. Borrower will cause all representations and warranties to remain true and correct all times while any portion of the Loan remains outstanding.

Section 8.15 **Immediate Repairs**. Within six (6) months after the Closing Date, Borrower shall deliver to Lender evidence reasonably satisfactory to Lender that Borrower has completed, Lien free and in accordance with applicable Laws, the immediate repairs work described in the table set forth in Schedule 8.15 for the designated Projects (as such work is more particularly described in the engineering reports for such Projects prepared by Lender's consultant(s) in connection with the Loan closing, copies of which have been delivered to Borrower).

Section 8.16 **1206 Waltham, MA Lease**. On or before July 31, 2008, Borrower shall either (i) deliver to Lender evidence reasonably satisfactory to Lender that Foster-Miller or one or more other tenants acceptable to Lender have leased the entirety of the space currently covered by the Foster-Miller Lease through at least October 31, 2013 (with no early termination rights or options) at an annual base rental rate of not less than $22.00 per square foot plus percentage rent and other amounts equivalent to those due under the Foster-Miller Lease (and such lease or leases otherwise comply with the terms of this Agreement), and each such tenant has accepted possession of its leased premises, has commenced paying rent, is not then otherwise in default under its lease, and has executed and delivered to Lender an estoppel certificate, in form and substance satisfactory to Lender, confirming the foregoing matters and such other matters concerning such tenant and its lease as Lender reasonably requires, or (ii) have (A) caused the Project known as "1206 Waltham, MA" to be released from the Lien of the Loan Documents in accordance with Section 2.8 above and (B) added one or more Additional Project(s) in accordance with Section 2.9 above which have an aggregate Valuation Amount that equals or exceeds the Valuation Amount of the "1206 Waltham, MA" Project, and which would increase the Debt Service Coverage to at least 1.15:1.00 based on an Applicable Margin of 2.05% and assuming the outstanding Loan balance equals the Maximum Commitment. Should Borrower fail to satisfy the requirements set forth in either of clause (i) or (ii) above, Lender, in its sole and absolute discretion, may decrease the Valuation Amount and the Underwritten NOI of the "1206 Waltham, MA" Project to exclude any value or income attributable to retail or office uses.

Section 8.17 **Contribution Agreement.** Without the prior written consent of Lender, Borrower and the Subsidiaries shall not amend, modify or terminate the Contribution Agreement.

ARTICLE 9

ANTI-MONEY LAUNDERING AND INTERNATIONAL TRADE CONTROLS

Section 9.1 **Compliance with International Trade Control Laws and OFAC Regulations**. Borrower represents, warrants and covenants to Lender that:

(1) It is not now nor shall it be at any time until after the Loan is fully repaid a Person with whom a U.S. Person, including a Financial Institution, is prohibited from transacting business of the type contemplated by this Agreement, whether such prohibition arises under U.S. law, regulation, executive orders and lists published by the OFAC (including those executive orders and lists published by OFAC with respect to Specially Designated Nationals and Blocked Persons) or otherwise.

(2) No Borrower Party and no Person who owns a direct interest in Borrower is now nor shall be at any time until after the Loan is fully repaid a Person with whom a U.S. Person, including a Financial Institution, is prohibited from transacting business of the type contemplated by this Agreement, whether such prohibition arises under U.S. law, regulation, executive orders and lists published by the OFAC (including those executive orders and lists published by OFAC with respect to Specially Designated Nationals and Blocked Persons) or otherwise.

Section 9.2 **Borrower's Funds**. Borrower represents, warrants and covenants to Lender that:

(1) It has taken, and shall continue to take until after the Loan is fully repaid, such measures as are required by law to verify that the funds invested in the Borrower are derived (a) from transactions that do not violate U.S. law nor, to the extent such funds originate outside the United States, do not violate the laws of the jurisdiction in which they originated; and (b) from permissible sources under U.S. law and to the extent such funds originate outside the United States, under the laws of the jurisdiction in which they originated.

(2) To the best of its knowledge, neither Borrower, nor any Borrower Party, nor any holder of a direct interest in Borrower, nor any Person providing funds to Borrower (a) is under investigation by any governmental authority for, or has been charged with, or convicted of, money laundering, drug trafficking, terrorist-related activities, any crimes which in the United States would be predicate crimes to money laundering, or any violation of any Anti-Money Laundering Laws; (b) has been assessed civil or criminal penalties under any Anti-Money Laundering Laws; and (c) has had any of its/his/her funds seized or forfeited in any action under any Anti-Money Laundering Laws.

(3) Borrower shall make payments on the Loan using funds invested in Borrower, Operating Revenues or insurance proceeds unless otherwise agreed to by Lender.

(4) To the best of Borrower's knowledge, as of the Closing Date and at all times during the term of the Loan, all Operating Revenues are and will be derived from lawful business activities of Project tenants or other permissible sources under U.S. law. Notwithstanding the foregoing, Borrower shall not be in violation of this Section 9.2(4) if upon discovery that Operating Revenues are derived from the unlawful business activity of a Project tenant, or from any impermissible source under U.S. law, Borrower takes commercially reasonable steps to terminate or remove or prohibit the same.

(5) During the term of the Loan and on the Maturity Date, Borrower will take reasonable steps to verify that funds used to make payments on the Loan and to repay the Loan in full (whether in connection with a refinancing, asset sale or otherwise) are from sources permissible under U.S. law and to the extent such funds originate outside the United States, permissible under the laws of the jurisdiction in which they originated.

ARTICLE 10

EVENTS OF DEFAULT

Each of the following shall constitute an Event of Default under the Loan:

Section 10.1 **Payments**. Borrower's failure to pay any regularly scheduled installment of principal, interest or other amount due under the Loan Documents within five (5) days after the date when due, or Borrower's failure to pay the Loan at the Maturity Date, whether by acceleration or otherwise.

Section 10.2 **Insurance**. Borrower's failure to maintain or cause any Subsidiary to maintain insurance as required under Section 3.1 of this Agreement.

Section 10.3 **Transfer**. Any Transfer occurs in violation of Section 8.1 of this Agreement.

Section 10.4 **Covenants**. Borrower's failure to perform, observe or comply with any of the agreements, covenants or provisions contained in this Agreement or in any of the other Loan Documents, or any Borrower Party's failure to perform observe or comply with any of the agreements, covenants or provisions contained in any of the other Loan Documents to which it is a party (in each case, other than those agreements, covenants and provisions referred to elsewhere in this Article 10), and the continuance of such failure for thirty (30) days after notice by Lender to Borrower; however, subject to any shorter period for curing any failure by Borrower or the applicable Borrower Party as specified in any of the other Loan Documents, Borrower or the applicable Borrower Party shall have an additional sixty (60) days to cure such failure if (1) such failure does not involve the failure to make payments on a monetary obligation; (2) such failure cannot reasonably be cured within thirty (30) days but, using reasonable diligence, is curable within such 60-day period; (3) Borrower or the applicable Borrower Party is diligently undertaking to cure such default, and (4) Borrower or the applicable Borrower Party has provided Lender with security reasonably satisfactory to Lender against any

interruption of payment or impairment of collateral as a result of such continuing failure. The notice and cure provisions of this Section 10.4 do not apply to the other Events of Default described in this Article 10 or to Borrower's or any Borrower Party's failure to perform, observe or comply with any of the agreements, covenants or provisions contained in Article 9 (for which no notice and cure period shall apply).

Section 10.5 **Representations and Warranties**. Any representation or warranty made in any Loan Document proves to be untrue in any material respect when made or deemed made.

Section 10.6 **Other Encumbrances**. Any default under any document or instrument, other than the Loan Documents, evidencing or creating a Lien on any Project or any part thereof.

Section 10.7 **Involuntary Bankruptcy or Other Proceeding**. Commencement of an involuntary case or other proceeding against Borrower, any Borrower Party or any other Person having an ownership or security interest in any Project (each, a "**Bankruptcy Party**") which seeks liquidation, reorganization or other relief with respect to it or its Debts or other liabilities under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeks the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any of its property, and such involuntary case or other proceeding shall remain undismissed or unstayed for a period of sixty (60) days; or an order for relief against a Bankruptcy Party shall be entered in any such case under the Federal Bankruptcy Code.

Section 10.8 **Voluntary Petitions, Etc.** Commencement by a Bankruptcy Party of a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its Debts or other liabilities under any bankruptcy, insolvency or other similar law or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official for it or any of its property, or consent by a Bankruptcy Party to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or the making by a Bankruptcy Party of a general assignment for the benefit of creditors, or the failure by a Bankruptcy Party, or the admission by a Bankruptcy Party in writing of its inability, to pay its debts generally as they become due, or any action by a Bankruptcy Party to authorize or effect any of the foregoing.

Section 10.9 **Joinder**. Any Joinder Party's failure to timely perform, observe or comply with any of the agreements, covenants or provisions contained in the Joinder hereto.

ARTICLE 11

REMEDIES

Section 11.1 **Remedies - Insolvency Events**. Upon the occurrence of any Event of Default described in Section 10.7 or 10.8, the obligations of Lender to advance amounts hereunder shall immediately terminate, and all amounts due under the Loan Documents immediately shall become due and payable, all without written notice and without presentment, demand, protest, notice of protest or dishonor, notice of intent to accelerate the maturity thereof,

notice of acceleration of the maturity thereof, or any other notice of default of any kind, all of which are hereby expressly waived by Borrower; however, if the Bankruptcy Party under Section 10.7 or 10.8 is other than Borrower, then all amounts due under the Loan Documents shall become immediately due and payable at Lender's election, in Lender's sole discretion.

Section 11.2 **Remedies - Other Events**. Except as set forth in Section 11.1 above, while any Event of Default exists, Lender may (1) by written notice to Borrower, declare the entire Loan to be immediately due and payable without presentment, demand, protest, notice of protest or dishonor, notice of intent to accelerate the maturity thereof, notice of acceleration of the maturity thereof, or other notice of default of any kind, all of which are hereby

expressly waived by Borrower, (2) terminate the obligation, if any, of Lender to advance amounts hereunder, and (3) exercise all rights and remedies therefor under the Loan Documents and at law or in equity.

Section 11.3 **Lender's Right to Perform the Obligations**. If Borrower or any Subsidiary shall fail, refuse or neglect to make any payment or perform any act required by the Loan Documents, then while any Event of Default exists, and without notice to or demand upon Borrower or any Subsidiary and without waiving or releasing any other right, remedy or recourse Lender may have because of such Event of Default, Borrower (on its own behalf and of behalf of the Subsidiaries) agrees that Lender may (but shall not be obligated to) make such payment or perform such act for the account of Borrower or the applicable Subsidiary and at the expense of Borrower, and shall have the right to enter upon the Projects for such purpose and to take all such action thereon and with respect to the Projects as it may deem necessary or appropriate. If Lender shall elect to pay any sum due with reference to any Project, Lender may do so in reliance on any bill, statement or assessment procured from the appropriate governmental authority or other issuer thereof without inquiring into the accuracy or validity thereof. Similarly, in making any payments to protect the security intended to be created by the Loan Documents, Lender shall not be bound to inquire into the validity of any apparent or threatened adverse title, lien, encumbrance, claim or charge before making an advance for the purpose of preventing or removing the same. Borrower shall indemnify, defend and hold Lender harmless from and against any and all losses, liabilities, claims, damages, expenses, obligations, penalties, actions, judgments, suits, costs or disbursements of any kind or nature whatsoever, including reasonable attorneys' fees, incurred or accruing by reason of any acts performed by Lender pursuant to the provisions of this Section 11.3, including those arising from the joint, concurrent, or comparative negligence of Lender, except as a result of Lender's gross negligence or willful misconduct. All sums paid by Lender pursuant to this Section 11.3 and all other sums expended by Lender to which it shall be entitled to be indemnified, together with interest thereon at the Default Rate from the date of such payment or expenditure until paid, shall constitute additions to the Loan, shall be secured by the Loan Documents and shall be paid by Borrower to Lender upon demand.

ARTICLE 12

MISCELLANEOUS

Section 12.1 **Notices**. Any notice required or permitted to be given under this Agreement shall be in writing and either shall be mailed by certified mail, postage prepaid, return receipt requested, or sent by overnight air courier service, or personally delivered to a representative of the receiving party, or sent by telecopy or electronic mail (provided that for both telecopy and electronic mail delivery, an identical notice is also sent simultaneously by mail, overnight courier or personal delivery as otherwise provided in this Section 12.1). All such notices shall be mailed, sent or delivered, addressed to the party for whom it is intended at its address set forth below.

If to Borrower: ESP Seven Subsidiary LLC
2795 East Cottonwood Parkway, Suite 400
Salt Lake City, Utah 84121
Attention: David L. Rasmussen, General Counsel
Telecopy: (801) 365-4947
E-Mail: drasmussen@extraspace.com

If to Lender: General Electric Capital Corporation
c/o GE Real Estate
16479 Dallas Parkway, Suite 500
Addison, Texas 75001
Attention: Asset Manager/Extra Space Credit Line
Telecopy: (972) 447-2520
E-Mail: scot.florsheim@gecapital.com

Any notice so addressed and sent by United States mail or overnight courier shall be deemed to be given on the earliest of (1) when actually delivered, (2) on the first Business Day after deposit with an overnight air courier service, or (3) on the third Business Day after deposit in the United States mail, postage prepaid, in each case to the address of the intended addressee (except as otherwise provided in the Mortgages). Any notice so delivered in person shall be deemed to be given when receipted for by, or actually received by Lender or Borrower, as the case may be. If given by telecopy, a notice shall be deemed given and received when the telecopy is transmitted to the party's telecopy number specified above and confirmation of complete receipt is received by the transmitting party during normal business hours or on the next Business Day if not confirmed during normal business hours, and an identical notice is also sent simultaneously by mail, overnight courier, or personal delivery as otherwise provided in this Section 12.1. If given by electronic mail, a notice shall be deemed given and received when the electronic mail is transmitted to the recipient's electronic mail address specified above and electronic confirmation of receipt (either by reply from the recipient or by automated response to a request for delivery receipt) is received by the sending party during normal business hours or on the next Business Day if not confirmed during normal business hours, and an identical notice is also sent simultaneously by mail, overnight courier or personal delivery as otherwise provided in this Section 12.1. Except for telecopy and electronic mail notices sent as expressly described above, no notice hereunder shall be effective if sent or delivered by electronic means. Either

party may designate a change of address by written notice to the other by giving at least ten (10) days prior written notice of such change of address.

Section 12.2 **Amendments and Waivers; References**. No amendment or waiver of any provision of the Loan Documents shall be effective unless in writing and signed by the party against whom enforcement is sought. This Agreement and the other Loan Documents shall not be executed, entered into, altered, amended, or modified by electronic means. Without limiting the generality of the foregoing, the Borrower and Lender hereby agree that the transactions contemplated by this Agreement shall not be conducted by electronic means, except as specifically set forth in Section 12.1 regarding notices. Any reference to a Loan Document, whether in this Agreement or in any other Loan Document, shall be deemed to be a reference to such Loan Document as it may hereafter from time to time be amended, modified, supplemented and restated in accordance with the terms hereof.

Section 12.3 **Limitation on Interest**. It is the intention of the parties hereto to conform strictly to applicable usury laws. Accordingly, all agreements between Borrower and Lender with respect to the Loan are hereby expressly limited so that in no event, whether by reason of acceleration of

maturity or otherwise, shall the amount paid or agreed to be paid to Lender or charged by Lender for the use, forbearance or detention of the money to be lent hereunder or otherwise, exceed the maximum amount allowed by law. If the Loan would be usurious under applicable law, then, notwithstanding anything to the contrary in the Loan Documents: (1) the aggregate of all consideration which constitutes interest under applicable law that is contracted for, taken, reserved, charged or received under the Loan Documents shall under no circumstances exceed the maximum amount of interest allowed by applicable law, and any excess shall be credited on the Note by the holder thereof (or, if the Note has been paid in full, refunded to Borrower); and (2) if maturity is accelerated by reason of an election by Lender, or in the event of any prepayment, then any consideration which constitutes interest may never include more than the maximum amount allowed by applicable law. In such case, excess interest, if any, provided for in the Loan Documents or otherwise, to the extent permitted by applicable law, shall be amortized, prorated, allocated and spread from the date of advance until payment in full so that the actual rate of interest is uniform through the term hereof. If such amortization, proration, allocation and spreading is not permitted under applicable law, then such excess interest shall be canceled automatically as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited on the Note (or, if the Note has been paid in full, refunded to Borrower). The terms and provisions of this Section 12.3 shall control and supersede every other provision of the Loan Documents. If at any time the laws of the United States of America permit Lender to contract for, take, reserve, charge or receive a higher rate of interest than is allowed by applicable state law (whether such federal laws directly so provide or refer to the law of any state), then such federal laws shall to such extent govern as to the rate of interest which Lender may contract for, take, reserve, charge or receive under the Loan Documents.

Section 12.4 **Invalid Provisions**. If any provision of any Loan Document is held to be illegal, invalid or unenforceable, such provision shall be fully severable; the Loan Documents shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part thereof; the remaining provisions thereof shall remain in full effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance

therefrom; and in lieu of such illegal, invalid or unenforceable provision there shall be added automatically as a part of such Loan Document a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible to be legal, valid and enforceable.

Section 12.5 **Reimbursement of Expenses**. Except as expressly provided in Section 5.2(3) and Section 7.5, Borrower shall pay all costs and expenses incurred by Lender in connection with the negotiation, documentation, closing, disbursement and administration of the Loan (excluding the costs of any sale of an interest in the Loan under Section 12.11), including fees and expenses of Lender's attorneys and Lender's environmental, engineering, accounting and other consultants; fees, charges and taxes for the recording or filing of Loan Documents; financial investigation, audit and inspection fees and costs; settlement of condemnation and casualty awards; title search costs, premiums for title insurance and endorsements thereto; and fees and costs for UCC and litigation searches and background checks. Borrower shall, upon request, promptly reimburse Lender for all amounts expended, advanced or incurred by Lender to collect the Note, or to enforce the rights of Lender under this Agreement or any other Loan Document, or to defend or assert the rights and claims of Lender under the Loan Documents or with respect to the Projects (by litigation or other proceedings), which amounts will include all court costs, attorneys' fees and expenses, fees of auditors and accountants, and investigation expenses as may be incurred by Lender in connection with any such matters (whether or not litigation is instituted), together with interest at the Default Rate on each such amount from the date of disbursement until the date of reimbursement to Lender, all of which shall constitute part of the Loan and shall be secured by the Loan Documents.

Section 12.6 **Approvals; Third Parties; Conditions**. All rights retained or exercised by Lender to review or approve leases, contracts, plans, studies and other matters, including Borrower's and any other Person's compliance with the provisions of Article 9 and compliance with laws applicable to Borrower, the Projects or any other Person, are solely to facilitate Lender's credit underwriting, and shall not be deemed or construed as a determination that Lender has passed on the adequacy thereof for any other purpose and may not be relied upon by Borrower or any other Person. This Agreement is for the sole and exclusive use of Lender and Borrower and may not be enforced, nor relied upon, by any Person other than Lender and Borrower. All conditions of the obligations of Lender hereunder, including the obligation to make advances, are imposed solely and exclusively for the benefit of Lender, its successors and assigns, and no other Person shall have standing to require satisfaction of such conditions or be entitled to assume that Lender will refuse to make advances in the absence of strict compliance with any or all of such conditions, and no other Person shall, under any circumstances, be deemed to be a beneficiary of such conditions, any and all of which may be freely waived in whole or in part by Lender at any time in Lender's sole discretion.

Section 12.7 **Lender Not in Control; No Partnership**. None of the covenants or other provisions contained in this Agreement shall, or shall be deemed to, give Lender the right or power to exercise control over the affairs or management of Borrower, the power of Lender being limited to the rights to exercise the remedies referred to in the Loan Documents. The relationship between Borrower and Lender is, and at all times shall remain, solely that of debtor and creditor. No covenant or provision of the Loan Documents is intended, nor shall it be deemed or construed, to create a partnership, joint venture, agency or common interest in profits or income between Lender and Borrower (or any Subsidiary) or to create an equity interest in the

Projects in Lender. Lender neither undertakes nor assumes any responsibility or duty to Borrower, to the Subsidiaries or to any other Person with respect to the Projects or the Loan, except as expressly provided in the Loan Documents; and notwithstanding any other provision of the Loan Documents: (1) Lender is not, and shall not be construed as, a partner, joint venturer, alter ego, manager, controlling person or other business associate or participant of any kind of Borrower or its stockholders, members, partners or Subsidiaries and Lender does not intend to ever assume such status; (2) Lender shall in no event be liable for any Debts, expenses or losses incurred or sustained by Borrower or any Subsidiary; and (3) Lender shall not be deemed responsible for or a participant in any acts, omissions or decisions of Borrower or its stockholders, members, partners or Subsidiaries. Lender and Borrower disclaim any intention to create any partnership, joint venture, agency or common interest in profits or income between Lender and Borrower or the Subsidiaries, or to create any equity in the Projects in Lender, or any sharing of liabilities, losses, costs or expenses.

Section 12.8 **Time of the Essence**. Time is of the essence with respect to this Agreement.

Section 12.9 **Successors and Assigns**. This Agreement shall be binding upon and inure to the benefit of Lender and Borrower and the respective successors and assigns of Lender and Borrower, provided that neither Borrower nor any other Borrower Party shall, without the prior written consent of Lender, assign any rights, duties or obligations hereunder.

Section 12.10 **Renewal, Extension or Rearrangement**. All provisions of the Loan Documents shall apply with equal effect to each and all promissory notes and amendments thereof hereinafter executed which in whole or in part represent a renewal, extension, increase or rearrangement of the Loan. For portfolio management purposes, at any time during the term of the Loan Lender may elect to divide the Loan into two or more separate loans

evidenced by separate promissory notes so long as the payment and other obligations of Borrower are not effectively increased or otherwise modified. Borrower agrees to cooperate, and to cause the Subsidiaries to cooperate, with Lender and to execute such documents as Lender reasonably may request to effect such division of the Loan.

Section 12.11 **Sale of Loan, Participation**. Lender, at any time and without the consent of Borrower or any Borrower Party, may grant participations in or sell, transfer, assign and convey all or any portion of its right, title and interest in and to the Loan, this Agreement and the other Loan Documents and any collateral given to secure the Loan. Lender shall have the right (but shall be under no obligation) to make available to any party for the purpose of granting participations in or selling, transferring, assigning or conveying all or any part of the Loan (including any governmental agency or authority and any prospective bidder at any foreclosure sale of any Project) any and all information which Lender may have with respect to the Projects, Borrower and any Borrower Party, whether provided by Borrower, any Borrower Party or any third party, or obtained as a result of any environmental assessments. Borrower and each Borrower Party agrees that Lender shall have no liability whatsoever as a result of delivering any such information to any third party, and Borrower and the other Borrower Parties, on behalf of themselves and their successors and assigns, hereby release and discharge Leader from any and all liabilities, claims, damages, or causes of action arising out of, connected with or incidental to the delivery of any such information to any third party.

Section 12.12 **Waivers**. No course of dealing on the part of Lender, its officers, employees, consultants or agents, nor any failure or delay by Lender with respect to exercising any right, power or privilege of Lender under any of the Loan Documents, shall operate as a waiver thereof.

Section 12.13 **Cumulative Rights**. Rights and remedies of Lender under the Loan Documents shall be cumulative, and the exercise or partial exercise of any such right or remedy shall not preclude the exercise of any other right or remedy.

Section 12.14 **Singular and Plural**. Words used in this Agreement and the other Loan Documents in the singular, where the context so permits, shall be deemed to include the plural and vice versa. The definitions of words in the singular in this Agreement and the other Loan Documents shall apply to such words when used in the plural where the context so permits and vice versa.

Section 12.15 **Phrases**. When used in this Agreement and the other Loan Documents, the phrase “including” shall mean “including, but not limited to,” the phrase “satisfactory to Lender” shall mean “in form and substance satisfactory to Lender in all respects,” the phrase “with Lender’s consent” or “with Lender’s approval” shall mean such consent or approval at Lender’s sole discretion, and the phrase “acceptable to Lender” shall mean “acceptable to Lender at Lender’s sole discretion.”

Section 12.16 **Exhibits and Schedules**. The exhibits and schedules attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein.

Section 12.17 **Titles of Articles, Sections and Subsections**. All titles or headings to articles, sections, subsections or other divisions of this Agreement and the other Loan Documents or the exhibits hereto and thereto are only for the convenience of the parties and shall not be construed to have any effect or meaning with respect to the other content of such articles, sections, subsections or other divisions, such other content being controlling as to the agreement between the parties hereto.

Section 12.18 **Promotional Material**. Borrower authorizes Lender to issue press releases, advertisements and other promotional materials in connection with Lender’s own promotional and marketing activities, and describing the Loan in general terms or in detail and Lender’s participation in the Loan, provided that all references to Borrower contained in any such press releases, advertisements or promotional materials shall be approved in writing by Borrower in advance of issuance. All references to Lender contained in any press release, advertisement or promotional material issued by Borrower shall be approved in writing by Lender in advance of issuance; provided, however, Lender shall not have any approval rights over any disclosures to, or filings with, the Securities and Exchange Commission or New York Stock Exchange (or similar public notices) made by REIT.

Section 12.19 **Survival**. All of the representations, warranties, covenants, and indemnities hereunder, and under the indemnification provisions of the other Loan Documents, shall survive the repayment in full of the Loan and the release of the liens evidencing or securing

the Loan, and shall survive the transfer (by sale, foreclosure, conveyance in lieu of foreclosure or otherwise) of any or all right, title and interest in and to the Projects to any party, whether or not an Affiliate of Borrower.

Section 12.20 **WAIVER OF JURY TRIAL. TO THE MAXIMUM EXTENT PERMITTED BY LAW, BORROWER AND LENDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENT (WHETHER VERBAL OR WRITTEN) OR ACTION OF EITHER PARTY OR ANY EXERCISE BY ANY PARTY OF THEIR RESPECTIVE RIGHTS UNDER THE LOAN DOCUMENTS OR IN ANY WAY RELATING TO THE LOAN OR THE PROJECTS (INCLUDING, WITHOUT LIMITATION, ANY ACTION TO RESCIND OR CANCEL THIS AGREEMENT, AND ANY CLAIM OR DEFENSE ASSERTING THAT THIS AGREEMENT WAS FRAUDULENTLY INDUCED OR IS OTHERWISE VOID OR VOIDABLE). THIS WAIVER IS A MATERIAL INDUCEMENT FOR LENDER TO ENTER THIS AGREEMENT.**

Section 12.21 **Punitive or Consequential Damages; Waiver**. Neither Lender nor Borrower shall be responsible or liable to the other or to any other Person for any punitive, exemplary or consequential damages which may be alleged as a result of the Loan or the transaction contemplated hereby, including any breach or other default by any party hereto. Borrower represents and warrants to Lender that as of the Closing Date neither Borrower nor any Borrower Party has any claims against Lender in connection with the Loan.

Section 12.22 **Governing Law**. Except as otherwise expressly provided in any of the other Loan Documents, in all respects, including all matters of construction, validity and performance, this Agreement, the other Loan Documents, and the obligations arising hereunder and thereunder, are being

executed and delivered, and are intended to be performed, in the state of Utah and the laws of the state of Utah and of the United States of America shall govern the rights and duties of the parties hereto and the validity, construction, enforcement and interpretation of the Loan Documents, without regard to the principals thereof regarding conflict of laws. Lender and Borrower agree to submit to personal jurisdiction and to waive any objection as to venue in the County of Salt Lake, State of Utah. Nothing herein shall preclude Lender or Borrower from bringing suit or taking other legal action in any other jurisdiction.

Section 12.23 **Entire Agreement**. This Agreement and the other Loan Documents embody the entire agreement and understanding between Lender and Borrower and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof, including any commitment letter (if any) issued by Lender with respect to the Loan. Accordingly, the Loan Documents may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties. If any conflict or inconsistency exists between this Agreement and any of the other Loan Documents, the terms of this Agreement shall control.

Section 12.24 **Counterparts**. This Agreement may be executed in multiple counterparts, each of which shall constitute an original, but all of which shall constitute one document.

Section 12.25 **Agreements Regarding Borrower and Subsidiaries**.

(1) **Performance of Obligations**. Borrower and Lender acknowledge that (a) Borrower and ESP 7 have formed the Subsidiaries for the purposes of owning and operating certain Projects, (b) the Loan Documents contain many provisions relating to the Subsidiaries, the ownership and operation of certain Projects and the determination of Underwritten NOI, Net Cash Flow and net sales proceeds resulting from the operation and/or sale of such Projects, and (c) Borrower and ESP 7 collectively hold directly all of the beneficial ownership interests in the Subsidiaries and have total control of the Subsidiaries in all respects. Therefore, for purposes of this Agreement and each of the other Loan Documents, whether or not expressly stated herein or therein, whenever this Agreement or any of the other Loan Documents imposes any obligation on Borrower with respect to the Projects owned by the Subsidiaries (other than the Non-Borrower Subsidiaries) that would typically be an obligation performed by the direct owner of the Projects: (i) Borrower shall be obligated to perform such obligation itself, or to cause the applicable Subsidiary to perform such obligation on behalf of Borrower; and (ii) Borrower's failure to perform any such obligation itself, or to cause the applicable Subsidiary to perform such obligation on behalf of Borrower, shall be deemed a default by Borrower hereunder. In addition, for purposes of all representations and warranties of Borrower under the Loan Documents, all knowledge of the Subsidiaries shall be attributed to Borrower. Even though particular covenants, obligations or representations and warranties set forth in this Agreement or any of the other Loan Documents may refer to Borrower only, all such references shall deemed subject to the foregoing rules of construction and any default in the performance of any such covenant or obligation, and any breach of any such representation and warranty, shall be deemed a default of Borrower hereunder.

(2) **Loan Advances and Payments By Lender**. All advances of Loan proceeds may be made by Lender (at Lender's option) to Borrower or directly to one or more Subsidiaries, and all such advances to (i) Subsidiaries other than Non-Borrower Subsidiaries shall be deemed to have been made by Lender to Borrower and thereupon contributed by Borrower to the capital of such Subsidiaries and (ii) Non-Borrower Subsidiaries shall be deemed to have been made by Lender to Borrower and thereupon distributed by Borrower to ESP 7, and thereupon contributed by ESP 7 to the capital of such Subsidiaries. Further, any reserve funds or other amounts that are disbursed by Lender to a Subsidiary under this Agreement or any of the other Loan Documents shall be deemed to have been disbursed to Borrower. Lender's advance of any Loan funds or disbursement of any reserve funds or other amounts to or for the benefit or account of any Subsidiary shall constitute a complete discharge of Lender's obligations to Borrower under the Loan Documents with respect to such sums; and the Subsidiaries and Borrower shall look solely to each other for the proper distribution of any such sums among themselves. Lender shall have no responsibility or liability whatsoever for the proper distribution of any such sums between Borrower and the Subsidiaries.

(3) **Communications**. All notices, instructions and other communications of any nature (a) that are given to Lender by any Subsidiary shall be deemed to have been given by Borrower (and Borrower hereby appoints each Subsidiary to act as its agent for such purpose), and (b) that are given to a Subsidiary by Lender shall be deemed to have been given to Borrower.

ARTICLE 13

LIMITATIONS ON LIABILITY

Section 13.1 **Limitation on Liability.**

(1) Except as provided below in this Section 13.1, Borrower shall not be personally liable for amounts due under the Loan Documents.

(2) Borrower shall be personally liable to Lender for any deficiency, loss or damage suffered by Lender because of: (a) Borrower's commission of a criminal act, (b) the failure by Borrower or any Borrower Party to apply any funds derived from any Project, including Operating Revenues, security deposits, insurance proceeds and condemnation awards, as required by the Loan Documents; (c) the fraud or misrepresentation by Borrower or any Borrower Party made in or in connection with the Loan Documents or the Loan; (d) Borrower's, ESP 7's or any Subsidiary's collection of rents more than one month in advance (except to the extent permitted in Section 6.3) or entering into, modifying or canceling leases, or receipt of monies by Borrower or any Borrower Party in connection with the modification or cancellation of any leases, in violation of this Agreement or any of the other Loan Documents; (e) Borrower's, ESP 7's or any Subsidiary's interference with Lender's exercise of rights under the Assignment of Rents and Leases; (f) Borrower's, ESP 7's or any Subsidiary's failure to turn over to Lender all tenant security deposits upon Lender's demand following an Event of Default; (g) Borrower's failure to timely renew any letter of credit issued in connection with the Loan; (h) Borrower's, ESP 7's or any Subsidiary's failure to maintain insurance as required by this Agreement or to pay any taxes or assessments affecting any Project; (i) damage or destruction to any Project caused by the negligent or intentional acts or omissions of Borrower, ESP 7 any Subsidiary, its agents, employees, or contractors; (j) Borrower's, ESP 7's or any Subsidiary's failure to perform its obligations with respect to environmental matters under Article 5; (k) Borrower's failure to pay for any loss, liability or expense incurred by Lender arising out of any claim or allegation made by Borrower, ESP 7 or

any Subsidiary, their successors or assigns, or any creditor of Borrower, ESP 7 or any Subsidiary, that this Agreement or the transactions contemplated by the Loan Documents establish a joint venture, partnership or other similar arrangement between Borrower, ESP 7 and/or any Subsidiary and Lender; (1) any brokerage commission or finder's fees claimed in connection with the transactions contemplated by the Loan Documents; or (m) uninsured damage to any Project resulting from acts of terrorism. Borrower also shall be personally liable to Lender for any and all attorneys' fees and expenses and court costs incurred by Lender in enforcing this Section 13.1(2) or otherwise incurred by Lender in connection with any of the foregoing

matters, regardless of whether such matters are legal or equitable in nature or arise under tort or contract law.

(3) Notwithstanding anything to the contrary contained in the Loan Documents, the limitation on Borrower's liability contained in Section 13.1(1) SHALL BECOME NULL AND VOID and shall be of no further force and effect:

(a) if any Transfer in violation of the Loan Documents occurs;

(b) if Borrower, ESP 7, any Subsidiary or any of their respective members, partners or shareholders files a petition under the United States Bankruptcy Code or similar state insolvency laws;

(c) if Borrower, ESP 7 or any Subsidiary becomes the subject of an involuntary proceeding under the United States Bankruptcy Code or similar state insolvency laws, and either (i) Borrower, ESP 7, any Subsidiary or any Affiliate of Borrower, ESP 7 or any Subsidiary conspired or cooperated with one or more creditors of Borrower, ESP 7 or the applicable Subsidiary to commence such involuntary proceeding, or (ii) Borrower, ESP 7 or the applicable Subsidiary fails to use commercially reasonable efforts to obtain a dismissal of such involuntary proceeding; or

(d) without limiting paragraphs (b) and (c) above, upon the avoidance or any attempted avoidance or claim of avoidability by any Subsidiary or any Affiliate of any Subsidiary (whether directly by such Subsidiary or such Affiliate, as a debtor or as a debtor in possession), or by a trustee in bankruptcy, an assignee for the benefit of creditors or a receiver for any of them, whether brought directly by or on behalf of any Subsidiary's creditors, equity holders or estate in a state or federal bankruptcy or insolvency proceeding or brought by any debtor, debtor in possession or trustee in bankruptcy, assignee for the benefit of creditors or receiver for any Subsidiary or any Affiliate of any Subsidiary or brought on behalf of any Subsidiary or any Affiliate of any Subsidiary as a creditor of any other Affiliate of any Subsidiary, or by any other Person, of (i) any transfer to (or for the benefit of) Lender of an interest of any Subsidiary in property (including the payment of money to Lender by any Subsidiary and the creation in favor of Lender of a lien or any other encumbrance on property of any Subsidiary pursuant to its Mortgage) or (ii) any obligation incurred by any Subsidiary under its Mortgage, which avoidance or attempted avoidance is brought pursuant to any state or federal fraudulent transfer, fraudulent conveyance, debtor-creditor, or partnership or corporate powers/authority statutory or common law, including Sections 544, 547 or 548 of Title 11 of the United States Code (or such successor statutory provision as may provide for a similar remedy) and the Uniform Fraudulent Transfer Act and the Uniform Fraudulent Conveyance Act (as adopted by any applicable state).

(4) The limitation on Borrower's personal liability in Section 13.1(1) shall not modify, increase, diminish or discharge the personal liability of any Joinder Party, except as otherwise expressly provided in the Joinder.

(5) Nothing in this Section 13.1 shall be deemed to be a waiver of any right which Lender may have under Sections 506(a), 506(b), 1111(b) or any other provision of the United States Bankruptcy Code, as such sections may be amended, or corresponding or superseding sections of the Bankruptcy Amendments and Federal Judgeship Act of 1984, to file a claim for the full amount due to Lender under the Loan Documents or to require that all Collateral shall continue to secure the amounts due under the Loan Documents.

Section 13.2 **Limitation on Liability of Lender's Officers, Employees, Etc.** Any obligation or liability whatsoever of Lender which may arise at any time under this Agreement or any other Loan Document shall be satisfied, if at all, out of the Lender's assets only. No such obligation or liability shall be personally binding upon, nor shall resort for the enforcement thereof be had to, the property of any of Lender's shareholders, directors, officers, employees or agents, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise.

[Remainder of page intentionally left blank.]

EXECUTED as of the date first written above.

LENDER:

GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation

By: /s/ ERIC VESSELE

Name: ERIC VESSELE

Title: RISK MANAGER

BORROWER:

ESP SEVEN SUBSIDIARY LLC, a Delaware limited liability company

By: /s/ Kent W Christensen
Name: Kent W Christensen
Title: Manager

SCHEDULE 1.1(A)
VALUATION AMOUNTS

Project	Valuation Amount
0725 Deland, FL	$ 4,175,825
1337 Greenacres, FL	$ 3,552,993
1019 Norwood, MA	$ 8,577,674
1084 Kingston, MA	$ 7,497,947
1204 Quincy, MA	$ 6,635,996
1206 Waltham, MA	$ 16,216,515
1054 Metuchen, NJ	$ 7,196,098
1331 Union, NJ	$ 8,089,408
1073 Arvada, CO	$ 2,458,002
1074 Denver, CO	$ 4,088,704
1075 Thornton, CO	$ 4,415,469
1076 Westminster, CO	$ 2,870,629
1174 Tracy, CA	$ 4,927,084
1195 Lanham, MD	$ 14,126,412
1197 Morrisville, PA	$ 11,788,720
1198 Philadelphia, PA	$ 6,833,216
1365 Plano, TX	$ 4,707,972
Total:	**$ 118,158,664**

Schedule 1.1(B)
PROJECT INFORMATION

Project	Address	City	State	Total Storage Units	NRSF	Project Type
0725 Deland, FL	2745 S. Woodland Boulevard	Deland	FL	659	92,000	Self-Storage
1337 Greenacres, FL	6035 Lake Worth Road	Greenacres	FL	388	37,900	Self-Storage
1019 Norwood, MA	934 Washington Street	Norwood	MA	662	68,500	Self-Storage
1084 Kingston, MA	5 Independence Road	Kingston	MA	443	60,750	Self-Storage
1204 Quincy, MA	21 Weston Avenue	Quincy Park	MA	724	56,300	Self-Storage
1206 Waltham, MA	195 Bear Hill Road	Waltham	MA	500	77,500	Self-Storage
1054 Metuchen, NJ	60 Bridge Street	Metuchen	NJ	757	73,800	Self-Storage
1331 Union, NJ	700 Green Lane	Union	NJ	744	74,000	Self-Storage
1073 Arvada, CO	7117 W. 56th Avenue	Arvada	CO	263	46,400	Self-Storage
1074 Denver, CO	11855 E. 40th Avenue	Denver	CO	562	68,300	Self-Storage
1075 Thornton, CO	664 W. Thornton Parkway	Thornton	CO	539	59,900	Self-Storage
1076 Westminster, CO	7140 Irving Street	Westminster	CO	435	58,775	Self-Storage
1174 Tracy, CA	780 E. 11th Street	Tracy	CA	452	62,400	Self-Storage
1195 Lanham, MD	10101 Martin Luther King Jr. Highway	Lanham	MD	973	156,200	Self-Storage
1197 Morrisville, PA	915 Lincoln Highway	Morrisville	PA	829	104,500	Self-Storage
1198 Philadelphia, PA	11771 Roosevelt Boulevard	Philadelphia	PA	875	104,000	Self-Storage
1365 Plano, TX	3101 W. Spring Creek Parkway	Plano	TX	515	69,000	Self-Storage

SCHEDULE 1.1(C)
LIST OF SITE ASSESSMENTS

Project	Report Date	Preparer
Tracy	8/22/2007	IVI Due Diligence Service, Inc
Arvada	8/21/2007	IVI Due Diligence Service, Inc
Denver	8/21/2007	IVI Due Diligence Service, Inc
Thornton	8/21/2007	IVI Due Diligence Service, Inc
Westminster	8/21/2007	IVI Due Diligence Service, Inc
Green Acres	8/21/2007	IVI Due Diligence Service, Inc

Deland	8/21/2007	IVI Due Diligence Service, Inc
Norwood	8/27/2007	IVI Due Diligence Service, Inc
Kingston	8/22/2007	IVI Due Diligence Service, Inc
Quincy	8/21/2007	IVI Due Diligence Service, Inc
Waltham	8/22/2007	IVI Due Diligence Service, Inc
Lanham	8/22/2007	IVI Due Diligence Service, Inc
Metuchen	8/21/2007	IVI Due Diligence Service, Inc
Union	8/21/2007	IVI Due Diligence Service, Inc
Morrisville	8/22/2007	IVI Due Diligence Service, Inc
Philadelphia	8/21/2007	IVI Due Diligence Service, Inc
Plano	8/21/2007	IVI Due Diligence Service, Inc

SCHEDULE 2.1

CLOSING AND ADVANCE CONDITIONS

Part A — Conditions To Closing
Part B — General Conditions

PART A. CONDITIONS TO CLOSING

Lenders obligations under this Agreement and the other Loan Documents to which the party shall be subject to the terms of any commitment letter (if any) issued by Lender with respect to the Loan, and Lender's receipt, review, approval and/or confirmation of the following, at Borrower's cost and expense, each in form and content satisfactory to Lender in its sole discretion:

1. The Underwritten NOI of the Projects equals or exceeds $7,850,000.

2. The Maximum Commitment does not exceed 85% of Lender's determination of the aggregate value of the Projects.

3. The Loan Documents, executed by Borrower and, as applicable, each Borrower Party and each other party thereto.

4. The Loan Origination fee of $500,000 in cash.

5. The Title Insurance Policies.

6. All documents evidencing the formation, organization, valid existence, good standing, and due authorization of and for Borrower and each Borrower Party and the authorization for the execution, delivery, and performance of the Loan Documents by Borrower and each Borrower Party.

7. Legal opinions issued by counsel for Borrower and each Borrower Party (and, where required by Lender, by Lender's local counsel), opining as to the due organization, valid existence and good standing of Borrower and each Borrower Party, and the due authorization, execution, delivery, enforceability and validity of the Loan Documents with respect to, Borrower and each Borrower Party; that the Loan, as reflected in the Loan Documents, is not usurious; to the extent that Lender is not otherwise satisfied, that each Project and its use is in full compliance with all legal requirements; and as to such other matters as Lender and Lender's counsel reasonably may specify.

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8. Current UCC searches for Borrower, Borrower's partners and members, the Subsidiaries and the immediately preceding owners of the Projects.

9. Evidence of insurance as required by this Agreement, and conforming in all respects to the requirements of Lender.

10. A current ALTA/ACSM land title survey of each Project, dated or updated to a date not earlier than thirty (30) days prior to the date hereof, certified to Lender and the issuer of the Title Insurance Policies, prepared by a licensed surveyor acceptable to Lender and such title insurer, and conforming to Lender's current standard survey requirements.

11. A current engineering report or architect's certificate with respect to each Project, covering, among other matters, inspection of heating and cooling systems, roof and structural details and showing no failure of compliance with building plans and specifications, applicable legal requirements (including requirements of the Americans with Disabilities Act) and fire, safety and health standards. As requested by Lender, such report shall also include an assessment of such Project's tolerance for earthquake and seismic activity.

12. A current Site Assessment for each Project.

13. A current rent roll of each Project, which Borrower shall represent and warrant is true and correct. Such rent roll shall include the following information: (a) tenant names; (b) unit/suite numbers; (c) area of each demised premises and total area of the Project (stated in net rentable square feet); (d) rental rate (including escalations) (stated in gross amount and in amount per net rentable square foot per year); (e) for any office or retail space leases, lease term (commencement, expiration and renewal options); (f) for any office or retail space leases, expense pass-throughs; (g) for any office or retail space leases, cancellation/termination provisions; (h) security deposit if any; and (i) for any office or retail space leases, material operating covenants and co-tenancy clauses. In addition, Borrower shall provide Lender with a copy of the standard lease form to be used by Borrower in leasing space in the Projects, and, at Lender's request, true and correct copies of all leases of the Projects.

14. A copy of the management agreement for each Project, if any, certified by Borrower as being true, correct and complete.

15. Borrower's deposit with Lender of the amount required by Lender to impound for taxes and assessments and insurance under Article 3 and to fund any other required escrows or reserves.

16. Evidence that each Project and the operation thereof comply with all legal requirements, including that all requisite certificates of occupancy, building permits, and other licenses, certificates, approvals or consents required of any governmental authority have been issued without variance or condition and that there is no litigation, action, citation, injunctive proceedings, or like matter pending or threatened with respect to the validity of such matters. At Lender's request, Borrower shall furnish Lender with a zoning endorsement to the Title Insurance Policies, zoning letter from applicable municipal agencies, and utility letter from applicable service providers.

17. No change shall have occurred in the financial condition of Borrower or any Borrower Party or in the Underwritten NOI of any Project, or in the financial condition of any major or anchor tenant, which would have, in Lender's sole judgment, a material adverse effect on any Project or on Borrower's or any Borrower Party's ability to repay the Loan or otherwise perform its obligations under the Loan Documents.

18. No condemnation or adverse zoning or usage change proceeding shall have occurred or shall have been threatened against any Project; no Project shall have suffered any significant damage by fire or other casualty which has not been repaired; no law, regulation, ordinance, moratorium, injunctive proceeding, restriction, litigation, action, citation or similar proceeding or matter shall have been enacted, adopted, or threatened by any governmental authority, which would have, in Lender's judgment, a material adverse effect on Borrower, any Borrower Party or any Project.

19. All fees and commissions payable to real estate brokers, mortgage brokers, or any other brokers or agents in connection with the Loan or the acquisition of the Projects have been paid, such evidence to be accompanied by any waivers or indemnifications deemed necessary by Lender.

20. The Contribution Agreement.

21. Payment of Lender's costs and expenses in underwriting, documenting, and closing the transaction, including fees and expenses of Lender's inspecting engineers, consultants, and outside counsel.

22. Such credit checks, background investigations and other information required by Lender regarding Borrower, each Borrower Party and any other Person holding a direct or indirect interest in Borrower, including such additional information as Lender may request regarding compliance by Borrower, and by direct and indirect interest holders in Borrower, with the provisions of Article 9.

23. Such other documents or items as Lender or its counsel may reasonably require.

24. The representations and warranties contained in this Loan Agreement and in all other Loan Documents are true and correct.

25. No Potential Default or Event of Default shall have occurred or exist.

PART B. GENERAL CONDITIONS

Each advance of the Loan shall be subject to Lender's receipt, review, approval and/or confirmation of the following, each in form and content satisfactory to Lender in its sole discretion:

1. There shall exist no Potential Default or Event of Default (currently and after giving effect to the requested advance).

2. The representations and warranties contained in this Loan Agreement and in all other Loan Documents are true and correct as of the date of the requested advance.

3. Such advance shall be secured by the Loan Documents. Subject only to those exceptions to title approved by Lender at the time of the Loan closing, as evidenced by title insurance endorsements satisfactory to Lender.

4. Borrower shall have paid Lender's costs and expenses in connection with such advance (including title charges, and costs and expenses of Lender's inspecting engineer and attorneys).

5. No change shall have occurred in the financial condition of Borrower or any Borrower Party, or in the Underwritten NOI of the Projects, or in the financial condition of any major or anchor tenant, which would have, in Lender's sole judgment, a material adverse effect on the Loan, any Project, or Borrower's or any Borrower Party's ability to perform its obligations under the Loan Documents.

6. Borrower shall have delivered to Lender all information requested by Lender pursuant to Article 9 and all Interest Holder certifications then required under Section 8.1.

7. No condemnation or adverse, as determined by Lender, zoning or usage change proceeding shall have occurred or shall have been threatened against any Project; no Project shall have suffered any damage by fire or other casualty which has not been repaired or is not being

restored in accordance with this Agreement; no law, regulation, ordinance, moratorium, injunctive proceeding, restriction, litigation, action, citation or similar proceeding or matter shall have been enacted, adopted, or threatened by any governmental authority, which would have, in Lender's judgment, a material adverse effect on any Project or Borrower's or any Borrower Party's ability to perform its obligations under the Loan Documents.

8. Lender shall have no obligation to make any advance for less than $100,000, or to make advances more often than eighteen times in any Loan Year.

9. At the option of Lender (i) each advance request shall be submitted to Lender at least five (5) Business Days prior to the date of the requested advance, and (ii) all advances shall be funded by wire transfer of immediately available funds to an account directed by Borrower.

10. After giving effect to the requested advance, the Debt Service Coverage is not less than 1.15:1.

11. After giving effect to the requested advance, the aggregate outstanding principal balance of the Loan will not exceed the Borrowing Base.

Each request for and acceptance of a Loan advance shall be deemed to constitute, as of the date of such request or acceptance, a representation and warranty by Borrower that the statements contained in paragraphs 1 and 2 above are true and correct.

SCHEDULE 4.1
ORGANIZATIONAL MATTERS

A. Borrower's Organizational Structure.
See Exhibit 4.1 (A) attached hereto

B. Organizational Information: (Borrower and each Borrower Party).

Legal Name *	State of Incorporation or Organization	Type of Entity	State Organizational ID No. **	Federal Tax ID No.	Subsidiary?
ESP Seven Subsidiary LLC	Delaware	Ltd. Liability Co.	4414748	26-0842867	No
Extra Space Properties Seven LP	Utah	Ltd. Partnership	5555845-0180	20-0567600	No
Extra Space of Pennsylvania Two LLC	Utah	Ltd. Liability Co.	5555844-0160	20-0567563	No
Extra Space Storage LLC	Utah	Ltd. Liability Co.	2944255	87-0618405	No
Extra Space Management, Inc.	Utah	Corporation	846238-0142	87-0405300	No
Extra Space of Pennsylvania LLC	Utah	Ltd. Liability Co.	5555843-0160	20-0567502	No
Extra Space of Lanham LLC	Maryland	Ltd. Liability Co.	W07720048	20-0567191	Yes
Extra Space of Morrisville LP	Pennsylvania	Ltd. Partnership	3193293	20-0600133	Yes
Extra Space of Philadelphia LP	Pennsylvania	Ltd. Partnership	3193292	20-0600081	Yes
Extra Space of Metuchen LLC	New Jersey	Ltd. Liability Co.	0600091594	91-2052761	Yes
Extra Space of Union LLC	New Jersey	Ltd. Liability Co.	0600220719	20-1965549	Yes

* As it appears in official filings in the state of its incorporation or organization.
**If none issued by applicable state or organization/incorporation, insert "none issued."

C. Location Information.

1. Borrower:

a. Chief Executive Office: ESP Seven Subsidiary LLC
2795 East Cottonwood Parkway, Suite 400
Salt Lake City, UT 84121
Attention: David L. Rasmussen, General Counsel
Telephone No.: (801) 365-4473

b. Location of any prior Chief Executive Office (during last 5 years): None

c. Other Office Location: None

d. Location of Collateral: At the Projects

2. Borrower Parties (Chief Executive Office): Same as Borrower

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SCHEDULE 4.6
ZONING REPORTS AND PROPERTY CONDITION REPORTS

	Report Date	Preparer
Zoning Reports		
Tracy	9/26/2007	The Planning & Zoning Resource Corporation
Arvada	9/27/2007	The Planning & Zoning Resource Corporation
Denver	9/21/2007	The Planning & Zoning Resource Corporation
Thornton	9/25/2007	The Planning & Zoning Resource Corporation
Westminster	9/26/2007	The Planning & Zoning Resource Corporation
Green Acres	9/25/2007	The Planning & Zoning Resource Corporation
Deland	9/24/2007	The Planning & Zoning Resource Corporation

Norwood	10/4/2007	The Planning & Zoning Resource Corporation
Kingston	9/26/2007	The Planning & Zoning Resource Corporation
Quincy	9/25/2007	The Planning & Zoning Resource Corporation
Waltham	9/26/2007	The Planning & Zoning Resource Corporation
Lanham	9/24/2007	The Planning & Zoning Resource Corporation
Metuchen	9/26/2007	The Planning & Zoning Resource Corporation
Union	9/24/2007	The Planning & Zoning Resource Corporation
Morrisville	9/27/2007	The Planning & Zoning Resource Corporation
Philadelphia	9/27/2007	The Planning & Zoning Resource Corporation
Plano	9/26/2007	The Planning & Zoning Resource Corporation
Property Conditions Reports		
Tracy	8/21/2007	IVI Due Diligence Service, Inc.
Arvada	8/20/2007	IVI Due Diligence Service, Inc.
Denver	8/21/2007	IVI Due Diligence Service, Inc.
Thornton	8/20/2007	IVI Due Diligence Service, Inc.
Westminster	8/20/2007	IVI Due Diligence Service, Inc.
Green Acres	8/21/2007	IVI Due Diligence Service, Inc.
Deland	8/21/2007	IVI Due Diligence Service, Inc.
Norwood	8/21/2007	IVI Due Diligence Service, Inc.
Kingston	8/21/2007	IVI Due Diligence Service, Inc.
Quincy	8/21/2007	IVI Due Diligence Service, Inc.
Waltham	8/21/2007	IVI Due Diligence Service, Inc.
Lanham	8/21/2007	IVI Due Diligence Service, Inc.
Metuchen	8/21/2007	IVI Due Diligence Service, Inc.
Union	8/21/2007	IVI Due Diligence Service, Inc.
Morrisville	8/21/2007	IVI Due Diligence Service, Inc.
Philadelphia	8/21/2007	IVI Due Diligence Service, Inc.
Plano	8/21/2007	IVI Due Diligence Service, Inc.

SCHEDULE 8.15
IMMEDIATE REPAIRS

PROJECT	REPAIRS		ESTIMATED COST
1019 Norwood, MA	Repairs - Metal fence		$ 1,050
	Repairs - Roof Door		$ 700
	Repairs - Miscellaneous storage units		$ 3,500
	Repairs - Fire pump and piping		$ 2,800
		TOTAL	**$ 8,050**
1206 Waltham, MA	Repairs - Roof		$ 700
		TOTAL	**$ 700**
1073 Arvada, CO	Repairs - Asphalt pavement		$ 18,000
		TOTAL	**$ 18,000**
1074 Denver, CO	Roofing - Replace/repair roof		$ 60,000
		TOTAL	**$ 60,000**
1195 Lanham, MD			$ 9,600
		TOTAL	**$ 9,600**
1197 Morrisville, PA	Repairs - Asphalt		$ 10,500
		TOTAL	**$ 10,500**
1198 Philadelphia, PA	Repairs - Asphalt		$ 27,500
		TOTAL	**$ 27,500**

Exhibit 10.31

SUBSCRIPTION AGREEMENT
(Membership Interests in Extra Space Development, LLC)

THIS SUBSCRIPTION AGREEMENT ("Agreement") is made this 31 day of December, 2007, by and among Extra Space Development, LLC ("Company"), and Extra Space Storage LLC ("Subscriber"), (the Company and the Subscriber are sometimes collectively referred to as "Parties.")

WITNESSETH:

WHEREAS, the Company has entered into six agreements with the Subscriber for the purchase and sale of limited liability company interests, as identified in the attached Exhibit A ("Six Sale Agreements"); and

WHEREAS, Subscriber desires to acquire certain membership interests in the Company for the consideration set forth herein; and

WHEREAS, the Parties desire to enter into this Agreement to set forth with specificity and detail the terms and conditions upon which the foregoing subscription and acquisition of membership interests shall be accomplished.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and intending to be legally bound, the Parties hereto agree as follows:

1. Sale of Membership Interest. The Subscriber agrees to contribute, and the Company agrees to accept from Subscriber, the sum of $356,718.90 as a capital contribution to Company in exchange for a membership interest in the Company as described below.

2. Admission/ Operating Agreement. Subscriber hereby consents to the Amended and Restated Operating Agreement of the Company dated January 1, 2004 ("Operating Agreement") and agrees to be bound thereby, subject to the further Second Amended and Restated Operating Agreement attached hereto as Exhibit B, which shall be effective as of the Effective Date of this Agreement.

3. Subscriber Review of Disclosure Materials. Subscriber acknowledges that it has received no representations or warranties from the Company, the Manager, Kenneth M. Woolley or by any person acting on behalf of the Company, with respect to the proposed business of the Company, or any other aspects or consequences of a purchase of membership interests, and that Subscriber has not relied upon any information concerning the Company, written or oral. Subscriber represents and warrants to Company and Manager that it has had full access to Company records and has made such inquiry regarding the Company and its business, as Subscriber deems necessary.

4. Subscriber Representations and Warranties. The Subscriber further represents and warrants to the Company as follows:

(a) Economic Risk. The Subscriber is aware that the membership interests are speculative investments involving a high degree of risk.

(b) Counsel. Subscriber, its counsel, its advisors, and such other persons, with whom it has found it necessary to consult, have sufficient knowledge and experience in business and financial matters

to evaluate the Company, and the merits and risks of the investment, and to make an informed investment decision with respect thereto.

(c) Examination. The Company has made available to the Subscriber, its counsel and advisors, prior to the date hereof, the opportunity to ask questions of, and to receive answers from, the Company and its representatives, concerning the terms and conditions of the investment, and access to obtain any information, documents, financial statements, records and books (i) relative to the Company, the business, and an investment in the Company, and (ii) necessary to verify the accuracy of any information furnished to the Subscriber.

(d) Transfer Restrictions. The membership interests are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Operating Agreement, and applicable state and federal securities laws, pursuant to registration or an exemption therefrom. Subscriber should be aware that it might be required to bear the financial risks of this investment for an indefinite period.

(e) Correctness, Remaking of Warranties. The foregoing representations and warranties are true and correct as of the date hereof and each such representation and warranty shall survive the purchase of membership interests.

5. Company Representations and Warranties: AS IS, WHERE IS. The Company represents and warrants to the Subscriber as follows:

(a) Company is a Utah limited liability company, and duly formed, existing and in good standing in the State of Utah

(b) Company has adopted a Plan of Dissolution in form attached as Exhibit C, which includes a plan for a series of redemptions of the membership interests of all of the existing members of the Company other than the Subscriber.

(c) The Company, and its members and managers, make no representations or warranties to the Subscriber other than as specifically set forth herein. Otherwise, and in all respects, the membership interest of the Company hereby subscribed for, and the organizational documents of the Company, and the assets, liabilities, and business of the Company are hereby approved by and conveyed to the Subscriber "AS IS, WHERE IS" and without warranty of any kind.

6. Miscellaneous.

(a) Utah Law. This Subscription Agreement shall be construed in accordance with and be governed by the laws of the State of Utah. The parties hereto hereby agree to submit to the jurisdiction of the state of federal courts in Utah to resolve all claims or disputes arising under this Subscription

Agreement.

(b) Successors and Assigns. This Subscription Agreement shall be binding upon and inure to the benefit of the successors, heirs, assigns and personal representatives of all parties; provided, however, that Subscriber may not assign its rights or delegate his duties under this Subscription Agreement.

(c) Effective Date. This Subscription Agreement shall become Effective upon execution by all parties named below.

(d) Entire Agreement. It is expressly understood that this Subscription Agreement and the documents referred to herein constitute the entire agreement of the parties hereto with respect to the subject matter hereof. All prior understandings or commitments of any kind, oral or written, pertaining thereto are hereby superseded and canceled.

(end of text)

IN WITNESS WHEREOF, the Parties to this Agreement have duly executed it on the date and year first above written.

COMPANY:

Extra Space Development, LLC

By: /s/ Kenneth M. Woolley
Its: Manager

SUBSCRIBER:

Extra Space Storage LLC

By: /s/ Kent W. Christensen
Its: Manager

CONSENT TO ADMISSION OF MEMBER

Pursuant to Article 3.06 of the Operating Agreement, the undersigned, representing greater than 50% of the Membership Interests in the Company waive any rights of first refusal set forth in the Operating Agreement and consent to the transaction described above and the admission of Extra Space Storage LLC as a Member of the Company.

MEMBERS:

/s/ Kenneth M. Woolley
Kenneth M. Woolley, Member
Percentage Interest: 32.630%

KRISPEN FAMILY HOLDINGS, L.C., Member

By: /s/ Spencer F. Kirk
Spencer F. Kirk
Its: Manager
Percentage Interest: 20.195%

EXHIBIT A

SIX SALE AGREEMENTS

1. Agreement for Purchase and Sale of Limited Liability Company Interest (Extra Space of Culver City LLC– ESS# 1160)

2. Agreement for Purchase and Sale of Limited Liability Company Interest (Extra Space of Middletown LLC– ESS# 1192)

3. Agreement for Purchase and Sale of Limited Liability Company Interest (Extra Space of Jamaica Plain– ESS# 1098)

4. Agreement for Purchase and Sale of Limited Liability Company Interest (Extra Space of Elk Grove LLC– ESS# 1166)

5. Agreement for Purchase and Sale of Limited Liability Company Interest (Extra Space of Extra Space West Two LLC)

6. Agreement for Purchase and Sale of Limited Liability Company Interest (Storage Associates Holdco)

LC# 029047

RECEIVED

SEP 22 1998

ARTICLES OF ORGANIZATION

OF

EXTRA SPACE DEVELOPMENT, LLC

The undersigned hereby form a limited liability company (the "Company") — pursuant to the Utah Limited Liability Company Act and adopt as the Articles of Organization of such limited liability company the following:

1. Name of the Company:

The name of the Company shall be "EXTRA SPACE DEVELOPMENT, LLC"

2. Period of its Duration:

The duration of the Company shall be forty (40) years from the date of filing of these Articles of Organization with the Division of Corporations & Commercial Code of the State of Utah.

3. Purposes of the Company.

The purposes for which the Company is organized are to develop, finance, lease, construct, own, operate, maintain and sell real and personal property of all types, and other related business within the State of Utah. In addition, the Company shall have unlimited power to engage in and do any lawful act concerning any or all lawful businesses for which limited liability companies may be organized according to the laws of the State of Utah, including all powers and purposes now and hereafter permitted by law to a limited liability company.

4. Principal Place of Business and Registered Agent.

The address of the principal place of business of the Company is as follows:

Extra Space Development, LLC
488 East Winchester, Suite 150
Salt Lake City, UT 84107

The name and address of the agent for service of process is:

Kenneth M.Woolley
488 East Winchester, Suite 150
Salt Lake City, UT 84107

However, if the agent appointed therein cannot be found or served with the exercise of reasonable diligence, or if said agent's authority has been revoked, then the Utah Division of Corporations & Commercial Code is appointed as the agent of the company for service of process.

5. Management.

The Company is to be managed by a manager. The name and address of the manager who is to serve until its successors are elected and qualify is:

Kenneth M. Woolley
488 East Winchester, Suite 150
Salt Lake City, UT 84107

6. Operations.

The Company shall be governed by a written Operating Agreement, the terms of which shall supplement the provisions of Utah law.

DATED: September 17, 1998.

/s/ KENNETH M. WOOLLEY
KENNETH M. WOOLLEY, Manager

ACCEPTANCE BY REGISTERED AGENT:

LL 029047
Nov 29 1999

ARTICLES OF AMENDMENT
TO THE
ARTICLES OF ORGANIZATION
OF
EXTRA SPACE DEVELOPMENT, LLC

THE UNDERSIGNED, pursuant to the Utah Limited Liability Company Act, hereby adopts these Articles of Amendment to the Articles of Organization for Extra Space Development, LLC (the "Company"), and certifies that:

FIRST: The name of the Company is Extra Space Development, LLC

SECOND: The date of registration of the Company with the Utah Division of Corporations and Commercial Code was September 22, 1998.

THIRD: The Articles of Organization are hereby amended by replacing the initial Period of Duration in Article 2 with the following new Period of Duration:

The duration of the Company shall be sixty (60) years from the date of filing of the Articles of Organization with the Division of Corporations and Commercial Code of the State of Utah.

FOURTH: Except as amended by this Certificate, the Articles of Organization shall remain unchanged.

IN WITNESS WHEREOF, this Certificate of Amendment was executed on the date given below by the undersigned member/manager of the Company, who is duly authorized to execute and file this Certificate of Amendment and to affirm, under penalties of perjury, that the facts stated in this Certificate of Amendment are true.

DATED this 16th day of November, 1999.

/s/ Kenneth M.Woolley
Kenneth M.Woolley
Member/Manager

CERTIFICATE OF GOOD STANDING
FOREIGN LIMITED LIABILITY COMPANY

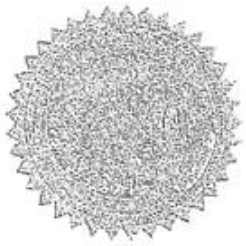
I, KEVIN SHELLEY, Secretary of State of the State of California, hereby certify:

That on the 18th day of November, 1998, EXTRA SPACE DEVELOPMENT, LLC, complied with the requirements of California law in effect on that date for the purpose of registering to transact intrastate business in the State of California; and further purports to be a limited liability company organized and existing under the laws of Utah as EXTRA SPACE DEVELOPMENT, LLC, and;

That the above limited liability company is entitled to transact intrastate business in the State of California as of the date of this certificate subject, however, to any licensing requirements otherwise imposed by the laws of this state; and

That no information is available in this office on the financial condition, business activity or practices of this limited liability company.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of



the State of California this day of April 8, 2004.

/s/ KEVIN SHELLEY
KEVIN SHELLEY
Secretary of State

AMENDED AND RESTATED OPERATING AGREEMENT
FOR
EXTRA SPACE DEVELOPMENT, LLC

THIS AMENDED AND RESTATED OPERATING AGREEMENT FOR EXTRA SPACE DEVELOPMENT, LLC (the "Agreement") is made and entered effective as of the 1st day of January, 2004, by, between, and among the Members and the Manager(s) of the Company, as such terms are defined below.

RECITALS

a. The Articles of Organization for Extra Space Development, LLC (hereinafter the "Articles of Organization") were filed with the Division on September 22, 1998. Extra Space Storage LLC, a Delaware limited liability company, was the sole member of the Company.

b. Pursuant to that certain Plan of Reorganization (Extra Space Development, LLC) dated effective as of the same date as this Agreement between Extra Space Storage LLC, the Company, and the Members, the Extra Space Storage LLC has distributed all of the membership interests in the Company to the Members.

c The Members have each reviewed this Agreement, in its entirety, and desire to cause the same to be adopted as and for the operating agreement of the Company, in accordance with the Act.

AGREEMENT:

Pursuant to the Act, and all other pertinent laws of the State of Utah and its political subdivisions, and in exchange for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the undersigned Members mutually agree and covenant as follows:

ARTICLE 1: ORGANIZATION

1.01 Adoption of Operating Agreement. The Members hereby unanimously adopt this Agreement as the Operating Agreement for the Company pursuant to the provisions of the Act.

1.02 Name. The name of the Company shall be EXTRA SPACE DEVELOPMENT, LLC

1.03 Commencement of Business. The existence of the Company commence as of the date of filing of the Company's Articles of Organization with the Division and shall continue thereafter until terminated as provided herein. For purposes of this Section 1.03, the Articles of Organization of the Company shall be deemed filed with the Division on the date indicated by the Division as part of its stamp or seal on the original Articles of Organization which are filed with the office of the Division.

1.04 Registered Office, Registered Agent, Designated Office. The Company shall continuously maintain a registered office and registered agent in the State of Utah as required by the Act. The registered agent of the Company in the State of Utah is Kenneth M. Woolley, and the registered office of the Company in the State of Utah is 2795 E. Cottonwood Parkway, Suite 400, Salt Lake City, Utah 84121. The designated office of the Company in the State of Utah for purposes of Section 48-2c-l11 of the Act shall be 2795 E. Cottonwood Parkway, Suite 400, Salt Lake City, Utah 84121. The Company may designate or maintain any registered agent, registered office or other office in any jurisdiction whether or not required by law, and any such designation heretofore made is hereby ratified and approved. The registered office, registered agent and designated office of the Company may be changed at any time and from time to time by the Manager(s).

1.05 Purposes. The principal business purposes for which the Company is organized are to acquire, own, develop, mortgage, encumber, hypothecate, lease, sell, maintain, improve, alter, remodel, expand, manage, and otherwise operate and deal with real and personal property from time to time acquired by the Company and for any other lawful purpose for which a limited liability company may be organized under the laws of the State of Utah.

1.06 No Liability of Managers, Members, Organizers, Officers and Employees. Except as otherwise agreed by such Organizer, Member, Manager officer or employee, no Organizer, Member, Manager, officer or employee of the Company is or shall be personally liable under a judgment, decree, or order of a court, or in any other manner, for a debt, obligation, or liability of the Company or for the acts or omissions of the Company or any other Organizer, Member, Manager, officer or employee of the Company. The failure of the Company to maintain records, to hold meetings, or to observe any formalities or requirements imposed by the Act or by the Articles of Organization or this Agreement is not a ground for imposing personal liability on any Member, Manager, Officer or employee of the Company for any debt, obligation or liability of the Company.

1.07 Title to Property. All real and personal property owned by the Company shall be owned by the Company as an entity and no Member shall have any ownership interest in such property in its individual name or right, and each Member's interest in the Company shall be personal property for all

purposes. Except as otherwise provided in this Agreement, the Company shall hold all of its real and personal property in the name of the Company and not in the name of any Member.

1.08 Payments of Individual Obligations. The Company's credit and assets shall be used solely for the benefit of the Company, and no asset of the Company shall be transferred or encumbered for or in payment of any individual obligation of a Member.

1.09 Independent Activities: Transactions With Affiliates.

(a) Each Member and Manager and any of their respective Affiliates shall be required to devote only such time to the affairs of the Company as such Member or Manager determines in its sole discretion may be necessary, and each Affiliate of a Member or Manager, to the extent not otherwise directed by the Member or Manager, shall be free to serve any other Person or enterprise in any capacity that it may deem appropriate in its discretion.

(b) Insofar as permitted by applicable law, any Member, Manager and their respective Affiliates may, notwithstanding this Agreement, engage in whatever activities they choose, whether the same are competitive with the Company or otherwise, without having or incurring any obligation to offer any interest in such activities to the Company or any Member, and neither this Agreement nor any activity undertaken pursuant hereto shall prevent any Member, Manager or Affiliate of any of them from engaging in such activities, or require any Member or Manager to permit the Company or any Member, Manager or Affiliate of any of them to participate in any such activities, and as a material part of the consideration for the execution of this Agreement by each Member, each Member hereby waives, relinquishes, and renounces any such right or claim of participation. This provision shall not be construed to be in derogation of any obligation which any Person may have to the Company arising out of such Person's employment by, or position as an officer of the Company, or any contract or agreement such Person may have with the Company.

(c) To the extent permitted by applicable law and except as otherwise provided in this Agreement, the Company is hereby authorized to purchase property from, sell property to, or otherwise deal with any Member or Manager, acting on its own behalf, or any Affiliate of any Member or Manager, provided that any such purchase, sale, or other transaction shall be made on terms and conditions which are no less favorable to the Company than if the sale, purchase, or other transaction had been entered into with an independent third party.

ARTICLE 2: DEFINITIONS

2.01 Definitions. The terms used in this Agreement shall have the following meanings:

(a) Act means the Utah Revised Limited Liability Company Act, Title 48, Chapter 2c, Utah Code Annotated.

(b) Adverse Act means, with respect to any Member, any of the following:

(1) A Transfer of all or any portion of such Member's interest in the Company except as expressly permitted or required by this Agreement;

(2) Transfer of all or any portion of any Person's interest in any Member except as expressly permitted or required by this Agreement;

(3) An attempt by such Member to withdraw from the Company or dissolve the Company or take any action in breach of Section 11.02 hereof;

(4) Any termination, dissolution or liquidation of a corporation, limited liability company, or partnership which is a Member, or the taking of any action by its directors, majority shareholders or general partners looking to the termination, dissolution or liquidation of such Member, unless substantially all assets of such Member are transferred, or are to be transferred, to a Wholly Owned Affiliate of such Member;

(5) The Bankruptcy of such Member or the occurrence of any other event which would permit a trustee or receiver to acquire control of the affairs or assets of such Member;

(6) A determination by the Third Judicial District Court of Salt Lake County, State of Utah, or any other court having jurisdiction over the Company and the Members, that such Member has taken an action, or has failed to take an action within the scope of his duties hereunder, that results, or can reasonably be expected to result in, such Member becoming liable to indemnify the Company for a material sum pursuant to any provision of this Agreement or that would justify a decree of dissolution of the Company under the Act; or

(7) In the case of a Member who is a natural person, his or her death or the entry of an order by a court of competent jurisdiction adjudicating him or her incompetent to manage his or her person or his or her estate.

(c) Adverse Member means any Member with respect to whom an Adverse Act pursuant to Section 2.01(b) has occurred.

(d) Affiliate means, with respect to any Person, (i) any other Person directly or indirectly controlling, controlled by or under common control with such Person, (ii) any other Person owning or controlling interests in such Person possessing the right to cast ten percent (10%) or more of the total votes entitled to be cast for the election of management of such Person or to be cast with respect to management decisions of such Person, (iii) any officer, director, manager, or general partner of such Person, or (iv) any other Person who is an Affiliate of any other Person described in clauses (i) through (iii) of this sentence. For purposes of this definition, the term "controls," "is controlled by," or "is under common control with" shall mean the possession,

direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

(e) Aggregate Buy-Sell Price has the meaning set forth in Section 10.03 hereof.

(f) Appraisers' Notice has the meaning set forth in Section 9.06 hereof.

(g) Articles of Organization means the Articles of Organization of the Company as filed with the Division.

(h) Bankruptcy means, with respect to any Person, a "Voluntary Bankruptcy" or an "Involuntary Bankruptcy." A "Voluntary Bankruptcy" means, with respect to any Person, the filing of any petition or answer by such Person seeking to adjudicate it a bankrupt or insolvent, or seeking for itself any liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of such Person or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking, consenting to, or acquiescing in the entry of an order for relief or the appointment of a receiver, trustee, custodian, or other similar official for such Person or for any substantial

part of its property; or corporate action taken by such Person to authorize any of the actions set forth above. An "Involuntary Bankruptcy" means, with respect to any Person, without the consent or acquiescence of such Person, the entering of an order for relief or approving a petition for relief or reorganization or any other petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any present or future bankruptcy, insolvency or similar statute, law or regulation, or the filing of any such petition against such Person which petition shall not be dismissed within ninety (90) days, or, without the consent or acquiescence of such Person, the entering of an order appointing a trustee, custodian, receiver or liquidator of such Person or of all or any substantial part of the property of such Person which order shall not be dismissed within sixty (60) days.

(i) Business Day means any day other than a Saturday or Sunday on which banks are not required or authorized to close in the state of Utah.

(j) Capital Account means the Capital Account of each Member as described in Section 4.01 below.

(k) Capital Contributions means collectively all contributions of cash or other Property to the Company.

(l) Code means the Internal Revenue Code of 1986, as amended.

(m) Division means the Division of Corporations and Commercial Code of the Department of Commerce, State of Utah.

(n) Election Day has the meaning set forth in Section 10.02 hereof.

(o) Election Period has the meaning set forth in Section 10.02 hereof.

(p) First Appraiser has the meaning set forth in Section 10.05 hereof.

(q) Fiscal Year means (i) the period commencing on the effective date of this Agreement and ending on December 31, next following (ii) any subsequent twelve (12) month period commencing on January 1 and ending on December 31, or (iii) any portion of the period described in clause (ii) for which the Company is required to allocate Profits, Losses and other items of Company income, gain, loss or deduction pursuant to ARTICLE 4 hereof.

(r) Interest or Member's Interest means an individual Member's share of the Company capital, assets, profits, surplus or losses, and all rights of a Member of a limited liability company under the Act and all rights of a Member of the Company under this Agreement.

(s) Involuntary Bankruptcy has the meaning set forth in Section 2.01(b) hereof.

(t) Liquidating Event has the meaning set forth in Section 11.03 hereof.

(u) Manager(s) shall have the meaning set forth in Section 6.01 below.

(v) Member or Members means the persons named in ARTICLE 3 below, and such other Members as may be admitted from time to time in accordance with this Agreement, but shall not mean the husband, wife, child or parent of any Member unless such husband, wife, child or parent is expressly named herein as a Member.

(w) Net Cash From Operations means the gross cash proceeds from Company operations less the portion thereof used to pay, or establish reserves for, all Company expenses (including without limitation, operating expenses, development expenses, debt payments, capital improvements, replacements, and contingencies), all as determined by the Manager(s). Net Cash From Operations does not include Net Cash From Sales or Net Cash From Refinancings. Net Cash From Operations shall not be reduced by depreciation, amortization, cost recovery deductions, or similar allowances, but shall be increased by any reductions of reserves previously established pursuant to the first sentence of this Section 2.01(w) and Sections 2.01(x) and 2.01(y).

(x) Net Cash From Refinancings means the net cash proceeds from any initial financing and all refinancings of Property, less any portion thereof used to establish reserves, all as determined by the Manager(s).

(y) Net Cash From Sales means the net cash proceeds from all sales and other dispositions of Property, less any portion thereof used to establish reserves, all as determined by the Manager(s). Net Cash From Sales shall include all principal and interest payments with respect to any note or other obligation received by the Company in connection with the sale or other disposition of Property.

(z) Net Equity has the meaning set forth in Section 10.04 hereof.

(aa) Percentage Interest means the Percentage Interest in the Company of each Member as set forth in Section 3.01 below.

(bb) Person means any individual, partnership, limited liability company, corporation, trust, or other entity.

(cc) Profits and Losses means the net profits or losses of the Company for federal income tax purposes as determined by the accountants employed by the Company; provided, however, that in the event the profits or losses of the Company are later adjusted in any manner, as the result of an audit by the Internal Revenue Service, or otherwise, then the net profits or losses of the Company shall be adjusted to the same extent.

(dd) Property means all real and personal property acquired by the Company and any improvements thereto, and shall include both tangible and intangible property.

(ee) Purchase Notice has the meaning set forth in Section 10.02 hereof.

(ff) Regulations means the Income Tax Regulations, including Temporary Regulations, promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

(gg) Second Appraiser has the meaning set forth in Section 10.05 hereof.

(hh) Third Appraiser has the meaning set forth in Section 10.05 hereof.

(ii) Transfer means, as a noun, any voluntary or involuntary transfer, sale, or other disposition and, as a verb, voluntarily or involuntarily to transfer, sell, or otherwise dispose of.

(jj) Voluntary Bankruptcy has the meaning set forth in Section 2.01(h) hereof.

(kk) Wholly Owned Affiliate of any Person shall mean (i) an Affiliate of such Person one hundred percent (100%) of the voting stock or beneficial ownership of which is owned directly by such Person, or by any Person who, directly or indirectly, owns one hundred percent (100%) of the voting stock or beneficial ownership of such Person, (ii) an Affiliate of such Person who, directly or indirectly, owns one hundred percent (100%) of the voting stock or beneficial ownership of such Person, and (iii) any Wholly Owned Affiliate of any Affiliate described in clause (i) or clause (ii) of this Section 2.01(kk).

ARTICLE 3: MEMBERS OF THE COMPANY

3.01 Members. The names, addresses and Percentage Interests of the Members of the Company are set forth on Exhibit A attached hereto and by this reference made a part hereof. The Members agree that the Members interests in the capital, Profits, Losses and other items of Company income, gain, loss or deduction, and distributions from the Company shall be in accordance with their respective Percentage Interests.

3.02 Classes of Members. There shall be one class of Members. There shall be no distinction between the rights and liabilities of Members.

3.03 Additional Capital Contributions. From time to time, upon written consent of the Members holding more than fifty percent (50%) of the Percentage Interests, each of the Members may contribute additional cash and other properties into the Company upon such terms as are approved by Members holding more than fifty percent (50%) of the Percentage Interests. Such contributions shall constitute additional Capital Contributions.

3.04 Withdrawal of Capital Contributions. Except as otherwise expressly provided in this Agreement:

(a) only after the dissolution and winding-up of the Company may any of the Capital Contributions be withdrawn;

(b) no Member shall have priority over any other Member, either as to the return of Capital Contributions or as to Profits, Losses, or distributions;

(c) no Member shall be personally liable to any other Member for the return of any part of the Members' Capital Contributions; and

(d) Capital Contributions shall not bear interest.

3.05 Member's Compensation. Except as otherwise approved by the Members or provided in this Agreement, no Member shall receive any interest, salary, or drawing with respect to Capital Contributions or for services rendered on behalf of the Company or otherwise in the capacity as Member. The Members agree that the Manager(s) may receive such salaries and other compensation as are approved from time to time by the Members.

3.06 Admission of New Members. Except as otherwise provided in this Section 3.06 and ARTICLE 9 hereof, relating to Transfers of Company interests, no Person shall be admitted to the Company as a Member without the consent of Members holding more than fifty percent (50%) of the aggregate Percentage interests of all Members. With the approval of Members holding more than fifty percent (50%) of the Percentage Interests, the Manager(s) may admit one or more Persons as new Members of the Company upon such terms as are approved by Members holding more than fifty percent (50%) of the Percentage Interests.

ARTICLE 4: CAPITAL ACCOUNTS; ALLOCATIONS OF PROFITS AND LOSSES

4.01 Capital Accounts. A separate Capital Account shall be maintained for each Member. Each Member's Capital Account shall be credited with each Member's share of the capital of the Company. Each Member's Capital Account shall be increased by the additional Capital Contributions made by such Member and by such Member's share of gains and profits of the Company as allocated under Section 4.01 below. Such account shall be decreased by any distributions to such Member under Sections 5.01 and, and by such Member's share of losses and deductions of the Company as allocated under Section 4.01 below. Solely for accounting purposes among the Members, a Member may have a minus or debit balance in his or her Capital Account, but any such minus or debit balance shall not represent a liability of such Member to the Company and no Member shall have any obligation to restore a negative balance in such Member's Capital Account.

4.02 Allocation of Profits and Losses. The Profits and Losses of the Company shall be allocated to the Members in accordance with their Percentage Interests; provided, however, that if a Member has contributed appreciated property to the Company in kind, and the property is later transferred by the Company (including but not limited to sales or distributions in kind to Members other than the contributing Member), to the extent required by Section 704(c) of the Code, income, gain, loss or other deductions, other than depreciation, shall be allocated to the contributing Member.

ARTICLE 5: DISTRIBUTIONS

5.01 Distributions of Net Cash From Operations. Net Cash From Sales. and Net Cash From Refinancings. Net Cash from Operations, Net Cash from Sales, and Net Cash from Refinancings shall be distributed, at such times as the Manager(s) may determine, to the Members in accordance with the respective Percentage Interests.

5.02 Reinvestment of Net Cash From Operations and Net Cash From Sales and Net Cash From Refinancings. The Manager(s) may, from time to time, reinvest all or any portion of Net Cash From Operations and Net Cash From Sales and Net Cash From Refinancings.

5.03 Distribution in Kind. Distributions of property other than cash shall be apportioned among the members on the same basis as would be a distribution of Net Cash From Sales in the amount of the fair market value of the distributed property as of the date of distribution, with the same effect on the apportionment of the distribution and all future distributions of cash or other property as a distribution of cash in such amount.

ARTICLE 6: MANAGEMENT

6.01 Management. The business, operations and properties of the Company shall be managed by the Manager(s). The initial Manager(s) shall be Kenneth M. Woolley. Kenneth M. Woolley shall serve as Manager(s) of the Company until the dissolution of the Company, as hereinafter provided, or until otherwise replaced as set forth in this Agreement. The Manager(s) can be replaced upon a vote of the Members at a regular meeting of the Members or special meeting of the Members called for that purpose. If the Manager(s) should fail or cease to serve then a replacement Manager(s) shall be elected by a vote of the Members at a regular or special meeting of the Members, called for that purpose. At any time when more than one Manager is serving, every action, determination, vote, consent, or approval of the Manager(s) shall require the unanimous consent of the Manager(s). If the Manager(s) cannot agree upon any particular matter, such matter shall be determined by the Members.

6.02 General Powers of Manager(s). The Manager(s) shall be solely responsible for the management of the Company's business and activities with all rights and powers generally conferred by law or necessary, advisable or consistent in connection therewith. In the event that the Manager(s) are unable to agree upon any matter calling for the vote, consent, approval, action, or determination of the Manager(s), the matter shall be determined by the Members. Except as expressly provided otherwise in this Agreement, no Member, in the capacity of a Member, shall have any right to participate in the management of the Company or to vote with respect to any matter to be determined by the Members of the Company.

6.03 Specific Powers of the Manager(s). In addition to any other rights and powers which a manager may possess, the Manager(s) shall have all specific rights and powers required or appropriate to his management of the Company business, conferred by this Agreement, by the Act or otherwise, including by way of illustration and not by way of limitation the following:

(a) To acquire, hold and dispose of any real or personal property, interest therein, or appurtenance thereto, as well as personal or mixed property connected with any real property, including the purchase, lease development, improvement, maintenance, exchange, trade or sale of such properties, at such price, rental or amounts, for cash, securities or other property, and upon such terms, as are deemed by such Manager(s) to be in the best interest of the Company;

(b) To authorize any entity in which the Company holds an interest to acquire, hold and dispose of any real or personal property, interest therein, or appurtenance thereto, as well as personal or mixed property connected with any real property, including the purchase, lease development, improvement, maintenance, exchange, trade or sale of such properties, at such price, rental or amounts, for cash, securities or other property, and upon such terms, as are deemed by such Manager(s) to be in the best interest of the Company;

(c) To borrow money and, if security is required therefore, to mortgage or lien any portion of the property of the Company, to obtain replacements of any mortgage or other security device, and to prepay, in whole or in part, refinance, increase, modify, consolidate, or extend any mortgage or other security device, all of the foregoing at such terms and in such amounts as are deemed by such Manager(s) to be in the best interest of the Company;

(d) To authorize any entity in which the Company owns an interest to borrow money and, if security is required therefore, to authorize such entity to mortgage or lien any portion of the property of such entity, to obtain replacements of any mortgage or other security device, and to prepay, in whole or in part, refinance, increase, modify, consolidate, or extend any mortgage or other security device, all of the foregoing at such terms and in such amounts as are deemed by such Manager(s) to be in the best interest of the Company;

(e) To place record title to, or the right to use, Company assets in the name or names of a nominee or nominees for any purpose convenient or beneficial to the Company;

(f) To acquire and enter into any contract or insurance which the Company deems necessary and proper for the protection of the Company, for the conservation of its assets, or for any purpose convenient, or beneficial to the Company;

(g) To employ from time to time persons, firms or corporations for the operation and management of the Company business, including but not limited to, supervisory and managing agents, brokers, attorneys, accountants and other professionals, on such terms and for such compensation as the Manager(s) shall determine;

(h) To pay any and all organizational expenses incurred in the creation of the Company;

(i) To compromise, arbitrate, or otherwise adjust claims in favor of or against the Company and to commence or defend litigation with respect to the Company or any assets of the Company as the Manager(s) may deem advisable, all or any of the above matters being at the expense of the Company;

(j) To borrow money from banks, other lending institutions, and other lenders for any Company purpose including the maintenance of a margin account with any securities broker (except as specifically prohibited by this Agreement), and in connection therewith issue notes, debentures and other debt securities and hypothecate the assets of the Company to secure repayment of borrowed sums; and no bank, other lending institution, or other lender to which application is made for loan by the Manager(s) shall be required to inquire as to the

purposes for which such loan is sought, and as between this Company and such bank, other lending institution, or other lender, it shall be conclusively presumed that the proceeds of such loan are to be and will be used for the purposes authorized under this Agreement;

(k) To authorize any entity in which the Company holds an interest to borrow money from banks, other lending institutions, and other lenders for any purpose of such entity including the maintenance of a margin account with any securities broker (except as specifically prohibited by this Agreement), and in connection therewith issue notes, debentures and other debt securities and hypothecate the assets of such entity to secure repayment of borrowed sums; and no bank, other lending institution, or other lender to which application is made for loan by such entity, as authorized by the Manager(s), shall be required to inquire as to the purposes for which such loan is sought, and as between this Company and such bank, other lending institution, or other lender, it shall be conclusively presumed that the proceeds of such loan are to be and will be used for the purposes authorized under this Agreement;

(l) To maintain, at the expense of the Company, accurate records and accounts of all operations and expenditures and furnish the Members with annual statements of account as of the end of each Company Fiscal Year, together with tax reporting information, and quarterly reports on the operations of the Company;

(m) To purchase, at the expense of the Company, liability and other insurance to protect the Company's properties and business and to protect the Manager(s), his or her agents and employees, and the Members;

(n) To execute instruments, enter into agreements and contracts with parties, and give receipts, releases and discharges with respect to all of the foregoing matters set forth in subsections 6.03(a) through 6.03(m) above, and any matters incident thereto as the Manager(s) may deem advisable or appropriate;

(o) To make certain elections under the tax laws of the United States, the State of Utah, and other relevant jurisdictions as to the treatment of items of Company income, gain, loss, deduction and credit, and as to all other relevant matters (including without limitation elections under Section 754 of the Code as the Manager(s) believes necessary or desirable.

6.04 Limitations on Manager(s). Notwithstanding anything in this Agreement to the contrary, without the consent of the Members, the Manager(s) shall have no authority to:

(a) Do any act in contravention of this Agreement;

(b) Do any act which would make it impossible to carry on the ordinary business of the Company;

(c) Confess a judgment against the Company;

(d) Possess Company property or assign the rights of the Company in specific Company property for other than a Company purpose; or

(e) Admit a Person as a Member, except as otherwise provided in this Agreement.

6.05 Manager(s)' Time. Each Manager shall devote such of his time to the business of the Company as he or she may, in his or her sole discretion, deem to be necessary to conduct the Company's business. No Manager shall be required to devote his or her full time to the Company's business. The Manager(s) shall be entitled to such compensation for their services as may be approved, from time to time, by the Members.

6.06 Reimbursement. Each Manager shall be reimbursed for all out-of-pocket expenses incurred in organizing the Company, including all legal and accounting fees incurred. Thereafter the Manager shall be reimbursed for all goods and materials used for or by the Company. All expenses of the Company shall be billed directly to and paid by the Company. The Manager(s) shall be reimbursed for any administrative expenses including salaries, rent, travel expenses, and other items generally within the purview of furthering the Company business.

6.07 Exculpation. The Manager(s) shall not be liable to the Company or to any of its Members for honest mistakes of judgment or for losses due to such mistakes or to the negligence, dishonesty or bad faith of any employee or agent of the Company; provided that such employee or agent was selected, engaged or retained by the Manager(s) as authorized by the Company with reasonable care. The Manager(s) may rely upon the advice of legal counsel to the Company in determining what acts or omissions are within the scope of authority conferred by this Agreement. The Company shall indemnify and hold harmless each Manager and his or her agents from and against any loss, expense, damage or injury suffered or sustained by them by reason of or in furtherance of the interest of the Company, including, but not limited to any judgment, award, settlement, reasonable attorneys' fees and other costs or expenses incurred in connection with the defense of any action or threatened action, proceeding or claim, provided that the acts, omissions, or alleged acts or omissions upon which such action or threatened action, proceedings or claims are based were performed or omitted in good faith and not fraudulently, in bad faith, as a result of wanton and willful misconduct or gross negligence.

ARTICLE 7: MEETINGS OF MEMBERS

7.01 Regular Meetings. The Company may hold regular meetings as from time to time designated by Members holding over 20% of the then issued and outstanding Percentage Interests, or by the Manager(s). Such regular meetings shall be held at such time and place as designated by the Members or by the Manager(s), designating such meetings, as the case may be.

7.02 Notice of Members Meetings. The Manager(s) shall, and any Member may, give written notice stating the place, day, and hour of both regular and special meetings, and in the case of a special meeting, the purpose or purposes for which the meeting is called, which shall be delivered not less than ten (10) nor more than thirty (30) days before the date of the meeting to each Member of record entitled to vote at such meeting. Notice of any meeting of Members, annual or special, shall be given in the manner specified in Section 14.01.

If any notice addressed to a Member at the address of such Member appearing on the books of the Company is returned to the Company by the United States Postal Service marked to indicate

that the United States Postal Service is unable to deliver the notice to the Member at such address, all future notices or reports shall be deemed to have been duly given without further mailing if the same shall be available to the Member upon written demand of the Member at the principal executive office of the Company for a period of one (1) year from the date of the giving of such notice. A certificate or an affidavit of the mailing, transmission or other means of giving any notice of any Members' meeting shall be executed by a Manager, and shall be filed and maintained in the minute book of the Company.

7.03 Waiver of Notice. If, under the provisions of the Act, the Articles of Organization, or this Agreement, notice is required to be given to a Member or to the Manager(s), a waiver in writing signed by the person or persons entitled to the notice, whether made before or after the time for notice to be given, is equivalent to the giving of notice.

7.04 Quorum. Members owning more than 50% of the Percentage Interests of the Company represented in person or by proxy, shall constitute a quorum at a meeting of Members. If Members holding less than 50% of the Percentage Interests of the Company are represented at a meeting, Members holding a majority of the Percentage Interests so represented may adjourn the meeting from time to time without further notice. At a meeting resumed after any such adjournment at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of Members in such number that less than a quorum remain.

7.05 Voting. A holder of a Percentage Interest, entitled to vote at a meeting, may vote at such meeting in person or by proxy. Except as may otherwise be provided in the Articles of Organization, every Member shall be entitled to a vote equal to the Percentage Interest in the Company of such Member standing in his name on the records of the Company. Except as herein or in the Articles of Organization otherwise provided, all matters which call for a vote, consent, approval or determination of the Members shall be determined by the concurrence of Members owning more than fifty percent (50%) of the Percentage Interests then outstanding.

7.06 Proxies/Power of Attorney. At all meetings of Members, a Member may vote in person or by proxy executed in writing by the Member or by his duly authorized attorney in fact. Such proxy shall be filed with the Company before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

7.07 Action by Written Consent. Any action which may be taken by the Members at a Meeting held pursuant to this ARTICLE 7 or as provided elsewhere in this Agreement may be taken without a meeting, upon the written consent to such action of Members holding the amount of Percentage Interests as is required to take such action.

ARTICLE 8: ACCOUNTING, BOOKS AND RECORDS

8.01 Accounting, Books and Records. The Company shall maintain at its principal place of business separate books of account for the Company which shall show a true and accurate record of all costs and expenses incurred, all charges made, all credits made and received, and all income

derived in connection with the operation of the Company business in accordance with generally accepted accounting principles consistently applied and, to the extent inconsistent therewith, in accordance with this Agreement. The Company shall use the cash method of accounting in preparation of its annual reports and for tax purposes and shall keep its books accordingly. Each Member shall, at his sole expense, have the right, at any time without notice to any other Member, to examine, copy, and audit the Company's books and records during normal business hours.

8.02 Records Required by the Act. The Company shall keep the following records at its Designated Office:

(a) a current list in alphabetical order of the full name and last-known business, residence, or mailing address of each member and each manager;

(b) a copy of the stamped articles of organization and all certificates of amendment thereto, together with a copy of all signed powers of attorney pursuant to which the articles of organization or any amendment has been signed;

(c) a copy of a writing prepared by the Person or Persons who signed and filed the Articles of Organization which sets forth;

(1) the name and street address of each initial Member of the Company;

(2) the name and street address of each initial Manager of the Company (if any);

(3) a copy of the Company's federal, state and local income tax returns and reports, if any, for the three most recent years;

(4) a copy of any financial statements of the Company, if any, for the three most recent years;

(5) a copy of the Company's operating agreement, if any, and all amendments thereto; and

(6) a copy of the minutes, if any, of each meeting of Members and of any written consents obtained from Members.

8.03 Reports. Within one hundred and twenty (120) days after the end of each Fiscal Year, the Company shall cause each Member to be furnished with a copy of the balance sheet of the Company as of the last day of the applicable period, a statement of income or loss for the Company for such period, and a statement of the Company's cash flow for such period.

8.04 Tax Returns: Information. The Manager(s) shall cause the Company to prepare all income and other tax returns of the Company and shall cause the same to be filed in a timely manner. The Company shall furnish to each Member a copy of each such return, together with any schedules or other information which each Member may require in connection with such Member's own tax affairs.

8.05 Special Basis Adjustment. In connection with any Transfer of a Company interest, the Company shall, at the written request of the transferor or the transferee, on behalf of the Company and at the time and in the manner provided in Regulations Section 1.754-1(b), make an election to adjust the basis of the Company's property in the manner provided in Sections 734(b) and 743(b) of the Code, and such transferee shall pay all costs incurred by the Company in connection therewith, including, without limitation, reasonable attorneys' and accountants' fees.

8.06 Tax Matters Partner. A "Tax Matters Partner" shall be designated by the Members in accordance with the applicable provisions of the Code and to act in any similar capacity under state or local law. All of the Members shall be required to cooperate fully with the Tax Matters Partner in the discharge of its responsibility as such. Kenneth M. Woolley is hereby designated the Tax Matters Partner, and may be replaced as such by determination of the Members.

ARTICLE 9: TRANSFER OF MEMBERSHIP INTERESTS

9.01 Prohibition on Hypothecation by Members. No Member shall mortgage or grant a security interest in his Interest in the Company.

9.02 Restrictions on Transfers. Except as expressly permitted or required by this Agreement, no Member shall Transfer all or any portion of his interest in the Company or any rights therein without the consent of Members holding at more than fifty percent (50%) of the aggregate Percentage Interests of all Members. Any Transfer or attempted Transfer by any Member in violation of the preceding sentence shall be null and void and of no force or effect whatever. Notwithstanding anything to the contrary in this Agreement, the Members hereby agree to consent to Transfers of interests in the Company by any Member and agree to consent to the substitution of the transferees of such Transfers as substitute members of the Company provided that (a) such transfers are made to a limited liability company, trust, partnership, or other entity for estate planning purposes, (b) such Member retains the ability, directly or indirectly, to direct the outcome of any determination of such transferee, whether by vote, consent or otherwise, without the vote, consent or approval of any other Person, (c) appropriate amendments are made to this Agreement to reflect such Transfer, and (d) such Transfer and the transferor and transferee of such Transfer comply with the provisions of Sections 9.04 and 9.08. Each Member hereby acknowledges the reasonableness of the restrictions on Transfer imposed by this Agreement in view of the Company purposes and the relationship of the Members. Accordingly, the restrictions on Transfer contained herein shall be specifically enforceable. Each Member hereby further agrees to hold the Company and each Member (and each Member's successors and assigns) wholly and completely harmless from any cost, liability, or damage (including, without limitation, liabilities for income taxes and costs of enforcing this indemnity) incurred by any of such indemnified Persons as a result of a Transfer or an attempted Transfer in violation of this Agreement.

9.03 Transfers to Other Members. If, but only if, a Member (hereinafter the "Selling Member") receives from another Member (hereinafter the "Purchasing Member") a written offer to purchase all of the Interest of the Selling Member which written offer (hereinafter the "Purchase Offer") the Selling Member desires to accept, the Selling Member shall give all of the other Members written notice of that fact (hereinafter the "Sale Notice"). The Selling Member shall attach to the Sale Notice a copy of the Purchase Offer. For a period (hereinafter the "Election Period")

ending at 11:59 P.M. (local time at the Company's principal place of business) on the forty-fifth day following the day on which the Sale Notice is given (hereinafter the "Election Day"), the Members other than the Selling Member may elect, by notice to the Selling Member, to purchase all or any portion of the Interest of the Selling Member, which notice shall state the maximum Percentage Interest that such Member is willing to purchase. Said election and purchase shall be made by giving notice thereof (the "Purchase Notice") to all Members, which Purchase Notice shall not be valid unless it states the maximum Percentage Interest that such Member (a "Purchase Notice Member") is willing to purchase. If the aggregate Percentage Interests that Purchase Notice Members are willing to purchase pursuant to valid Purchase Notices equals or exceeds the entire Percentage Interests of the Selling Member, such Purchase Notice Members shall become "Purchasing Members" and shall be obligated to purchase all of the Interest of the Selling Member and the Selling Member

shall be obligated to sell its Interest to the Purchasing Members. Each Purchasing Member shall be obligated to purchase that portion of the Selling Members' Interest that corresponds to the ratio of the Percentage Interests that such Purchasing Member indicated willingness to purchase in his Purchase Notice to the aggregate Percentage Interests that all such Purchasing Members indicated willingness to purchase under all Purchase Notices. In the event that the Members other than the Selling Member do not elect to purchase the entire Interest of the Selling Member, the Selling Member shall be free to sell his Interest to the Purchasing Member for the price, and on the terms specified and described in the Purchase Offer; provided, however, that if the sale contemplated by the Purchase Offer is not consummated within thirty (30) days after the expiration of the Election Period, the Selling Member shall again give a Sale Notice with respect to such Purchase Offer and follow the procedures outlined and required by this Section 9.03 as if such procedures had not previously been followed with respect to such Purchase Offer. If the Members other than the Selling Member elect to purchase the entire Interest of the Selling Member, the purchase price and other terms of purchase shall be identical to those set forth in the Purchase Offer; provided, however, that the closing shall occur on or before the date that is thirty (30) days after the expiration of the Election Period, at the Company's principal place of business. A Person who acquires all or any part of the Interest of a Selling Member (either pursuant to this Section 9.03 or pursuant to a Purchase Offer after the Selling Member has complied with the provisions of this Section 9.03) shall, upon satisfaction of the requirements specified in Sections 9.04 and 9.07, acquire such Interest in the capacity as a Member and shall have all of the rights of a Member with respect to such Interest (or any part thereof) and particularly, without limiting the generality of the foregoing, the Percentage Interest relating to such Interest shall thereafter be deemed part of the total Percentage Interest owned by the Member for all purposes of this Agreement.

9.04 Conditions to Transfers. Any Transfer not approved under this ARTICLE 9 shall be null and void and of no force or effect whatever.

(a) Any transferor and transferee shall execute such documents and instruments of conveyance and assumption as may be necessary or appropriate in the opinion of counsel to the Company to effect such Transfer and to confirm the Transferee's agreement to be bound by the provisions of this Agreement and assumption of all monetary obligations of the transferor Member with respect to the interest being transferred and the transferor Member's agreement to guarantee the prompt payment and performance of such assumed obligations.

(b) The Company shall receive, prior to any Transfer, an opinion of counsel satisfactory to the Company confirming that such Transfer will not terminate the Company for federal income tax purposes.

(c) The transferor and transferee shall furnish the Company with the transferee's taxpayer identification number, sufficient information to determine the transferee's initial tax basis in the interest transferred, and any other information reasonably necessary to permit the Company to file all required federal and state tax returns and other legally required information statements or returns. Without limiting the generality of the foregoing, the Company shall not be required to make any distribution otherwise provided for in this Agreement with respect to any transferred interest until it has received such information.

(d) A Member making a Transfer of all or a portion of his Company interest and the Transferee thereof shall pay all reasonable costs and expenses incurred by the Company in connection with such Transfer.

9.05 Admission of Transferee as a Member. A Transferee of an interest in the Company shall be admitted as a Member in the Company only upon the consent of the Members owning more than fifty percent (50%) of the aggregate Percentage Interests of all Members. The rights of a Transferee who is not admitted as a Member shall be limited to the right to receive allocations and distributions from the Company with respect to the interest transferred, as provided by this Agreement. The Transferee of such interest shall not be a Member with respect to such interest, and, without limiting the foregoing, shall not have the right to vote as a Member, inspect the Company's books, act for or bind the Company, or otherwise interfere in its operations.

9.06 Effect of Transfer on Company. The Members intend that the Transfer of an interest in the Company shall not cause the dissolution of the Company under the Act; however, notwithstanding any such dissolution, the Members shall continue to hold the Company's assets and operate its business in limited liability company form under this Agreement as if no such dissolution had occurred.

9.07 Distribution Among Members. If a Transfer of an interest in the Company approved under ARTICLE 9 occurs during any Fiscal Year, Profits, Losses, each item thereof, and all other items attributable to such interest for such Fiscal Year shall be divided and allocated between the transferor and the transferee by taking into account their varying interests during the Fiscal Year in accordance with Code Section 706(d), using any conventions permitted by law and selected by the Members. All distributions on or before the date of a Transfer approved under ARTICLE 9 shall be made to the transferor, and all distributions thereafter shall be made to the transferee. If a Transfer was not approved under ARTICLE 9, all of such items shall be allocated, and all distributions shall be made, to the Person who, according to the books and records of the Company, on the last day of the Fiscal Year during which the Transfer occurs, was the owner of the Company interest. The Members and the Company shall incur no liability for making allocations and distributions in accordance with the provisions of this Section 9.07, whether or not any of the Members or the Company has knowledge of any Transfer or purported Transfer of ownership of any interest in the Company.

9.08 Additional Restrictions. Notwithstanding the provisions of this ARTICLE 9, a Member may only sell, assign, or otherwise transfer any Interest in the Company if:

(a) The proposed transfer will not result in the termination of the Company as provided in Section 708(b) of the Code, or otherwise adversely affect the Company's tax status as a partnership thereunder. The Members are expressly authorized to enforce this provision by notifying the Selling Members that all transfers or assignments will be suspended for a period of up to twelve (12) months whenever interests in the Company representing aggregate interests of thirty five percent (35%) or more in Company capital or revenues shall have been effectively transferred in any twelve (12) month period;

(b) Such Selling Member and his purchaser, transferee or assignee execute such instruments of transfer and assignment with respect to such transactions as are in form and substance satisfactory to the non-selling Members; and

(c) The assignor or transferor delivers to the Company an opinion of counsel, in form acceptable to counsel to the Company; that:

(1) the proposed transfer or assignment of the Interest complies with all federal and state laws and regulations, including the Securities Act of 1933, and

(2) the proposed transfer or assignment will not affect the availability to the Company of the exemption from registration of the interest provided by the Securities Act of 1933 or any Rule or Regulation promulgated by the Securities and Exchange Commission or the similar exemption from registration under the securities laws of any applicable state.

In the event of a transfer of a Member's Interest, if it is in the best interest of the Company to do so, the Company may make an election, as provided for in Section 754 of the Code, to adjust the basis of the Company assets.

ARTICLE 10: BUY-SELL

10.01 Determination of Net Equity of Adverse Member's Interest. Prior to the end of the sixtieth day following the day upon which a Member (an "Adverse Member") commits or suffers an Adverse Act, or the sixtieth day after the day any Member other than the Adverse Member receives actual notice of such Adverse Act, any Member may send notice to the Adverse Member of the Adverse Act, and such Adverse Member shall have thirty days following the date of such notice (the "Notice Period") within which to cure the Adverse Act which is the subject of the notice. At any time prior to the end of the sixtieth day following the end of the Notice Period, any Member, by notice to all other Members ("Member Notice"), may cause the Net Equity of the Adverse Member's interest in the Company to be determined as of the date of such Member Notice. Such notice shall designate the First Appraiser as required by Section 10.05 hereof and the Adverse Member shall appoint the Second Appraiser within ten (10) Business Days of receiving such notice designating the First Appraiser.

10.02 Election to Purchase Interest of Adverse Member. For a period (the "Election Period") ending at 11:59 P.M. (local time at the Company's principal place of business) on the thirtieth day following the day on which notice of the Adverse Member's Net Equity is given pursuant to Section 10.04 hereof (the "Election Day"), the Members other than the Adverse Member may elect, by notice to the Adverse Member, to purchase all or any portion of the interest of the Adverse Member, which notice shall state the maximum Percentage Interest that such Member is willing to purchase. Said election and purchase shall be made by giving notice thereof (the "Purchase Notice") to all Members, which Purchase Notice shall not be valid unless it states the maximum Percentage Interest that such Member (a "Purchase Notice Member") is willing to purchase. If the aggregate Percentage Interests that Purchase Notice Members are willing to purchase pursuant to valid Purchase Notices equals or exceeds the entire Percentage Interests of the Adverse Member, the Purchase Notice Members shall become "Purchasing Members" and shall be obligated to purchase all of the interests of the Adverse Member and the Adverse Member shall be obligated to sell its interests to the Purchasing Members. Each Purchasing Member shall be obligated to purchase that portion of the Selling Members' interests that corresponds to the ratio of the Percentage Interests that such Purchasing Member indicated willingness to purchase in his Purchase Notice to the aggregate Percentage Interests that all such Purchasing Members indicated willingness to purchase under all Purchase Notices. In the event that the other Members do not elect to purchase the entire interest of the Adverse Member, the Adverse Member shall be under no obligation to sell any portion of its interest to any Member. The cost of determining Net Equity shall be borne one-half by the Adverse Member and one-half by the Company and the amount borne by the Company shall be treated as an expense of the Company for purposes of such determination.

10.03 Terms of Purchase: Closing. The closing of the purchase and sale of the Adverse Member's interests shall occur on a date and time mutually agreeable to the Purchasing and the Adverse Members, which shall not be later than 10:00 A.M. (local time at the place of the closing) on the first Business Day occurring on or after the sixtieth day following the last day of the Election Period and at such place as is mutually agreeable to the Purchasing Members and Adverse Member, or upon the failure to agree, at the Company's principal place of business. At the closing each Purchasing Member shall pay to the Adverse Member, by cash or other immediately available funds, that portion of the Buy-Sell Price of such Adverse Member's interest that corresponds to a fraction, the numerator of which is the portion of the Aggregate Buy-Sell Price for which such Purchasing Member is liable, and the denominator of which is the Aggregate Buy-Sell Price, and the Adverse Member shall deliver to each Purchasing Member good title, free and clear of any liens, claims, encumbrances, security interests or options (other than those granted by this Agreement) to the portion of the Adverse Member's interest thus Purchased. Each Purchasing Member shall be liable only for the Purchasing Member's individual portion of the Buy-Sell Price to Adverse Member. In the event that any Purchasing Member shall fail to perform his obligation to purchase hereunder, and no other Purchasing Member elects to purchase the portion of the Adverse Member's interest thus not purchased, such Adverse Member shall not be obligated to sell any portion of his interest to any Purchasing Member.

At the closing the Members shall execute such documents and instruments of conveyance as may be necessary or appropriate to confirm the transactions contemplated hereby, including, without limitation, the Transfer of the Company interests of the Adverse Member to the Purchasing Members and the assumption by each Purchasing Member of each Adverse Member's obligation with respect

to the portion of the Adverse Member's interest transferred to such Purchasing Member. The reasonable costs of such Transfer and closing, including, without limitation, attorneys' fees and filing fees, shall be divided equally between the Adverse Member and the Purchasing Members.

The price at which the interest of the Adverse Member is purchased and sold under this Section 10.03 (the "Buy-Sell Price" of such interest) is ninety percent (90%) of the Net Equity thereof, determined as of the Election Day, unless the Adverse Member is an Adverse Member solely because of a transfer of an interest in a Member upon the death of any Person owning, directly or indirectly, an interest in a Member, in which event the Buy-Sell Price of such interest shall be one hundred percent (100%) of the Net Equity thereof, determined as of the Election Day. The aggregate price of all interests required to be bought and sold hereunder is the "Aggregate Buy-Sell Price."

10.04 Net Equity. The "Net Equity" of a Member's interest in the Company, as of any day, shall be the amount that would be distributed to such Member in liquidation of the Company pursuant to ARTICLE 11 hereof if (1) all of the Company's assets were sold for their Gross Appraised Values, (2) the Company paid its accrued, but unpaid, liabilities and established reserves pursuant to Section 11.06 hereof for the payment of reasonably anticipated contingent or unknown liabilities, and (3) the Company distributed the remaining proceeds to the Members in liquidation, all as of such day, provided that in determining such Net Equity, no reserve for contingent or unknown liabilities shall be taken into account if such Member (or his successor in interest) agrees

to indemnify the Company and all other Members for that portion of any such reserve as would be treated as having been withheld pursuant to Section 11.06 hereof from the distribution such Member would have received pursuant to Section 11.05 hereof if no such reserve were established.

The Net Equity of a Member's interest in the Company shall be determined, without audit or certification, from the books and records of the Company by a firm of independent certified public accountants designated by the Manager(s). The Net Equity of a Member's interest shall be determined within sixty (60) days of the day upon which such accountants are appraised in writing of the Gross Appraised Value of the Assets of the Company, and the amount of such Net Equity shall be disclosed to the Company and each of the Members by written notice, prepared and delivered by such accountants, the Manager(s), or any Member, to the Members. The Net Equity determination of such accountants shall be final and binding in the absence of a showing of gross negligence or willful misconduct.

10.05 Gross Appraised Value of the Assets of the Company. "Gross Appraised Value of the Assets of the Company," as of any day, shall be equal to the fair market value of all of the assets of the Company as of such day. As used herein, as of any day, the "fair market value" of the assets of the Company means the maximum amount that a single buyer would reasonably be expected to pay for all of the Assets of the Company, on such day, determined on an asset by asset basis, free and clear of all liens and encumbrances, in a single cash purchase.

In situations under this Agreement in which it is necessary to determine the Gross Appraised Value of the Assets of the Company, the provision requiring such determination provides the manner and time for the appointment of two appraisers (the "First Appraiser" and the "Second Appraiser"). If the Second Appraiser is timely designated, the First and Second Appraisers shall each, within forty-five (45) days of such appointment, give written notice to the Company, the Members, and the

firm of independent certified public accountants designated by the Manager(s), of their respective determinations of the Gross Appraised Value of the Assets of the Company. If the difference between the separate determinations of the Gross Appraised Value of the Assets of the Company of the First Appraiser and the Second Appraiser is less than $500,000.00, the Gross Appraised Value of the Assets of the Company shall, for purposes of this Agreement, be equal to the average of the determinations of the Gross Appraised Value of the Assets of the Company of the First Appraiser and the Second Appraiser. If the difference between the separate determinations of the Gross Appraised Value of the Assets of the Company of the First Appraiser and the Second Appraiser is more than $500,000.00, then at any time after such period, either the Persons who appointed the First Appraiser or the Persons who appointed the Second Appraiser, by written notice to the First Appraiser and Second Appraiser, may demand that they appoint a Third Appraiser (the "Third Appraiser"). If the First Appraiser and Second Appraiser have not appointed the Third Appraiser (who shall have agreed to serve) by the twentieth day after such demand, either the Persons who appointed the First Appraiser or the Persons who appointed the Second Appraiser may request any judge of the Fourth Judicial District Court of the State of Utah to appoint the Third Appraiser. The Third Appraiser shall, within thirty (30) days after his or her appointment, make a determination of the Gross Appraised Value of the Assets of the Company and provide written notice of that determination to the Company, the members and the firm of independent certified public accountants designated by the Manager(s). Upon the determination of the Gross Appraised Value of the Assets of the Company by the Third Appraiser, the Gross Appraised Value of the Assets of the Company shall, for purposes of this Agreement, be equal to the average of the two closest determinations of the Gross Appraised Value of the Assets of the Company by the First, Second, and Third Appraisers.

If a Second Appraiser is not timely appointed in the manner provided by this Agreement, and if such Second Appraiser remains unappointed for more than ten (10) days after the Person entitled to make such appointment is given written notice that such Second Appraiser has not been timely appointed as provided in this Agreement, the Gross Appraised Value of the Assets of the Company shall be determined solely by the First Appraiser who shall give notice of such Gross Appraised Value of the Assets of the Company to the Company, the Members, and the firm of independent certified public accountants designated by the Manager(s) within thirty (30) days of the last day on which the Second Appraiser could have been timely designated.

Each appraiser appointed hereunder shall be disinterested and shall be a member of the Appraisal Institute or other appropriate body and qualified to appraise business similar to that of the Company.

ARTICLE 11: DISSOLUTION AND WINDING-UP

11.01 Waiver of Partition. No Member shall, either directly or indirectly, take any action to require partition, file a bill for Company accounting or appraisement of the Company or of any of its assets or properties or cause the sale of any Company property, and notwithstanding any provisions of applicable law to the contrary, each Member (and each of his legal representatives, successors, or assigns) hereby irrevocably waives any and all rights it may have to maintain any action for partition or to compel any sale with respect to his Company interest, or with respect to any assets or properties of the Company, except as expressly provided in this Agreement.

11.02 Covenant Not to Withdraw or Dissolve. Notwithstanding any provision of the Act, each Member hereby covenants and agrees that the Members have entered into this Agreement based on their mutual expectation that all Members will continue as Members and carry out the duties and obligations undertaken by them hereunder and that, except as otherwise expressly required or permitted hereby, each Member hereby covenants and agrees not to (a) take any action to file a certificate of dissolution or its equivalent with respect to itself, (b) take any action that would cause a Voluntary Bankruptcy of such Member, (c) withdraw or attempt to withdraw from the Company, (d) exercise any power under the Act to dissolve the Company, (e) Transfer all or any portion of his interest in the Company, (f) petition for judicial dissolution of the Company, or (g) demand a return of such Member's contributions or profits (or a bond or other security for the return of such contributions or profits) without the consent of the Members holding more than fifty percent (50%) of the Percentage Interests.

11.03 Dissolution and Termination of the Company. The Company shall be dissolved and terminated upon the first to occur of any of the following ("Liquidating Events"):

(a) By written agreement of Members holding more than fifty percent (50%) of the Percentage Interests;

(b) The happening of any other event that makes it unlawful or impossible to carry on the business of the Company; or

(c) When the Company is not the successor or survivor entity in any merger or consolidation between the Company and any one (1) or more other entities.

(d) If the Company has not previously been dissolved and terminated, on the date which is thirty (30) years after the date on which the Articles of Organization for the Company were first filed with the Division of Corporations and Commercial Code of the Department of Commerce for the State of Utah.

11.04 Effect of Bankruptcy, Death or Incompetency of a Member. The bankruptcy, death, dissolution, liquidation, termination or adjudication of incompetency of a Member shall not cause the termination or dissolution of the Company and the business of the Company shall continue. Upon any such occurrence and unless the trustee, receiver, executor, administrator, committee, guardian or conservator of such Member is admitted as a Member of the Company in accordance with the Operating Agreement, the trustee, receiver, executor, administrator, committee, guardian or conservator of such Member shall have the rights specified in Section 9.05 of this Agreement. The transfer by such trustee, receiver, executor, administrator, committee, guardian or conservator of any Company Interest shall be subject to all of the restrictions set forth in this Agreement to which such transfer would have been subject if such transfer had been made by such bankrupt, deceased, dissolved, liquidated, terminated or incompetent Member.

11.05 Winding Up. Upon the dissolution of the Company, the Company shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors and Members and no Member shall take any action that is inconsistent with, or not necessary to or appropriate for, winding up the Company's business and

affairs. To the extent not inconsistent with the foregoing, all covenants and obligations in this Agreement shall continue in full force and effect until such time as the Property has been distributed pursuant to this Section 11.05 and the Company has terminated. The Members shall be responsible for overseeing the winding up and liquidation of the Company, shall take full account of the Company's liabilities and Property, shall cause the Property to be liquidated as promptly as is consistent with obtaining the fair market value thereof, and shall cause the proceeds therefrom, to the extent sufficient therefore, to be applied and distributed in the following order:

(a) First, to the payment and discharge of all of the Company's debts and liabilities to creditors, including debts and liabilities to creditors who are Members, and to the establishment of reserves for the payment of the debts and liabilities of the Company in accordance with applicable law;

(b) The balance, if any, to the Members in accordance with their Percentage Interests.

11.06 Reserve for Liabilities. In the discretion of the Members, a pro rata portion of the distributions that would otherwise be made to the Members pursuant to Section 11.05(b) hereof may be:

(a) distributed to a trust established for the benefit of the Members for the purposes of liquidating Company assets, collecting amounts owed to the Company, and paying any contingent or unforeseen liabilities or obligations of the Company or of the Members arising out of or in connection with the Company. The assets of any such trust shall be distributed to the Members from time to time, in the reasonable discretion of the Members, in the same proportions as the amount distributed to such trust by the Company would otherwise have been distributed to the Members pursuant to Section 11.05 hereof; or

(b) withheld to provide a reasonable reserve for Company liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Company, provided that such withheld amounts shall be distributed to the Members as soon as practicable.

11.07 Deemed Distribution and Recontribution. Notwithstanding any other provisions of this ARTICLE 11, in the event the Company is liquidated within the meaning of Regulations Section 1.704-l(b)(2)(ii)(g) but no Liquidating Event has occurred, the Property shall not be liquidated, the Company's liabilities shall not be paid or discharged, and the Company's affairs shall not be wound up. Instead, the events described in Regulations Section 1.708-l(b)(1)(iv) as in effect at the time of the liquidation described in the previous sentence shall be deemed to have occurred.

11.08 Return of Capital. Each Member shall look solely to the assets of the Company and to the Company property remaining after the payment or discharge of the debts and liabilities of the Company to the Member. If such assets and property are insufficient to return the Capital Contributions of each Member, the Members shall have no recourse against any other Member or against the Manager(s) irrespective of such Member's capital balance, be it a debit or credit balance. However, any Member with a debit or negative balance in his capital balance, upon the dissolution

and winding up of the Company, shall not be entitled to a distribution as to capital or his share of profits.

11.09 Winding Up of the Company. Upon a dissolution of the Company, the winding up of the affairs of the Company and the distribution of its assets shall be conducted by the Manager(s) who are hereby authorized to do any and all acts and things reasonably necessary to accomplish the foregoing. In this regard, the Manager(s) may delegate their obligation to a receiver or a trustee.

A reasonable time shall be allowed for the orderly liquidation of the assets of the Company and the discharge of liabilities to creditors so as to enable the Manager(s) to minimize the losses customarily attendant to distressed dispositions of property. In liquidating the assets of the Company, all assets of a saleable value which the Manager(s) determine are not suitable for an equitable distribution shall be sold at public or private sale as the Manager(s) deem advisable. Any Member may purchase such assets at any such sale.

11.10 Final Accounting. The Company shall furnish each of the Members with a statement prepared by an accountant designated by the Manager(s) which shall set forth the assets and liabilities of the Company as of the date of termination and which shall disclose the sources and applications of Company assets and proceeds thereof during the course of winding up the Company affairs and dissolution. Upon completion of the winding up and termination of the Company, the Members shall execute, acknowledge and cause to be filed Articles of Dissolution of the Company.

11.11 Method of Distribution of Assets. To the extent feasible, all distributions in liquidations shall be made pro rata to the Members in kind. Distribution of specific assets shall be determined by the Manager(s).

11.12 Judicial Dissolution. Notwithstanding anything to the contrary in this Agreement, a court having jurisdiction of the Company and the Members may, in an action commenced by a Member, decree dissolution of the Company if in such action it is established that the Members are deadlocked in the management of the affairs of the Company and because of such deadlock either irreparable injury to the Company is threatened or being suffered or the business and the affairs of the Company can no longer be conducted to the advantage of the Members generally.

ARTICLE 12: AMENDMENT

12.01 Amendment of Articles of Organization. The Company's Articles of Organization shall be amended whenever:

(a) There is a change in the name of the Company;

(b) There is a change in the character of the business of the Company from that specified in the Company's Articles of Organization;

(c) There is a false or erroneous statement in the Articles of Organization;

(d) There is a change in the time, as stated in the Articles of Organization, for the dissolution of the Company;

(e) The Members determine to fix a time not previously specified in the Articles of Organization for the dissolution of the Company; or

(f) The Members desire to make a change in any of the provisions of the Articles of Organization in order for the Articles of Organization to accurately represent the agreement among them.

12.02 Amendment of Agreement. Amendments to this Agreement may be proposed by any Member. The Member proposing such an Amendment shall submit to the Members a verbatim statement of any proposed amendment and shah seek the written vote of the Members on the proposed amendment or shall call a meeting to vote thereon. A proposed amendment shall be adopted and be effective as an amendment hereto only if it receives approval of the Members holding at least sixty percent (60%) of the Percentage Interests.

ARTICLE 13: INDEMNIFICATION

13.01 Agents. Proceedings and Expenses. For the purposes of this Section 13.01, "agent" means any Person who is or was a Member, officer, employee, or other agent of this Company, or is or was serving at the request of this Company as an officer, employee, or agent of another foreign or domestic corporation, company, joint venture, trust or other enterprise, or was an employee, or agent of foreign or domestic corporation which was a Member of this Company. The term "proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative, or investigative. The term "expenses" includes, without limitation, attorney's fees and any expenses of establishing a right to indemnification under Subsection 13.01(d), or Subsection 13.01(e) of this Section 13.01.

(a) Actions Other Than By The Company. The Company shall indemnify any Person who was or is a party, or is threatened to be made party, to any proceeding (other than an action by or in the right of this Company) by reason of the fact that such Person is or was an agent of this Company, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if that Person acted in good faith and in a manner that person reasonably believed to not be contrary to the best Interests of this Company and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of that person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of this Company or that the Person had reasonable cause to believe that the Person's conduct was unlawful.

(b) Actions By The Company. The Company shall indemnify any Person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action by or in the right of this Company to procure a judgment in its favor by reason of the fact that Person is or was an agent of this Company, against expenses actually and reasonably incurred by that Person in connection with the defense or settlement of that action if that Person acted in good faith, in a manner that person believed to not he contrary to the best interests of this Company and with such care, including reasonable inquiry, as an ordinarily

prudent person in a like position would use under similar circumstances. No indemnification shall be made under this Subsection 13.01(b):

(1) In respect of any claim, issue or matter as to which that Person shall have been adjudged to be liable to the Company in the performance of that Person's duty to the Company, unless and only to the extent that the court in which that action was brought shall determine upon application that, in view of all the circumstances of the case, that Person is fairly and reasonably entitled to indemnity for the expenses which the court shall determine;

(2) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

(3) Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval.

(c) Successful Defense By Agent. To the extent that an agent of this Company has been successful on the merits in defense of any proceeding referred to in Subsection 13.01(b) or 13.01 (c), or in the defense of any claim, issue, or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

(d) Advance of Expenses. Expenses incurred in defending any proceeding shall be advanced by this Company before the final disposition of the proceeding on receipt of an agreement by or on behalf of the agent to repay the amount of the advance unless it shall be determined ultimately that the agent is not entitled to be indemnified as authorized in this ARTICLE 13.

(e) Other Contractual Rights. Nothing contained in this ARTICLE 13 shall affect any right to indemnification to which persons other than Members, any officer or agents of this Company or any subsidiary hereof may be entitled by contract or otherwise.

13.02 Other Indemnification. The indemnification herein provided shall not be deemed exclusive of any rights to which those seeking indemnification may be entitled under any agreement, vote of Members (whether disinterested or not), or otherwise, both as to action in his official capacity and as to action in another capacity while holding such position, and shall continue as to a person who has ceased to be a Member or employee, and shall inure to the benefit of the heirs, executors and administrators of such person.

13.03 Insurance. The Company may purchase and maintain insurance on behalf of any person who is or was a Member, officer, or employee of the Company, or is or was serving at the request of the Company as a member, employee or agent of another company, joint venture, trustor other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Company would have the power to indemnify him against liability.

13.04 Settlement by Company. The right of any person to be indemnified shall be subject always to the right of the Company, in lieu of such indemnity, to settle any such claim, action, suit or proceeding at the sole expense of the Company by the payment of the amount of such settlement and the costs and expenses incurred in connection therewith.

ARTICLE 14: MISCELLANEOUS

14.01 Notices. Each Member shall maintain with the records of the Company an address for notices from the Company to such Member. Each Member agrees that as of the date of this Agreement, the address for notices to such Member is set forth in ARTICLE 3 above. Each Member may, by notice given to all of the other Members and the Company at the designated office specified in Section 1.04 above in the manner specified in this Section 14.01 designate another address to which notices are to be sent pursuant to this Agreement. Any notice, payment, demand, or communication required or permitted to be given by any provision of this Agreement shall be in writing and sent by overnight courier, or by telephone or facsimile, if such telephone conversation or facsimile is followed by a hard copy of the telephone conversation or facsimile communication sent by registered mail, return receipt requested, postage prepaid, addressed in the manner specified above in this Section 14.01. Any such notice shall be deemed to be delivered, given, and received as of the earlier of the date so delivered or delivery is refused.

14.02 Title and Captions. Article and Section titles or captions contained in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

14.03 Gender. Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders and the word “person” shall include corporation, firm, company, or other form of association.

14.04 Counterparts. This Agreement may be executed in several counterparts, and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties are not signatory to the original or the same counterpart.

14.05 Governing Law. This Agreement and all amendments hereto shall be governed by the laws of the State of Utah.

14.06 Survival of Terms and Provisions. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective Members.

14.07 Severability. The invalidity or unenforceability of any part of this Agreement shall not invalidate or affect the validity or enforceability of any other provision of this Agreement, which shall continue to govern the rights and obligations of the parties hereto as though the invalid or unenforceable provisions(s) were not a part hereof.

14.08 Further Instruments. The Members agree that they will execute any and all other documents or legal instruments that may be necessary or required to carry out and effectuate all of the provisions hereof.

14.09 Preparation of Agreement. The Members acknowledge that they have all participated in the preparation of this Agreement and, in the event that any question arises regarding its interpretation, no presumption shall be drawn in favor of or against any Member with respect to the drafting hereof.

14.10 Entire Agreement. This Agreement constitutes and represents the entire agreement of the Members with respect to the subject matter hereof, and all other prior agreements, covenants, promises and conditions, verbal or written, between the Members are incorporated herein. No Member hereto has relied upon any other promise, representation or warranty, other than those contained herein, in executing this Agreement.

14.11 Waiver of Lis Pendens and Partition. The Members recognize that no Member has any direct right in any Company property, but only an interest in the Company which is personal property. Accordingly, because the Company may suffer irreparable financial loss if a lis pendens were filed or an

action for partition were brought with respect to Company property by a Member arising out of a Company dispute, each Member does hereby waive any such right to file a lis pendens against any property of the Company or bring an action for partition thereof.

14.12 Litigation. In the event any Member or the Company finds it necessary to bring an action at law or other proceeding against any Member to enforce any of the terms, covenants or conditions hereof, or by reason of any breach or difficulty hereunder, the party prevailing in any such action or other proceeding shall be entitled to recover against the other party all reasonable attorney's fees and associated costs. In the event any judgment is secured by such prevailing party, all such attorneys' fees and associated costs shall be determined by the court and not a jury and shall be included in any judgment.

14.13 Qualification in Other States. If the business of the Company is conducted in states in addition to the State of Utah, then the Members agree that this Company shall exist under the laws of each state in which such business is actually conducted to the extent that it is necessary in order to do business in such state but that otherwise the laws of the State of Utah shall govern this Company and each Member agrees to execute such other and further documents as may be required in order to qualify the Company to conduct its business in other states. To the extent that business of the Company shall be conducted in another state, the Members may designate a principal place of business and other offices in such state or states.

14.14 Binding Effect. Except as otherwise provided in this Agreement, every covenant, term, and provision of this Agreement shall be binding upon and inure to the benefit of the Members and their respective heirs, legatees, legal representatives, successors, transferees, and assigns.

14.15 Construction. Every covenant, term, and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any Member. The terms of this Agreement are intended to embody the economic relationship among the Members and shall not be subject to modification by, or be conformed with, any actions by the Internal Revenue Service except as this Agreement may be explicitly so amended and except as may relate specifically to the filing of tax returns.

14.16 Time. Time is of the essence with respect to this Agreement.

14.17 Incorporation by Reference. Every exhibit, schedule, and other appendix attached to this Agreement and referred to herein is not incorporated in this Agreement by reference unless this Agreement expressly otherwise provides.

14.18 Further Action. Each Member agrees to perform all further acts and execute, acknowledge, and deliver any documents which may be reasonably necessary, appropriate, or desirable to carry out the provisions of this Agreement.

14.19 Variation of Pronouns. All pronouns and any variations thereof shall be deemed to refer to masculine, feminine, or neuter, singular or plural, as the identity of the person or persons may require.

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DATED effective as of January 1, 2004.

MANAGER:

/s/ Kenneth M. Woolley
Kenneth M. Woolley

MEMBERS:

/s/ Kenneth M. Woolley
Kenneth M. Woolley

/s/ Charles L. Allen
Charles L. Allen

/s/ Dean A. Anderson
Dean A. Anderson

/s/ Timothy Arthurs
Timothy Arthurs

/s/ Kenneth R. Beck
Kenneth R. Beck

K. Bruce Boucher

/s/ Robert L. Burns
Robert L. Burns

Larendee B. Call

/s/ Kent W. Christensen
Kent W. Christensen

Monty J. Conrad

Alex Engel

James Hafen

Russell Brent Hardy

/s/ William E. Hoban
Bill Hoban

KRISPEN FAMILY HOLDINGS, L.C., a Utah limited liability company

By: /s/ Spencer F. Kirk
Name:
Title:

Mark M. Landes

Todd A. Lucas

/s/ Diane Manning
Diane Manning

/s/ James L. Overturf
James L. Overturf

/s/ David L. Rasmussen
David L. Rasmussen

/s/ Brian G. Sheppard
Brian G. Sheppard

SSA VENTURES, L.L.C., a Utah limited liability company

By: /s/ Stephen C. Aldous
Name: Stephen C. Aldous
Title: Manager

/s/ Jim M. Stevens
Jim M. Stevens

/s/ Robert Strandt
Robert Strandt

/s/ Peter Scott Stubbs
Peter Scott Stubbs

Richard S. Tanner

Ann Maureen King, as Trustee of the Ann Maureen King Trust dated June 26, 1998

Kenneth M. High, as Trustee of the High Family Trust dated December 31, 2000

Sandra J. High, as Trustee of the High Family Trust dated December 31, 2000

THE KIRK 101 TRUST

By:
David R. Spafford, Trustee

By: /s/ Stephen C. Aldous, Trustee
Stephen C. Aldous, Trustee

Thomas P. Pecht, as Trustee of the Pecht Family Trust dated April 11, 1997

Karen M. Pecht, as Trustee of the Pecht Family Trust dated April 11, 1997

THE SFKC KIRK CHARITABLE REMAINDER TRUST

By:
Leland S. McCullough, Trustee

By:
David R. Spafford, Trustee

Robert C. Weiss, in his capacity as Trustee of the
Weiss Trust dated August 2, 1996

Gwynneth F. Weiss, in her capacity as Trustee of
the Weiss Trust dated August 2, 1996

/s/ Kenneth T. Woolley
Kenneth T. Woolley

EXHIBIT B

SECOND AMENDED AND RESTATED OPERATING AGREEMENT
OF
EXTRA SPACE DEVELOPMENT, LLC

SECOND AMENDED AND RESTATED OPERATING AGREEMENT
FOR
EXTRA SPACE DEVELOPMENT, LLC

THIS SECOND AMENDED AND RESTATED OPERATING AGREEMENT (this "Agreement") is made as of December 31, 2007 (the "Effective Date") by and between KENT W. CHRISTENSEN and CHARLES L. ALLEN, as the Managers, and EXTRA SPACE STORAGE LLC (referred to as the "Member"), with reference to the following facts:

A. Extra Space Development, LLC ("Company") a limited liability company organized under the laws of the State of Utah, has previously filed Articles of Organization (the "Articles"), with the Utah Secretary of State.

B. The Member has entered into a Subscription Agreement of even date herewith, whereby Member has acquired membership interests in the Company.

C. By operation of a Membership Interest Redemption Agreement, Member is now the sole member of the Company.

D. The Member desires to adopt and approve a Second Amended and Restated Operating Agreement for the Company under the Revised Utah Limited Liability Company Act as currently or hereinafter in effect in the State of Utah (the "Act").

NOW, THEREFORE, the Member by this Agreement sets forth the Operating Agreement for the Company upon the terms and subject to the conditions of this Agreement.

ARTICLE I
ORGANIZATIONAL MATTERS

1.1 Name. The name of the company shall be "Extra Space Development, LLC." The Company may conduct business under that name or any other name approved by the Member.

1.2 Term. This Agreement shall be effective from the date of the adoption of this Agreement by all of the Members and the term of this Agreement shall continue until dissolution of the Company as hereinafter provided.

1.3 Office and Agent. The Company shall continuously maintain an office and registered agent in the State of Utah as required by the Act. At the time of its formation, the registered office and registered agent of the Company in the State of Utah is Extra Space Storage LLC of2795 E, Cottonwood Parkway, #400, Salt Lake City, Utah 84121 Attn: David L. Rasmussen. In addition, the Company shall maintain its principal office at 2795 E. Cottonwood Parkway, Suite 400, Salt Lake City, Utah 84121, or at such other place as the Manager(s) may determine. The registered office, registered agent and principal office of the Company may be changed at any time and from time to time by the Manager(s).

1.4 Business of the Company. The Company shall not engage in any business other than the following without the consent of all of the Members:

(a) The purpose of the Company is to engage in any other lawful activity for which a limited liability company may be organized under the Act; and

(b) Such other activities directly related to the foregoing activities as may be necessary or advisable in the reasonable opinion of the Manager to further such business.

ARTICLE II
CAPITAL CONTRIBUTIONS

2.1 Capital Contributions. The Member shall make a contribution to the capital of the Company in the amount shown opposite the Member's name on Exhibit "A" attached hereto. No Member shall be required to make any additional contributions to the capital of the Company. Additional contributions to the capital of the Company shall be made only with the unanimous consent of the Manager and the Member. Except as provided in this Agreement, no Member may withdraw his or her capital contribution.

2.2 Capital Accounts. The Company shall establish an individual capital account ("Capital Account") for each Member. The Company shall determine and maintain each Capital Account in accordance with Treasury Regulations Section 1.704-1 (b)(2)(iv).

2.3 No Interest. The Company shall not pay any interest on capital contributions.

ARTICLE III
MEMBERS

3.1 Member. The liability of the Member shall be limited as provided in the Act, which generally provides that no Member is personally liable for the debts, obligations, or liabilities of the Company.

3.2 Admission of Additional Members. Additional Members may be admitted with the approval of all Members. Additional Members will participate in the "Net Profits," "Net Losses" (as such terms are defined in Section 5.1), and distributions of the Company on such terms as are determined by the Members. Exhibit "A" shall be amended upon the admission of an additional Member to set forth such Member's name and capital contribution.

3.3 Member Services: Reimbursement of Expenses. Unless otherwise specifically agreed among the Members, no Member shall receive any payment or compensation for performance of obligations under this Agreement. Subject to reasonable regulations adopted by the Manager, the Company shall reimburse Members for all reasonable direct out-of-pocket expenses incurred by them at the request of the Company.

ARTICLE IV
MANAGEMENT AND CONTROL OF THE COMPANY

4.1 Manager to Manage Business.

(a) The business of the Company shall be conducted under the exclusive management of a manager or managers (the "Manager") elected by the Members. The initial Managers shall be Kent W. Christensen and Charles L. Allen. At all times when there is more than one Manager for the Company, each Manager shall have full power and authority to act on behalf of the Company and to bind the Company

thereby, without the approval of any other Manager, except as otherwise prohibited by other provisions of this Agreement.

(b) The Manager shall act on behalf of the Company. The Manager may, but need not, act at meetings.

4.2 Powers of Managers. The Manager is authorized on the Company's behalf to make all decisions as to: (i) management of all or any part of the Company's assets and business; (ii) borrowing money (including borrowing from Members), and the granting of security interests in the Company's assets; (iii) prepayment, refinancing, or extension of any indebtedness of the Company for borrowed money; (iv) compromise or release of any of the Company's claims or debts; and (v) employment of persons, firms, or corporations for the operation and management of the Company's business.

In the exercise of the Manager's management powers, the Manager is authorized to execute and deliver on behalf of the Company and in its name: (i) contracts, conveyances, assignments, leases, subleases, franchise agreements, licensing agreements, management contracts, and maintenance contracts covering or affecting the Company's business and assets; (ii) checks, drafts, and other orders for the payment of the Company's funds; (iii) promissory notes, mortgages, deeds of trust, security agreements, and other similar documents; and (iv) other instruments of any kind or character relating to the Company's affairs, whether like or unlike the foregoing.

4.3 Election of Managers.

(a) The Company shall initially have two (2) Managers. The number of Managers of the Company shall be fixed from time to time by the affirmative vote or written consent of a majority of the Membership Interests, provided that in no instance shall there be less than one Manager and provided further that if the number of Managers is reduced from more than one to one, the Articles shall be amended to so state, and if the number of Managers is increased to more than one, the Articles shall be amended to delete the statement that the Company has only one Manager. Unless he or she resigns or is removed, each Manager shall hold office until a successor shall have been elected and qualified. Managers shall be elected by the affirmative vote or written consent of Members holding a majority of the Membership Interests. A Manager need not be a Member, an individual, a resident of the State of Utah, or a citizen of the United States.

(b) Any Manager may resign at any time by giving written notice to the Members and remaining Manager, if any, without prejudice to the rights, if any, of the Company under any contract to which the Manager is a party. The resignation of any Manager shall take effect upon receipt of that notice or at such later time as shall be specified in the notice. Unless otherwise specified in the notice, the acceptance of the resignation shall not be necessary to make it effective. The resignation of a Manager who is also a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of a Member.

(c) Any Manager may be removed at any time, with cause, by the affirmative vote of a majority of the Membership Interest at a meeting called expressly for that purpose, or by the written consent of a majority of the Membership Interest. Any removal shall be without prejudice to the rights, if any, of the Manager under any employment contract and, if the Manager is also a Member, shall not affect the Manager's rights as a Member or constitute a withdrawal of a Member. For purposes of this Section, "cause" shall mean fraud, gross negligence, willful misconduct, embezzlement or a breach of such Manager's obligations under this Agreement or any employment contract with the Company.

(d) Any vacancy occurring for any reason in the number of Managers may be filled by the affirmative vote or written consent of a majority of the Membership Interest.

4.4 Time Devoted to Business. The Manager shall devote such time to the business of the Company as he in his discretion deems necessary for the efficient operation of the Company's business. The Manager and any person or entity controlled by, controlling or under common control with the Manager (each such person or entity is defined as an "Affiliate") may engage or invest in any activity, including, without limitation, those that might be in direct or indirect competition with the Company. Neither the Company nor any Manager shall have any right in or to such other activities or to the income or proceeds derived therefrom.

4.5 Information Relating to Company. On request, the Manager shall supply to any Member information regarding the Company or its activities. Each Member or authorized representative of a Member shall have access to and may inspect and copy all books, records, and materials in the Manager's possession regarding the Company or its activities. The exercise of the rights contained in this Section shall be at the requesting Member's expense.

4.6 Exculpation. Any act or omission of the Manager, the effect of which may cause or result in loss or damage to the Company or the Members if done in good faith to promote the best interests of the Company, shall not subject the Manager to any liability to the Members.

4.7 Management Fee: Reimbursement of Expenses. The Company shall pay the Manager a management fee and no Manager shall be prevented from receiving any fee because the Manager is also a Member. In addition, the Company shall pay the Manager or Affiliates of the Manager for services rendered or goods provided to the Company. The Company shall reimburse the Manager for all reasonable direct out-of-pocket expenses incurred by him or his Affiliates in managing the Company.

ARTICLE V
ALLOCATIONS OF NET PROFITS AND NET LOSSES AND DISTRIBUTIONS

5.1 Definitions. When used in this Agreement, the following terms shall have the meanings set forth below.

(a) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, the provisions of succeeding law, and to the extent applicable, the Treasury Regulations.

(b) "Company Minimum Gain" shall have the meaning ascribed to the term "Partnership Minimum Gain" in the Treasury Regulations Section l.704-2(d).

(c) "Member Nonrecourse Debt" shall have the meaning ascribed to the term "Partner Nonrecourse Debt" in Treasury regulations Section 1.704-2(b)(4).

(d) "Member Nonrecourse Deductions" shall mean items of Company loss, deduction, or Code Section 705(a)(2)(B) expenditures which are attributable to Member Nonrecourse Debt.

(e) "Net Profits" and "Net Losses" shall mean the income, gain, loss, deductions, and credits of the Company in the Aggregate or separately stated, as appropriate, determined in accordance with the method of accounting at the close of each fiscal year employed on the Company's information tax return filed for federal income tax purposes.

(f) "Nonrecourse Liability" shall have the meaning set forth in Treasury Regulations Section 1.752-l(a)(2).

(g) "Treasury Regulations" shall mean the final or temporary regulations that have been issued by the U.S. Department of Treasury pursuant to its authority under the Code, and any successor regulations.

5.2 Allocations of Net Profit and Net Loss.

(a) Net Loss. Net Loss shall be allocated to the Members in proportion to their Membership Interest. Notwithstanding the previous sentence, loss allocations to a Member shall be made only to the extent that such loss allocations will not create a deficit Capital Account balance for that Member in excess of an amount, if any, equal to such Member's share of Company Minimum Gain that would be realized on a foreclosure of the Company's property. Any loss not allocated to a Member because of the foregoing provision shall be allocated to the other Members (to the extent the other Members are not limited in respect of the allocation of losses under this Section 5.2(a)). Any loss reallocated under this Section 5.2(a) shall be taken into account in computing subsequent allocations of income and losses pursuant to this Article V, so that the net amount of any item so allocated and the income and losses allocated to each Member pursuant to this Article V, to the extent possible, shall be equal to the net amount that would have been allocated to each such Member pursuant to this Article V if no reallocation of losses had occurred under this Section 5.2(a).

(b) Net Profit. Net Profit shall be allocated to the Members in proportion to their Membership Interests.

5.3 Code Section 704(c) Allocations. Notwithstanding any other provision in this Article V, in accordance with Code Section 70-4(c) and the Treasury Regulations promulgated thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its fair market value on the date of contribution. Allocations pursuant to this Section 5.4 are solely for purposes of federal, state and local taxes. As such, they shall not affect or in any way be taken into account in computing a Member's Capital Account or share of profits, losses, or other items of distributions pursuant to any provision of this Agreement.

(a) Distribution of Assets by the Company. Subject to applicable law and any limitations contained elsewhere in this Agreement, Members holding at least a majority of the Membership Interests may elect from time to time to cause the Company to make distributions. Distributions shall be first to the Members in proportion to their unreturned capital contributions until each Member has recovered his or her capital contributions, and then to the Members in proportion to their Membership Interests.

ARTICLE VI
CONSEQUENCES OF DISSOLUTION EVENTS AND TERMINATION OF MEMBERSHIP INTEREST

6.1 Dissolution Event. Upon the occurrence of the death, withdrawal, resignation, retirement, insanity or dissolution of any Member ("Dissolution Event"), the Company shall dissolve unless all of the remaining Members ("Remaining Members") consent within ninety (90) days of the Dissolution Event to the continuation of the business of the Company. If the Remaining Members so consent, the Company and/or the Remaining Members shall have the right to purchase, and if such right is exercised, the Member (or his or her legal representative or estate) whose actions or conduct resulted in the Dissolution Event ("Former Member") shall sell, the Former Member's Membership Interest ("Former Member's Interest") as provided in this Article.

6.2 Withdrawal. Notwithstanding Section 6.1, upon the withdrawal by a Member such Member shall be treated as a Former Member, and, unless the Company dissolves as a result of such withdrawal, the Company and/or the Remaining Members shall have the right to purchase, and if such right is exercised, the Former Member shall sell, the Former Member's Interest as provided in this Article.

6.3 Purchase Price. The purchase price for the Former Member's Interest shall be the fair market value of the Former Members Interest as determined by an independent appraiser jointly selected by the Former Member and by Remaining Members holding a majority of the remaining Membership Interests. The Company and the Former Member shall each pay one-half of the cost of the appraisal. Notwithstanding the foregoing, the Dissolution Event results from a breach of this Agreement by the Former Member, the purchase price shall be reduced by an amount equal to the damages suffered by the Company or the Remaining Members as a result of such breach.

6.4 Notice of Intent to Purchase. Within thirty (30) days after the fair market value of the Former Member's Interest has been determined in accordance with Section 6.3, each Remaining Member shall notify the Members in writing of his or her desire to purchase a portion of the Former Member's Interest. The failure of any Remaining Member to submit a notice within the applicable period shall constitute an election on the part of the Member not to purchase any of the Former Member's Interest. Each Remaining Member so electing to purchase shall be entitled to purchase a portion of the Former Member's Interest in the same proportion that the Membership Interest of the Remaining Member bears to the aggregate of the Membership Interests of all of the Remaining Members electing to purchase the Former Member's Interest.

6.5 Election to Purchase Less Than All of the Former Member's Interest. If any Remaining Member elects to purchase none or less than all of his or her pro rata share of the Former Member's Interest, then the Remaining Members can elect to purchase more than their pro rata share. If the Remaining Members fail to purchase the entire interest of the Former Member, the Company may purchase any remaining share of the Former Member's Interest.

6.6 Payment of Purchase Price. The Company or the Remaining Members, as the case may be, shall pay at the closing one-fifth (1/5) of the purchase price and the balance of the purchase price shall be paid in four equal annual principal installments, plus accrued interest, and be payable each year on the anniversary date of the closing. The unpaid principal balance shall accrue interest at the current applicable federal rate as provided in the Code for the month in which the initial payment is made, but the Company and the Remaining Members shall have the right to prepay in full or in part at any time without penalty. The obligation of each purchasing Remaining Member, and the Company, as applicable, to pay its portion of the balance due shall be evidenced by a separate promissory note executed by the respective purchasing Remaining Member or the Company, as applicable. Each such promissory note shall be in an original principal amount equal to the portion owed by the respective purchasing Remaining Member or the company, as applicable. The promissory note executed by each purchasing Remaining Member shall be secured by a pledge of that portion of the Former Member's Interest purchased by such Remaining Member.

6.7 Closing of Purchase of Former Member's Interest. The closing for the sale of a Former Member's Interest pursuant to this Article shall be held at a time and place mutually agreed upon by the parties. At the closing, the Former Member shall deliver to the Company or the Remaining Members an instrument of transfer (containing warranties of title and no encumbrances) conveying the Former Member's Interest. The Former Member, the Company and the Remaining Members shall do all things and execute and deliver all papers as may be reasonably necessary fully to consummate such sale and purchase in accordance with the terms and provisions of this Agreement.

ARTICLE VII
ACCOUNTING, RECORDS, REPORTING BY MEMBERS

7.1 Books and Records. The books and records of the Company shall be kept in accordance with the accounting methods followed for federal income tax purposes.

7.2 Reports. The Company shall cause to be filed, in accordance with the Act, all reports and documents required to be filed with any governmental agency. The Company shall cause to be prepared at least annually information concerning the Company's operations necessary for the completion of the Members' federal and state income tax returns. The Company shall send or cause to be sent to each Member within ninety (90) days after the end of each taxable year (i) such information as is necessary to complete the Members' federal and state income tax or information returns and (ii) a copy of the Company's federal, state and local income tax or information returns for the year.

7.3 Bank Accounts. The Manager shall maintain the funds of the Company in one or more separate bank accounts in the name of the Company, and shall not permit the funds of the Company to be commingled in fashion with the funds of any other person. The Manager, acting alone, is authorized to endorse checks, drafts and other evidences of indebtedness made payable to the order of the Company.

7.4 Tax Matters for the Company. The Manager is designated at "Tax Matters Partner" (as defined in Code Section 6231), to represent the Company (at the Company's expense) in connection with all examination of the Company's affairs by tax authorities and to expend Company funds for professional services and costs associated therewith.

ARTICLE VIII
DISSOLUTION AND WINDING UP

8.1 Conditions of Dissolution. The Company shall dissolve upon the occurrence of any of the following events:

(a) Upon the happening of any event of dissolution specified in the Articles;

(b) Upon the entry of a decree of judicial dissolution pursuant to Section 17351 of the Corporations Code;

(e) Upon the vote of Members holding at least a majority of the Membership Interests; or

(d) The sale of all or substantially all of the assets of the Company.

8.2 Winding Up. Upon the dissolution of the Company, the Company's assets shall be disposed of and its affairs wound up. The Company shall give written notice of the commencement of the dissolution to all of its known creditors.

8.3 Order of Payment of Liabilities Upon Dissolution. After determining that all the known debts and liabilities of the Company have been paid or adequately provided for, the remaining assets shall be distributed to the Members in accordance with their positive capital account balances, after taking into account income and loss allocations for the Company's taxable year during which liquidation occurs.

8.4 Limitations on Payments Made in Dissolution. Except as otherwise specifically provided in this Agreement, each Member shall be entitled to look only to the assets of the Company for the return of his or

her positive Capital Account balance and shall have no recourse for his or her Capital Contribution and/or share of Net Profits against any other Member except as provided in Article VIII.

8.5 Certificates. The Company shall file with the Utah Secretary of State a Certificate of Dissolution upon the dissolution of the Company and a Certificate of Cancellation upon the completion of the winding up of the Company's affairs.

ARTICLE IX
INDEMNIFICATION

9.1 Indemnification of Agents. The Company shall indemnify any Manager and Member and may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he or she is or was a Manager, Member, officer, employee or other agent of the Company or that, being or having been such a Manager, Member, officer, employee or agent, he or she is or was serving at the request of the Company as a manager, director, office, employee or other agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise (all such persons being referred to hereinafter as an "agent"), to the fullest extent permitted by applicable law in effect on the date hereof and to such greater extent as applicable law may hereafter from time to time permit.

ARTICLE X
INVESTMENT REPRESENTATIONS

Each Member hereby represents and warrants to, and agrees with, the Manager the Members and the Company as follows:

10.1 Pre-existing Relationship or Experience. He or she has a pre-existing personal or business relationship with the Company or one or more of its officers or controlling persons, or by reason of his or her business or financial experience, or by reason of the business or financial experience of his or her financial advisor who is unaffiliated with and who is not compensated, directly or indirectly, by the Company or any affiliate or selling agent of the Company, he or she is capable of evaluating the risks and merits of an investment in the Company and of protecting his or her own interests in connection with this investment.

10.2 No Advertising. He or she has not seen, received, been presented with, or been solicited by any leaflet, public promotional meeting, article or any other form of advertising or genera! solicitation with respect to the sale of the Membership Interest.

10.3 Investment Intent. He or she is acquiring the Membership Interest for investment purposes for his or her own account only and not with a view to or for sale in connection with any distribution of all or any part of the Membership Interest. No other person will have any direct or indirect beneficial interest in or right to the Membership Interest.

ARTICLE XI
MISCELLANEOUS

11.l Complete Agreement. This Agreement and the Articles constitute the complete and exclusive statement of agreement among the Members with respect to the subject matter herein and therein and replace and supersede all prior written and oral agreements among the Members. To the extent that any provision of the Articles conflict with any provision of this Agreement, the Articles shall control.

11.2 Binding Effect. Subject to the provision of this Agreement relating to transferability, this Agreement will be binding upon and inure to the benefit of the Members, and their respective successors and assigns.

11.3 Interpretation. All pronouns shall be deemed to refer to the masculine, feminine, or neuter, singular or plural, as the context in which they are used may required. All headings herein are inserted only for convenience and ease of reference and are not to be considered in the interpretation of any provision of this Agreement. Numbered or lettered articles, sections and subsections herein contained refer to articles, sections and subsections of this Agreement unless otherwise expressly stated. In the event any claim is made by any Member relating to any conflict, omission or ambiguity in this Agreement, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Agreement was prepared by or at the request of a particular Member or his or her counsel.

11.4 Jurisdiction. Each Member hereby consents to the exclusive jurisdiction of the state and federal courts sitting in Utah in any action on a claim arising out of, under or in connection with this Agreement or the transactions contemplated by this Agreement. Each Member further agrees that personal jurisdiction over him or her may be effected by service of process by registered or certified mail addressed as provided in Section 11.6, and that when so made shall be as if served upon him or her personally within the State of Utah.

11.5 Severability. If any provision of this Agreement or the application of such provision to any person or circumstance shall be held invalid, the remainder of this Agreement or the application of such provision to persons or circumstances other than those to which it is held invalid shall not be affected thereby.

11.6 Notices. Any notice to be given or to be served upon the Company or any party hereto in connection with this Agreement must be in writing (which may include facsimile) and will be deemed to have been given and received when delivered to the address specified by the party to receive notice. Such notices will be given to a Member at the address specified in Exhibit "A" hereto. Any party may, at any time by given five days' prior written notice to the other Members, designate any other address in substitution of the foregoing address to which such notice will be given.

11.7 Amendments. All amendments to this Agreement will be in writing and signed by all of the Members.

11.8 Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

11.9 Attorney Fees. In the event that any dispute between the Company and the Members or among the Members should result in litigation or arbitration, the prevailing party in such dispute shall be entitled to recover from the other party all reasonable fees, costs and expenses of enforcing any right of the prevailing party, including without limitation, reasonable attorneys' fees and expenses, all for which shall be deemed to have accrued upon the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. Any judgment or order entered in such action shall contain a specific provision providing for the recovery of attorney fees and costs incurred in enforcing such judgment and an award of prejudgment interest from the date of the breach at the maximum rate allowed by law. For the purposes of this Section: (a) attorney fees shall include, without limitation, fees incurred in the following: (1) post judgment motions; (2) contempt proceedings; (3) garnishment, levy, and debtor and third party examinations; (4) discovery; and (5) bankruptcy litigation and (b) prevailing party shall mean the party who is determined in the proceeding to have prevailed or who prevails by dismissal, default or otherwise.

11.10 Remedies Cumulative. The remedies under this Agreement are cumulative and shall not exclude any other remedies to which any person may be lawfully entitled.

11.11 Qualification in Other States. In the event that the business of the Company is conducted in states in addition to the State of Utah, then the Members agree that this Company shall exist under the laws of each state in which such business is actually conducted to the extent that it is necessary in order to do business in such state but that otherwise the laws of the State of Utah shall govern this Company and each Member agrees to execute such other and further documents as may be required in order to qualify the Company to conduct its business in other states. To the extent that business of the Company shall be conducted in another state, the Manager(s) may, in their discretion, designate a principal place of business and other offices in such state or states.

IN WITNESS WHEREOF, the Member and Managers of Extra Space Development, LLC, a Utah limited liability company, have executed this Agreement, effective as of the date written above.

MEMBER:

EXTRA SPACE STORAGE LLC,
a Delaware limited liability company

By: /s/ Kenneth M. Woolley
Its: Manager

MANAGERS:

/s/ Kent W. Christensen
Kent W. Christensen

/s/ Charles L. Allen
Charles L. Allen

EXHIBIT “A”

CAPITAL CONTRIBUTION AND ADDRESSES OF
MEMBERS AS OF THE EFFECTIVE DATE

Member	Capital Contribution	Membership Interest
Extra Space Storage LLC 2795 E. Cottonwood Parkway, Suite 400 Salt Lake City, UT 84121	$	100%

EXHIBIT C

PLAN OF DISSOLUTION
OF
EXTRA SPACE DEVELOPMENT, LLC

PLAN OF DISSOLUTION
OF
EXTRA SPACE DEVELOPMENT, LLC

This Plan of Dissolution of Extra Space Development, LLC, a Utah limited liability company (“Company”), is made pursuant to the Amended and Restate Operating Agreement for the Company, dated as of January 1, 2004.

WHEREAS, the manager of the Company, Kenneth M. Woolley, and the undersigned holders of a majority-in-interest of the Percentage Interests of the Company have determined that it is in the best interests of the Company and its members for the Company to sell all of its assets and to wind up its affairs and dissolve;

WHEREAS, the Company has negotiated an agreement with Extra Space Storage, Inc and its subsidiaries for the purchase of all of the Company assets, with provision for the payment of Company liabilities and a reserve for the expenses of winding up it affairs.

IT IS RESOLVED, that the Company be dissolved and wind up its affairs in accordance with the following (“Plan”):

1. Enter into an agreement to sell all of the Company’s interest in its property owning entities (subsidiaries and all joint venture interests) to Extra Space Storage LLC, for the sum of $21,486,446.75 (which reflects the agreed upon real estate values of the Company properties, less existing property level debts, less a reduction for the interests of the Company’s joint venture partners, adjusted for the actual net results of operation thru 11/30/07 per the Company balance sheet, and further adjusted for the estimated results of operations from 11/30/07 through 12/31/07).

2. Pay in full the Company obligations on its line of credit from Zions First National Bank in the approximate amount of $9,055,000.

3. Retain a reserve of approximately $357,000 in cash and receivables, for winding up expenses and for known and contingent liabilities and retained by the Company.

4. Accept a Subscription Agreement from Extra Space Storage LLC for a membership interest in the Company, in exchange for payment equal to the $357,000 in retained reserves.

5. Distribute all remaining net proceeds of sale and all other cash, in the approximate amount of $8,793,000, to its current members in proportion to their Percentage Interests and in complete redemption of their respective membership interests in the Company.

6. Authorize Kenneth M. Woolley as manager to conduct and wind up the final affairs of the Company, including preparation of a final accounting and tax returns, and application of the reserves to the liabilities of the Company (which will then be a wholly-owned

subsidiary of Extra Space Storage LLC, with the reserved funds and any contingent assets and liabilities which may remain isolated in the Company).

THE FOREGOING PLAN IS HEREBY APPROVED THIS December, 24 2007.

MANAGER

/s/ Kenneth M. Woolley
Kenneth M. Woolley

MEMBERS [majority-in-interest]

/s/ Kenneth M. Woolley
Kenneth M. Woolley
32.6300419%

Krispen Family Holdings, L.C.

By: /s/ Spencer F. Kirk
Its: MANAGER
20.1946641%

Exhibit 10.32

EXECUTION COPY

FIRST AMENDMENT TO SECOND AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF EXTRA SPACE STORAGE LP

This First Amendment to Second Amended and Restated Agreement of Limited Partnership of Extra Space Storage LP, dated September 18, 2008 (this ***"Amendment"***), is entered into by and among ESS Holdings Business Trust I, a Massachusetts business trust (the ***"General Partner"***) and the limited partners listed on Exhibit A hereto (the ***"Limited Partners"***).

WHEREAS, the General Partner and ESS Holdings Business Trust II, a Massachusetts business trust (the ***"Parent Limited Partner"***; and collectively with the General Partner and the Limited Partners, the ***"Partners"***), entered into that certain First Amended and Restated Agreement of Limited Partnership of Extra Space Storage LP dated as of August 17, 2004 (the ***"Original Agreement"***);

WHEREAS, the General Partner and the Parent Limited Partner amended and restated the Original Agreement by entering into that certain Second Amended and Restated Agreement of Limited Partnership of Extra Space Storage LP (the ***"Partnership Agreement"***) dated as of June 25, 2007, in order to admit the Limited Partners into Extra Space Storage LP (the ***"Partnership"***), including the admission of those Limited Partners that hold Series A Preferred Units (as defined in the Partnership Agreement), and to set forth the rights and responsibilities of the Partners and the Partnership;

WHEREAS, the Partners wish to clarify in this Amendment the allocation provisions of the Partnership Agreement to reflect the original economic understanding and agreement among the parties with respect to the treatment of depreciation in allocations of Net Income and Net Loss to Holders of Series A Preferred Units, as set forth herein; and

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto, intending legally to be bound, hereby amend the Partnership Agreement as follows:

1. Definitions. Capitalized terms used herein, unless otherwise defined herein, shall have the same meanings as set forth in the Partnership Agreement.

2. Amendments.

a. Article I of the Partnership Agreement is hereby amended to include the following definition in alphabetical order:

"Adjusted Section 704(b) Net Income" means, for any Partnership Year or other applicable period, (i) the Partnership's Net Income for such Partnership Year or other applicable period as determined under the Code, minus (ii) that portion of the Series A Preferred Priority Return for such Partnership Year or other applicable period that consists of an amount, with respect to each Series A Preferred Unit, equal to 5.00% per annum on the Series A Preferred Stated Value per Series A Preferred Unit, commencing on the date of original issuance of the Series A Preferred Units."

b. Section 6.2 of the Partnership Agreement is hereby amended by adding a new paragraph D. as follows:

"D. Depreciation Adjustments. Notwithstanding anything to the contrary in Section 6.2.A(a)(iv) of this Agreement, for any Partnership year or other applicable period, (a) allocations of Net Income to the Series A Preferred Units with respect to that portion of their Series A Preferred Priority Return consisting of 5.00% per annum on the Series A Preferred Stated Value per Series A Preferred Unit shall be exclusive of Depreciation, and (b) the Series A Preferred Units shall be allocated Depreciation on a proportionate basis with respect to the remaining portion of their Series A Preferred Priority Return consisting of the Series A Preferred Priority Return consisting of the Series A Preferred Return. For purposes of Section 6.2.D.(b) above, Depreciation shall be allocated to the Series A Preferred Units based on a fraction, the numerator of which is that portion of the Series A Preferred Priority Return for a Partnership Year or other applicable period that constitutes the Series A Preferred Return, and the denominator of which is the Adjusted Section 704(b) Net Income for such Partnership Year or other applicable period."

3. Effective Date. Because this Amendment sets forth the original agreement among the parties and is intended to be only for purposes of clarification, the parties agree that this Amendment shall be effective as of June 25, 2007.

4. Continuing Effect of Partnership Agreement. Except as modified herein, the Partnership Agreement is hereby ratified and confirmed in its entirety and shall remain and continue in full force and effect, *provided, however,* that to the extent there shall be a conflict between the provisions of the Partnership Agreement and this Amendment, the provisions in this Amendment shall prevail. All references in any document to the Partnership Agreement shall mean the Partnership Agreement, as amended hereby.

5. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Facsimile signatures shall be deemed effective execution of this Amendment and may be relied upon as such. In the event facsimile signatures are delivered, originals of such signatures shall be delivered within three (3) business days after execution.

[Remainder of Page Left Blank Intentionally]

IN WITNESS WHEREOF, this Amendment has been executed as of the date first written above.

GENERAL PARTNER:

ESS HOLDINGS BUSINESS TRUST I

By: /s/ Kent W. Christensen
Name: Kent W. Christensen
Title: Trustee

LIMITED PARTNERS:

ESS HOLDINGS BUSINESS TRUST II

By: /s/ Kent W. Christensen
Name: Kent W. Christensen
Title: Trustee

EXHIBIT A

LIMITED PARTNERS

As of September 15, 2008
3Q2008 Dividend Record Date

Exhibit A - To The Second Amended and Restated
Agreement of Limited Partnership of Extra Space Storage, LP
(Dated June 25, 2007)

PARTNERS AND PARTNERSHIPS UNITS

	Name and Address	as of	OP Units	CC Units
	General Partner:			
	ESS Holdings Business Trust I 2795 East Cottonwood Parkway, Suite 400 Salt Lake City, UT 84121		874,357	
	Limited Partners:			
	ESS Holdings Business Trust II 2795 East Cottonwood Parkway, Suite 400 Salt Lake City, UT 84121		81,462,315	
1	Kenneth M Woolley 2485 Haven Lane Salt Lake City, UT 84117	8/5/2008	212,003	27,998
2	Richard S. Tanner 2875 E Newmans Lane Holladay, UT 84121	8/5/2008	70,667	9,333
3	SSA Ventures LLC 5120 Cottonwood Lane Salt Lake City, UT 84117	8/5/2008	254,828	33,655
4	David Husman 1200 North Ashland, Suite 600 Chicago, IL 60622		92,074	

5	Michael Husman 1200 North Ashland, Suite 600 Chicago, IL 60622		22,854
6	Daveco Extra, LLC 53 Mountain Blvd Suite #204 Warren, NJ 07059	7/21/2006	638,000
7	David A. Lackland 53 Mountain Blvd Suite #204 Warren, NJ 07059		12,000
8	Gerald & Natalie L Marks Living Trust Dated August 4th, 1994 16224 Meadow Ridge Way Encino, CA 91436	4/16/2007	26,773
9	Johnson Family Trust 1070 Palisair Place Pacific Palisades, CA 90272		5,377

10	Robert J. & Phyllis Y. Sokol Living Trust 1155 Arrowhead Road Pebble Beach, CA 93953		13,443
11	Tamkin Family Partners, LP 2444 Wilshire Boulevard, Suite 200 Santa Monica, CA 90403		232,099
12	Allen Sackler Trust 2444 Wilshire Boulevard, Suite 200 Santa Monica, CA 90403		249,184
13	Sandra Tamkin 2444 Wilshire Boulevard, Suite 200 Santa Monica, CA 90403		4,556
14	Kirshner Family Limited Partnership 2444 Wilshire Boulevard, Suite 200 Santa Monica, CA 90403		170,851
15	Liebes Family Properties, LP 2444 Wilshire Boulevard, Suite 200 Santa Monica, CA 90403		79,847
16	Morton and Sally Ann Kirshner Trust 2444 Wilshire Boulevard, Suite 200 Santa Monica, CA 90403		64,665
17	John and Gail Liebes Trust 2444 Wilshire Boulevard, Suite 200 Santa Monica, CA 90403		64,665
18	Richard and Marsha Ifland Family Trust Dated 2/10/88 232 Vista Bella Drive Santa Cruz, CA 95060		155,475
19	Morrell Development, Inc. 726 Second Street, Suite 3A Annapolis, MD 21403		229,499
20	Hollywood Industrial Associates, L.P. (Richard H. Prant, General Partner) 80 Greenwood Avenue Midland Park, NJ 07432		659,993
21	ESSJBM, LLC c/o Jesse Morgan 14025 Rancho Vista Bend San Diego, CA 92130	5/1/2006	257,418

22	ESSCZM, LLC c/o Casandra Z. Morgan 14025 Rancho Vista Bend San Diego, CA 92130	5/1/2006	47,399	

23	Jesse B. Morgan 14025 Rancho Vista Bend San Diego, CA 92130	9/1/2006	54,127	
24	Casandra Z. Morgan 14025 Rancho Vista Bend San Diego, CA 92130	9/1/2006	19,721	
25	Morgan Operating Company LP 14025 Rancho Vista Bend San Diego, CA 92130	9/1/2006	108,980	
26	Arthur Victor II 5650 Greenwood Plaza Boulevard, Suite 143 Greenwood Village, CO 80111		143,641	
27	Barry Bender 5650 Greenwood Plaza Boulevard, Suite 143 Greenwood Village, CO 80111		6,868	
28	1400 Folsom St., LLC Attn: Richard L. Crocker, Manager 100 Aviation Way, Corp #4 Watsonville, CA 95076	11/13/2007	212,027	
29	H James Knuppe Barbara Knuppe 4545 Crow Canyon Place Castro Valley, CA 94552	8/1/2007	989,980	
(Number of Outside Partners: 1-29)				
	TOTAL:		**87,435,686**	**70,986**
	OP Units held by Extra Space LP:		82,336,672	
	OP Units NOT held by Extra Space LP:		4,109,034	
	Series A OP Units:		989,980	
	Total Outisde OP & Series A Units:		5,099,014	

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Exhibit 10.33

Promissory Note
(Borrowing Base Revolving Line of Credit)

$50,000,000.00 February 13, 2009

FOR VALUE RECEIVED **EXTRA SPACE PROPERTIES THIRTY LLC**, a Delaware limited liability company (the "*Borrower*"), hereby promises to pay to the order of **BANK OF AMERICA, N.A.**, a national banking association (together with any and all of its successors, participants and assigns and/or any other holder of this Note, "*Lender*"), without offset, in immediately available funds in lawful money of the United States of America, at Bank of America, N.A., Commercial Real Estate Bank, NV1-119-04-08, 300 S. Fourth Street, 4th Floor, Las Vegas, NV 89101-6014, the principal sum of **Fifty Million and No/100 Dollars ($50,000,000.00)** (or the unpaid balance of all principal advanced against this Note, if that amount is less), together with interest on the unpaid principal balance of this Note from day to day outstanding as hereinafter provided.

Section 1. *Payments; Revolving Nature of Loan.*

(a) *Payment Schedule and Maturity Date.* Prior to maturity, accrued and unpaid interest shall be due and payable in arrears on the first day of each month commencing on **March 1, 2009**. The entire principal balance of this Note then unpaid, together with all accrued and unpaid interest and all other amounts payable hereunder and under the other Loan Documents (as hereinafter defined), shall be due and payable in full on **February 13, 2012** (the "*Maturity Date*"), the final maturity of this Note.

(b) *Nature of Revolving Line of Credit.* The loan evidenced hereby is a revolving line of credit and Borrower shall be entitled to re-borrow amounts prepaid prior to the Maturity Date. Although the outstanding principal balance of this Note may be zero from time to time, this Note and the other Loan Documents will remain in full force and effect until the Maturity Date or all obligations of Borrower and Guarantor relating to the Loan are indefeasibly paid and performed in full, whichever is later. Upon the occurrence of any Event of Default, Lender may in its sole discretion suspend or terminate its commitment to make advances of the proceeds hereof without notice to Borrower or Guarantor or further act on the part of Lender.

Section 2. *Loan Documents.* This Note is secured by certain Deeds of Trust, Assignments, Security Agreements and Fixture Filings and/or Mortgages Assignments, Security Agreements and Fixture Filings (as the same may from time to time be amended, restated, modified or supplemented, and individually and collectively, the "*Security Instruments*") from Borrower or certain wholly owned subsidiaries of Borrower, to Lender or the trustee named therein (as applicable), for the benefit of Lender, conveying and encumbering certain real and personal properties more particularly described therein (individually and collectively, the "*Property*"). This Note, the Security Instruments, the Revolving Line of Credit Agreement between Borrower and Lender of even date herewith (as the same may from time to time be amended, restated, modified or supplemented, the "*Loan Agreement*") and all other documents now or hereafter securing, guaranteeing or executed in connection with the loan evidenced by this Note (the "*Loan*"), other than the Environmental Agreements as the same may from time to time be amended, restated, modified or supplemented, are herein sometimes called individually a "*Loan Document*" and together the "*Loan Documents*."

Section 3. *Interest Rate.*

(a) *BBA LIBOR Daily Floating Rate.* The unpaid principal balance of this Note from day to day outstanding which is not past due, shall bear interest at a fluctuating rate of interest per annum equal to the BBA LIBOR Daily Floating Rate for that day plus **Three Hundred Twenty-Five (325) basis points** per annum. The "*BBA LIBOR Daily Floating Rate*" shall mean a fluctuating rate of interest per annum equal to the British Bankers Association LIBOR Rate ("*BBA LIBOR*"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by Lender from time to time) as determined for each

Business Day at approximately 11:00 a.m. London time two (2) London Banking Days prior to the date in question, for U.S. Dollar deposits (for delivery on the first day of such interest period) with a one month term, as adjusted from time to time in Lender's sole discretion for reserve requirements, deposit insurance assessment rates and other regulatory costs. A "*London Banking Day*" is a day on which banks in London are open for business and dealing in offshore dollars. Interest shall be computed for the actual number of days which have elapsed, on the basis of a 360-day year.

(b) *Alternative Rates.* Lender may notify Borrower if the BBA LIBOR Daily Floating Rate is not available for any reason, or if Lender determines that no adequate basis exists for determining the BBA LIBOR Daily Floating Rate, or that the BBA LIBOR Daily Floating Rate will not adequately and fairly reflect the cost to Lender of funding the Loan, or that any applicable Law or regulation or compliance therewith by Lender prohibits or restricts or makes impossible the charging of interest based on the BBA LIBOR Daily Floating Rate. If Lender so notifies Borrower, then interest shall accrue and be payable on the unpaid principal balance of this Note at a fluctuating rate of interest equal to the Prime Rate of Lender plus **One Hundred (100) basis points** per annum, from the date of such notification by Lender until Lender notifies Borrower that the circumstances giving rise to such suspension no longer exist, or until the Maturity Date of this Note (whether by acceleration, declaration, extension or otherwise), whichever is earlier to occur. The term "*Prime Rate*" means, on any day, the rate of interest per annum then most recently established by Lender as its "prime rate." Any such rate is a general reference rate of interest, may not be related to any other rate, and may not be the lowest or best rate actually charged by Lender to any customer or a favored rate and may not correspond with future increases or decreases in interest rates charged by other lenders or market rates in general, and Lender may make various business or other loans at rates of interest having no relationship to such rate. Any change in the Prime Rate shall take effect at the opening of business on the day specified in the public announcement of a change in Lender's Prime Rate. If Lender (including any subsequent holder of this Note) ceases to exist or to establish or publish a prime rate from which the Prime Rate is then determined, the applicable variable rate from which the Prime Rate is determined thereafter shall be instead the prime rate reported in *The Wall Street Journal* (or the average prime rate if a high and a low prime rate are therein reported), and the Prime Rate shall change without notice with each change in such prime rate as of the date such change is reported.

(c) *Past Due Rate.* If any amount payable by Borrower under any Loan Document is not paid when due (without regard to any applicable grace periods), such amount shall thereafter bear interest at the Past Due Rate (as defined below) to the fullest extent permitted by applicable Law. Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable on demand, at a fluctuating rate per annum (the "*Past Due Rate*") equal to the BBA LIBOR Daily Floating Rate plus seven hundred twenty-five (725) basis points.

Section 4. *Prepayment.* Borrower may prepay the principal balance of this Note, in full at any time or in part from time to time, without fee, premium or penalty, provided that: (a) Lender shall have actually received from Borrower prior written notice of (i) Borrower's intent to prepay, (ii) the amount of principal which will be prepaid (the "Prepaid Principal"), and (iii) the date on which the prepayment will be made; (b) each prepayment shall be in the amount of $1,000 or a larger integral multiple of $1,000 (unless the prepayment retires the outstanding balance of this Note in full); and (d) each prepayment shall be in the amount of 100% of the Prepaid Principal, plus accrued unpaid interest thereon to the date of prepayment, plus any other sums which have become due to Lender under the Loan Documents on or before the date of prepayment but have not been paid. Although the outstanding principal balance of this Note may be zero from time to time, such fact shall not constitute an election by Borrower to terminate the Loan and this Note and the other Loan Documents will remain in full force and effect until the Maturity Date.

Section 5. *Late Charges.* If Borrower shall fail to make any payment under the terms of this Note (other than the payment due at maturity) within fifteen (15) days after the date such payment is due, Borrower shall pay to Lender on demand a late charge equal to four percent (4%) of the amount of such payment. Such fifteen (15) day period shall not be construed as in any way extending the due date of any payment. The late charge is imposed for the purpose of defraying the expenses of Lender incident to handling such delinquent payment. This charge shall be in addition to, and not in lieu of, any other amount that Lender may be entitled to receive or action that Lender may be authorized to take as a result of such late payment. All unpaid late charges shall be included in the total indebtedness subject to the Security Instruments for all purposes, including in connection with a foreclosure sale. For purposes of *Utah Code Annotated* Section 57-1-28, the parties agrees that (A) all unpaid late charges and other amounts owing hereunder or under the Loan Documents shall constitute a part of and be entitled to the benefits of Lender's Security Instruments lien upon the Property and (ii) Lender may add all unpaid late charges and other amounts owing hereunder or under the Loan Documents to the principal balance of this Note, and in either case Lender may include the amount of all unpaid late charges and other amounts owing hereunder or under the Loan Documents in any credit bid Lender may make at a foreclosure sale. Lender shall have no obligation to purchase, sell and/or match funds in connection with the funding or maintaining of the Loan or any portion thereof.

Section 6. *Certain Provisions Regarding Payments.* All payments made under this Note shall be applied, to the extent thereof, to late charges, to accrued but unpaid interest, to unpaid principal, and to any other sums due and unpaid to Lender under the Loan Documents, in such manner and order as Lender may elect in its sole discretion, any instructions from Borrower or anyone else to the contrary notwithstanding. Remittances shall be made without offset, demand, counterclaim, deduction, or recoupment (each of which is hereby waived) and shall be accepted subject to the condition that any check or draft may be handled for collection in accordance with the practice of the collecting bank or banks. Acceptance by Lender of any payment in an amount less than the amount then due on any indebtedness shall be deemed an acceptance on account only, notwithstanding any notation on or accompanying such partial payment to the contrary, and shall not in any way (a) waive or excuse the existence of an Event of Default (as hereinafter defined), (b) waive, impair or extinguish any right or remedy available to Lender hereunder or under the other Loan Documents, or (c) waive the requirement of punctual payment and performance or constitute a novation in any respect. Payments received after 2:00 p.m. shall be deemed to be received on, and shall be posted as of, the following Business Day. Whenever any payment under this Note or any other Loan Document falls due on a day which is not a Business Day, such payment may be made on the next succeeding Business Day.

Section 7. *Events of Default.* The occurrence of any one or more of the following shall constitute an "*Event of Default*" under this Note:

(a) Borrower fails to pay any amounts payable by Borrower to Lender under the terms of this Note on the date on which such payment was due, and Borrower fails to make such payment within three (3) Banking Days of notice (whether oral notice, by e-mail or in writing) from Lender to Borrower.

(b) Any covenant, agreement or condition in this Note is not fully and timely performed, observed or kept, subject to any applicable grace or cure period.

(c) An Event of Default (as therein defined) occurs under any of the Loan Documents other than this Note or under any of the Environmental Agreements (subject to any applicable grace or cure period).

Section 8. *Remedies.* Upon the occurrence of an Event of Default, Lender may at any time thereafter exercise any one or more of the following rights, powers and remedies:

(a) Lender may accelerate the Maturity Date and declare the unpaid principal balance and accrued but unpaid interest on this Note, and all other amounts payable hereunder and under the other Loan Documents, at once due and payable, and upon such declaration the same shall at once be due and payable.

(b) Lender may set off the amount due against any and all accounts, credits, money, securities or other property now or hereafter on deposit with, held by or in the possession of Lender to the credit or for the account of Borrower, without notice to or the consent of Borrower.

(c) Lender may exercise any of its other rights, powers and remedies under the Loan Documents or the Environmental Agreements or at law or in equity.

Section 9. *Remedies Cumulative.* All of the rights and remedies of Lender under this Note, the other Loan Documents and the Environmental Agreements are cumulative of each other and of any and all other rights at law or in equity, and the exercise by Lender of any one or more of such rights and remedies shall not preclude the simultaneous or later exercise by Lender of any or all such other rights and remedies. No single or partial exercise of any right or remedy shall exhaust it or preclude any other or further exercise thereof, and every right and remedy may be exercised at any time and from time to time. No failure by Lender to exercise, nor delay in exercising, any right or remedy shall operate as a waiver of such right or remedy or as a waiver of any Event of Default.

Section 10. *Costs and Expenses of Enforcement.* Borrower agrees to pay to Lender on demand all costs and expenses incurred by Lender in seeking to collect this Note or to enforce any of Lender's rights and remedies under the Loan Documents, including court costs and reasonable attorneys' fees and expenses, whether or not suit is filed hereon, or whether in connection with bankruptcy, insolvency or appeal.

Section 11. *Service of Process.* Borrower hereby consents to process being served in any suit, action, or proceeding instituted in connection with this Note by (a) the mailing of a copy thereof by certified mail, postage prepaid, return receipt requested, to Borrower and (b) serving a copy thereof personally upon David L. Rasmussen, General Counsel of Borrower, the agent hereby designated and appointed by Borrower as Borrower's agent for service of process. Borrower irrevocably agrees that such service shall be deemed to be service of process upon Borrower in any such suit, action, or proceeding. Nothing in this Note shall affect the right of Lender to serve process in any manner otherwise permitted by law and nothing in this Note will limit the right of Lender otherwise to bring proceedings against Borrower in the courts of any jurisdiction or jurisdictions, subject to any provision or agreement for arbitration or dispute resolution set forth in the Loan Agreement.

Section 12. *Heirs, Successors and Assigns.* The terms of this Note and of the other Loan Documents shall bind and inure to the benefit of the heirs, devisees, representatives, successors and assigns of the parties. The foregoing sentence shall not be construed to permit Borrower to assign the Loan except as otherwise permitted under the Loan Documents.

Section 13. *General Provisions.* Time is of the essence with respect to Borrower's obligations under this Note. If more than one person or entity executes this Note as Borrower, all of said parties shall be jointly and severally liable for payment of the indebtedness evidenced hereby. Borrower and each party executing this Note as Borrower hereby severally (a) waive demand, presentment for payment, notice of dishonor and of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices (except any notices which are specifically required by this Note or any other Loan Document), filing of suit and diligence in collecting this Note or enforcing any of the security herefor; (b) agree to any substitution, subordination, exchange or release of any such security or the release of any party primarily or secondarily liable hereon; (c) agree

that Lender shall not be required first to institute suit or exhaust its remedies hereon against Borrower or others liable or to become liable hereon or to perfect or enforce its rights against them or any security herefor; (d) consent to any extensions or postponements of time of payment of this Note for any period or periods of time and to any partial payments, before or after maturity, and to any other indulgences with respect hereto, without notice thereof to any of them; and (e) submit (and waive all rights to object) to non-exclusive personal jurisdiction of any state or federal court sitting in the state and county in which the Property is located for the enforcement of any and all obligations under this Note and the other Loan Documents; (f) waive the benefit of all homestead and similar exemptions as to this Note; (g) agree that their liability under this Note shall not be affected or impaired by any determination that any title, security interest or lien taken by Lender to secure this Note is invalid or unperfected; and (h) hereby subordinate to the Loan and the Loan Documents any and all rights against Borrower and any security for the payment of this Note, whether by subrogation, agreement or otherwise, until this Note is paid in full. A determination that any provision of this Note is unenforceable or invalid shall not affect the enforceability or validity of any other provision and the determination that the application of any provision of this Note to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances. This Note may not be amended except in a writing specifically intended for such purpose and executed by the party against whom enforcement of the amendment is sought. Captions and headings in this Note are for convenience only and shall be disregarded in construing it. This Note and its validity, enforcement and interpretation shall be governed by the laws of the State of Utah (without regard to any principles of conflicts of laws) and applicable United States federal law. Whenever a time of day is referred to herein, unless otherwise specified such time shall be the local time of the place where payment of this Note is to be made. The term "*Business Day*" shall mean a day on which Lender is open for the conduct of substantially all of its banking business at its office in the city in which this Note is payable (excluding Saturdays and Sundays). Capitalized terms used herein without definition shall have the meanings ascribed to such terms in the Loan Agreement. The words "include" and "including" shall be interpreted as if followed by the words "without limitation."

Section 14. *Notices.* Any notice, request, or demand to or upon Borrower or Lender shall be deemed to have been properly given or made when delivered in accordance with the terms of the Loan Agreement regarding notices.

Section 15. *No Usury.* It is expressly stipulated and agreed to be the intent of Borrower and Lender at all times to comply with applicable state law or applicable United States federal law (to the extent that it permits Lender to contract for, charge, take, reserve, or receive a greater amount of interest than under state law) and that this Section shall control every other covenant and agreement in this Note and the other Loan Documents. If applicable state or federal law should at any time be judicially interpreted so as to render usurious any amount called for under this Note or under any of the other Loan Documents, or contracted for, charged, taken, reserved, or received with respect to the Loan, or if Lender's exercise of the option to accelerate the Maturity Date, or if any prepayment by Borrower results in Borrower having paid any interest in excess of that permitted by applicable law, then it is Lender's express intent that all excess amounts theretofore collected by Lender shall be credited on the principal balance of this Note and all other indebtedness secured by the Security Instruments, and the provisions of this Note and the other Loan Documents shall immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new documents, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder or thereunder. All sums paid or agreed to be paid to Lender for the use or forbearance of the Loan shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan.

THE LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO ORAL AGREEMENTS BETWEEN THE PARTIES.

[Remainder of Page Intentionally Left Blank]

Borrower has duly executed this Note as of the date first above written.

BORROWER:

EXTRA SPACE PROPERTIES THIRTY LLC
a Delaware limited liability company

By: /s/ KENT W. CHRISTENSEN

Name: Kent W. Christensen
Title: Manager

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Exhibit 10.34

Revolving Line of Credit Agreement

by and between

EXTRA SPACE PROPERTIES THIRTY LLC
a Delaware limited liability company

as Borrower,

and

BANK OF AMERICA, N.A.
a national banking association,

as Lender,

with respect to

a $50,000,000.00 Real Estate Borrowing Base Revolving Line of Credit

Revolving Line of Credit Agreement
(Borrowing Base Revolving Line of Credit)

This Revolving Line of Credit Agreement (this "*Agreement*") is made as of February 13, 2009 (the "*Effective Date*"), by and between **EXTRA SPACE PROPERTIES THIRTY LLC**, a Delaware limited liability company (the "*Borrower*"), and **BANK OF AMERICA, N.A.**, a national banking association, and its successors, participants and assigns ("*Lender*").

Recitals

A. Borrower has requested that Lender make a secured, borrowing base revolving line of credit available to Borrower in the maximum principal amount of up to **Fifty Million and No/100 Dollars ($50,000,000.00)**.

B. The line of credit will be secured by (i) certain real properties and related improvements and personal property which are owned by Borrower from time to time, (ii) certain real properties and related improvements and personal property which are owned as of the date hereof by **EXTRA SPACE OF NORTH BERGEN LLC**, a New Jersey limited liability company, and **EXTRA SPACE OF KNIGHTS ROAD LLC**, a Pennsylvania limited liability company (individually and collectively, the "*Permitted Subsidiaries*"), each of which is a wholly-owned subsidiary of Borrower, and (iii) a pledge of 100% of the memberships interests in each of the Permitted Subsidiaries, which membership interests are owned by Borrower.

C. The credit available hereunder to Borrower shall be based on a borrowing base calculated with respect to the value, at any time, of the individual real properties and related improvements and personal property which then secure the obligations of Borrower hereunder.

D. As more particularly described herein Borrower shall have the right to, subject to certain conditions and limitations:

(i) pledge to Lender additional real properties and related improvements and personal property as collateral security for the obligations of Borrower hereunder; and

(ii) cause Lender to release one or more of the real properties and related improvements and personal property which act as collateral security for the obligations hereunder.

E. Lender is willing to extend such loan to Borrower pursuant to this Agreement and all other documents, instruments and agreements required hereby or related hereto (collectively, the "*Loan Documents*").

Therefore, Lender and Borrower agree as follows:

ARTICLE 1

General Information.

1.1 *Conditions to Closing.*

The conditions precedent to closing the Loan and recording a Security Instrument are set forth in the Closing Checklist.

1.2 *Schedules.*

The Schedules attached to this Agreement are incorporated herein and made a part hereof.

1.3 *Defined Terms.*

Capitalized terms in this Agreement shall have the meanings ascribed to such terms in the Preamble hereto and in **Schedule 1**.

ARTICLE 2

Terms of the Loan.

2.1 *The Loan; Maximum Availability; Remargining.*

(a) Subject to the terms and conditions hereof, Lender agrees to make Advances to Borrower in an aggregate principal amount at any one time outstanding of up to, but not to exceed, the Maximum Availability less the sum of (i) the face amount of all undrawn letters of credit, plus (ii) the amount of all drawings under letters of credit which have not been reimbursed by Borrower to Lender. Interest shall accrue and be payable in arrears only on sums advanced hereunder for the period of time outstanding. Subject to the terms and conditions of this Agreement, Borrower may repay and re-borrow Advances hereunder on a revolving basis. Although the outstanding principal of the Note may be zero from time to time, the Loan Documents will remain in full force and effect until the Maturity Date, unless sooner terminated, and all Obligations are paid and performed in full. The obligation of Borrower to repay Advances will be evidenced by the Note. Upon the occurrence of a Default or Event of Default, Lender may suspend or terminate its commitment to make Advances without notice to or consent of Borrower.

(b) If at any time the outstanding balance of the Loan exceeds the then current Maximum Availability, Borrower shall within ten (10) Banking Days either (i) make a principal payment to Lender in an amount sufficient to reduce the outstanding balance of the Loan plus sum of (A) the face amount of all undrawn letters of credit, plus (B) the amount of all drawings under letters of credit which have not been reimbursed by Borrower to Lender to an amount less than or equal to the then current Maximum Availability, or (ii) identify in writing to Lender a Property proposed to be added as a new Borrowing Base Property which Borrower in good faith believes will have a sufficient Adjusted (LTV) Appraised Value and Initial Debt Service Coverage Ratio Value to provide sufficient Maximum Availability to exceed the outstanding balance of the Loan plus sum of (A) the face amount of all undrawn letters of credit, plus (B) the amount of all drawings under letters of credit which have not been reimbursed by Borrower to Lender. In the event that Borrower identifies any such proposed replacement Property, such Property must be approved as a Borrowing Base Property and shall otherwise meet all conditions of a Borrowing Base Property within sixty (60) days. If such approval is not provided by Lender or any of such conditions are not satisfied, then Borrower shall within two (2) Banking Days make the payment to Lender required by subsection (i) above.

2.2 *Closing; No Initial Borrowing Base Properties.*

(a) Subject to the other terms and conditions hereof, Lender hereby agrees to close the Loan without any current Borrowing Base Properties. No Advances hereunder shall be permitted until such time as not less than six (6) Borrowing Base Properties have been approved and accepted by Lender to secure the Loan. Unless agreed otherwise by Lender in writing, if six (6) Borrowing Base Properties have not been approved and accepted by Lender on or before *May 14, 2009*, this Agreement shall terminate and all amounts outstanding hereunder or under the Note shall immediately be due and payable in full.

(b) Borrower has proposed that Lender initially consider the Properties described in *Schedule 6* for acceptance by Lender as Borrowing Base Properties. Lender is currently conducting due diligence on such Properties in accordance with **Section 4.1** hereof and the other terms and conditions hereof, but to date has not received all information required to consider approving any such Properties as Borrowing Base Properties. Such approval, if any, shall be subject to the terms and conditions hereof.

2.3 *Advances; Borrowing Base Calculation Prior to Initial Advance.*

(a) Borrower shall give Lender notice pursuant to a Draw Request of each requested borrowing of an Advance. Each Draw Request shall be delivered to Lender before 9:00 a.m. on the date three (3) Banking Days prior to the proposed date of such borrowing. Each Draw Request shall be irrevocable once given and shall be binding on Borrower.

(b) Prior to the initial Advance hereunder, Lender shall calculate the Adjusted (LTV) Appraised Value and Initial Debt Service Coverage Ratio Value for each then current Borrowing Base Property (each such calculation being on a property specific basis and not on an overall portfolio basis). Based on the foregoing calculations, Lender shall determine the initial Borrowing Base and Maximum Availability.

2.4 *Disbursement of Loan Proceeds.*

Subject to the satisfaction of all applicable conditions, Lender will make the proceeds of such borrowing available to Borrower no later than 1:00 p.m. on the date and at the account specified by Borrower in such Draw Request.

2.5 *Availability Period.*

The availability of the Loan commences on the date of this Agreement and expires on the Maturity Date, as defined in the Note, unless there is an Event of Default (the "*Availability Period*"). If there is an Event of Default, then in addition to Lender's other remedies, Lender may terminate Borrower's ability to request Advances and may require Borrower to repay any amounts outstanding under the Loan immediately.

2.6 *Letters of Credit.*

(a) From time to time, Lender may issue letters of credit for Borrower's account upon at least five (5) Banking Days' prior written notice from Borrower; provided, however, that at no time shall the sum of (i) the face amount of all undrawn letters of credit, plus (ii) the amount of all drawings under letters of credit which have not been reimbursed by Borrower to Lender, plus (iii) the amount of all outstanding Advances, exceed, the Maximum Availability. In the event such disbursement under the Loan causes the total amount of credit outstanding under the Loan to exceed the limitations set forth in this Agreement, Borrower will immediately pay the excess to Lender upon Lender's demand.

(b) Each letter of credit shall be issued pursuant to the terms and conditions of a Lender standard form Application and Agreement for Letter(s) of Credit ("*Letter of Credit Agreement*") executed by Borrower; and each letter of credit shall be in form and substance and in favor of beneficiaries satisfactory to Lender. Pursuant to the terms and conditions of Lender's standard form of Letter of Credit Agreement, any drawings under a letter of credit shall be repaid by Borrower to Lender on demand; and the Letter of Credit Agreement will set forth all of the terms and conditions regarding the issuance of a letter of credit and any draws thereunder.

(c) The Letter of Credit Agreement shall set forth the rate of interest on any draws thereunder. Until repaid, any drawing under the letter of credit shall bear interest at the rate specified in the Note for Advances and shall be due and payable within thirty (30) days from the date drawn.

(d) Each letter of credit shall expire on or before the date that is the earlier of (i) one (1) year after the date of issuance thereof or (ii) the Maturity Date.

(e) Each letter of credit shall be issued only for the account of Borrower or for an affiliate of Borrower acceptable to Lender in its sole discretion.

(f) If at any time there are letters of credit outstanding and this Loan is canceled or expires, Borrower shall provide Lender with cash collateral in an amount at least equal to the aggregate amount of all letters of credit outstanding, or other form of collateral acceptable to Lender in its sole and absolute discretion.

(g) Borrower shall pay to Lender nonrefundable issuance fees for each letter of credit in an amount equal to two percent (2.0%) per annum of the face amount of such letter of credit, payable upon the issuance of each letter of credit for the first year and upon each anniversary of such issuance date (which fee shall be pro rated for any partial year). Such fees shall be calculated on the basis of a three hundred sixty (360) day year and actual days elapsed, which results in higher fees than if a three hundred sixty-five (365) day year were used.

2.7 *Liability of Lender.*

Lender shall in no event be responsible or liable to any Person other than Borrower for the disbursement of or failure to disburse the Loan proceeds or any part thereof and no Person other than Borrower shall have any right or claim against Lender under this Agreement or the other Loan Documents.

ARTICLE 3

Fees and Expenses

3.1 *Loan Fee.*

Borrower agrees to pay to Lender a non-refundable fee of Five Hundred Thousand and No/100 Dollars ($500,000.00) due on closing. Such fee is equal to one (1) percent of the Loan Amount. Borrower acknowledges that the fee paid under this **Section 3.1** has been fully earned by Lender at time of payment and is non-refundable to Borrower in the event this Agreement is terminated or expires as provided herein and whether or not any Borrowing Base Properties are subsequently approved or Advances made.

3.2 *Unused Commitment Fee.*

Within five (5) Banking Days following the last day of such calendar quarter, Borrower shall pay to Lender the applicable Unused Commitment Fee for each month in the previous calendar quarter. If any Unused Commitment Fee required to be paid under this **Section 3.2** is not paid when due, Borrower agrees to pay interest on such fee at the Default Interest Rate set forth in the Note from the date due until paid in full. As used herein, the following terms shall have the following meanings:

"*Unused Commitment Fee*" means for each calendar month:

(a) if as of the end of any calendar month after the date hereof, the Average Monthly Outstanding Borrowings for such calendar month were less than one half (1/2) of the Loan Amount for such calendar month, an annual fee equal to 0.20% of the difference between the Loan Amount and the Average Monthly Outstanding Borrowing calculated on a monthly basis

(b) if as of the end of any calendar month after the date hereof, the Average Monthly Outstanding Borrowings for such calendar month were greater than or equal to one half (1/2) of the Loan Amount for such calendar month, an annual fee equal to 0.15% of the difference between the Loan Amount and the Average Monthly Outstanding Borrowing calculated on a monthly basis

Such fee shall be pro-rated in the event that an Unused Commitment Fee is due and payable for less and payable quarterly in arrears than a full calendar month.

"*Average Monthly Outstanding Borrowings*" means the sum of all Outstanding Borrowings on each day during a calendar month (or portion thereof) with respect to which the Unused Commitment Fee is being computed, divided by the number of days in that calendar month (or portion thereof).

"*Outstanding Borrowings*" means, at any time, the aggregate amount of then outstanding Advances plus the undrawn available amount of all issued and un-expired Letters of Credit.

3.3 *Expenses and Costs.*

(a) Borrower will pay all costs and expenses incurred by Lender in connection with the making, disbursement and administration of the Loan, and in the exercise of any of Lender's rights or remedies under the Loan Documents. Such costs and expenses include legal fees and expenses of Lender's counsel and any other reasonable fees and costs for services, regardless of whether such services are furnished by Lender's employees or by independent contractors.

(b) Borrower agrees to indemnify Lender from and hold it harmless against any transfer or documentary taxes, assessments or charges imposed by any governmental authority by reason of the execution, delivery and performance of the Loan Documents.

ARTICLE 4

Borrowing Base Properties

4.1 *Eligibility of Properties*

(a) *Initial Borrowing Base Properties.* Upon satisfaction of the conditions set forth in this **Article 4** with respect to a Property, as determined by Lender in its sole discretion, such Property shall be deemed to be Borrowing Base Property for all purposes hereof.

(b) *Minimum Number of Borrowing Base Properties; Ownership.* Borrower covenants and agrees that at all times from and after *May 14, 2009*, there will be a minimum of six (6) Borrowing Base Properties. All Borrowing Base Properties other than the Properties described in *Schedule 6.10* and *6.11* (if approved as Borrowing Base Properties by Lender) must be owned by Borrower and not by any Permitted Subsidiary or any other affiliate of Borrower or any third party.

(c) *Additional Borrowing Base Properties.*

(i) *Notice and Initial Evaluation.* If at any time Borrower desires that a Property be approved as a Borrowing Base Property, Borrower shall so notify Lender in writing. No Property will be evaluated for consideration to be added as a Borrowing Base Property by Lender unless and until Borrower delivers to Lender the following, in form and substance satisfactory to Lender in its sole and absolute discretion:

a. An executive summary of the Property including, at a minimum, the following information relating to such Property: (i) a description of such Property, such description to include the age, location, site plan, current occupancy rate and physical condition of such Property; (ii) the purchase price paid or to be paid for such Property if the Property is being acquired; (iii) the current and projected condition of the regional self-storage market and specific submarket in which such Property is located; and (iv) the current projected capital plans and, if applicable current renovation plans for such Property;

b. An operating statement for such Property certified by a representative of Borrower as being true and correct in all material respects and prepared in accordance with Borrower's standard accounting procedures for the previous three (3) calendar years, provided that, with respect to any period such Property was not owned by Borrower, such

information shall only be required to be delivered to the extent reasonably available to Borrower and such certification may be based upon the best of Borrower's knowledge and provided further, that if such Property has been operating for less than three (3) years, Borrower shall provide such projections and other information concerning the anticipated operation of such Property as Lender may reasonably request;

c. A current rent roll for such Property certified by a representative of Borrower as being true and correct in all material respects; and

d. A current title commitment for such Property issued by Chicago Title Insurance Company or another title insurer acceptable to Lender in its sole discretion (which discretion may specifically include the right to refuse to accept policies from LandAmerica Title Insurance Company, Lawyers Title Insurance Company and Commonwealth Land Title Insurance Company), together with legible copies of all Schedule B-2 exception documents. Borrower may elect in its discretion to change title insurance agents as long as any replacement agent is an authorized agent of the foregoing title insurer.

(ii) *Lender's Right to Request Additional Information.* Upon receipt of Borrower's notice requesting that Lender evaluate another property and upon receipt and review of the items described in **Section 4.1(c)(i)** above, Lender may request from Borrower, and Borrower shall deliver to Lender (to the extent available to Borrower (or a Permitted Subsidiary in the case of the Properties described in *Schedule 6.10* and *6.11* and not other Properties), provided, however, that if Lender requests any such item and Borrower does not deliver the same Lender shall have no obligation to approve the proposed Property as a Borrowing Base Property) the following, in form and substance satisfactory to Lender in its sole and absolute discretion:

a. A copy of Borrower's (or a Permitted Subsidiary in the case of the Properties described in *Schedule 6.10* and *6.11* and not other Properties) ALTA Owner's Policy of Title Insurance ("*Owner's Policy*") covering such Property showing Borrower as fee titleholder thereto and all matters of record;

b. Copies of all documents of record reflected in Schedule B of the Owner's Policy;

c. A copy of the most recent real estate tax bill and notice of assessments;

d. A current survey of such Property certified by a surveyor licensed in the applicable jurisdiction to have been prepared in accordance with the then effective Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys;

e. A "Phase I" environmental assessment of such Property not more than six (6) months old, which report (i) has been prepared by an environmental engineering firm reasonably acceptable to Lender and (ii) complies with the requirements contained in Lender's guidelines adopted from time to time by Lender to be used in its lending practice generally and any other environmental assessments or other reports relating to such Property, including any "Phase II" environmental assessment prepared or recommended by such environmental engineering firm to be prepared for such Property and satisfactory evidence that all environmental issues pertaining to such Property, including, without limitation, removal and remediation of mold, have been fully remediated in accordance with Applicable Law;

f. Copies of all Property Management Agreements and all other Material Contracts relating to the use, occupancy, operation, maintenance, enjoyment, or ownership of such Property, if any;

g. Evidence that insurance in an amount satisfactory to Lender in its sole and absolute discretion is maintained with respect to the Property;

h. Evidence that the Property complies with applicable zoning and land use laws;

i. A detailed calculation of the Adjusted (LTV) Appraised Value for such Property and supporting documentation for such calculation;

j. A detailed calculation of the Initial Debt Service Coverage Ratio Value for such Property and supporting documentation for such calculation;

k. Rent rolls and other evidence acceptable to Lender showing that not less than 75% of the rentable self storage units and other rentable Improvements on such Property (on a overall square footage basis) have been leased to third party tenants pursuant to the permitted leasing guidelines of *Schedule 3* hereof; and

l. Such other information as Lender may request in its sole and absolute discretion.

(d) *Appraisal; Approval.* Upon receipt of the aforementioned items, Lender shall commission, at Borrower's expense, an Appraisal of such Property, to be in form and substance satisfactory to Lender in its sole and absolute discretion. Within twenty (20) Banking Days of receipt such Appraisal, Lender shall review such Appraisal and determine whether Lender is willing to accept such Property as a Borrowing Base Property, which shall be determined in Lender's sole and absolute discretion based on the Appraisal and the information submitted to Lender pursuant to **Section 4.1(c)**. Upon a determination by Lender that the proposed Property is an Eligible Property and upon Lender's discretionary decision to include such Property as a Borrowing Base Property, Borrower shall pay to Lender a non-refundable processing fee in the amount of $1,500.00 (however, such $1,500 fee shall not apply with respect to the initial Borrowing Base Properties described on *Schedule 6* hereto) in addition to all reasonable fees and expenses incurred by Lender in its due diligence of the Property.

(e) *Security Instrument.* Prior to adding any Property as a Borrowing Base Property, Borrower (or a Permitted Subsidiary in the case of the Properties described in *Schedule 6.10* and *6.11* and not other Properties) shall execute and deliver to Lender a Security Instrument for the benefit of Lender encumbering the Property and an environmental indemnity in form and substance acceptable to Lender in its discretion. If the Property is ground leased to Borrower rather than owned in fee, Borrower shall have executed and delivered to Lender or caused such other parties as Lender may require to execute and deliver to Lender, a ground lessor's consent, non-disturbance and attornment agreement and/or a fee mortgagee consent, each in form and content acceptable to Lender. Borrower shall also cause Guarantor and each Permitted Subsidiary to execute and deliver such consents as Lender may require and request.

(f) *Title Insurance.* Prior to adding any Property as a Borrowing Base Property, Borrower shall provide Lender with an 2006 Form ALTA extended coverage title insurance policy (or local equivalent in the State in which the Property is located) issued by Chicago Title Insurance Company or another title insurer acceptable to Lender in its sole discretion (which discretion may specifically include the right to refuse to accept policies from LandAmerica Title Insurance Company, Lawyers Title Insurance Company and Commonwealth Land Title Insurance Company), in the maximum amount of the Loan plus any other amount secured by the Security Instrument (or a pro rated amount of the Loan Amount together with a tie in endorsement, as determined by Lender), on a coinsurance and/or reinsurance basis if and as required by Lender, insuring without exclusion or exception for creditors' rights (including the endorsement of any standard exclusion appearing in the Jacket or standard conditions of such title insurance policy out of such exclusions in form and substance acceptable to Lender) that the Security Instrument encumbering the

Property to be added as a Borrowing Base Property constitutes a valid lien covering said Property and all Improvements thereon, having the first priority required by Lender and subject only to those exceptions and encumbrances (regardless of rank or priority) Lender approves, in a form acceptable to Lender and with such endorsements as Lender may require, and with all "standard" exceptions which can be deleted, including the exception for matters which a current survey would show, deleted to the fullest extent authorized under applicable title insurance rules, and Borrower shall satisfy all requirements therefor permitted; containing no exception for standby fees or real estate taxes or assessments other than those for the year in which the closing occurs to the extent the same are not then due and payable and endorsed "not yet due and payable" and no exception for subsequent assessments for prior years; providing full coverage against mechanics' and materialmen's liens to the extent authorized under applicable title insurance rules, and Borrower shall satisfy all requirements therefor; insuring that no restrictive covenants shown in the title insurance have been violated, and that no violation of the restrictions will result in a reversion or forfeiture of title; insuring all appurtenant easements; insuring that fee simple indefeasible or marketable (as coverage is available) fee simple or leasehold (as applicable) title to such Property and Improvements is vested in Borrower (or a Permitted Subsidiary in the case of the Properties described in *Schedule 6.10* and *6.11* and not other Properties); containing such affirmative coverage and endorsements as Lender may require and are available under applicable title insurance rules, and Borrower shall satisfy all requirements therefor; insuring any easements, leasehold estates or other matters appurtenant to or benefiting the Property and/or the Improvements as part of the insured estate; insuring the right of access to the Property to the extent authorized under applicable title insurance rules and regulations.

(g) *Lender Credit Approval.* Prior to adding any Property as a Borrowing Base Property, Lender shall have obtained such internal credit approvals as may be required by Lender's then current polices and procedures. Lender shall have the right to approve or disapprove any Property in its sole and absolute discretion.

4.2 *Release of Properties.*

From time to time Borrower may request, upon not less than thirty (30) days prior written notice to Lender that a Borrowing Base Property be released from the Liens created by the Security Instrument applicable thereto, which release ("*Property Release*") shall be effected by Lender if Lender determines all of the following conditions are satisfied as of the date of the Property Release:

(a) No Default or Event of Default exists or will exist immediately after giving effect to such Property Release and the reduction of the Borrowing Base by reason of the release of such Property;

(b) The Borrower shall have delivered to Lender a Borrowing Base Certificate demonstrating on a pro forma basis that the sum of (i) the face amount of all undrawn letters of credit, plus (ii) the amount of all drawings under letters of credit which have not been reimbursed by Borrower to lender, plus (iii) the amount of all outstanding Advances, will not exceed the Maximum Availability after giving effect to such request and any prepayment to be made and/or the acceptance of any Property as an additional or replacement Borrowing Base Property to be given concurrently with such request;

(c) The Borrower shall have paid any amounts as are required in order to ensure that sum of (i) the face amount of all undrawn letters of credit, plus (ii) the amount of all drawings under letters of credit which have not been reimbursed by Borrower to lender, plus (iii) the amount of all outstanding Advances, does not exceed, the Maximum Availability after giving effect to such release;

(d) The Borrower shall have delivered to Lender all documents and instruments reasonably requested by Lender in connection with such Property Release including, without limitation, the following:

(i) the quitclaim deed or other instruments to be used to effect such Property Release if the Property is being sold or transferred; and

(ii) If required by Lender, an appropriate partial release or modification endorsement to the title insurance policies in effect with respect to the remaining Borrowing Base Properties;

(e) Lender shall have recalculated the Borrowing Base; and

(f) Borrower shall also cause Guarantor and each Permitted Subsidiary to execute and deliver such consents to such release as Lender may require and request.

(g) Borrower shall have paid to Lender all costs and expenses, including attorneys' fees, title insurance fees, and costs and expenses incurred by Lender in connection with the Property Release and Lender's consideration of Borrower's request therefor.

Except as set forth in this **Section 4.2**, no Borrowing Base Property shall be released from the Liens created by the Security Instrument applicable thereto.

4.3 *Frequency of Appraisals.*

The Appraised Value of a Borrowing Base Property shall be determined or re-determined, as applicable, under each of the following circumstances:

(a) In connection with the acceptance of a Property as a Borrowing Base Property Lender will determine the Appraised Value thereof as provided in **Section 4.1**;

(b) From time to time upon at least five (5) Banking Days written notice to Borrower and at Borrower's expense, Lender may re-determine the Appraised Value of a Borrowing Base Property in any of the following circumstances:

(i) if necessary in order to comply with FIRREA, other applicable laws related to Lender, or requests by a Governmental Authority;

(ii) if Lender determines such Property contains structural defects, title defects, environmental conditions or other adverse matters material to the profitable operation of such Property (including, without limitation, negligent acts or omissions by Borrower with respect to the operation of such Property) and Lender has not declared such Property ineligible pursuant to **Section 4.1(d)** ; or

(iii) upon the occurrence of a Default or Event of Default.

(iv) At any time and from time to time, Lender may re-determine, at its own expense, the Appraised Value of a Borrowing Base Property;

(v) If Borrower has requested a Property Release; or

(vi) Upon Borrower's written request to Lender and at Borrower's expense, but not more frequently than one (1) time per calendar year per Borrowing Base Property, Lender shall re-determine the Appraised Value of any Borrowing Base Property.

4.4 *Borrowing Base; Frequency of Calculations of Borrowing Base; Remargining.*

(a) Initially, the Borrowing Base shall be the amount set forth as such in the Borrowing Base Certificate delivered under **Section 2.3(b).** Thereafter, the Borrowing Base shall be the amount set forth as such in the Borrowing Base Certificate delivered from time to time under **Section 4.2(b)** and **Section 7.8**. Any increase in the Adjusted (LTV) Appraised Value of a Borrowing Base Property due to an increase in the Appraised Value of such Property pursuant to a re-appraisal of such Property as contemplated by **Section 4.3,** shall become effective as of the next re-determination of the Borrowing Base by Lender, provided that prior to such effective date Borrower shall have delivered to Lender an endorsement to the title insurance policy insuring the Lien of the Security Instrument encumbering such property to increase the coverage amount thereof to not less than the portion of the Borrowing Base attributable to such Property.

(b) If at any time Lender determines that the Adjusted (LTV) Appraised Value or 1.40 Debt Service Coverage Ratio Value has decreased for any Borrowing Base Property, Lender may recalculate the Borrowing Base and Borrower shall remargin the Loan as required by **Section 2.1(b)**, if required by the provisions of such **Section 2.1(b)** .

ARTICLE 5

Conditions

5.1 *Conditions.*

Lender must receive the following items, in form and content acceptable to Lender, before it is required to extend any credit to Borrower under this Agreement:

(a) *Authorizations.* Evidence that the execution, delivery and performance by Borrower, Guarantor and each Permitted Subsidiary of the Loan Documents have been duly authorized.

(b) *Governing Documents; Good Standing Certificates.* A copy of Borrower's , Guarantor's and each Permitted Subsidiary's articles of incorporation, bylaws, articles of organization, certificate of formation, and/or operating agreements, as applicable. A certificate of good standing for Borrower, Guarantor and each Permitted Subsidiary from the state where formed and from any other state in which Borrower, Guarantor and each Permitted Subsidiary owns any Property or where any such party is required to qualify to conduct its business.

(c) *Loan Documents.* Duly executed Loan Documents.

(d) *Insurance.* Evidence of insurance coverage required by the Loan Documents.

(e) *Payment of Fees.* Payment of all accrued and unpaid expenses incurred by Lender as provided for by the Loan Documents.

(f) *Opinions.* Such opinions of counsel for Borrower, Guarantor and each Permitted Subsidiary as Lender may require, including opinions as to the enforceability of each Security Instrument, each in form and content acceptable to Lender in its discretion.

(g) *Other Items.* Any other documents and other items Lender may reasonably require as conditions precedent to this Agreement.

ARTICLE 6

Representations and Warranties.

Borrower makes the following representations and warranties to Lender as of the date hereof and as of the date of each Advance hereunder:

6.1 *Organization, Power and Authority of Borrower; Loan Documents.*

Each of Borrower, Guarantor and the Permitted Subsidiaries: (a) is duly organized, existing and in good standing under the laws of the state in which it is organized and is duly qualified to do business and in good standing in the state in which their Property is located (if different from the state of its formation) and in any other state where the nature of their business or property requires it to be qualified to do business, and (b) has the power, authority and legal right to own its property and carry on the business now being conducted by it and to engage in the transactions contemplated by the Loan Documents. The Loan Documents to which each of Borrower, Guarantor and the Permitted Subsidiaries is a party have been duly executed and delivered by such party, and the execution and delivery of, and the carrying out of the transactions contemplated by, such Loan Documents, and the performance and observance of the terms and conditions thereof, have been duly authorized by all necessary organizational action by and on behalf of such party. The Loan Documents to which each of Borrower, Guarantor and the Permitted Subsidiaries is a party constitute the valid and legally binding obligations of Borrower, Guarantor and the Permitted Subsidiaries and are fully enforceable against Borrower, Guarantor and the Permitted Subsidiaries in accordance with their respective terms, except to the extent that such enforceability may be limited by laws generally affecting the enforcement of creditors' rights.

6.2 *Other Documents; Laws.*

The execution and performance of the Loan Documents to which each of Borrower, Guarantor and a Permitted Subsidiary is a party and the consummation of the transactions contemplated thereby will not conflict with, result in any breach of, or constitute a default under, the organizational documents of such party, or to the best of such party's knowledge, any contract, agreement, document or other instrument to which Borrower, Guarantor and/or any Permitted Subsidiary is a party by which Borrower, Guarantor and/or any Permitted Subsidiary or any of their properties may be bound or affected, and to the best of such party's knowledge, such actions do not and will not violate or contravene any Law to which they are subject.

6.3 *Taxes.*

Borrower, Guarantor and each Permitted Subsidiary has filed all federal, state, county and municipal Tax returns required to have been filed by such parties and has paid all Taxes which have become due pursuant to such returns or pursuant to any Tax assessments received by Borrower, Guarantor and/or the Permitted Subsidiaries.

6.4 *Legal Actions.*

To the best of Borrower's, Guarantor's and the Permitted Subsidiaries' knowledge: (a) there are no Claims or investigations by or before any court or Governmental Authority, pending or affecting Borrower, Guarantor and/or the Permitted Subsidiaries, their business or any Property which would have a Material Adverse Effect, and (b) neither Borrower, Guarantor nor any Permitted Subsidiaries is in default with respect to any order, writ, injunction, decree or demand of any court or any Governmental Authority affecting such party or any Property which would have a Material Adverse Effect.

6.5 *Nature of Loan.*

Borrower is a business or commercial organization. The Loan is being obtained solely for business or investment purposes, and will not be used for personal, family, household or agricultural purposes.

6.6 *Trade Names.*

Borrower, Guarantor and each Permitted Subsidiary conducts its business solely under the name set forth in the Preamble to this Agreement and makes use of no trade names in connection therewith, unless such trade names have been previously disclosed to Lender in writing. Lender acknowledges that it will have no lien or security interest in and to then Extra Space or Extra Space Storage name, logo or trademarks.

6.7 *Financial Statements.*

The financial statements heretofore delivered by Borrower, Guarantor and each Permitted Subsidiary to Lender are true and correct in all material respects, have been prepared in accordance with sound accounting principles consistently applied, and fairly present in all material respects the respective financial conditions of the subjects thereof as of the respective dates thereof.

6.8 *No Material Adverse Change.*

No material adverse change has occurred in the financial conditions reflected in the financial statements of Borrower, Guarantor and each Permitted Subsidiary since the respective dates of such statements, and no material additional liabilities have been incurred by Borrower, Guarantor or any Permitted Subsidiary since the dates of such statements other than the borrowings contemplated herein or as approved in writing by Lender.

6.9 *ERISA and Prohibited Transactions.*

As of the date hereof and throughout the term of the Loan: (a) neither Borrower, Guarantor nor any Permitted Subsidiary is or will be (i) an "employee benefit plan," as defined in Section 3(3) of ERISA, (ii) a "governmental plan" within the meaning of Section 3(32) of ERISA, or (iii) a "plan" within the meaning of Section 4975(e) of the Code; (b) the assets of Borrower, Guarantor and each Permitted Subsidiary do not and will not constitute "plan assets" within the meaning of the United States Department of Labor Regulations set forth in Section 2510.3-101 of Title 29 of the Code of Federal Regulations; (c) to the best of Borrower's, Guarantor's and each Permitted Subsidiary's knowledge, transactions by or with Borrower, Guarantor and each Permitted Subsidiary are not and will not be subject to state statutes applicable to Borrower, Guarantor and each Permitted Subsidiary regulating investments of fiduciaries with respect to governmental plans; and (d) to the best of Borrower's, Guarantor's and each Permitted Subsidiary's knowledge, Borrower, Guarantor and each Permitted Subsidiary will not engage in any transaction that would cause any Obligation or any action taken or to be taken hereunder (or the exercise by Lender of any of its rights under the Security Instrument or any of the other Loan Documents) to be a non-exempt (under a statutory or administrative class exemption) prohibited transaction under ERISA or Section 4975 of the Code. Borrower, Guarantor and each Permitted Subsidiary agree to deliver to Lender such certifications or other evidence of compliance with the provisions of this Section as Lender may from time to time request.

6.10 *Compliance with Laws and Zoning and Other Requirements; Encroachments.*

Borrower, Guarantor and each Permitted Subsidiary is in compliance with the requirements of all applicable Laws. The use of each Property complies with applicable zoning ordinances, regulations and restrictive covenants affecting the Property. To the best of Borrower's, Guarantor's and each Permitted Subsidiary's knowledge, all use and other requirements of any Governmental Authority having jurisdiction over any Property have been satisfied. No material violation of any Law exists with respect

to any Property. Except as otherwise disclosed to and approved by lender pursuant to *Article 4*, the Improvements are constructed entirely on any Property and do not encroach upon any easement or right-of-way, or upon the land of others. Except as otherwise disclosed to and approved by Lender pursuant to *Article 4*, the Improvements comply with all applicable building restriction lines and set-backs, however established, and are in strict compliance with all applicable use or other restrictions and the provisions of all applicable agreements, declarations and covenants and all applicable zoning and subdivision ordinances and regulations.

6.11 *Certificates of Occupancy.*

To the best of Borrower's, Guarantor's and each Permitted Subsidiary's knowledge, all certificates of occupancy and other permits and licenses necessary or required in connection with the use and occupancy of the Improvements have been validly issued.

6.12 *Utilities; Roads; Access.*

All utility services necessary for the operation of the Improvements for their intended purposes have been fully installed, including telephone service, water supply, storm and sanitary sewer facilities, natural gas and electric facilities. All roads and other accesses necessary to serve each Property and Improvements have been completed, are serviceable in all weather, and where required by the appropriate Governmental Authority, have been dedicated to and formally accepted by such Governmental Authority.

6.13 *Other Liens.*

Except for contracts for labor, materials and services furnished or to be furnished in connection with any construction at the Property, including any construction of tenant improvements, neither Borrower, Guarantor nor any Permitted Subsidiary has made a contract or arrangement of any kind the performance of which by the other party thereto would give rise to a lien on any Property.

6.14 *No Defaults.*

To the best of Borrower's, Guarantor's and each Permitted Subsidiary's knowledge: (a) there is no Default or Event of Default under any of the Loan Documents, and (b) there is no default or event of default under any material contract, agreement or other document related to the construction or operation of the Improvements which would have a Material Adverse Effect.

6.15 *Draw Requests.*

Each draw request or other request for an Advance hereunder and each receipt of the funds requested thereby shall constitute Borrower's, Guarantor's and each Permitted Subsidiary's affirmation that Borrower's, Guarantor's and each Permitted Subsidiary's representations and warranties set forth in this Agreement are true and correct as of the date of the draw request or other request for an Advance and, unless Lender is notified to the contrary prior to the disbursement of the Advance requested, will be so on the date of the disbursement.

ARTICLE 7

Affirmative Covenants and Agreements.

Borrower covenants as of the date hereof and until such time as all Obligations shall be paid and performed in full, that:

7.1 *Compliance with Laws; Use of Proceeds.*

Borrower, Guarantor and each Permitted Subsidiary shall use commercially reasonable efforts to comply with all Laws and all orders, writs, injunctions, decrees and demands of any court or any Governmental Authority affecting Borrower, Guarantor, any Permitted Subsidiary or a Property.

Borrower shall use all proceeds of the Loan for business purposes which are not in contravention of any Law or any Loan Document.

7.2 *Inspections; Cooperation.*

Borrower, Guarantor and each Permitted Subsidiary shall permit representatives of Lender to enter upon each Property, to inspect the Improvements and any and all materials to be used in connection with any construction at the Property, including any construction of tenant improvements, to examine all detailed plans and shop drawings and similar materials as well as all records and books of account maintained by or on behalf of Borrower, Guarantor and each Permitted Subsidiary relating thereto and to discuss the affairs, finances and accounts pertaining to the Loan and the Improvements with representatives of Borrower, Guarantor and each Permitted Subsidiary. Borrower, Guarantor and each Permitted Subsidiary shall at all times cooperate and cause each and every one of its contractors, subcontractors and material suppliers to cooperate with the representatives of Lender in connection with or in aid of the performance of Lender's functions under this Agreement. Except in the event of an emergency, Lender shall give Borrower, Guarantor or the affected Permitted Subsidiary at least twenty-four hours' notice by telephone in each instance before entering upon a Property and/or exercising any other rights granted in this **Section 7.2**.

7.3 *Payment and Performance of Contractual Obligations.*

Borrower, Guarantor and each Permitted Subsidiary shall perform in a timely manner all of its obligations under any and all contracts and agreements related to any construction activities at the Property or the maintenance or operation of the Improvements, and Borrower, Guarantor and each Permitted Subsidiary will pay when due all bills for services or labor performed and materials supplied in connection with such construction, maintenance and/or operation. Within thirty (30) days after the filing of any mechanic's lien or other lien or encumbrance against a Property, Borrower, Guarantor and each Permitted Subsidiary will promptly discharge the same by payment or filing a bond or otherwise as permitted by Law. So long as Lender's security has been protected by the filing of a bond or otherwise in a manner satisfactory to Lender in its sole and absolute discretion, Borrower, Guarantor and each Permitted Subsidiary shall have the right to contest in good faith any claim, lien or encumbrance, provided that Borrower does so diligently and without prejudice to Lender or delay in completing construction of any tenant improvements.

7.4 *Insurance.*

Borrower and each Permitted Subsidiary shall maintain the following insurance at its sole cost and expense:

(a) Insurance against Casualty to the Property under a policy or policies covering such risks as are presently included in "special form" (also known as "all risk") coverage, including such risks as are ordinarily insured against by similar businesses, but in any event including fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, damage from aircraft, smoke, vandalism, malicious mischief and acts of terrorism. Such insurance shall name Lender as mortgagee and loss payee. Unless otherwise agreed in writing by Lender, such insurance shall be for the full insurable value of the Property on a replacement cost basis, with a deductible amount, if any, satisfactory to Lender. No policy of insurance shall be written such that the proceeds thereof will produce less than the minimum coverage required by this **Section 7.4** by reason of co-insurance provisions or otherwise. The term "full insurable value" means one hundred percent (100%) of the actual replacement cost of the Property, including tenant improvements (excluding foundation and excavation costs and costs of underground flues, pipes, drains and other uninsurable items).

(b) Comprehensive (also known as commercial) general liability insurance on an "occurrence" basis against claims for "personal injury" liability and liability for death, bodily injury

and damage to property, products and completed operations, in limits satisfactory to Lender with respect to any one occurrence and the aggregate of all occurrences during any given annual policy period. Such insurance shall name Lender as an additional insured.

(c) Workers' compensation insurance for all employees of Borrower and each Permitted Subsidiary in such amount as is required by Law and including employer's liability insurance, if required by Lender.

(d) During any period of construction of tenant improvements, Borrower and each Permitted Subsidiary shall maintain, or cause others to maintain, such insurance as may be required by Lender of the type customarily carried in the case of similar construction for one hundred percent (100%) of the full replacement cost of materials stored at or upon the Property. During any period of other construction upon the Property, Borrower and each Permitted Subsidiary shall maintain, or cause others to maintain, builder's risk insurance (non-reporting form) of the type customarily carried in the case of similar construction for one hundred percent (100%) of the full replacement cost of work in place and materials stored at or upon the Property.

(e) If at any time any portion of any structure on the Property is insurable against Casualty by flood and is located in a Special Flood Hazard Area under the Flood Disaster Protection Act of 1973, as amended, a flood insurance policy in form and amount acceptable to Lender but in no amount less than the amount sufficient to meet the requirements of applicable Law as such requirements may from time to time be in effect.

(f) Loss of rental value insurance or business interruption insurance in an amount equal to twelve (12) months of the projected gross income of the Property and an extended period of indemnity endorsement providing an additional twelve (12) months' loss of rental value or business interruption insurance after the Property has been restored or until the projected gross income returns to the level that existed prior to the loss, whichever is first to occur.

(g) Such other and further insurance as may be required from time to time by Lender in order to comply with regular requirements and practices of Lender in similar transactions including, if required by Lender, boiler and machinery insurance, pollution liability insurance, wind insurance and earthquake insurance, so long as any such insurance is generally available at commercially reasonable premiums as determined by Lender from time to time.

Each policy of insurance (i) shall be issued by one or more insurance companies each of which must have an A.M. Best Company financial and performance rating of A-IX or better and are qualified or authorized by the Laws of the State and as applicable, the laws of the State in which the Property is located, to assume the risks covered by such policy, (ii) with respect to the insurance described under the preceding **Subsections (a), (d), (e)** and **(f)**, shall have attached thereto standard non-contributing, non-reporting mortgagee clauses in favor of and entitling Lender without contribution to collect any and all proceeds payable under such insurance, either as sole payee or as joint payee with Borrower and each Permitted Subsidiary, (iii) shall provide that such policy shall not be canceled or modified for nonpayment of premiums without at least ten (10) days prior written notice to Lender, or for any other reason without at least thirty (30) days prior written notice to Lender, and (iv) shall provide that any loss otherwise payable thereunder shall be payable notwithstanding any act or negligence of Borrower or any Permitted Subsidiary which might, absent such agreement, result in a forfeiture of all or a part of such insurance payment. Borrower and each Permitted Subsidiary shall promptly pay all premiums when due on such insurance and, not less than ten (10) days prior to the expiration dates of each such policy, Borrower and each Permitted Subsidiary will deliver to Lender acceptable evidence of insurance, such as a renewal policy or policies marked "premium paid" or other evidence satisfactory to Lender reflecting that all required insurance is current and in force. Borrower and each Permitted Subsidiary will immediately give Notice to Lender of any cancellation of, or change in, any insurance policy. Lender shall not, because of accepting, rejecting, approving or obtaining insurance, incur any liability

for (A) the existence, nonexistence, form or legal sufficiency thereof, (B) the solvency of any insurer, or (C) the payment of losses. Borrower and each Permitted Subsidiary may satisfy any insurance requirement hereunder by providing one or more "blanket" insurance policies, subject to Lender's approval in each instance as to limits, coverages, forms, deductibles, inception and expiration dates, and cancellation provisions.

7.5 *Adjustment of Condemnation and Insurance Claims.*

Borrower, Guarantor and each Permitted Subsidiary shall give prompt Notice to Lender of any Casualty or any Condemnation or threatened Condemnation. Lender is authorized, at its sole and absolute option, to commence, appear in and prosecute, in its own or Borrower's, Guarantor's and/or each Permitted Subsidiary's name, any action or proceeding relating to any Condemnation or Casualty, and to make proof of loss for and to settle or compromise any Claim in connection therewith. In such case, Lender shall have the right to receive all Condemnation Awards and Insurance Proceeds, and may deduct therefrom all of its Expenses. However, so long as no Event of Default has occurred and Borrower, Guarantor and/or a Permitted Subsidiary is diligently pursuing its rights and remedies with respect to a Claim, Lender will obtain Borrower's written consent (which consent shall not be unreasonably withheld or delayed) before making proof of loss for or settling or compromising such Claim. Borrower, Guarantor and each Permitted Subsidiary agrees to diligently assert its rights and remedies with respect to each Claim and to promptly pursue the settlement and compromise of each Claim subject to Lender's approval, which approval shall not be unreasonably withheld or delayed. If, prior to the receipt by Lender of any Condemnation Award or Insurance Proceeds, the Property shall have been sold pursuant to the provisions of the Security Instrument, Lender shall have the right to receive such funds (a) to the extent of any deficiency found to be due upon such sale with interest thereon (whether or not a deficiency judgment on the Security Instrument shall have been sought or recovered or denied), and (b) to the extent necessary to reimburse Lender for its Expenses. If any Condemnation Awards or Insurance Proceeds are paid to Borrower, Guarantor or a Permitted Subsidiary, such party shall receive the same in trust for Lender. Within ten (10) days after Borrower's, Guarantor's or a Permitted Subsidiary's receipt of any Condemnation Awards or Insurance Proceeds, such party shall deliver such awards or proceeds to Lender in the form in which they were received, together with any endorsements or documents that may be necessary to effectively negotiate or transfer the same to Lender. Borrower, Guarantor and each Permitted Subsidiary agrees to execute and deliver from time to time, upon the request of Lender, such further instruments or documents as may be requested by Lender to confirm the grant and assignment to Lender of any Condemnation Awards or Insurance Proceeds. Notwithstanding the foregoing, Borrower shall not be required to notify Lender of *de miniumus* condemnation proceedings which have nominal value or do not have a Material Adverse Effect on the use or operating of the Property.

7.6 *Utilization of Net Proceeds.*

(a) Net Proceeds must be utilized either for payment of the Obligations or for the restoration of the Property. Net Proceeds may be utilized for the restoration of the Property only if no Default shall exist and only if in the reasonable judgment of Lender (i) there has been no material adverse change in the financial viability of the Improvements, (ii) the Net Proceeds, together with other funds deposited with Lender for that purpose, are sufficient to pay the cost of the restoration pursuant to a budget and plans and specifications approved by Lender, and (iii)the restoration can be completed prior to the final maturity of the Loan and prior to the date required by any permanent loan commitment or any purchase and sale agreement or by any Lease. Otherwise, Net Proceeds shall be utilized for payment of the Obligations.

(b) If Net Proceeds are to be utilized for the restoration of the Property, the Net Proceeds, together with any other funds deposited with Lender for that purpose, must be deposited in a Borrower's Deposit Account, which shall be an interest-bearing account, with all accrued interest

to become part of such deposit. Borrower agrees that it shall include all interest and earnings on any such deposit as its income (and, if Borrower is a partnership or other pass-through entity, the income of its partners, members or beneficiaries, as the case may be), and shall be the owner of all funds on deposit in Borrower's Deposit Account for federal and applicable state and local tax purposes. Lender shall have the exclusive right to manage and control all funds in Borrower's Deposit Account, but Lender shall have no fiduciary duty with respect to such funds. Lender will advance the deposited funds from time to time to Borrower for the payment of costs of restoration of the Property upon presentation of evidence acceptable to Lender that such restoration has been completed satisfactorily and lien-free. If at any time Lender determines that there is a deficiency in the funds available in Borrower's Deposit Account to complete the restoration as contemplated, then Borrower will promptly deposit in Borrower's Deposit Account additional funds equal to the amount of the deficiency. Any account fees and charges may be deducted from the balance, if any, in Borrower's Deposit Account. Borrower grants to Lender a security interest in Borrower's Deposit Account and all funds hereafter deposited to such deposit account, and any proceeds thereof, as security for the Obligations. Such security interest shall be governed by the Uniform Commercial Code of the State, and Lender shall have available to it all of the rights and remedies available to a secured party thereunder. The Borrower's Deposit Account may be established and held in such name or names as Lender shall deem appropriate, including in the name of Lender. Borrower hereby constitutes and appoints Lender and any officer or agent of Lender its true and lawful attorneys-in-fact with full power of substitution to open Borrower's Deposit Account and to do any and every act that Borrower might do on its own behalf to fulfill the terms of this **Section 7.6**. To the extent permitted by Law, Borrower hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. It is understood and agreed that this power of attorney, which shall be deemed to be a power coupled with an interest, cannot be revoked.

7.7 *Management.*

Borrower and each Permitted Subsidiary at all times shall provide for the competent and responsible management and operation of the Property. At all times, Borrower and each Permitted Subsidiary shall cause the Property to be managed by a Qualified Manager pursuant to a Property Management Agreement. All Property Management Agreements affecting a Property shall be terminable upon thirty (30) days' written notice without penalty or charge (except for unpaid accrued management fees). All Property Management Agreements must be approved in writing by Lender prior to the execution of the same. Advances and reimbursements of operating expenses for the Properties may be made from or to a Qualified Manager in connection with a Management Agreement entered into for a management fee not to exceed six (6.0%) percent of gross revenues.

7.8 *Books and Records; Financial Statements; Tax Returns.*

Borrower, Guarantor and each Permitted Subsidiary will keep and maintain full and accurate books and records administered in accordance with sound accounting principles, consistently applied, showing in detail the earnings and expenses of each Property and the operation thereof. Borrower, Guarantor and each Permitted Subsidiary will keep and maintain its books and records, including recorded data of any kind and regardless of the medium of recording, at the address of Borrower set forth in **Section 11.6**. Borrower, Guarantor and each Permitted Subsidiary shall permit Lender, or any Person authorized by Lender, to inspect and examine such books and records (regardless of where maintained) and all supporting vouchers and data and to make copies and extracts therefrom at all reasonable times and as often as may be requested by Lender. Borrower will furnish or cause to be furnished to Lender:

(a) quarterly financial statements, including balance sheets and income statements, for Guarantor within one hundred twenty (120) days after each calendar year end. Such financial statements shall be prepared in accordance with GAAP.

(b) Annual audited financial statements, including balance sheets and income statements, for Extra Space Storage Inc. within one hundred twenty (120) days after each calendar year end. Such financial statements shall be prepared in accordance with GAAP and shall contain and unqualified opinion of the auditors thereof.

(c) If requested by Lender, the annual federal income tax return together with all schedules and supporting exhibits of Borrower within thirty (30) of filing but not later than November 1 of the succeeding year.

(d) A quarterly compliance certificate from each of Borrower and Guarantor within thirty (30) days of the end of each calendar quarter.

(e) A quarterly rent roll and operating statement for each Borrowing Base Property and its tenants and leases within thirty (30) days of the end of each calendar quarter.

(f) a current Borrowing Base Certificate within thirty (30) days of the end of each calendar quarter.

All financial statements must be in form and detail acceptable to Lender and must be certified as to accuracy by Borrower and/or Guarantor, as applicable. Borrower shall provide, upon Lender's request, convenient facilities for the audit and verification of any such statement. All certifications and signatures on behalf of corporations, partnerships, limited liability companies and other entities shall be by a representative of the reporting party satisfactory to Lender.

7.9 *Estoppel Certificates.*

Within ten (10) days after any request by Lender or a proposed assignee or purchaser of the Loan or any interest therein, Borrower, Guarantor and each Permitted Subsidiary shall certify in writing to Lender, or to such proposed assignee or purchaser, the then unpaid balance of the Loan and whether Borrower, Guarantor and each Permitted Subsidiary claims any right of defense or setoff to the payment or performance of any of the Obligations, and if Borrower, Guarantor and each Permitted Subsidiary claims any such right of defense or setoff, Borrower, Guarantor and each Permitted Subsidiary shall give a detailed written description of such claimed right.

7.10 *Taxes; Tax Receipts.*

Borrower, Guarantor and each Permitted Subsidiary shall pay and discharge all Taxes prior to the date on which penalties are attached thereto unless and to the extent only that such Taxes are contested in accordance with the terms of the Security Instrument. If Borrower, Guarantor and each Permitted Subsidiary fails, following demand, to provide Lender the tax receipts required under the Security Instrument, without limiting any other remedies available to Lender, Lender may, at Borrower's sole expense, obtain and enter into a tax services contract with respect to the applicable Property with a tax reporting agency satisfactory to Lender.

7.11 *Lender's Rights to Pay and Perform.*

If, after any required notice, Borrower, Guarantor or any Permitted Subsidiary fails to promptly pay or perform any of the Obligations within any applicable grace or cure periods, Lender, without Notice to or demand upon Borrower, Guarantor or the Permitted Subsidiary, and without waiving or releasing any Obligation or Default, may (but shall be under no obligation to) at any time thereafter make such payment or perform such act for the account and at the expense of Borrower. Lender may enter upon any Property for that purpose and take all action thereon as Lender considers necessary or appropriate.

7.12 *Reimbursement; Interest.*

If Lender shall incur any Expenses or pay any Claims by reason of the Loan or the rights and remedies provided under the Loan Documents (regardless of whether or not any of the Loan Documents expressly provide for an indemnification by Borrower, Guarantor or any Permitted Subsidiary against such Claims), Lender's payment of such Expenses and Claims shall constitute Advances to Borrower which shall be paid by Borrower to Lender on demand, together with interest thereon from the date incurred until paid in full at the rate of interest then applicable to the Loan under the terms of the Note. Each Advance arising out of the Environmental Agreement shall not be secured by the Security Instrument. All other Advances shall be secured by the Security Instrument and the other Loan Documents as fully as if made to Borrower, regardless of the disposition thereof by the party or parties to whom such Advance is made. Notwithstanding the foregoing, however, in any action or proceeding to foreclose the Security Instrument or to recover or collect the Obligations, the provisions of Law governing the recovery of costs, disbursements and allowances shall prevail unaffected by this **Section 7.12**.

7.13 *Notification by Borrower.*

Borrower, Guarantor and each Permitted Subsidiary will promptly give Notice to Lender of the occurrence of any Default or Event of Default hereunder or under any of the other Loan Documents. Borrower, Guarantor and each Permitted Subsidiary will also promptly give Notice to Lender of any claim of a default by Borrower, Guarantor and each Permitted Subsidiary, or any claim by Borrower, Guarantor and each Permitted Subsidiary of a default by any other party, under any Property Management Agreement or any Lease which would result in a Material Adverse Effect.

7.14 *Indemnification by Borrower.*

Borrower and each Permitted Subsidiary agrees to indemnify Lender and to hold Lender harmless for, from and against, and to defend Lender by counsel approved by Lender against, any and all Claims brought by third parties directly or indirectly arising out of or resulting from any transaction, act, omission, event or circumstance in any way connected with the Property or the Loan, including any Claim arising out of or resulting from (a) any construction activity at the Property, including any defective workmanship or materials; (b) any failure by Borrower, Guarantor or Permitted Subsidiary to comply with the requirements of any Laws or to comply with any agreement that applies or pertains to the Property, including any agreement with a broker or "finder" in connection with the Loan or other financing of the Property; (c) any failure by Borrower, Guarantor or Permitted Subsidiary to observe and perform any of the obligations imposed upon the landlord under the Leases; (d) any other Default or Event of Default hereunder or under any of the other Loan Documents; or (e) any assertion or allegation that Lender is liable for any act or omission of Borrower, Guarantor or Permitted Subsidiary or any other Person in connection with the ownership, development, financing, leasing, operation or sale of the Property; *provided*, *however*, that neither Borrower nor any Permitted Subsidiary shall not be obligated to indemnify Lender with respect to any Claim arising solely from the gross negligence or willful misconduct of Lender. The agreements and indemnifications contained in this **Section 7.14** shall apply to Claims arising both before and after the repayment of the Loan and shall survive the repayment of the Loan, any foreclosure or deed, assignment or conveyance in lieu thereof and any other action by Lender to enforce the rights and remedies of Lender hereunder or under the other Loan Documents.

7.15 *Fees and Expenses.*

Borrower, Guarantor and each Permitted Subsidiary shall pay all fees, charges, costs and expenses required to satisfy the conditions of the Loan Documents. Without limitation of the foregoing, Borrower, Guarantor and each Permitted Subsidiary will pay, when due, and if paid by Lender will reimburse Lender on demand for, all fees and expenses of any construction consultant (if any), the title

insurer, environmental engineers, appraisers, surveyors and Lender's counsel in connection with the closing, administration, modification or any "workout" of the Loan, or the enforcement of Lender's rights and remedies under any of the Loan Documents.

7.16 *Leasing and Tenant Matters.*

Borrower, Guarantor and each Permitted Subsidiary shall comply with the terms and conditions of **Schedule 3** in connection with the leasing of space within the Improvements.

7.17 *Preservation of Rights.*

Borrower, Guarantor and each Permitted Subsidiary shall obtain, preserve and maintain in good standing, as applicable, all rights, privileges and franchises necessary or desirable for the operation of the Property and the conduct of such party's business thereon or therefrom.

7.18 *Income from Property.*

Borrower, Guarantor and each Permitted Subsidiary shall first apply all income derived from the Property, including all income from Leases, to pay costs and expenses associated with the ownership, maintenance, operation and leasing of the Property, including all amounts then required to be paid under the Loan Documents, before using or applying such income for any other purpose. No such income shall be distributed or paid to any member, partner, shareholder or, if Borrower, Guarantor or any Permitted Subsidiary is a trust, to any beneficiary or trustee, unless and until all such costs and expenses which are then due shall have been paid in full.

7.19 *Representations and Warranties.*

Borrower, Guarantor and each Permitted Subsidiary shall take all actions commercially reasonable actions and shall do all reasonable things necessary or desirable to cause all of such party's representations and warranties in this Agreement to be materially true and correct at all times.

7.20 *Tax and Insurance Reserve Deposits.*

If required by Lender, commencing with the execution of this Agreement or at any time during the term of the Loan, Borrower shall make monthly payments in an amount estimated by Lender to pay installments of real property Taxes and insurance premiums for insurance required to be maintained by Borrower under the Loan Documents, pursuant to the terms and conditions of **Schedule 4**.

7.21 *Swap Contracts.*

Borrower, Guarantor and each Permitted Subsidiary shall comply with the terms and conditions of **Schedule 5** with respect to all Swap Contracts.

ARTICLE 8

Negative Covenants.

Borrower covenants as of the date hereof and until such time as all Obligations shall be paid and performed in full, that:

8.1 *Conditional Sales.*

Neither Borrower, Guarantor nor any Permitted Subsidiary shall incorporate in the Improvements any property acquired under a conditional sales contract or lease or as to which the vendor retains title or a security interest, without the prior written consent of Lender.

8.2 *Insurance Policies and Bonds.*

Neither Borrower, Guarantor nor any Permitted Subsidiary shall do or permit to be done anything that would negatively and materially affect the coverage or indemnities provided for pursuant to the provisions of any insurance policy, performance bond, labor and material payment bond or any other bond given in connection with any construction at a Property, including any construction of tenant improvements.

8.3 *Additional Debt.*

Neither Borrower nor any Permitted Subsidiary shall incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than (a) the Loan, and (b) advances or trade debt or accrued expenses incurred in the ordinary course of business of operating the Property. No other debt may be secured by the Property, whether senior, subordinate or *pari passu*.

ARTICLE 9

Events of Default.

The occurrence or happening, from time to time, of any one or more of the following shall constitute an Event of Default under this Agreement:

9.1 *Payment Default.*

Borrower fails to pay any Obligation under this Agreement when and as due, whether on the scheduled due date or upon acceleration, maturity or otherwise, and Borrower fails to make such payment within three (3) Banking Days of notice (whether oral notice, by e-mail or in writing) from Lender to Borrower.

9.2 *Default Under Other Loan Documents.*

An Event of Default (as defined therein) occurs under the Note or the Security Instrument or any other Loan Document or the Environmental Agreement, or Borrower, Guarantor or any Permitted Subsidiary fails to promptly pay, perform, observe or comply with any term, obligation or agreement contained in any of the Loan Documents or the Environmental Agreement (within any applicable grace or cure period).

9.3 *Accuracy of Information; Representations and Warranties.*

Any information contained in any financial statement, schedule, report or any other document delivered by Borrower, Guarantor, any Permitted Subsidiary, or any other Person to Lender in connection with the Loan proves at any time not to be in all respects true and accurate, or Borrower, Guarantor, any Permitted Subsidiary, or any other Person shall have failed to state any material fact or any fact necessary to make such information not misleading, or any representation or warranty contained in this Agreement or in any other Loan Document or other document, certificate or opinion delivered to Lender in connection with the Loan, proves at any time to be incorrect or misleading in any material respect either on the date when made or on the date when reaffirmed pursuant to the terms of this Agreement.

9.4 *Deposits.*

Borrower fails to deposit funds with Lender, in the amount requested by Lender, pursuant to **Section 7.6** hereof or the other provisions of requirements of this Agreement, within ten (10) days from the effective date of a Notice from Lender requesting such deposit, or Borrower fails to deliver to Lender any Condemnation Awards or Insurance Proceeds within ten (10) days after Borrower's receipt thereof.

9.5 *Insurance Obligations.*

Borrower, Guarantor, any Permitted Subsidiary, or any other Person fails to promptly perform or comply with any of the covenants contained in the Loan Documents with respect to maintaining insurance, including the covenants contained in **Section 7.4**; provided that borrower shall have fifteen (15) days after notice from Lender to cure any default hereunder.

9.6 *Other Obligations.*

Borrower, Guarantor, any Permitted Subsidiary, or any other Person fails to promptly perform or comply with any of the Obligations set forth in this Agreement (other than those expressly described in other Sections of this *Article IX*), and such failure continues uncured for a period of thirty (30) days after Notice from Lender to Borrower, unless (a) such failure, by its nature, is not capable of being cured within such period, and (b) within such period, Borrower commences to cure such failure and thereafter diligently prosecutes the cure thereof, and (c) Borrower causes such failure to be cured no later than ninety (90) days after the date of such Notice from Lender.

9.7 *Damage to Improvements.*

The Improvements are substantially damaged or destroyed by fire or other casualty and Lender determines that the Improvements cannot be restored in accordance with the terms and provisions of this Agreement and the Security Instrument; provided that Borrower shall have the opportunity to elect to remove the damaged Improvements from the Borrowing Base pursuant to the requirements and conditions of **Section 4.2**.

9.8 *Lapse of Permits or Approvals.*

Any permit, license, certificate or approval that Borrower, any Permitted Subsidiary, or any other Person is required to obtain with respect to any construction activities at the Property or the operation, leasing or maintenance of the Improvements or the Property lapses or ceases to be in full force and effect; provided that Borrower shall have the opportunity to elect to remove the damaged Improvements from the Borrowing Base pursuant to the requirements and conditions of **Section 4.2**..

9.9 *Mechanic's Lien.*

A lien for the performance of work or the supply of materials filed against the Property, or any stop notice served on Borrower, any contractor of Borrower, Guarantor, any Permitted Subsidiary, or any other Person, or Lender, remains uncontested (as described below) unsatisfied or unbonded for a period of thirty (30) days after the date of filing or service. Borrower, Guarantor or any Permitted Subsidiary may, in good faith and by appropriate proceedings, contest the validity, applicability or amount of any asserted lien for the performance of work or the supply of materials filed against a Property after written notice of the same to Lender.

9.10 *Bankruptcy.*

Any of Borrower, Guarantor or any Permitted Subsidiary files a bankruptcy petition or makes a general assignment for the benefit of creditors, or a bankruptcy petition is filed against Borrower, Guarantor or any Permitted Subsidiary and such involuntary bankruptcy petition continues undismissed for a period of sixty (60) days after the filing thereof.

9.11 *Appointment of Receiver, Trustee, Liquidator.*

Borrower, Guarantor or any Permitted Subsidiary applies for or consents in writing to the appointment of a receiver, trustee or liquidator of Borrower, Guarantor or any Permitted Subsidiary, any Property, or all or substantially all of the other assets of Borrower, Guarantor or any Permitted Subsidiary or an order, judgment or decree is entered by any court of competent jurisdiction on the application of a creditor appointing a receiver, trustee or liquidator of Borrower, Guarantor or any

Permitted Subsidiary, any Property, or all or substantially all of the other assets of Borrower, Guarantor or any Permitted Subsidiary.

9.12 *Inability to Pay Debts.*

Borrower, Guarantor or any Permitted Subsidiary becomes unable or admits in writing its inability or fails generally to pay its debts as they become due.

9.13 *Judgment.*

A final nonappealable judgment for the payment of money involving more than $100,000.00 is entered against Borrower, Guarantor or any Permitted Subsidiary, and Borrower, Guarantor or any Permitted Subsidiary fails to discharge the same, or causes it to be discharged or bonded off to Lender's satisfaction, within thirty (30) days from the date of the entry of such judgment.

9.14 *Dissolution; Change in Business Status.*

Unless the written consent of Lender is previously obtained, all or substantially all of the business assets of Borrower, Guarantor or any Permitted Subsidiary are sold, Borrower, Guarantor or any Permitted Subsidiary is dissolved, or there occurs any change in the form of business entity through which Borrower, Guarantor or any Permitted Subsidiary presently conducts its business or any merger or consolidation involving Borrower.

9.15 *Default Under Other Indebtedness to Lender.*

Borrower, Guarantor or any Permitted Subsidiary fails to pay any indebtedness (other than the Loan) owed by Borrower, Guarantor or any Permitted Subsidiary to Lender on Other Loans when and as due and payable (whether by acceleration or otherwise).

9.16 *Cross Default to Other Third Party Loans.*

Any failure, breach or default by Borrower, Guarantor or any Permitted Subsidiary under the Other Loans, it being the intention and agreement of Lender, Borrower and Guarantor to cross-default the Loan and the Other Loans with one another. With respect to any Other Loan to a subsidiary of Guarantor other than Borrower, such failure, breach or default by Guarantor must be a monetary default or default under a non-recourse or limited recourse carve out provision of such Other Loan for such failure, breach or default to constitute an Event of Default hereunder.

9.17 *Change in Controlling Interest.*

Without the prior written consent of Lender (which consent may be conditioned, among other matters, on the issuance of a satisfactory endorsement to the title insurance policy insuring Lender's interest under the Security Instrument), the controlling interest in Borrower ceases to be owned by Extra Space Storage LLC.

9.18 *Material Adverse Change.*

In the reasonable opinion of Lender, the prospect of payment or performance of all or any part of the Obligations has been impaired because of a material adverse change in the financial condition, results of operations, business or properties of Borrower, Guarantor or any Permitted Subsidiary or any other Person liable for the payment or performance of any of the Obligations.

ARTICLE 10

Remedies on Default.

10.1 *Remedies on Default.*

Upon the happening of any Event of Default, Lender shall have the right, in addition to any other rights or remedies available to Lender under the Security Instrument or any of the other Loan Documents or under applicable Law, to exercise any one or more of the following rights and remedies:

(a) Lender may accelerate all of Borrower's, Guarantor's and each Permitted Subsidiary's Obligations under the Loan Documents whereupon such Obligations shall become immediately due and payable, without notice of default, acceleration or intention to accelerate, presentment or demand for payment, protest or notice of nonpayment or dishonor, or notices or demands of any kind or character (all of which are hereby waived by Borrower, Guarantor and each Permitted Subsidiary).

(b) Lender may apply to any court of competent jurisdiction for, and obtain appointment without bond of, a receiver for any or all of the Properties.

(c) Lender may set off the amounts due Lender under the Loan Documents against any and all accounts, credits, money, securities or other property of Borrower, Guarantor and each Permitted Subsidiary now or hereafter on deposit with, held by or in the possession of Lender to the credit or for the account of Borrower, Guarantor and each Permitted Subsidiary, without notice to or the consent of Borrower, Guarantor or any Permitted Subsidiary.

(d) Lender may enter into possession of any or all of the Properties and perform any and all work and labor necessary to complete any then pending construction at any or all of the Properties, including any construction of tenant improvements pursuant to executed Lease, and to employ watchmen to protect any or all of the Properties and the Improvements. All sums expended by Lender for such purposes shall be deemed to have been advanced to Borrower under the Note and shall be secured by the Security Instrument. For this purpose, Borrower hereby constitutes and appoints Lender its true and lawful attorney-in-fact with full power of substitution, which power is coupled with an interest, to complete the work in the name of Borrower, and hereby empowers said attorney or attorneys, in the name of Borrower or Lender:

(i) To use any funds of Borrower including any balance which may be held by Lender and any funds (if any) which may remain unadvanced hereunder for the purpose of completing any such construction, including any construction of any such tenant improvements, whether or not in the manner called for in the applicable plans and specifications;

(ii) To make such reasonable additions and changes and corrections to any plans and specifications as shall be necessary in the judgment of Lender to complete any construction, including any construction of tenant improvements in accordance with the applicable Lease;

(iii) To employ such contractors, subcontractors, agents, architects and inspectors as shall be necessary or desirable for said purpose;

(iv) To pay, settle or compromise on commercially reasonable terms all existing bills and claims which are or may be liens against the Property, or may be necessary or desirable for the completion of the work or the clearance of title to the Property;

(v) To execute all applications and certificates which may be required in the name of Borrower;

(vi) To enter into, enforce, modify or cancel Leases and to fix or modify Rents on such terms as Lender may consider proper;

(vii) To file for record, at Borrower's cost and expense and in Borrower's name, any notices of completion, notices of cessation of labor, or any other notices that Lender in its sole and absolute discretion may consider necessary or desirable to protect its security; and

(viii) To do any and every other necessary act with respect to any such construction which Borrower may do in its own behalf.

It is understood and agreed that this power of attorney shall be deemed to be a power coupled with an interest which cannot be revoked. Said attorney-in-fact shall also have the power to prosecute and defend all actions or proceedings in connection with any construction at the Property, including any construction of tenant improvements, and to take such actions and to require such performance as Lender may deem necessary.

10.2 *No Release or Waiver; Remedies Cumulative and Concurrent.*

Neither Borrower, Guarantor nor any Permitted Subsidiary shall be relieved of any Obligation by reason of the failure of Lender to comply with any request of Borrower, Guarantor or any Permitted Subsidiary or of any other Person to take action to foreclose on the Property under the Security Instrument or otherwise to enforce any provision of the Loan Documents, or by reason of the release, regardless of consideration, of all or any part of the Property. No delay or omission of Lender to exercise any right, power or remedy accruing upon the happening of an Event of Default shall impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or any acquiescence therein. No delay or omission on the part of Lender to exercise any option for acceleration of the maturity of the Obligations, or for foreclosure of the Security Instrument following any Event of Default as aforesaid, or any other option granted to Lender hereunder in any one or more instances, or the acceptance by Lender of any partial payment on account of the Obligations shall constitute a waiver of any such Event of Default and each such option shall remain continuously in full force and effect. No remedy herein conferred upon or reserved to Lender is intended to be exclusive of any other remedies provided for in the Loan Documents, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or under the Loan Documents, or now or hereafter existing at Law or in equity or by statute. Every right, power and remedy given by the Loan Documents to Lender shall be concurrent and may be pursued separately, successively or together against Borrower, Guarantor and each Permitted Subsidiary or any Property or any part thereof, and every right, power and remedy given by the Loan Documents may be exercised from time to time as often as may be deemed expedient by Lender. All notice and cure periods provided in this Agreement or in any Loan Document shall run concurrently with any notice or cure periods provided by law.

ARTICLE 11

Miscellaneous.

11.1 *Further Assurances; Authorization to File Documents.*

At any time, and from time to time, upon request by Lender, Borrower, Guarantor and each Permitted Subsidiary will, at Borrower's expense, (a) correct any defect, error or omission which may be discovered in the form or content of any of the Loan Documents, and (b) make, execute, deliver and record, or cause to be made, executed, delivered and recorded, any and all further instruments, certificates and other documents as may, in the opinion of Lender, be necessary or desirable in order to complete, perfect or continue and preserve the lien of the Security Instrument. Upon any failure by Borrower, Guarantor and each Permitted Subsidiary to do so, Lender may make, execute and record any and all such instruments, certificates and other documents for and in the name of Borrower,

Guarantor and each Permitted Subsidiary, all at the sole expense of Borrower, and Borrower hereby appoints Lender the agent and attorney-in-fact of Borrower to do so, this appointment being coupled with an interest and being irrevocable. Without limitation of the foregoing, Borrower, Guarantor and each Permitted Subsidiary irrevocably authorizes Lender at any time and from time to time to file any initial financing statements, amendments thereto and continuation statements deemed necessary or desirable by Lender to establish or maintain the validity, perfection and priority of the security interests granted in the Security Instrument, and Borrower, Guarantor and each Permitted Subsidiary ratifies any such filings made by Lender prior to the date hereof.

11.2 *No Warranty by Lender.*

By accepting or approving anything required to be observed, performed or fulfilled by Borrower, Guarantor and each Permitted Subsidiary or to be given to Lender pursuant to this Agreement, including any certificate, Survey, receipt, appraisal or insurance policy, Lender shall not be deemed to have warranted or represented the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof and any such acceptance or approval thereof shall not be or constitute any warranty or representation with respect thereto by Lender.

11.3 *Standard of Conduct of Lender.*

Nothing contained in this Agreement or any other Loan Document shall limit the right of Lender to exercise its business judgment or to act, in the context of the granting or withholding of any Advance or consent under this Agreement or any other Loan Document, in a subjective manner, so long as Lender's exercise of its business judgment or action is made or undertaken in good faith. Borrower and Lender intend by the foregoing to set forth and affirm their entire understanding with respect to the standard pursuant to which Lender's duties and obligations are to be judged and the parameters within which Lender's discretion may be exercised hereunder and under the other Loan Documents. As used herein, "good faith" means honesty in fact in the conduct and transaction concerned.

11.4 *No Partnership.*

Nothing contained in this Agreement shall be construed in a manner to create any relationship between Borrower, Guarantor and each Permitted Subsidiary and Lender other than the relationship of borrower and lender and Borrower and Lender shall not be considered partners or co-venturers for any purpose on account of this Agreement.

11.5 *Severability.*

In the event any one or more of the provisions of this Agreement or any of the other Loan Documents shall for any reason be held to be invalid, illegal or unenforceable, in whole or in part or in any other respect, or in the event any one or more of the provisions of any of the Loan Documents operates or would prospectively operate to invalidate this Agreement or any of the other Loan Documents, then and in either of those events, at the option of Lender, such provision or provisions only shall be deemed null and void and shall not affect the validity of the remaining Obligations, and the remaining provisions of the Loan Documents shall remain operative and in full force and effect and shall in no way be affected, prejudiced or disturbed thereby.

11.6 *Notices.*

All Notices required or which any party desires to give hereunder or under any other Loan Document shall be in writing and, unless otherwise specifically provided in such other Loan Document, shall be deemed sufficiently given or furnished if delivered by personal delivery, by nationally recognized overnight courier service or by certified United States mail, postage prepaid, addressed to the party to whom directed at the applicable address set forth below (unless changed by similar notice in writing given by the particular party whose address is to be changed). Any Notice shall be deemed to have been given either at the time of personal delivery or, in the case of courier or mail, as of the date

of first attempted delivery at the address and in the manner provided herein; provided that service of a Notice required by any applicable statute shall be considered complete when the requirements of that statute are met. Notwithstanding the foregoing, no notice of change of address shall be effective except upon actual receipt. This Section shall not be construed in any way to affect or impair any waiver of notice or demand provided in this Agreement or in any other Loan Document or to require giving of notice or demand to or upon any Person in any situation or for any reason.

The address of Borrower is:

c/o Extra Space Storage LLC
2795 East Cottonwood Parkway, Suite 400
Salt Lake City, Utah 84121
Attention: David L. Rasmussen, General Counsel

with a copy to:

Nelson Christensen Helsten Hollingworth & Williams
68 South Main Street, 6th Floor
Salt Lake City, Utah 84101
Attention: Bradley R. Helsten, Esq.
Fax Number: 801-363-3614

The address of Lender is:

Bank of America, N.A.
Commercial Real Estate Banking
NV1-119-04-08
300 Fourth Street, 4th Floor,
Las Vegas, NV 89101
Attention: Ricky G. Monroe

with a copy to:

Snell & Wilmer L.L.P.
Beneficial Tower
15 West South Temple, Suite 1200
Salt Lake City, Utah 84101
Attention: Brian D. Cunningham, Esq.

11.7 *Permitted Successors and Assigns; Disclosure of Information.*

(a) Each and every one of the covenants, terms, provisions and conditions of this Agreement and the Loan Documents shall apply to, bind and inure to the benefit of Borrower, its successors and those assigns of Borrower consented to in writing by Lender, and shall apply to, bind and inure to the benefit of Lender and the endorsees, transferees, successors and assigns of Lender, and all Persons claiming under or through any of them.

(b) Borrower agrees not to transfer, assign, pledge or hypothecate any right or interest in any payment or Advance due pursuant to this Agreement, or any of the other benefits of this Agreement, without the prior written consent of Lender, which consent may be withheld by Lender in its sole and absolute discretion. Any such transfer, assignment, pledge or hypothecation made or attempted by Borrower without the prior written consent of Lender shall be void and of no effect. No consent by Lender to an assignment shall be deemed to be a waiver of the requirement of prior written consent by Lender with respect to each and every further assignment and as a condition precedent to the effectiveness of such assignment.

(c) Lender may sell or offer to sell the Loan or interests therein to one or more assignees or participants. Borrower, Guarantor and each Permitted Subsidiary shall execute, acknowledge and deliver any and all instruments reasonably requested by Lender in connection therewith, and to the extent, if any, specified in any such assignment or participation, such assignee(s) or participant(s) shall have the same rights and benefits with respect to the Loan Documents as such Person(s) would have if such Person(s) were Lender hereunder. Lender may disseminate any information it now has or hereafter obtains pertaining to the Loan, including any security for the Loan, any credit or other information on the Property (including environmental reports and assessments), Borrower, Guarantor and each Permitted Subsidiary, any of their principals, to any actual or prospective assignee or participant, to Lender's affiliates, including Banc of America Securities LLC, to any regulatory body having jurisdiction over Lender, to any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to Borrower, Guarantor and each Permitted Subsidiary and the Loan, or to any other party as necessary or appropriate in Lender's reasonable judgment.

11.8 *Modification; Waiver.*

None of the terms or provisions of this Agreement may be changed, waived, modified, discharged or terminated except by instrument in writing executed by the party or parties against whom enforcement of the change, waiver, modification, discharge or termination is asserted. None of the terms or provisions of this Agreement shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

11.9 *Third Parties; Benefit.*

All conditions to the obligation of Lender to make Advances hereunder are imposed solely and exclusively for the benefit of Lender and its assigns and no other Persons shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Lender will refuse to make Advances in the absence of strict compliance with any or all thereof and no other Person shall, under any circumstances, be deemed to be the beneficiary of such conditions, any or all of which may be freely waived in whole or in part by Lender at any time in the sole and absolute exercise of its discretion. The terms and provisions of this Agreement are for the benefit of the parties hereto and, except as herein specifically provided, no other Person shall have any right or cause of action on account thereof.

11.10 *Rules of Construction.*

The words "hereof," "herein," "hereunder," "hereto," and other words of similar import refer to this Agreement in its entirety. The terms "agree" and "agreements" mean and include "covenant" and "covenants." The words "include" and "including" shall be interpreted as if followed by the words "without limitation." The captions and headings contained in this Agreement are included herein for convenience of reference only and shall not be considered a part hereof and are not in any way intended to define, limit or enlarge the terms hereof. All references (a) made in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, (b) made in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well, (c) to the Loan Documents are to the same as extended, amended, restated, supplemented or otherwise modified from time to time unless expressly indicated otherwise, (d) to the Property, the Improvements or the Property shall mean all or any portion of each of the foregoing, respectively, and (e) to Articles, Sections and Schedules are to the respective Articles, Sections and Schedules contained in this Agreement unless expressly indicated otherwise.

11.11 *Counterparts.*

This Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.

11.12 *Governing Law.*

This Agreement shall be governed by and construed, interpreted and enforced in accordance with the laws of the State and applicable federal law.

11.13 *Time of Essence.*

Time shall be of the essence for each and every provision of this Agreement of which time is an element.

11.14 *Electronic Transmission of Data.*

Lender and Borrower, Guarantor and each Permitted Subsidiary agree that certain data related to the Loan (including confidential information, documents, applications and reports) may be transmitted electronically, including transmission over the Internet. This data may be transmitted to, received from or circulated among agents and representatives of Borrower, Guarantor and each Permitted Subsidiary and/or Lender and their affiliates and other Persons involved with the subject matter of this Agreement. Borrower, Guarantor and each Permitted Subsidiary acknowledges and agrees that (a) there are risks associated with the use of electronic transmission and that Lender does not control the method of transmittal or service providers, (b) Lender has no obligation or responsibility whatsoever and assumes no duty or obligation for the security, receipt or third party interception of any such transmission, and (c) Borrower, Guarantor and each Permitted Subsidiary will release, hold harmless and indemnify Lender for, from and against any claim, damage or loss, including that arising in whole or part from Lender's strict liability or sole, comparative or contributory negligence, which is related to the electronic transmission of data.

11.15 *Dispute Resolution.*

(a) *Arbitration.* Except to the extent expressly provided below, any Dispute shall, upon the request of either party, be determined by binding arbitration in accordance with the Federal Arbitration Act, Title 9, United States Code (or if not applicable, the applicable state law), the then-current rules for arbitration of financial services disputes of AAA and the "Special Rules" set forth below. In the event of any inconsistency, the Special Rules shall control. The filing of a court action is not intended to constitute a waiver of the right of Borrower or Lender, including the suing party, thereafter to require submittal of the Dispute to arbitration. Any party to this Agreement may bring an action, including a summary or expedited proceeding, to compel arbitration of any Dispute in any court having jurisdiction over such action. For the purposes of this Dispute Resolution Section only, the terms "party" and "parties" shall include any parent corporation, subsidiary or affiliate of Lender involved in the servicing, management or administration of any obligation described in or evidenced by this Agreement, together with the officers, employees, successors and assigns of each of the foregoing.

(b) *Special Rules.*

(i) The arbitration shall be conducted in any U.S. state where real or tangible personal property collateral is located, or if there is no such collateral, in the City and County where Lender is located pursuant to its address for notice purposes in this Agreement.

(ii) The arbitration shall be administered by AAA, who will appoint an arbitrator. If AAA is unwilling or unable to administer the arbitration, or if AAA is unwilling or unable to enforce or legally precluded from enforcing any and all provisions of this Dispute Resolution Section, then any party to this Agreement may substitute another arbitration organization that has similar procedures to AAA and that will observe and enforce any and all provisions of this Dispute Resolution Section. All Disputes shall be determined by one arbitrator; however, if the amount in controversy in a Dispute exceeds Five Million Dollars ($5,000,000), upon the request of any party, the Dispute shall be decided by three arbitrators (for purposes of this Agreement, referred to collectively as the "arbitrator").

(iii) All arbitration hearings will be commenced within ninety (90) days of the demand for arbitration and completed within ninety (90) days from the date of commencement; provided, however, that upon a showing of good cause, the arbitrator shall be permitted to extend the commencement of such hearing for up to an additional sixty (60) days.

(iv) The judgment and the award, if any, of the arbitrator shall be issued within thirty (30) days of the close of the hearing. The arbitrator shall provide a concise written statement setting forth the reasons for the judgment and for the award, if any. The arbitration award, if any, may be submitted to any court having jurisdiction to be confirmed and enforced, and such confirmation and enforcement shall not be subject to arbitration.

(v) The arbitrator will give effect to statutes of limitations and any waivers thereof in determining the disposition of any Dispute and may dismiss one or more claims in the arbitration on the basis that such claim or claims is or are barred. For purposes of the application of the statute of limitations, the service on AAA under applicable AAA rules of a notice of Dispute is the equivalent of the filing of a lawsuit.

(vi) Any dispute concerning this arbitration provision, including any such dispute as to the validity or enforceability of this provision, or whether a Dispute is arbitrable, shall be determined by the arbitrator; provided, however, that the arbitrator shall not be permitted to vary the express provisions of these Special Rules or the Reservations of Rights in subsection (c) below.

(vii) The arbitrator shall have the power to award legal fees and costs pursuant to the terms of this Agreement.

(viii) The arbitration will take place on an individual basis without reference to, resort to, or consideration of any form of class or class action.

(c) *Reservations of Rights.* Nothing in this Agreement shall be deemed to (i)limit the applicability of any otherwise applicable statutes of limitation and any waivers contained in this Agreement, or (ii) apply to or limit the right of Lender (A)to exercise self help remedies such as (but not limited to) setoff, or (B)to foreclose judicially or nonjudicially against any real or personal property collateral, or to exercise judicial or nonjudicial power of sale rights, or to bring or pursue a deficiency action in accordance with *Utah Code Annotated* Section 57-1-32, (C)to obtain from a court provisional or ancillary remedies such as (but not limited to) injunctive relief, writ of possession, prejudgment attachment, or the appointment of a receiver, or (D) to pursue rights against a party to this Agreement in a third-party proceeding in any action brought against Lender in a state, federal or international court, tribunal or hearing body (including actions in specialty courts, such as bankruptcy and patent courts). Lender may exercise the rights set forth in clauses (A) through (D), inclusive, before, during or after the pendency of any arbitration proceeding brought pursuant to this Agreement. Neither the exercise of self help remedies nor the institution or maintenance of an action for foreclosure or provisional or ancillary remedies shall constitute a waiver of the right of any party, including the claimant in any such action, to arbitrate the merits of the Dispute occasioning resort to such remedies. No provision in the Loan Documents regarding submission to jurisdiction and/or venue in any court is intended or shall be construed to be in derogation of the provisions in any Loan Document for arbitration of any Dispute.

(d) *Conflicting Provisions for Dispute Resolution.* If there is any conflict between the terms, conditions and provisions of this Section and those of any other provision or agreement for arbitration or dispute resolution, the terms, conditions and provisions of this Section shall prevail as to any Dispute arising out of or relating to (i)this Agreement, (ii)any other Loan Document, (iii)any related agreements or instruments, or (iv)the transaction contemplated herein or therein (including any claim based on or arising from an alleged personal injury or business tort). In any other situation, if the

resolution of a given Dispute is specifically governed by another provision or agreement for arbitration or dispute resolution, the other provision or agreement shall prevail with respect to said Dispute.

(e) *Jury Trial Waiver.* By agreeing to this Section, the parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of any Dispute.

11.16 *Forum.*

Borrower, Guarantor and each Permitted Subsidiary hereby irrevocably submits generally and unconditionally for itself and in respect of its property to the jurisdiction of any state court or any United States federal court sitting in the State specified in the governing law section of this Agreement and to the jurisdiction of any state court or any United States federal court sitting in the state in which any of the Property is located, over any Dispute. Borrower, Guarantor and each Permitted Subsidiary hereby irrevocably waives, to the fullest extent permitted by Law, any objection that Borrower, Guarantor and each Permitted Subsidiary may now or hereafter have to the laying of venue in any such court and any claim that any such court is an inconvenient forum. Borrower, Guarantor and each Permitted Subsidiary hereby agrees and consents that, in addition to any methods of service of process provided for under applicable law, all service of process in any such suit, action or proceeding in any state court or any United States federal court sitting in the state specified in the governing law section of this Agreement may be made by certified or registered mail, return receipt requested, directed to Borrower, Guarantor or a Permitted Subsidiary at its address for notice set forth in this Agreement, or at a subsequent address of which Lender received actual notice from Borrower, Guarantor and each Permitted Subsidiary in accordance with the notice section of this Agreement, and service so made shall be complete five (5) days after the same shall have been so mailed. Nothing herein shall affect the right of Lender to serve process in any manner permitted by Law or limit the right of Lender to bring proceedings against Borrower, Guarantor or a Permitted Subsidiary in any other court or jurisdiction.

11.17 *WAIVER OF JURY TRIAL.*

WITHOUT INTENDING IN ANY WAY TO LIMIT THE PARTIES' AGREEMENT TO ARBITRATE ANY "DISPUTE" (FOR PURPOSES OF THIS SECTION, AS DEFINED IN *SCHEDULE 1*) AS SET FORTH IN THIS AGREEMENT, TO THE EXTENT ANY "DISPUTE" IS NOT SUBMITTED TO ARBITRATION OR IS DEEMED BY THE ARBITRATOR OR BY ANY COURT WITH JURISDICTION TO BE NOT ARBITRABLE OR NOT REQUIRED TO BE ARBITRATED, BORROWER, GUARANTOR, EACH PERMITTED SUBSIDIARY AND LENDER WAIVE TRIAL BY JURY IN RESPECT OF ANY SUCH "DISPUTE" AND ANY ACTION ON SUCH "DISPUTE." THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY BORROWER, GUARANTOR, EACH PERMITTED SUBSIDIARY AND LENDER, AND BORROWER, GUARANTOR, EACH PERMITTED SUBSIDIARY AND LENDER HEREBY REPRESENT THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY PERSON OR ENTITY TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THE LOAN DOCUMENTS. BORROWER, GUARANTOR, EACH PERMITTED SUBSIDIARY AND LENDER ARE EACH HEREBY AUTHORIZED TO FILE A COPY OF THIS SECTION IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER OF JURY TRIAL. BORROWER, GUARANTOR AND EACH PERMITTED SUBSIDIARY FURTHER REPRESENTS AND WARRANTS THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS AGREEMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED BY INDEPENDENT LEGAL COUNSEL SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

11.18 *USA Patriot Act Notice.*

Lender hereby notifies Borrower, Guarantor and each Permitted Subsidiary that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "*Act*"), Lender is required to obtain, verify and record information that identifies Borrower, Guarantor and each Permitted Subsidiary, which information includes the name and address of Borrower, Guarantor and each Permitted Subsidiary and other information that will allow Lender to identify Borrower, Guarantor and each Permitted Subsidiary in accordance with the Act.

11.19 *Entire Agreement.*

PURSUANT TO *UTAH CODE ANNOTATED* SECTION 25-5-4, BORROWER IS NOTIFIED THAT THE WRITTEN LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY ALLEGED PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. In particular, and without limitation, the terms of any commitment by Lender to make the Loan are merged into the Loan Documents. Except as incorporated in writing into the Loan Documents, there are no representations, understandings, stipulations, agreements or promises, oral or written, with respect to the matters addressed in the Loan Documents. If there is any conflict between the terms, conditions and provisions of this Agreement and those of any other instrument or agreement, including any other Loan Document, the terms, conditions and provisions of this Agreement shall prevail.

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IN WITNESS WHEREOF, Borrower and Lender have caused this Agreement to be executed as of the date first above written.

BORROWER:

EXTRA SPACE PROPERTIES THIRTY LLC
a Delaware limited liability company

/s/ KENT W. CHRISTENSEN
By: _____
Name: Kent W. Christensen
Title: Manager

LENDER:

BANK OF AMERICA, N.A.
a national banking association

/s/ RICKY G. MONROE
By: _____
Name: Ricky G. Monroe
Title: Senior Vice President

Schedule 1
Definitions

Unless the context otherwise specifies or requires, the following terms shall have the meanings herein specified, such definitions to be applicable equally to the singular and the plural forms of such terms and to all genders:

"*1.40 Debt Service Coverage Ratio Value*" means, as applicable, the Initial 1.40 Debt Service Coverage Ratio Value for any Property or Borrowing Base Property when such Property becomes a Borrowing Base Property or when the 1.40 Debt Service Coverage Ratio Value is first determined with respect to such Property, and in all other cases and for all other periods of determination, the Ongoing Debt Service Coverage Ratio Value.

"*AAA*" means the American Arbitration Association, or any successor thereof.

"*Act*" means the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

"*Advance*" means a disbursement of Loan proceeds to Borrower pursuant to the terms of this Agreement.

"*Appraisal*" means, with respect to any Property, an M.A.I. appraisal (or local equivalent) commissioned by and addressed to Lender (acceptable to Lender as to form, substance, and appraisal date), prepared by a professional appraiser acceptable to Lender, having at least the minimum qualifications required under the applicable Governmental Authority, including without limitation, FIRREA, and determining "as is" (and, as applicable "as stabilized") market value of such Property as between a willing buyer an a willing seller.

"*Adjusted (LTV) Appraised Value*" means, with respect to an Property or Borrowing Base Property an amount equal to seventy-five percent (75%) of the Appraised Value of such Property or Borrowing Base Property.

"*Appraised Value*" means, with respect to any Property, the "as is" (and, as applicable, the "as completed" and/or "as stabilized") market value of such Property as reflected in the most recent Appraisal of such Property as the same may have been reasonably adjusted by Lender based upon its internal review of such Appraisal which is based on criteria and factors then generally used and considered by Lender in determining the value of similar real estate properties, which review shall be conducted prior to acceptance of such Appraisal by Lender.

"*Authorized Signer*" means any signer of this Agreement, acting alone, or any other representative of Borrower duly designated and authorized by Borrower to sign draw requests in a writing addressed to Lender, which writing may include a draw request in the form attached hereto as **Schedule 2.**

"*Banking Day*" means any day that is not a Saturday, Sunday or banking holiday in the State.

"*Borrowing Base*" means the dollar amount that is the sum for each Borrowing Base Property of the *lesser* of (a) the Adjusted (LTV) Appraised Value of such Borrowing Base Property or (b) the 1.40 Debt Service Coverage Ratio Value for such Property. The parties agree and acknowledge that the Borrowing Base is an aggregate amount determined on a Property by Property basis as set forth above and not on an overall pool or aggregate basis.

"*Borrowing Base Certificate*" means a report in substantially the form of **Schedule 7**, certified by the chief financial officer, or its equivalent, of Borrower setting forth (a) the calculations required to establish the Adjusted (LTV) Appraised Value for each Borrowing Base Property, (b) the 1.40 Debt Service Coverage Ratio Value for each Borrowing Base Property, and (c) the Maximum Availability, all in form and detail satisfactory to Lender in its sole and absolute discretion.

"*Borrowing Base Property*" means an Eligible Property which Lender has agreed to include in calculations of the Borrowing Base pursuant to **Article 4**. A Property shall cease to be a Borrowing Base Property if (a) at any time such Property shall cease to be an Eligible Property, (b) Lender shall cease to hold a valid and perfected first priority Lien in such Property, or (c) there shall have occurred

a default under the Security Instrument in respect of such Property; provided, however, that Lender shall only be obligated to reconvey the lien encumbering any such Property in accordance with the provisions of **Article 4**.

"*Borrower's Deposit Account*" means an account established with Lender pursuant to the terms of **Section 7.6**.

"*Casualty*" means any act or occurrence of any kind or nature that results in damage, loss or destruction to the Property.

"*Claim*" means any liability, suit, action, claim, demand, loss, expense, penalty, fine, judgment or other cost of any kind or nature whatsoever, including fees, costs and expenses of attorneys, consultants, contractors and experts.

"*Closing Checklist*" means that certain Closing Requirements and Checklist setting forth the conditions for closing the Loan and recording the Security Instrument.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Collateral*" means any real or personal property directly or indirectly securing any of the Obligations or any other obligation of Borrower or any other Person under or in respect of any Loan Document to which it is party, and includes, without limitation, all "Property" under as defined in any Security Instrument, all "Assigned Contracts" as defined in any Property Management Agreement Assignment, all "Rents" as defined in any Security Instrument and all other property subject to a Lien created by a Security Instrument.

"*Condemnation*" means any taking of title to, use of, or any other interest in the Property under the exercise of the power of condemnation or eminent domain, whether temporarily or permanently, by any Governmental Authority or by any other Person acting under or for the benefit of a Governmental Authority.

"*Condemnation Awards*" means any and all judgments, awards of damages (including severance and consequential damages), payments, proceeds, settlements, amounts paid for a taking in lieu of Condemnation, or other compensation heretofore or hereafter made, including interest thereon, and the right to receive the same, as a result of, or in connection with, any Condemnation or threatened Condemnation.

"*Default*" means an event or circumstance that, with the giving of Notice or lapse of time, or both, would constitute an Event of Default under the provisions of this Agreement.

"*Dispute*" means any controversy, claim or dispute between or among the parties to this Agreement, including any such controversy, claim or dispute arising out of or relating to (a)this Agreement, (b)any other Loan Document, (c)any related agreements or instruments, or (d)the transaction contemplated herein or therein (including any claim based on or arising from an alleged personal injury or business tort).

"*Draw Request*" means a notice in the form of **Schedule 2** to be delivered to Lender pursuant to **Section 2.3** evidencing Borrower's request for a borrowing of Advances.

"*Eligible Property*" means a Property which satisfies all of the following requirement as confirmed by Lender:

(a) such Property is owned in fee simple by Borrower or such Property is ground leased to Borrower from a third party fee owner and Lender has approved such leased Property in its sole and absolute discretion;

(b) such Property is located within the United States of America;

(c) such Property is a self storage facility and related Improvements;

(d) if such Property is included as a Borrowing Base Property, not more 25% of all Borrowing Base Properties may be located within any single Metropolitan Statistical Area or similar geographical market;

(e) if such Property is included as a Borrowing Base Property, not more 25% of the Borrowing Base shall be derived at any time from the Adjusted (LTV) Appraised Value or the 1.40 Debt Service Coverage Ratio Value of such Borrowing Base Property;

(f) such Property is not subject to any Lien other than the lien of the Security Instrument (and such Property is subject to the lien of the Security Instrument);

(g) pursuant to **Section 4.1** Lender has agreed to include such Property in calculations of the Borrowing Base.

(h) all of the conditions of **Section 4.1** continue at all times to be satisfied with respect to such Property;

(i) all of the representations, warranties and covenants of Borrower hereunder with respect to such Property are true and accurate in all material respects; and

(j) such Property has not been deemed ineligible for the Borrowing Base in accordance with **Section 4.1** and has not been released pursuant to **Section 4.2**.

Any Property which does not meet the foregoing requirements shall be cease to be an Eligible Property at the time of non-compliance and shall continue to be ineligible to be a Borrowing Base Property until such deficiency is cured, as determined by Lender in its reasonable discretion.

"*Environmental Agreement*" means one or more Environmental Indemnification and Release Agreements by and between Borrower, each Permitted Subsidiary (if applicable), Guarantor and Lender pertaining to a Property, as the same may from time to time be extended, amended, restated or otherwise modified. The Environmental Agreements are unsecured.

"*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended.

"*Event of Default*" means any event or circumstance specified in **Article 7** and the continuance of such event or circumstance beyond the applicable grace and/or cure periods therefor, if any, set forth in **Article 7**.

"*Expenses*" means all fees, charges, costs and expenses of any nature whatsoever incurred at any time and from time to time (whether before or after an Event of Default) by Lender in making, funding, administering or modifying the Loan, in negotiating or entering into any "workout" of the Loan, or in exercising or enforcing any rights, powers and remedies provided in the Security Instrument or any of the other Loan Documents, including attorneys' fees, court costs, receiver's fees, management fees and costs incurred in the repair, maintenance and operation of, or taking possession of, or selling, the Property.

"*Governmental Authority*" means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, service, district or other instrumentality of any governmental entity.

"*Guarantor*" means, individually and collectively, as the context requires, **EXTRA SPACE STORAGE LLC**, a Delaware limited liability company, and its successors and assigns.

"*Guaranty*" means the Guaranty Agreement of even date herewith executed by Guarantor for the benefit of Lender, as the same may from time to time be extended, amended, restated, supplemented or otherwise modified.

"*Improvements*" means any and all improvements located on a Property.

"*Initial Debt Service Coverage Ratio Value*" means the value of any Property or Borrowing Base Property upon first becoming a Borrowing Base Property, determined as the maximum loan amount which could be outstanding (the "*Hypothetical Loan Amount*") which yields a debt service coverage ratio of not less than 1.40 for Properties or Borrowing Base Properties owned in fee simple by Borrower or a Permitted Subsidiary or 1.75 for Properties or Borrowing Base Properties ground leased by Borrower.

(a) The foregoing debt service coverage ratio shall be calculated and determined using a standard mortgage style financial amortization based on the (i) Net Operating Income generated by the Property or Borrowing Base Property and the (ii) the constant derived from the amortization of $1.00 over a period of thirty years at an imputed interest rate equal to the greater of: (1) 8.00% per annum, and (2) the sum of one hundred seventy-five (175) basis points per annum and the weekly average yield on United States Treasury Securities Constant Maturities Series issued by the United States Government for a ten (10) year term as most recently published by the Board of Governors of the Federal Reserve System and Federal Reserve Statistical Release H.15(519) (or any similar or successor publication selected by Lender) as of the date of determination.

(b) As used herein, "*Net Operating Income*" means, for any period of determination, the Borrowing Base Properties' appraised annual revenues less appraised annual expenses as approved by Lender. In the event that vacancy of any Borrowing Base Property is less than 15%, Net Operating Income shall be adjusted downward and determined as if such vacancy were 15%.

By way of illustration:

(1) if a Property or Borrowing Base Property owned in fee simple has Net Operating Income of $1,000,000 for a period of determination, the Initial Debt Service Coverage Ratio Value would be $8,107,699.86, determined as ($1,000,000 / 1.4 / 0.0881) = $8,107,699.86; and

(2) if a leasehold Property or Borrowing Base Property has Net Operating Income of $1,000,000 for a period of determination, the Initial Debt Service Coverage Ratio Value would be $6,486,135.88, determined as ($1,000,000 / 1.75 / 0.0881) = $6,486,135.88.

"*Insurance Proceeds*" means the insurance claims under and the proceeds of any and all policies of insurance covering the Property or any part thereof, including all returned and unearned premiums with respect to any insurance relating to such Property, in each case whether now or hereafter existing or arising.

"*Laws*" means all federal, state and local laws, statutes, rules, ordinances, regulations, codes, licenses, authorizations, decisions, injunctions, interpretations, orders or decrees of any court or other Governmental Authority having jurisdiction as may be in effect from time to time.

"*Leases*" means all self storage leases or residential leases, license agreements and other occupancy or use agreements (whether oral or written), now or hereafter existing, which cover or relate to the Property or any part thereof, together with all options therefor, amendments thereto and renewals, modifications and guaranties thereof, including any cash or security deposited under the Leases to secure performance by the tenants of their obligations under the Leases, whether such cash or security is to be held until the expiration of the terms of the Leases or applied to one or more of the installments of rent coming due thereunder.

"*Lien*" as applied to the property of Borrower, a Permitted Subsidiary or any Person means: (a) any security interest, encumbrance, mortgage, deed to secure debt, deed of trust, pledge, lien, charge or lease constituting a capitalized lease obligation (which shall be obligations under a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP), condition sale

or other title retention agreement, or other security title or encumbrance of any kind in respect of any property of Borrower, a Permitted Subsidiary or such Person, or upon the income or profits therefrom; (b) any arrangement, express or implied, under which any property of Borrower, a Permitted Subsidiary or such Person is transferred, sequestered or otherwise identified for the purpose of subjecting the same to the payment of indebtedness or performance of any other obligation in priority to the payment of unsecured creditors of Borrower, A Permitted Subsidiary or such Person; (c) the filing any financing statement under the UCC or its equivalent in any jurisdiction; and (d) any agreement by Borrower, a Permitted Subsidiary, or such Person to grant, give or otherwise convey any of the foregoing.

"*Loan*" means the loan from Lender to Borrower, the repayment obligations in connection with which are evidenced by the Note.

"*Loan Amount*" means Fifty Million and No/100 Dollars ($50,000,000.00).

"*Loan Documents*" means this Agreement, the Note, each Security Instrument, the Pledge Documents, each Environmental Agreement, the Guaranty, any Swap Contract, any application or reimbursement agreement executed in connection with any letter of credit issued pursuant to **Section 2.6** hereof, and any and all other documents which Borrower, Guarantor, any Permitted Subsidiary or any other party or parties have executed and delivered, or may hereafter execute and deliver, to evidence, secure or guarantee the Obligations, or any part thereof, as the same may from time to time be extended, amended, restated, supplemented or otherwise modified.

"*Material Contracts*" means each Property Management Agreement, if any, with respect to an Eligible Property and any other contract or other arrangement (other than Loan Documents), whether written or oral, to which Borrower, Guarantor or a Permitted Subsidiary is a party as to which the breach, nonperformance, cancellation or failure to renew by an party thereto could have a Material Adverse Effect.

"*Material Adverse Effect*" means a materially adverse effect on (a) the business, assets, liabilities, financial condition, results of operations or business prospects of any of Borrower, Guarantor or any Permitted Subsidiary, (b) the ability of Borrower, Guarantor or any Permitted Subsidiary to perform its obligations under any of the Loan Documents, (c) the validity or enforceability of any of the Loan Documents, (d) the rights and remedies of Lender under any of the Loan Documents, or (e) the timely payment of the principal of or interest on the Advances or other amounts payable in connection therewith.

"*Maximum Availability*" shall, at any time, be the lesser of (a) the Loan Amount and (b) the Borrowing Base. Maximum Availability shall be reduced at all times by (i) the amount of all undrawn letters of credit issued pursuant to **Section 2.6** and (ii) the amount of all drawings under letters of credit issued pursuant to **Section 2.6** which have not been reimbursed to Lender.

"*Net Proceeds*," when used with respect to any Condemnation Awards or Insurance Proceeds, means the gross proceeds from any Condemnation or Casualty remaining after payment of all expenses, including attorneys' fees, incurred in the collection of such gross proceeds.

"*Note*" means the Promissory Note of even date herewith, in an amount equal to the Loan Amount, made by Borrower to the order of Lender, as the same may from time to time be extended, amended, restated, supplemented or otherwise modified.

"*Notice*" means a notice, request, consent, demand or other communication given in accordance with the provisions of **Section 11.6** of this Agreement.

"*Obligations*" means all present and future debts, obligations and liabilities of Borrower or a Permitted Subsidiary to Lender arising pursuant to, or on account of, the provisions of this Agreement, the Note or any of the other Loan Documents, including the obligations: (a) to pay all principal, interest, late charges, prepayment premiums (if any) and other amounts due at any time under the

Note; (b) to pay all Expenses, indemnification payments, fees and other amounts due at any time under the Security Instrument or any of the other Loan Documents, together with interest thereon as provided in the Security Instrument or such Loan Document; (c) to pay and perform all obligations of Borrower or a Permitted Subsidiary (or its affiliate) under any Swap Contract; and (d) to perform, observe and comply with all of the terms, covenants and conditions, expressed or implied, which Borrower or a Permitted Subsidiary is required to perform, observe or comply with pursuant to the terms of this Agreement, the Security Instrument or any of the other Loan Documents. Notwithstanding any language contained in the Loan Documents, the Obligations of Borrower or a Permitted Subsidiary to pay and perform under the Environmental Agreement are not secured by the Security Instrument.

"*Ongoing Debt Service Coverage Ratio Value*" means the value of any Property or Borrowing Base Property determined as the maximum loan amount which could be outstanding (the "*Hypothetical Loan Amount*") which yields a debt service coverage ratio of not less than 1.40 for Properties or Borrowing Base Properties owned in fee simple by Borrower or a Permitted Subsidiary or 1.75 for Properties or Borrowing Base Properties ground leased by Borrower.

(a) The foregoing debt service coverage ratio shall be calculated and determined using a standard mortgage style financial amortization based on the (i) Net Operating Income generated by the Property or Borrowing Base Property and the (ii) the constant derived from the amortization of $1.00 over a period of thirty years at an imputed interest rate equal to the greater of: (A) 8.00% per annum, and (B) the sum of one hundred seventy-five (175) basis points per annum and the weekly average yield on United States Treasury Securities Constant Maturities Series issued by the United States Government for a ten (10) year term as most recently published by the Board of Governors of the Federal Reserve System and Federal Reserve Statistical Release H.15(519) (or any similar or successor publication selected by Lender) as of the date of determination.

(b) As used herein, "*Net Operating Income*" means, for any period of determination, the Borrowing Base Properties' collective revenues generated during the immediately preceding 90 calendar days (prorated for an annual period) from leases with tenants in occupancy which comply with the terms of the Loan Agreement less the expenses incurred during such period in connection with the Borrowing Base Properties (prorated for an annual period), all as compiled by Borrower and approved by Lender. In computing the Net Operating Income, revenues and expenses shall be calculated on an accrual basis, each in accordance with generally accepted accounting principals consistently applied.

By way of illustration:

(1) if a Property or Borrowing Base Property owned in fee simple has Net Operating Income of $1,000,000 for a period of determination, the Ongoing Debt Service Coverage Ratio Value would be $8,107,699.86, determined as ($1,000,000 / 1.4 / 0.0881) = $8,107,699.86; and

(2) if a leasehold Property or Borrowing Base Property has Net Operating Income of $1,000,000 for a period of determination, the Ongoing Debt Service Coverage Ratio Value would be $6,486,135.88, determined as ($1,000,000 / 1.75 / 0.0881) = $6,486,135.88.

"*Other Loans*" means any loan, financing arrangement or extension of credit from Lender to Borrower, a Permitted Subsidiary, or Guarantor or any subsidiary or affiliate of such parties or which is guaranteed by any such party, other than the Loan. Other Loans shall not include any loan, financing arrangement or extension of credit in which Borrower, a Permitted Subsidiary, or Guarantor or any subsidiary or affiliate of such parties owns the real property collateral therefore directly or indirectly with an unaffiliated joint venture partner or equity partner.

"*Person*" means an individual, a corporation, a partnership, a joint venture, a limited liability company, a trust, an unincorporated association, any Governmental Authority or any other entity.

"*Pledge Documents*" means a Membership Interest Pledge and Security Agreement together with a consent of the applicable Permitted Subsidiary, and an Irrevocable Proxy in form and content acceptable to Lender in its discretion to grant to Lender a security interest in and to 100% of the issued and outstanding membership interests in each Permitted Subsidiary, as the same may from time to time be extended, amended, restated, supplemented or otherwise modified.

"*Property*" means a parcel (or group of related parcels) of real property:

(a) owned in fee by any Borrower,

(b) in which Borrower holds a ground leasehold interest; or

(c) owned in fee by a Permitted Subsidiary as of the date hereof and provided that such property owned by the Permitted Subsidiary is listed on *Schedule 6* hereto.

Property includes all Borrowing Base Properties.

"*Property Management Agreement*" means, collectively, all agreements entered into by Borrower pursuant to which Borrower engages a Person to advise it with respect to the management of a given Property. All Property Management Agreements shall be with a Qualified Manager.

"*Qualified Manager*" means a subsidiary or affiliate of Guarantor or other reputable and experienced owner, operator, developer or manager of Class "A" or "B" self-storage facilities that (1) has at least ten (10) years experience in the ownership, operation, development or management of Class "A" or "B" self-storage facilities, and (2) is the owner, operator, developer or manager of self-storage facilities containing, in the aggregate, not less than 2,000,000 rentable square feet.

"*Rents*" means all of the rents, royalties, issues, profits, revenues, earnings, income and other benefits of the Property or any part thereof, or arising from the use or enjoyment of the Property or any part thereof, including all such amounts paid under or arising from any of the Leases and all fees, charges, accounts or other payments for the use or occupancy of rooms or other public facilities within the Property or any part thereof.

"*Security Instrument*" means any Deed of Trust, Assignment of Rents, Security Agreement, and Financing Statement, any Mortgage, Assignment of Rents, Security Agreement, and Financing Statement, Assignment of Rents, Security Agreement, and Financing Statement, any Deed to Secure Debt, or other mortgage, deed of trust or similar real property security document executed by Borrower or a Permitted Subsidiary for the benefit of Lender, any assignments of Property Management Agreements, and any other security agreements, financing statements or other document or instrument or agreement creating, evidencing or perfecting Lender's Liens in any of the Collateral.

"*State*" means the State of Utah.

"*Survey*" means a map or plat of survey of the Property which conforms with Lender's survey requirements set forth in the Closing Checklist and with the "Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys" jointly established and adopted by ALTA, ACSM and NSPS in 2005, and pursuant to Accuracy Standards as adopted by ALTA, ACSM and NSPS and in effect on the date when the Survey is certified to Lender in the form specified in the Closing Checklist.

"*Swap Contract*" means any agreement, whether or not in writing, relating to any Swap Transaction, including, unless the context otherwise clearly requires, any form of master agreement (the "*Master Agreement*") published by the International Swaps and Derivatives Association, Inc., or any other master agreement, entered into between Swap Counterparty and Borrower (or its affiliate) in connection with the Loan, together with any related schedule and confirmation, as amended,

supplemented, superseded or replaced from time to time, relating to or governing any Swap Transaction.

"*Swap Counterparty*" means Lender or an affiliate of Lender, in its capacity as counterparty under any Swap Contract.

"*Swap Transaction*" means any transaction that is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction, currency swap, cross-currency rate swap, swap option, currency option or any other similar transaction (including any option to enter into the foregoing) or any combination of the foregoing, entered into between Swap Counterparty and Borrower (or its affiliate) in connection with the Loan.

"*Taxes*" means all taxes and assessments whether general or special, ordinary or extraordinary, or foreseen or unforeseen, which at any time may be assessed, levied, confirmed or imposed by any Governmental Authority or any communities facilities or other private district on Borrower or on any of its properties or assets or any part thereof or in respect of any of its franchises, businesses, income or profits.

Schedule 2
Form of Draw Request

[BORROWER'S LETTERHEAD]

DRAW REQUEST NO.

TO: BANK OF AMERICA, N.A. ("*Lender*")

LOAN NO. _____

PROJECT _____

LOCATION _____

BORROWER _____

_____

_____

FOR PERIOD ENDING _____

In accordance with the Revolving Line of Credit Agreement in the maximum principal amount of up to $50,000,000.00 dated February , 2009, between Borrower and Lender, as amended and modified from time to time, Borrower requests that $ be advanced from Loan proceeds. The proceeds should be credited to the account of , Account No. , at .

TOTAL DRAW REQUEST	$	_____
CURRENT BORROWING BASE	$	_____
CURRENT MAXIMUM AVAILABILITY	$	_____

[Optional language to appoint a new Authorized Signer for draw requests: ***]***

is hereby designated and authorized to sign future draw requests on behalf of Borrower in connection with the Loan. Lender shall be entitled to rely on draw requests given by such Person(s) until this authorization is revoked by Borrower in writing.

AUTHORIZED SIGNER:

_____ Dated: _____

Schedule 3
Leasing and Tenant Matters

1. *Representations and Warranties of Borrower Regarding Leases.*

Borrower represents and warrants that Borrower has delivered to Lender Borrower's standard form of self-storage tenant lease. Lender acknowledges approval of Borrower's standard form self-storage tenant lease.

2. *Covenants of Borrower Regarding Leases and Rents.*

Borrower covenants that Borrower (a) may administer, enforce, modify and terminate self-storage space leases, residential leases, manager apartment leases, and Leases for non self-storage space in the Improvements provided that such Leases are for less than 1,500 net rentable square feet or are for a term of less than 5 years (including cell tower leases, billboard leases, and retail, office and general commercial leases, if any) in the ordinary course of Borrower's business; (b) will use its commercially reasonable efforts to enforce or secure, or cause to be enforced or secured, the performance of each and every obligation and undertaking of the respective tenants under the Leases and will appear in and defend, at Borrower's sole cost and expense, any action or proceeding arising under, or in any manner connected with, the Leases; (c) will not collect any of the Rents in advance of the time when the same become due provided that aggregate prepaid rents collected from the Property for more than one month in advance does not exceed $1/6^{th}$ of Net Operating Income for the most recent 12 month period; (d) will not discount any future accruing Rents except in the ordinary course of business; (e) without the prior written consent of Lender, will not execute any assignment of the Leases or the Rents; (f) except for Leases described in subsection (a) above, Borrower will not modify the rent, the term, the demised premises or the common area maintenance charges under any of the Leases, (g) will not add or modify any option or right of first refusal to purchase all or any portion of the Property or any present or future interest therein, or surrender, cancel or terminate any Lease (other than Leases described in subsection (a) above, without the prior written consent of Lender; and (h) will execute and deliver, at the request of Lender, all such assignments of the Leases and Rents in favor of Lender as Lender may from time to time require.

Notwithstanding anything to the contrary set forth above or contained in the Loan Documents, the following activities in connection with the Improvements, Property and the Borrower are expressly permitted without further consent of the Lender:

(a) *Self-Storage Leases*. Self storage leases (including outdoor, vehicle and RV parking space leases) may be made, administered, enforced, modified, or terminated in the ordinary course of the Borrower's business, on Borrower's standard lease form, as amended from time to time.

(b) *Non Self-Storage Leases*. Non self-storage leases (for cell/tower communication purposes, billboard/advertising purposes, retail/office/general commercial purposes) may be made, administered, enforced, modified, or terminated, in the ordinary course of the Borrower's business; provided each such leases if for less than 1,500 rentable square feet, or for a term of less than five (5) years.

(c) *Residential Leases*. Residential leases or occupancies of the manager's apartment (if any) which is located on the Property may be made, administered, enforced, modified, or terminated, in the ordinary course of the Borrower's business.

3. *Leasing Guidelines.*

Borrower shall not enter into any Lease of self-storage space in the Improvements except in the ordinary course of Borrower's self-storage business and only upon Borrower's standard form of tenant lease. Any material revisions thereto, must have the prior written approval of Lender.

4. *Delivery of Leasing Information and Documents.*

From time to time upon Lender's request, Borrower shall promptly deliver to Lender (a) complete executed copies of each Lease (except self-storage leases), including any exhibits thereto and any guaranty(ies) thereof, (b) a complete rent roll of the Property in such detail as Lender may require, together with such operating statements and leasing schedules and reports as Lender may require, (c) any and all financial statements of the tenants, subtenants and any lease guarantors to the extent available to Borrower, and/or (d) such other information regarding tenants and prospective tenants and other leasing information as Lender may request.

Schedule 4
Tax and Insurance Reserve Deposits

1. If required by Lender, on each monthly payment date under the Note, Borrower shall pay to Lender one-twelfth ($1/12^{th}$) of the amount estimated by Lender to pay all installments of Taxes levied against the Property and all insurance premiums for insurance required to be maintained by Borrower under the Loan Documents, in each case coming due during the upcoming twelve (12) month period. Required payments hereunder shall be added together with the regular payments under the Note and with any other sums required under the Loan Documents, all of which shall be paid monthly as an aggregate sum by Borrower to Lender until the Obligations are paid and performed in full. Unless otherwise required by applicable Law, funds paid by Borrower hereunder shall not be or be deemed to be escrow or trust funds. At Lender's option, such funds may be held in an individual account, consolidated with other like accounts, or commingled with the general funds of Lender. Such funds shall be held in an interest-bearing account in the name of Lender and all interest shall be credited to Borrower. Borrower agrees that it shall include all interest and earnings on such funds paid to or deposited with Lender as its income (and, if Borrower is a partnership or other pass-through entity, the income of its partners, members or beneficiaries, as the case may be), and shall be the owner of all such funds for federal and applicable state and local tax purposes.

2. Provided no Default then exists, Lender shall pay for the account of Borrower, to the extent funds paid to Lender hereunder are sufficient for such purposes, prior to the delinquency date for such expense, real property Taxes and insurance premiums for which Borrower has provided invoices to Lender in advance. In its sole and absolute discretion, Lender may retain a third party tax lien service to obtain tax certificates or other evidence or estimates of Taxes due or to become due and Borrower shall promptly reimburse Lender for the cost of retaining any such service. Any unpaid reimbursements for any tax lien service will be added to the Obligations. Borrower shall ensure Lender's receipt, at least thirty (30) days prior to the respective due date for payment, of all bills, invoices and statements for all Taxes and insurance premiums to be paid. Lender shall not be responsible for the payment of any invoice if Borrower has not paid to Lender sufficient funds for such item under this *Schedule 4*, even if the shortfall results from Lender's failure to adequately estimate and collect sufficient funds to satisfy such charges. In making any payment for Taxes or insurance hereunder, Lender shall be entitled to rely on any tax lien service or any bill, statement or estimate procured from the appropriate public office or insurance company or agent without any inquiry into the accuracy, validity, enforceability or contestability of any Taxes, valuation, sale, forfeiture, tax lien or title or claim thereof.

3. Borrower grants to Lender a security interest in all funds paid to or deposited with Lender hereunder, and any proceeds thereof, as security for the Obligations. Such security interest shall be governed by the Uniform Commercial Code of the State, and Lender shall have available to it all of the rights and remedies available to a secured party thereunder. Borrower shall have no right to unilaterally demand payment of or to withdraw funds deposited with Lender hereunder except as expressly permitted hereby. Upon the occurrence of an Event of Default, Borrower agrees that Lender may apply any funds paid to or deposited with Lender hereunder to cure the default.

Schedule 5
Swap Contracts

1. *Swap Documentation*. Within the timeframes required by Lender and Swap Counterparty, Borrower shall deliver to Swap Counterparty the following documents and other items, executed and acknowledged as appropriate, all in form and substance satisfactory to Lender and Swap Counterparty: (a) Master Agreement in the form published by the International Swaps and Derivatives Association, Inc. and related schedule in the form agreed upon between Borrower (or its affiliate) and Swap Counterparty; (b) a confirmation under the foregoing; (c) the Guaranty; (d) if Borrower (or its affiliate) is anything other than a natural person, evidence of due authorization to enter into transactions under the foregoing Swap Contract with Swap Counterparty, together with evidence of due authorization and execution of any Swap Contract; and such other title endorsements, documents, instruments and agreements as Lender and Swap Counterparty may require to evidence satisfaction of the conditions set forth in this *Section 1* of *Schedule 7*, including a swap endorsement to Lender's title policy in form and substance satisfactory to Lender.

2. *Conveyance and Security Interest*. To secure Borrower's Obligations, Borrower hereby transfers, assigns and transfers to Lender, and grants to Lender a security interest in, all of Borrower's right, title and interest, but not its obligations, duties or liabilities for any breach, in, under and to the Swap Contract, any and all amounts received by Borrower in connection therewith or to which Borrower is entitled thereunder, and all proceeds of the foregoing. All amounts payable to Borrower under the Swap Contract shall be paid to Lender and shall be applied to pay interest or other amounts under the Loan.

3. *Interest Reserve*. [Intentionally Omitted]

4. *Cross-Default*. It shall be an Event of Default under this Agreement if any Event of Default occurs as defined under any Swap Contract as to which Borrower is the Defaulting Party, or if any Termination Event occurs under any Swap Contract as to which Borrower is an Affected Party. As used in this Section, the terms "*Defaulting Party*," "*Termination Event*" and "*Affected Party*" have the meanings ascribed to them in the Swap Contract.

5. *Remedies; Cure Rights*. In addition to any and all other remedies to which Lender and Swap Counterparty are entitled at law or in equity, Swap Counterparty shall have the right, to the extent so provided in any Swap Contract or any Master Agreement relating thereto, (a) to declare an event of default, termination event or other similar event thereunder and to designate an Early Termination Date as defined under the Master Agreement, and (b) to determine net termination amounts in accordance with the Swap Contract and to setoff amounts between Swap Contracts. Lender shall have the right at any time (but shall have no obligation) to take in its name or in the name of Borrower (or its affiliate) such action as Lender may at any time determine to be necessary or advisable to cure any default under any Swap Contract or to protect the rights of Borrower (or its affiliate) or Swap Counterparty thereunder; provided, however, that before the occurrence of an Event of Default under this Agreement, Lender shall give prior written notice to Borrower before taking any such action. For this purpose, Borrower hereby constitutes Lender its true and lawful attorney-in-fact with full power of substitution, which power of attorney is coupled with an interest and irrevocable, to exercise, at the election of Lender, any and all rights and remedies of Borrower (or its affiliate) under the Swap Contract, including making any payments thereunder and consummating any transactions contemplated thereby, and to take any action that Lender may deem proper in order to collect, assert or enforce any claim, right or title, in and to the Swap Contract hereby assigned and conveyed, and generally to take any and all such action in relation thereto as Lender shall deem advisable. Lender shall not incur any liability if any action so taken by Lender or on its behalf shall prove to be inadequate or invalid. Borrower expressly understands and agrees that Lender is not hereby assuming any duties or obligations of Borrower (or its affiliate) to make payments to Swap Counterparty under any Swap Contract or under any other Loan Document. Such payment duties and obligations remain the responsibility of Borrower (or its affiliate) notwithstanding any language in this Agreement.

6. *Automatic Deduction and Credit.*

(a) At all times when any Swap Contract is in effect, Borrower shall maintain the Checking Account in good standing with Lender. Borrower hereby grants to Lender and Swap Counterparty a security interest in the Checking Account, and any other accounts and deposit accounts from which Borrower may from time to time authorize Lender to debit payments due on the Loan and the Swap Contracts. Borrower is granting this security interest to Lender and Swap Counterparty for the purpose of securing the Obligations.

(b) At all times when any Swap Contract is in effect, all monthly payments owed by Borrower under the Note will be automatically deducted on their due dates from the Checking Account. Lender is hereby authorized to apply the amounts so debited to Borrower's obligations under the Loan. Notwithstanding the foregoing, Lender will not automatically deduct the principal payment at maturity from the Checking Account.

(c) At all times when any Swap Contract is in effect, all payments owed by Borrower (or its Affiliate) under any Swap Contract will be automatically deducted on their due dates from the Checking Account. The preceding sentence includes Borrower's authorization for Lender to debit from the Checking Account any monetary obligation owed by Borrower (or its Affiliate) to Swap Counterparty following any Early Termination Date, as defined under the Master Agreement. Swap Counterparty is hereby authorized to apply the amounts so debited to the obligations of Borrower (or its Affiliate) under the applicable Swap Contract.

(d) Lender will debit the Checking Account on the dates the foregoing payments become due; provided, however, that if a due date does not fall on a Banking Day, Lender will debit the Checking Account on the first Banking Day following such due date.

(e) Borrower shall maintain sufficient funds on the dates when Lender enters debits authorized by this Agreement. If there are insufficient funds in the Checking Account on any date when Lender enters any debit authorized by this Agreement, without limiting Lender's other remedies in such an event, the debit will be reversed in whole or in part, in Lender's sole and absolute discretion, and such amount not debited shall be deemed to be unpaid and shall be immediately due and payable in accordance with the terms of the Note and/or the Swap Contract, as applicable.

(f) So long as there is no Event of Default existing under this Agreement or any Swap Contract, Lender will automatically credit the Checking Account for payments owed by Swap Counterparty under the Swap Contract. Lender will credit the Checking Account on the dates the foregoing payments become due; provided, however, that if a due date does not fall on a Banking Day, Lender will credit the Checking Account on the first Banking Day following such due date.

Schedule 6
Borrowing Base Properties

1. Phoenix, Arizona Property (ES Property # 0659)

Property located in Maricopa County, Arizona and legally described as:

2. Sugar Hill, Georgia Property #1 (ES Property # 0745)

Property located in Gwinnett County, Georgia and legally described as:

3. Sugar Hill, Georgia Property #2 (ES Property # 0754)

Property located in Gwinnett County, Georgia and legally described as:

4. Ashland, Massachusetts Property (ES Property # 1028)

Property located in Middlesex County, Massachusetts and legally described as:

5. Culver City, California Property (ES Property # 1160)

Property located in Los Angeles County, California and legally described as:

6. Dedham, Massachusetts Property (ES Property # 1205)

Property located in Norfolk County, Massachusetts and legally described as:

7. Kahului, Hawaii Property (ES Property # 1375)

Property located in Maui County, Hawaii and legally described as:

8. San Antonio, Texas Property (ES Property # 1387)

Property located in Bextar County, Texas and legally described as:

9. Indianapolis, Indiana Property (ES Property # 1395)

Property located in Marion County, Indiana and legally described as:

10. North Bergen, New Jersey Property (ES Property # 1089)
(Property Owned by Extra Space of North Bergen LLC)

Property located in Hudson County, New Jersey and legally described as:

11. Bensalem, Pennsylvania Property (ES Property # 1354)
(Property Owned by Extra Space of Knights Road LLC)

Property located in Bucks County, Pennsylvania and legally described as:

Schedule 7
Borrowing Base Certificate

See Attached

BORROWING BASE CERTIFICATE

TO: Bank of America, N.A.
Real Estate Banking
NV1-119-04-08
300 S. Fourth Street, 4th Floor,
Las Vegas, NV 89101
Attention: L. Kelly Peterson
Fax Number: 702-654-7175

EXTRA SPACE PROPERTIES THIRTY LLC, a Delaware limited liability company ("*Borrower*"), makes this certification under that certain Revolving Line of Credit Agreement, dated February , 2009 ("*Loan Agreement*"), by and between Borrower and **BANK OF AMERICA, N.A.**, a national banking association, and its successors, participants and assigns ("*Lender*").

The undersigned hereby provides this quarterly Borrowing Base Certificate to Lender pursuant to **Section 7.8(e)** of the Loan Agreement, and certifies to Lender that the following information is true and correct and that all accounting information is derived from the accounting records of Borrower, that such records have been maintained in a consistent manner in accordance with sound accounting practices from quarter to quarter (all capitalized terms used herein shall have the meanings given to such terms in the Loan Agreement):

1. Attached hereto is a schedule showing the calculation of the Adjusted (LTV) Appraised Value for each Borrowing Base Property. To the best of Borrower's knowledge, no condition or even has occurred which would materially adversely affect the Adjusted (LTV) Appraised Value as set forth on such schedule.

2. Attached hereto is a schedule showing the calculation of the 1.40 Debt Service Coverage Ratio Value for each Borrowing Base Property. To the best of Borrower's knowledge, no condition or even has occurred which would materially adversely affect the 1.40 Debt Service Coverage Ratio Value as set forth on such schedule.

3. Based on the lesser of (a) the Adjusted (LTV) Appraised Value and (b) the 1.40 Debt Service Coverage Ratio Value for each Borrowing Base Property as set forth in the schedules hereto, the Borrowing Base as of the end of the immediately preceding calendar quarter is $ and the Maximum Availability as of the end of the immediately preceding calendar quarter is $.

4. Except as set forth in a schedule attached hereto, each Borrowing Base Property is an Eligible Property.

5. No Default or Event of Default has occurred since the last Borrowing Base Certificate submitted by Borrower to Lender. Borrower and each Borrowing Base Property is in material compliance with all representations, warranties and covenants contained in the Loan Documents.

6. Attached hereto is a schedule showing the calculation of the Net Worth of Guarantor as defined in and contemplated by *Section 4* of Guarantor's Guaranty. Borrower confirms that the Guarantor is in full compliance with the financial covenants contained in *Section 4* of the Guaranty. As of the date hereof, Guarantor's Net Worth is $.

[Remainder of Page Intentionally Left Blank]

Date of Borrowing Base Calculation: ,

BORROWER:

EXTRA SPACE PROPERTIES THIRTY LLC
a Delaware limited liability company

By: _____

Name: Kent W. Christensen
Title: Manager

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Exhibit 21.1

Name	Jurisdiction of Formation/Incorporation
Extra Space Storage LP	Delaware

The list above excludes consolidated wholly-owned subsidiaries carrying on the same line of business (the ownership and operation of commercial real estate). The list also excludes other subsidiaries which, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary as of December 31, 2009. A total of 189 subsidiaries have been excluded, each of which operates in the United States [other than one subsidiary which operates in Bermuda].

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Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the:

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

Registration Statements and related prospectus' (Forms S-3: No. 333-128504, 333-128970, 333-128988, 333-13407, 33-142816, 333-153081 and 333-153082) of Extra Space Storage, Inc.

of our reports dated February 26, 2010, with respect to the consolidated financial statements and schedule of Extra Space Storage, Inc., and the effectiveness of internal control over financial reporting of Extra Space Storage, Inc., included in this Annual Report (Form 10-K) for the year ended December 31, 2009.

/s/ Ernst & Young LLP

Salt Lake City, Utah
February 26, 2010

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Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Spencer F. Kirk, certify that:

1) I have reviewed this annual report on Form 10-K of Extra Space Storage Inc.;

2) Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2010

By: /s/ SPENCER F. KIRK

Name: Spencer F. Kirk
Title: *Chairman of the Board and Chief Executive Office*

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Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Kent W. Christensen, certify that:

1) I have reviewed this annual report on Form 10-K of Extra Space Storage Inc.;

2) Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in exchange Act rules 13a-15(f) and 15d-15(f))for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2010

By: /s/ KENT W. CHRISTENSEN

Name: Kent W. Christensen
Title: *Executive Vice President and Chief Financial Officer*

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Exhibit 32

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Spencer F. Kirk, Chief Executive Officer of Extra Space Storage Inc. (the "Company"), hereby certify as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of the Company on Form 10-K for the year ended December 31, 2009 (the "Form 10-K") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ SPENCER F. KIRK

Name: Spencer F. Kirk
Dated: February 26, 2010 Title: *Chairman of the Board and Chief Executive Officer*

I, Kent W. Christensen, the Chief Financial Officer of the Company, hereby certify as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of the Company on Form 10-K for the year ended December 31, 2009 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in the Form 10-K fairly presents in all material respects the financial condition and results of operations of the Company.

By: /s/ KENT W. CHRISTENSEN

Name: Kent W. Christensen
Dated: February 26, 2010 Title: *Executive Vice President and Chief Financial Officer*

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