As filed with the Securities and Exchange Commission on August 10, 2004

Registration No. 333-115436

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 5 to
Form S-11

FOR REGISTRATION UNDER THE SECURITIES ACT OF 1933
OF SECURITIES OF CERTAIN REAL ESTATE COMPANIES

EXTRA SPACE STORAGE INC.

(Exact Name of Registrant as Specified in its Governing Instruments)

2795 East Cottonwood Parkway, Suite 400
Salt Lake City, UT 84121
(801) 562-5556
(Address, Including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

Kenneth M. Woolley
Chairman and Chief Executive Officer
Extra Space Storage Inc.
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(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If delivery of this prospectus is expected to be made pursuant to Rule 434, check the following box. ☐

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.

Table of Contents

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS Subject to Completion August 10, 2004

20,200,000 Shares

Common Stock

This is our initial public offering of shares of our common stock. We are offering all shares of our common stock. All of the shares being offered by this prospectus are being sold by us. No public market currently exists for our common stock. We intend to elect to qualify as a real estate investment trust, or REIT, for U.S. federal income tax purposes.

The initial offering price of our common stock is expected to be between $13.00 and $15.00 per share. Our shares have been approved for listing subject to official notice of issuance on the New York Stock Exchange under the symbol “EXR.”

The shares of our common stock are subject to certain restrictions on ownership and transfer intended to preserve our qualification as a REIT. See “Description of Stock—Restrictions on Transfer.”

Investing in our common stock involves a high degree of risk. Before buying any shares, you should read the discussion of some risks of investing in our common stock in “ Risk Factors” beginning on page 21, including, among others:

- We may not be successful in identifying and consummating suitable acquisitions that meet our criteria, which may impede our growth and negatively affect our results of operations.
- Our ability to pay our estimated initial annual distribution, which represents approximately 140.1% of our estimated cash available for distribution to our common stockholders for the 12 months ending March 31, 2005, depends upon our actual operating results, and we may have to borrow funds under our proposed line of credit to pay this distribution, which could slow our growth.
- We have high concentrations of self-storage properties in the California, Massachusetts and New Jersey markets, and changes in the economic climates of these markets may materially adversely affect us.
- Our operating results will be harmed if we are unable to achieve and sustain high occupancy rates at our 28 lease-up properties.
- 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.
- Our failure to qualify as a REIT would have significant adverse consequences to us and the value of our stock.
- Upon completion of the offering and the formation transactions, our two largest stockholders, Kenneth M. Woolley, who is our Chairman and Chief Executive Officer, and Spencer F. Kirk, who is one of our other directors, and their respective affiliates will own 5.9% and 8.6%, respectively, of our outstanding common stock on a fully-diluted basis and will have the ability to exercise significant control of our company and any matter presented to our stockholders.
- We could become highly leveraged in the future because our organizational documents contain no limitation on the amount of debt we may incur.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$	$
Underwriting discounts and commissions(1)	$	$
Proceeds, before expenses, to us	$	$

(1) Excludes a financial advisory fee of 0.75% of the public offering price in aggregate payable to UBS Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

The underwriters may also purchase up to 3,030,000 additional shares of common stock from us at the public offering price, less underwriting discounts and commissions, within 30 days from the date of this prospectus. The underwriters may exercise this option only to cover over-allotments, if any.

The underwriters are offering the common stock as set forth under “Underwriting.” Delivery of the shares of common stock will be made on or about , 2004.

UBS Investment Bank **Merrill Lynch & Co.**

A.G. Edwards

Banc of America Securities LLC

Raymond James

RBC Capital Markets

Wells Fargo Securities, LLC

Table of Contents

[PICTURES, TEXT AND GRAPHICS FOR INSIDE FRONT COVER]

You should rely on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of common stock.

TABLE OF CONTENTS

Prospectus summary	1
Summary consolidated pro forma and historical financial data	18
Risk factors	21
Statements regarding forward-looking information	39
Use of proceeds	40
Distribution policy	43
Capitalization	47
Dilution	48
Selected consolidated pro forma and historical financial data	50
Management’s discussion and analysis of financial condition and results of operations	55
Formation transactions	76
Business and properties	83
Management	105
Certain relationships and related transactions	117
Benefits to related parties	119
Policies with respect to certain activities	124
Principal stockholders	129
Description of stock	131
Certain provisions of Maryland law and of our charter and bylaws	138
Extra Space Storage LP partnership agreement	143
Shares eligible for future sale	147
U.S. federal income tax considerations	149
ERISA considerations	169
Underwriting	173
Legal matters	177
Experts	177
Where you can find more information	177
Index to financial statements	F-1

Through and including   , 2004 (the 25th day after the date of this prospectus), federal securities laws may require all dealers that effect transactions in our common stock, whether or not participating in the offering, to deliver a prospectus. This is in addition to the dealers’ obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Prospectus summary

You should read the following summary together with the more detailed information regarding our company, including under the caption "Risk Factors," and the historical and pro forma financial statements, including the related notes, appearing elsewhere in this prospectus. Unless the context otherwise requires or indicates, references in this prospectus to "Extra Space Storage," "we," "our company," "our" and "us" refer to Extra Space Storage Inc., a Maryland corporation, together with our consolidated subsidiaries, including Extra Space Storage LP, a Delaware limited partnership, which we refer to in this prospectus as our "operating partnership," Extra Space Management, Inc., a Utah corporation, which we refer to in this prospectus as our "taxable REIT subsidiary," and Extra Space Storage LLC, a Delaware limited liability company, and its affiliates which we refer to in this prospectus as the "Extra Space Predecessor" or "our predecessor." Unless the context otherwise indicates, the information about our company assumes that the formation transactions described in this prospectus have been completed. In addition, the information contained in this prospectus assumes that the underwriters' over-allotment option is not exercised, and the common stock to be sold in the offering is sold at $14.00 per share, which is the mid-point of the price range indicated on the cover page of this prospectus. References to "common stock" exclude contingent conversion shares, or CCSs, unless otherwise indicated.

OVERVIEW

We are a fully integrated, self-administered and self-managed real estate investment trust formed to continue the business commenced in 1977 by our predecessor companies to own, operate, 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 100 self-storage properties and continue to evaluate a range of new growth initiatives and opportunities for our company. To enable us to maximize revenue generating opportunities for our properties, we employ a state-of-the-art proprietary 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.

Upon completion of the offering and the formation transactions, we will own and operate 136 self-storage properties located in 20 states, 118 of which are wholly owned and 18 of which are held in joint ventures with third parties, and we also manage for unaffiliated third parties an additional nine properties. Our properties are generally situated in convenient, highly-visible locations regionally clustered around high-density, high-income population centers, such as Boston, Chicago, Los Angeles, Miami, New York/Northern New Jersey and San Francisco. Our properties contain an aggregate of approximately 8.9 million net rentable square feet of space configured in approximately 84,800 separate storage units. As of May 31, 2004, our stabilized portfolio (which consists of 108 properties) was on average 87.4% occupied, while our lease-up portfolio (which consists of 28 properties) was on average 62.4% occupied. 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 either has achieved an 85% occupancy rate, or has been open for four years. Over the next 24 months, we expect our lease-up properties to achieve 85% occupancy, which we believe is in-line with lease-up periods typical in the self-storage industry.

As of May 31, 2004, we had more than 70,000 tenants leasing storage units at our 136 properties, primarily on a month-to-month basis, providing us with flexibility to increase rental rates over time as market conditions permit. Although our leases are short-term in duration, our typical tenant tends to

remain at our properties for an extended period of time. For properties that were stabilized as of May 31, 2004, the average length of stay for our tenants was approximately 16 months.

Members of our senior management team have significant experience in all aspects of the self-storage industry, with an average of more than nine years of industry experience. Our senior management team has collectively acquired and/or developed more than 176 properties during the past 25 years for our predecessor and other entities. Kenneth M. Woolley, our Chairman and Chief Executive Officer, and Richard S. Tanner, our Senior Vice President, East Coast Development, have worked in the self-storage industry since 1977 and led two of the earlier self-storage facility development projects in the United States. In addition, eight members of our management team have worked together for our predecessors for more than five years. Members of this management team have guided our predecessor through substantial growth, developing and acquiring $699.0 million in assets since 1996. Our senior management team funded this growth with internal funds and more than $245.0 million raised in private equity capital since 1998, largely from sophisticated, high net-worth individuals and institutional investors such as affiliates of Prudential Financial, Inc. and Fidelity Investments. Mr. Woolley, along with Spencer F. Kirk, one of our directors, and our senior executive officers may be considered promoters with respect to the company. See “Management—Directors and Executive Officers.”

Our principal corporate offices are located at 2795 East Cottonwood Parkway, Suite 400, Salt Lake City, Utah 84121, our website address is www.extraspace.com and our telephone number is (801) 562-5556. The information included in our website is not considered to be a part of this prospectus. Upon completion of the offering and the formation transactions, substantially all of our business will be conducted through Extra Space Storage LP, our operating partnership, and our primary assets will be our general partner and limited partner interests in Extra Space Storage LP. This structure is commonly referred to as an umbrella partnership REIT, or UPREIT.

THE SELF-STORAGE INDUSTRY

Self-storage refers to properties that offer do-it-yourself, month-to-month storage space rental for personal or business use. Self-storage provides a convenient way for individuals and businesses to store their possessions, whether due to a life-change, or simply because of a need for extra storage space. According to the 2004 Self-Storage Almanac, there were approximately 37,000 self-storage properties in the United States in 2003 with an average occupancy rate of 84.6%, compared with approximately 19,500 U.S. self-storage properties in 1992 with an average occupancy rate of 84.8%. As population densities have increased in the United States, there has been an increase in self-storage awareness and development, which we expect will continue in the future.

The self-storage industry is also characterized by fragmented ownership. According to the 2004 Self-Storage Almanac, as of December 31, 2003, the top five and top 50 self-storage companies in the United States owned only approximately 10.2% and 15.7%, respectively, of the total U.S. self-storage properties. We believe this market fragmentation will provide opportunities for continued consolidation in the self-storage industry, particularly for well-capitalized, publicly-traded companies with experienced acquisition teams.

We have found that the factors most important to tenants when choosing a self-storage site are a convenient location, a clean environment, friendly service and a professional helpful staff. Our experience also indicates that successfully competing in the self-storage industry requires an experienced and dedicated management team that is supported by an efficient and flexible operating platform that is responsive to tenants’ needs and expectations.

COMPETITIVE STRENGTHS

We believe we distinguish ourselves from other owners, operators and developers of self-storage properties in a number of ways and enjoy significant competitive strengths, which include:

ØGeographic Diversity Combined with Concentration in Strong Markets.

Our properties are generally situated in convenient, highly-visible locations clustered around large population centers such as Boston, Chicago, Los Angeles, Miami, New York/Northern New Jersey and San Francisco. The clustering of our assets around these population centers enables us to reduce our operating costs through economies of scale. At the same time, we believe that the significant size and overall geographic diversification of our portfolio reduces risks associated with economic downturns or natural disasters in any one market in which we operate.

ØStrong Property and Operating Management Capabilities.

We have developed and utilize a comprehensive centralized approach to property and operational management to maximize the operating performance of our properties. We use STORE to support all aspects of our property management operations, enabling our management team to centrally analyze, set and adjust rental rates in real time on a case-by-case basis across our entire portfolio to maximize revenue-generating opportunities.

ØConsumer Oriented Marketing Approach.

Our property management and operations groups are supported by our marketing team that provides sales, marketing and advertising support for our properties and operations. We employ highly targeted direct response marketing programs, such as direct mail and coupon mailers, in combination with more broad-based marketing initiatives such as advertising in the Yellow Pages and on the internet.

ØSuccessful Acquirer and Developer of Properties.

Our fully-integrated development and acquisition teams have completed the development or acquisition of more than 100 different self-storage properties since 1996. In addition, we have entered into agreements to acquire 29 properties from unaffiliated third parties upon completion of the offering. We believe that we have developed a reputation as a trusted and reliable buyer. In addition, following completion of the offering and the formation transactions, we expect to be one of only two publicly-traded REITs in the self-storage industry that is organized in the UPREIT format, which will enable us to acquire new properties from tax-deferred transactions.

ØExperienced Senior Management Team.

Our Chairman and Chief Executive Officer, Kenneth M. Woolley, and our co-founder, Richard S. Tanner, have been in the self-storage business for more than 25 years. Together, they have acquired or developed more than 176 self-storage properties. Our senior management team has an average of more than nine years of self-storage experience.

ØNationally-Recognized Institutional Joint Venture Partners.

We have developed and/or acquired more than 70 properties since 1999 employing strategic joint ventures with nationally-recognized institutional investors such as affiliates of Prudential Financial, Inc. and Fidelity Investments. We believe our reputation for quality within our industry, and our management and development expertise, make us an attractive strategic partner for institutional investors.

BUSINESS AND GROWTH 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. Our business strategy to achieve these objectives consists of the following elements:

ØMaximize Cash Flow at Our Properties.

We will seek to maximize revenue generating opportunities by responding to changing local market conditions through interactive yield management of the rental rates at our properties.

ØPursue Opportunities to Acquire Privately-Held Self-Storage Portfolios.

We intend to selectively acquire, for cash or by utilizing units in our operating partnership as acquisition currency, privately-held self-storage portfolios and single self-storage assets in our target markets.

ØStrategically Select and Develop Sites.

We plan to continue to expand also by selecting and developing new self-storage properties with cost-effective, appealing construction in desirable areas based on specific data, including visibility and convenience of location, market occupancy and rental rates, market saturation, traffic count, household density, median household income, barriers to entry and future demographic and migration trends. As of July 15, 2004 we had 12 undeveloped parcels of land under contract that we believe are suitable for new property developments and are proceeding with the requisite due diligence for these properties. We also have a right of first refusal with respect to sales of the interests in the 13 early-stage development properties owned by Extra Space Development LLC and the two early-stage lease-up stage properties owned by third party individuals as well as certain of our executive officers and directors. We also are currently reviewing more than 22 other sites that we believe may also be suitable development candidates.

ØContinue Joint Venture Strategy to Pursue Development Opportunities and Enhance Returns.

We plan to grow our business by continuing our development activities in conjunction with our joint venture partners, while mitigating the risks normally associated with early-stage development and lease-up activities. Where appropriate, we will also seek to acquire properties in a capital efficient manner in conjunction with our joint venture partners.

SUMMARY RISK FACTORS

You should carefully consider the matters discussed in the section “Risk Factors” beginning on page 21 prior to deciding whether to invest in our common stock. Some of the risks include:

- Ø We may not be successful in identifying and consummating suitable acquisitions that meet our criteria, which may impede our growth and negatively affect our results of operations.
- Ø Our ability to pay our estimated initial annual distribution, which represents approximately 140.1% of our estimated cash available for distribution to our common stockholders for the 12 months ending March 31, 2005, depends upon our actual operating results, and we may have to borrow funds under our proposed line of credit to pay this distribution, which could slow our growth.
- Ø We have high concentrations of self-storage properties in the California, Massachusetts and New Jersey markets, and changes in the economic climates of these markets may materially adversely affect us.
- Ø Our operating results will be harmed if we are unable to achieve and sustain high occupancy rates at our 28 lease-up properties.

- 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.
- Our failure to qualify as a REIT would have significant adverse consequences to us and the value of our stock.
- Upon completion of the offering and the formation transactions, our two largest stockholders, Kenneth M. Woolley, who is our Chairman and Chief Executive Officer, and Spencer F. Kirk, who is one of our other directors, and their respective affiliates will own 5.9% and 8.6%, respectively, of our outstanding common stock on a fully-diluted basis and will have the ability to exercise significant control of our company and any matter presented to our stockholders.
- Kenneth M. Woolley, our Chairman and Chief Executive Officer, Spencer F. Kirk, one of our directors, and Richard S. Tanner, Kent Christensen, Charles L. Allen, David Rasmussen and Timothy Arthurs, members of our senior management, have outside business interests which could divert their time and attention away from us, which could harm our business.
- Our business could be harmed if key personnel with long-standing business relationships in the self-storage industry terminate their employment with us.
- 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.
- We may assume unknown liabilities in connection with the formation transactions.
- If you purchase shares of common stock in the offering, you will experience immediate and significant dilution in the book value of our common stock offered in the offering equal to $5.55 per share.
- We could become highly leveraged in the future because our organizational documents contain no limitation on the amount of debt we may incur.

Table of Contents

OWNED PROPERTIES

Upon completion of the offering and the formation transactions, we will own and operate 136 self-storage properties located in 20 states, 118 of which are wholly owned and 18 of which are held in joint ventures with third parties. The following tables set forth summary information regarding our 108 stabilized and our 28 lease-up properties:

Stabilized Property Data

State	Number of Properties	Number of Units	Net Rentable Square Feet	Occupancy Rate at May 31, 2004(1)	Occupancy Rate at December 31, 2003(1)
Wholly Owned Properties:					
California	18	11,175	1,166,967	88.9%	88.1%
Massachusetts	19	9,538	1,033,585	81.6%	78.8%
Florida	14	9,394	941,656	90.3%	87.7%
New Jersey	10	8,172	805,048	87.8%	85.8%
Texas	7	4,287	463,143	85.7%	85.2%
Georgia	5	2,688	357,228	85.2%	83.1%
Pennsylvania	4	2,122	246,551	85.7%	86.3%
South Carolina	4	2,090	246,969	91.8%	88.7%
Colorado	4	1,801	231,608	86.1%	82.8%
Louisiana	2	1,411	147,900	92.5%	90.1%
Missouri	2	808	97,517	90.1%	89.8%
Virginia	1	551	73,310	91.4%	78.6%
Utah	1	551	72,750	87.6%	79.5%
New Hampshire	1	623	72,600	86.3%	91.6%
New York	1	1,270	58,526	89.1%	87.5%
Arizona	1	480	57,630	98.2%	84.1%
Nevada	1	460	56,500	88.8%	90.1%
Total Wholly Owned Properties	95	57,421	6,129,488	87.2%	84.8%
Properties Held in Joint Ventures:					
California	7	3,851	400,363	89.4%	87.3%
New Hampshire	2	801	83,675	90.6%	87.1%
New Jersey	2	1,737	166,845	83.0%	81.3%
New York	2	1,515	136,919	86.0%	83.7%
Total Properties Held in Joint Ventures	13	7,904	787,802	87.6%	85.4%
Total Stabilized Properties	108	65,325	6,917,290	87.4%	84.9%

(1) Occupancy rate is the total occupied square feet divided by total net rentable square feet.

Table of Contents

Lease-Up Property Data

State	Number of Properties	Number of Units	Net Rentable Square Feet	Occupancy Rate at May 31, 2004(1)	Occupancy Rate at December 31, 2003(1)
Wholly Owned Properties:					
Massachusetts	6	3,511	375,505	45.7%	39.0%
California	4	2,319	267,622	63.5%	51.2%
New York	3	2,522	207,821	65.2%	62.1%
New Jersey	3	2,584	201,223	52.6%	42.2%
Pennsylvania	2	1,473	186,154	82.5%	82.7%
Illinois	2	1,140	145,315	51.6%	40.1%
Maryland	1	925	144,980	75.8%	82.2%
Connecticut	2	1,377	124,540	44.9%	51.0%
Total Wholly Owned Properties	23	15,851	1,653,160	59.1%	53.3%
Properties Held in Joint Ventures:					
California	2	1,412	150,415	80.9%	67.6%
Pennsylvania	1	916	73,125	78.6%	70.7%
New York	1	657	60,070	78.7%	74.4%
New Jersey	1	664	58,650	78.8%	71.0%
Total Properties Held in Joint Ventures	5	3,649	342,260	78.6%	70.7%
Total Lease-Up Properties	28	19,500	1,995,420	62.4%	56.5%

(1) Occupancy rate is the total occupied square feet divided by total net rentable square feet.

FORMATION TRANSACTIONS

We currently conduct our business relating to the ownership, operation, acquisition, development and redevelopment of self-storage properties through our predecessor, Extra Space Storage LLC, which is organized as a Delaware limited liability company, and certain affiliated companies. The ownership interests in Extra Space Storage LLC consist of Class A (voting and non-voting), Class B, Class C and Class E membership interests, which are held by Kenneth M. Woolley, our Chairman and Chief Executive Officer, and his affiliates, other members of our senior management team and their affiliates, certain of our employees, and other third-party investors. We refer to the Class A, Class B, Class C and Class E membership interests collectively as the “membership interests.” Our existing portfolio of properties is held directly by Extra Space Storage LLC, by its wholly owned subsidiaries or in joint ventures with third-party investors. A transfer of assets to the company will be accounted for at the predecessor’s historical cost as a transfer of assets between companies under common control.

Contribution and Exchange by Members of Extra Space Storage LLC

Prior to or concurrently with the closing of the offering, we will engage in a series of transactions, which we refer to in this prospectus as the formation transactions, that are intended to reorganize our company, facilitate the offering, refinance our existing indebtedness and allow the owners of our predecessor and certain affiliated companies to exchange their existing membership interests for 8,095,003 shares of common stock, 1,573,557 units of limited partnership interests in our operating partnership, or OP units, 3,437,564 CCSs and 213,230 contingent conversion units, or CCUs, which we refer to collectively in this section as equity securities, and $26.8 million in cash. Pursuant to this exchange, we will acquire our predecessor, including its portfolio of 107 properties, which includes 14 early-stage lease-up properties. We will issue the CCSs and CCUs in exchange for the contribution by the owners of our

predecessor of their indirect interest in 14 early-stage lease-up properties which we will wholly own through various subsidiaries of our operating partnership upon completion of the offering and the formation transactions.

CCSs and CCUs will generally not carry any voting rights or entitle their holders to receive distributions. Upon the achievement of certain performance thresholds relating to the 14 lease-up properties described above, all or a portion of the CCSs and the CCUs will be automatically converted into shares of our common stock or OP units, as described elsewhere in this prospectus. Initially, each CCS and CCU will be convertible on a one-for-one basis into shares of common stock or OP units, subject to customary anti-dilution adjustments. These performance thresholds have been structured to result in the conversion of CCSs into shares of common stock and CCUs into OP units on a proportionate basis as the net operating income produced by the 14 early-stage lease-up properties grows from $5.1 million to $9.7 million over any of the 12-month measurement periods commencing with the 12 months ending March 31, 2006 and ending with the 12 months ending December 31, 2008. For the 12-month period ended March 31, 2004, the net operating income produced by these lease-up properties (which were 37.5% occupied on a weighted average basis as of the end of this period) totaled $142,484. This means that none of the CCS or CCUs will convert into shares of common stock or OP units until the net operating income produced by these lease up properties is in excess of $5.1 million over any of the 12-month measurement periods. No CCSs or CCUs will be convertible prior to March 31, 2006 nor for any measurement period after December 31, 2008. See "Formation Transactions—Contribution and Exchange by Members of Extra Space Storage LLC," "Description of Stock—Contingent Conversion Shares" and "Extra Space Storage LP Partnership Agreement—Contingent Conversion Units."

Based upon the initial public offering price of our common stock, the aggregate value of the shares of common stock and OP units to be issued in the formation transactions is approximately $135.4 million, which is in addition to the approximately $26.8 million in cash that will be paid to certain unaffiliated third-party holders of the Class A, Class B and Class C membership interests. Further, the aggregate value of the CCSs and CCUs issued in the formation transactions is approximately $51.1 million, assuming conversion of all such CCSs and CCUs. The aggregate historical combined net tangible book value of the Class A, Class B and Class C membership interests to be contributed to us was approximately $0, $0 and $4.7 million, respectively, as of March 31, 2004. The existing holders of membership interests in Extra Space Storage LLC who will receive equity securities include members of our board of directors and members of our senior management team. The aggregate number of equity securities to be received by each such person and his or her affiliates and the net tangible book value attributable to the membership interests to be contributed to us are set forth below under the heading "Benefits to Related Parties."

Joint Venture Restructuring

In connection with the formation transactions, we have acquired or will acquire the interests of our joint venture partners in all but three of our existing joint ventures to be funded in part out of the net proceeds of the offering. Our operating partnership has acquired or will acquire the joint venture interests held by various third parties unrelated to our management, for an aggregate of $114.8 million in cash and OP units having an aggregate value (based on the initial public offering price) of approximately $14.0 million.

Extra Space Development LLC

Effective January 1, 2004, our predecessor distributed to certain holders of its Class A membership interests, 100% of the membership interests in Extra Space Development LLC, which was previously a wholly owned subsidiary of our predecessor. Extra Space Development LLC owns, and upon completion of the offering and the formation transactions will continue to own, interests in 13 early-stage development

wholly owned subsidiary of our predecessor. Extra Space Development LLC owns, and upon completion of the offering and the formation transactions will continue to own, interests in 13 early-stage development properties and two parcels of undeveloped land, which are currently subject to significant construction-related indebtedness and have been incurring substantial development-related expenditures. Extra Space Development LLC has granted us a right of first refusal with respect to its interests in the 13 properties described above. Extra Space Development LLC will continue to hold its interests in 13 properties to which we hold a right of first refusal upon the completion of the formation transactions. Extra Space Development LLC intends to enter into agreements with third parties to receive management and development services. Extra Space Development LLC is owned by third-party individuals, as well as by executive officers and directors in the following approximate percentages: Kenneth M. Woolley (33%), Spencer F. Kirk (33%), Richard S. Tanner (7%), Kent Christensen (3%), Charles L. Allen (2%), David L. Rasmussen (0.5%) and Timothy Arthurs (0.5%). For financial reporting purposes, our predecessor continues to consolidate these properties pursuant to certain financial guarantees. These properties will be de-consolidated upon the elimination of the guarantees prior to completion of the offering.

Acquisition of Storage Spot Properties

Effective May 28, 2004, Extra Space Storage LLC entered into a purchase and sale agreement with Storage Spot Properties No. 1, L.P. and Storage Spot Properties No. 4, L.P. for the acquisition of 26 self-storage properties for which the purchase price under this agreement is $147.0 million. For the year ended December 31, 2003, the net revenues less bad debt expenses for these properties totaled $16.0 million. None of the sellers are currently our affiliates. Hugh W. Horne is president of Storage World Properties GP No. 1, LLC and Storage World Properties GP No. 4, LLC, the general partners of the selling parties under the agreement. In connection with this transaction, we agreed to name Mr. Horne as a director of our company effective upon the closing of this offering. Additionally, if at any time prior to February 15, 2006, Hugh W. Horne is not serving as one of our directors, Storage Spot shall have the right to have one representative present at all meetings of our board of directors and all of our board committees during such time. The purchase and sale agreement contains customary representations, warranties and covenants and is subject to customary closing conditions (such as those relating to the accuracy of representations and warranties and the performance of covenants contained in the purchase and sale agreement) as well as the completion of the offering. Our predecessor has deposited $3.0 million in escrow under the purchase and sale agreement. Storage Spot may be entitled to receive up to an additional $5.0 million cash consideration depending upon the performance of the 26 properties for the 12 months ending December 31, 2005. Under this earn-out provision, we have agreed to pay in February 2006, $8.45 for each dollar that the net revenues from these properties for calendar year 2005 exceeds $17.9 million, up to a maximum of $5.0 million. The entire $5.0 million is also payable upon the occurrence of certain other conditions, including any change of control of the purchaser or a third-party sale of any of the 26 properties prior to December 31, 2005. Our predecessor’s obligation to pay any additional funds will be guaranteed by our operating partnership. Subject to customary closing conditions, including the completion of due diligence, we expect this transaction to close concurrently with the completion of the offering and to be funded with the net proceeds of the offering. See “Use of Proceeds.”

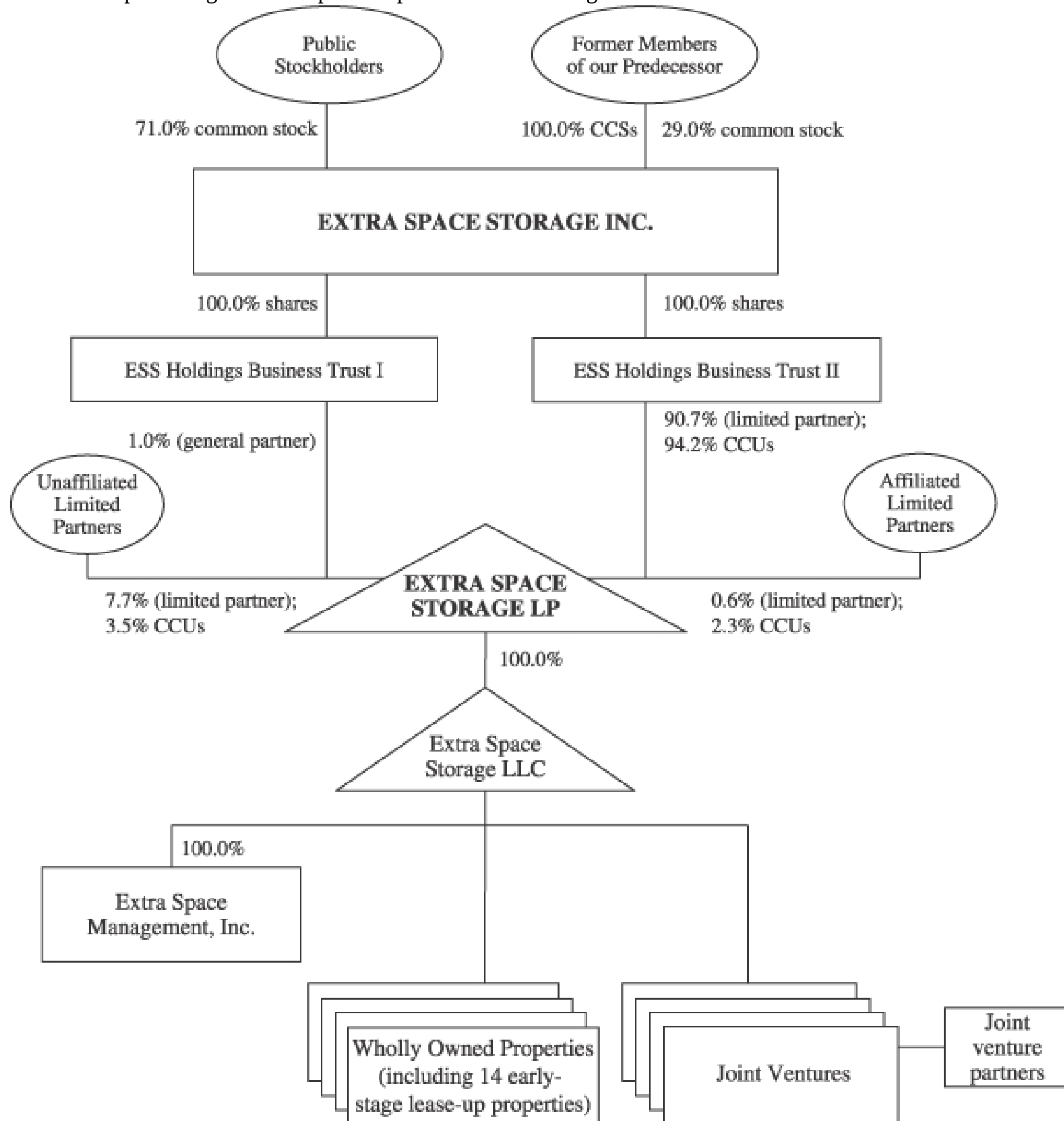
Centershift, Inc.

Effective January 1, 2004, we entered into a license agreement with Centershift, Inc. which secures for our company a perpetual right to continue to enjoy the benefits of STORE in all aspects of our property acquisition, development, redevelopment and operational activities, while the cost of maintaining the infrastructure required to support this product remains the responsibility of Centershift. This license agreement provides for an annual license fee payable by us which we estimate for the year ending December 31, 2004 will aggregate approximately $130,000, in exchange for which we will receive all

Centershift is required to secure our consent before entering into a license covering STORE with other publicly-traded self-storage companies. Centershift is owned by third-party individuals, as well as by executive officers and directors in the following approximate percentages: Kenneth M. Woolley (28%), Spencer F. Kirk (29%), Richard S. Tanner (7%), Kent Christensen (3%), Charles L. Allen (2%), David L. Rasmussen (0.4%) and Timothy Arthurs (0.4%).

OUR STRUCTURE

The following chart reflects our corporate organization upon completion of the offering and the formation transactions:



[Table of Contents](#)

BENEFITS TO RELATED PARTIES

Upon completion of the offering and the formation transactions, our senior executive officers and members of our board of directors will receive material financial and other benefits, as shown below. For a more detailed discussion of these benefits see “Management,” “Benefits to Related Parties” and “Certain Relationships and Related Transactions.”

Formation Transactions

In connection with the formation transactions, the following executive officers, directors and director nominees of our company will exchange membership interests in our predecessor for securities in our company and in our operating partnership, as described below:

Name	Securities Received
Kenneth M. Woolley	Together with his affiliates, 1,664,309 shares of common stock, 150,413 OP units, 706,755 CCSs and 63,873 CCUs (with a combined aggregate value of approximately $36.2 million) in exchange for membership interests having an aggregate net tangible book value attributable to such interests as of March 31, 2004 of approximately $0.5 million.
Spencer F. Kirk	Together with his affiliates, 2,425,137 shares of common stock and 1,029,842 CCSs (with a combined aggregate value of approximately $48.4 million) in exchange for membership interests having an aggregate net tangible book value attributable to such interests as of March 31, 2004 of approximately zero dollars.
Kent W. Christensen	146,458 shares of common stock and 62,194 CCSs (with a combined aggregate value of approximately $2.9 million) in exchange for membership interests having an aggregate net tangible book value attributable to such interests as of March 31, 2004 of approximately zero dollars.
Charles L. Allen	117,984 shares of common stock and 50,102 CCSs (with a combined aggregate value of approximately $2.4 million) in exchange for membership interests having an aggregate net tangible book value attributable to such interests as of March 31, 2004 of approximately $0.03 million.
Timothy Arthurs	38,462 shares of common stock and 16,333 CCSs (with a combined aggregate value of approximately $0.77 million) in exchange for membership interests having an aggregate net tangible book value attributable to such interests as of March 31, 2004 of approximately $0.02 million.
David L. Rasmussen	29,704 shares of common stock and 12,614 CCSs (with a combined aggregate value of approximately $0.59 million) in exchange for membership interests having an aggregate net tangible book value attributable to such interests as of March 31, 2004 of approximately zero dollars.
Richard S. Tanner	Together with his affiliates, 494,153 shares of common stock, 50,138 OP units, 209,844 CCSs and 21,291 CCUs (with a combined aggregate value of approximately $10.8 million) in exchange membership interests having an aggregate net tangible book value attributable to such interests as of March 31, 2004 of approximately $0.04 million.
Anthony Fanticola	531,676 shares of common stock and 225,776 CCSs (with a combined aggregate value of approximately $10.6 million) to affiliates of Anthony Fanticola in exchange for membership interests having an aggregate net tangible book value attributable to such interests as of March 31, 2004 of approximately $0.5 million.

Table of Contents

Name	Securities Received
Roger B. Porter	213,209 shares of common stock and 90,540 CCSs (with a combined aggregate value of approximately $4.25 million) in exchange for membership interests having an aggregate net tangible book value attributable to such interests as of March 31, 2004 of approximately $0.4 million.

Release of Guarantees

Upon completion of the offering and the formation transactions, the following individuals will be released from guarantees related to the indebtedness described below:

Name	Guarantees Released
Kenneth M. Woolley	Release of guarantees of approximately $64.9 million of outstanding indebtedness.
Spencer F. Kirk	Release of guarantees of approximately $17.3 million of outstanding indebtedness.

Employment Agreements

Upon closing of the offering, Kenneth M. Woolley, Kent W. Christensen and Charles L. Allen each will enter into an employment agreement with our company each of which will have a term of three years, with automatic one year renewals and will provide for an annual base salary, eligibility for annual bonuses, eligibility for participation in our 2004 long-term stock incentive plan and participation in all of the employee benefit plans and arrangements made available by us to our similarly situated executives.

Stock Options

Upon closing of the offering, stock options, with a vesting period of four years, will be granted to the following individuals to purchase the number of shares of our common stock set forth below, with an exercise price equal to the initial public offering price:

Name	Number of Options
Kenneth M. Woolley	150,000
Spencer F. Kirk	30,000
Kent W. Christensen	100,000
Charles L. Allen	65,000
Timothy Arthurs	65,000
David L. Rasmussen	45,000
Richard S. Tanner	45,000
Anthony Fanticola	30,000
Hugh W. Horne	30,000
Dean Jernigan	30,000
Roger B. Porter	30,000
K. Fred Skousen	30,000
Total	650,000

Acquisition of Extra Space Management, Inc.

In order to bring our predecessor’s employees and employee benefit programs within our organizational structure, on March 31, 2004, our predecessor acquired Extra Space Management, Inc. from Kenneth M. Woolley, Spencer M. Kirk and Richard S. Tanner for an aggregate of approximately $184,000. Upon the completion of the offering and the formation transactions, Extra Space Management, Inc. will become our taxable REIT subsidiary and will be responsible for all property management operations that we perform for properties owned by third parties.

Registration Rights Agreement

As holders of OP units, common stock and/or CCSs, our executive officers and directors will receive registration rights with respect to shares of our common stock acquired by them.

Repayment of a Note

We will use approximately $4.0 million of the net proceeds of the offering to repay a note held by Anthony and Joann Fanticola, cotrustees of the Anthony and Joann Fanticola Trust. We have also agreed to pay $1.1 million in defeasance fees on behalf of Mr. Fanticola.

Aircraft Dry Lease

SpenAero, L.L.C., an affiliate of Spencer F. Kirk, will enter into an Aircraft Dry Lease with us which provides that we have the right to use a 2002 Falcon 50EX aircraft owned by SpenAero, L.L.C. at a rate of $1,740 for each hour of use by us of the aircraft and the payment of all taxes by us associated with our use of the aircraft.

CONFLICTS OF INTEREST

Following completion of the offering and the formation transactions, conflicts of interest will exist between our directors and executive officers and our company as described below.

We have entered into certain tax protection agreements with Kenneth M. Woolley and Richard S. Tanner which may limit our ability to sell certain of our properties. See “Certain relationships and related transactions—Description of tax indemnity and debt guarantees.”

Certain members of our senior management team have outside business interests which include the ownership of Extra Space Development LLC. See “Formation transactions—Extra Space Development LLC.”

Our senior management team will own CCSs and/or CCUs. Our management’s ownership of CCSs and CCUs may cause them to devote a disproportionate amount of time to the performance of the 14 early-stage lease-up properties associated with the CCSs and CCUs. See “Risk Factors—Risks Related To Our Organization and Structure.”

Certain of our directors and members of our senior management have direct or indirect ownership interests in certain properties to be contributed to our operating partnership in the formation transactions. Accordingly, to the extent these individuals are parties to any of our contribution agreements, we may pursue less vigorous enforcement of the terms of these agreements. See “Risk Factors—Risks Related To Our Organization and Structure.”

Additional conflicts of interest could arise in the future as a result of the relationships between us and our affiliates, on the one hand, and our operating partnership or any partner thereof, on the other. Our directors and officers have duties to our company and our stockholders under applicable Maryland law in connection with their management of our company. At the same time, we, as a general partner of our operating partnership through a wholly owned Massachusetts business trust, have fiduciary duties to our operating partnership and to the limited partners under Delaware law in connection with the management of our operating partnership. Our duties 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 and our stockholders. The partnership agreement of our operating partnership does not require us to resolve such conflicts in favor of either our stockholders or the limited partners of our operating partnership.

We have adopted policies that are designed to eliminate or minimize potential conflicts of interest. See “Policies with respect to certain activities—Conflicts of Interest Policies.”

PROPOSED LINE OF CREDIT

We have received commitments from a group of banks, led by Wells Fargo Bank, N.A. and including Bank of America, N.A., La Salle Bank National Association and Wachovia Bank, N.A., for a $100.0 million line of credit. Subject to the completion of definitive loan documentation and the completion of due diligence, we expect to close this line of credit immediately following the completion of the offering. The line of credit provides for availability of up to 70.0% of the appraised value of the 17 properties securing the line of credit. The line is also limited by debt service coverage tests on each property, calculated for the prior two quarters of operating income for each property. Based on the recent appraisals of these 17 properties and the prior two quarters of activity, we expect to have approximately $56.0 million of availability under the line of credit upon completion of the offering. To increase availability under this line of credit, we would need to increase the operating income at the properties securing the line of credit or add additional properties as security. We are currently in discussions with the lenders under this line of credit to add an additional two to three properties to the pool of assets securing this line of credit, which we believe will increase the borrowing capacity under this line of credit by approximately $18.0 million. There can be no assurances that the lenders will agree to increase their commitments under this line of credit. We expect to use this line of credit to fund the equity portion of acquisitions and our investments in joint venture development projects.

OUR OWNERSHIP LIMIT

Due to limitations on the concentration of ownership of REIT stock imposed by the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code, our charter documents generally prohibit any person (other than an excepted holder or designated investment entity) from actually or constructively owning more than 7.0% (by value or by number of shares, whichever is more restrictive) of our common stock or 7.0% (by value or by number of shares, whichever is more restrictive) of our outstanding capital stock. Our charter permits exceptions to be made for stockholders provided our board of directors determines such exceptions will not jeopardize our tax status as a REIT. In addition, different ownership limits will apply to the family of Kenneth M. Woolley, certain of its affiliates, 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. These ownership limits, which our board has determined will not jeopardize our REIT status, will allow the the family of Kenneth M. Woolley, certain of its affiliates and estates and trusts formed for the benefit of the foregoing, as an excepted holder, to hold 15.5% (by value or by number of shares, whichever is more restrictive) of our common stock or 15.5% (by value or number of shares, whichever is more restrictive) of our outstanding capital stock and Spencer F. Kirk, certain of his affiliates, family members and estates and trusts formed for the benefit of the foregoing as an excepted holder, to hold 13.4% (by value or by number of shares, whichever is more restrictive) of our common stock or 13.4% (by value or number of shares, whichever is more restrictive) of our outstanding capital stock. Furthermore, certain designated investment entities, as defined in our charter generally to include pension funds, mutual funds and certain investment management companies, will have an ownership limit of 9.8% of our common stock, provided that beneficial owners of the common stock held by such entity would satisfy the 7.0% ownership limit after application of the relevant attribution rules. Certain designated investment entities, as defined in our charter generally to include pension funds, mutual funds and certain investment management companies, will have an ownership limit of 9.8% (by value or by number of shares, whichever is more restrictive) of our common stock or 9.8% (by value or by number of shares, whichever is more restrictive) of our outstanding capital stock.

OUR TAX STATUS

We intend to elect to qualify as a REIT under Sections 856 through 860 of the Internal Revenue Code, commencing with our taxable year ending December 31, 2004. We believe that we are organized in conformity with the requirements for qualification and taxation as a REIT and that our proposed method of operation will enable us to meet the requirements for qualification and taxation as a REIT for U.S. federal income tax purposes. We have received an opinion of Clifford Chance US LLP to the effect that commencing with our taxable year ending December 31, 2004, we have been organized in conformity with the requirements for qualification and taxation as a REIT under the Internal Revenue Code, and that our proposed method of operation will enable us to meet the requirements for qualification and taxation as a REIT.

To maintain our REIT status, we must meet a number of organizational and operational requirements, including a requirement that we annually distribute at least 90% of our net taxable income, excluding net capital gains, to our stockholders. As a REIT, we generally will not be subject to U.S. federal income tax on net taxable income that we currently distribute to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to U.S. federal income tax at regular corporate rates. Even if we qualify for taxation as a REIT, we may be subject to some U.S. federal, state and local taxes on our income or property and the income of our taxable REIT subsidiary will be subject to taxation at normal corporate rates. See “U.S. federal income tax considerations.”

DISTRIBUTION POLICY

We intend to make regular quarterly distributions to holders of our common stock. We intend to pay a pro rata distribution with respect to the period commencing on the completion of the offering and ending September 30, 2004, based on a distribution of $0.2275 per share for a full quarter. On an annualized basis, this would be $0.91 per share, of which we currently estimate that approximately 85.0% may represent a return of capital for tax purposes, or an annual distribution rate of approximately 6.5% based on the initial public offering price of $14.00 per share. We estimate that this initial annual distribution will represent approximately 140.1% of our estimated cash available for distribution to our common stockholders for the 12 months ending March 31, 2005, and we expect to borrow approximately $8.0 million under our line of credit to pay the initial annual distribution. We currently expect to borrow approximately $1.1 million under our line of credit to pay the initial distribution for the partial quarter ending September 30, 2004. We have estimated our cash available for distribution to our common stockholders for the 12 months ending March 31, 2005 based on adjustments to our pro forma net income available to common stockholders before allocation to minority interest for the 12 months ended March 31, 2004 (giving effect to the offering and the formation transactions). This estimate was based upon our predecessor’s historical operating results and does not take into account our growth initiatives which are intended to improve our occupancy and operating results, nor does it take into account any unanticipated expenditures we may have to make or any debt we may have to incur. We intend to maintain our initial distribution rate for the 12-month period following completion of the offering unless our actual results of operations, economic conditions or other factors differ materially from the assumptions used in our estimate. Unless our operating cash flow increases, we expect that we will be required either to fund future distributions, including our initial distribution, from borrowings under our proposed line of credit or to reduce such distributions. If we use working capital or borrowings under our proposed line of credit to fund these distributions, this will reduce the cash we have available to fund our acquisition and development activities and other growth initiatives. See “Distribution Policy” for more information.

The offering

Common stock offered by us	20,200,000 shares(1)
Common stock to be outstanding prior to completion of the offering	8,095,003 shares(2)
Common stock to be outstanding after the offering	28,295,003 shares(1)(3)
Common stock and OP units to be outstanding after the offering	30,870,000 shares and units(1)(4)
Use of proceeds	We intend to use the net proceeds of the offering together with a new $19.0 million proposed variable rate mortgage due 2007 and a new proposed $111.0 million fixed rate mortgage due 2010, as follows: Ø acquisition of properties ($167.6 million); Ø repayment of existing indebtedness related to our initial assets ($106.4 million); Ø payment of certain loan exit fees ($3.3 million); Ø purchase of interests of certain joint venture partners in connection with the formation transactions including amounts used to retire certain loans incurred in connection with such purchase ($37.9 million); Ø redemption of certain holders of Class A, Class B and Class C membership interests in our predecessor ($26.8 million); Ø repayment of certain short term notes payable ($22.1 million); Ø repayment of a note held by Anthony Fanticola (a director-nominee) and Joann Fanticola, co-trustees of the Anthony and Joann Fanticola Trust ($4.0 million) and payment of a related loan exit fee ($1.1 million); Ø repayment of the Fidelity minority interest ($22.4 million); and Ø payment of loan origination fees ($2.9 million). We will use the remainder of the net proceeds for working capital and general corporate purposes, including future acquisitions and development activities.
Proposed NYSE symbol	“EXR”

(1) Excludes 3,030,000 shares of common stock that may be issued by us upon exercise of the underwriters' over-allotment option.

(2) Represents the number of shares of common stock outstanding prior to the completion of the offering and following completion of the formation transactions.

(3) Excludes 650,000 shares of common stock reserved for issuance upon the exercise of options to be granted prior to or concurrently with the offering with an exercise price equal to the initial public offering price, 7,500,000 shares of common stock available for future issuance under our 2004 long-term stock incentive plan, 650,000 shares of common stock available for future issuance under our non-employee director plan, 3,437,564 shares of common stock that may be issued upon conversion of 3,437,564 CCSs issued pursuant to the formation transactions and 2,788,227 shares of common stock that may be issued by us upon redemption of 2,788,227 OP units outstanding (including OP units issuable upon conversion of 213,230 CCUs).

(4) Excludes 650,000 shares of common stock reserved for issuance upon the exercise of options to be granted prior to or concurrently with the offering with an exercise price equal to the initial public offering price, 7,500,000 shares of common stock available for future issuance under our 2004 long-term stock incentive plan, 650,000 shares of common stock available for future issuance under our non-employee director plan and 3,437,564 shares of common stock that may be issued upon conversion of 3,437,564 CCSs issued pursuant to the formation transactions.

Table of Contents

Summary consolidated pro forma and historical financial data

The following table shows summary consolidated pro forma financial data for our company and historical financial data for the Extra Space Predecessor for the periods indicated. You should read the following summary pro forma and historical financial data together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” the pro forma and historical consolidated financial statements and related notes included elsewhere in this prospectus.

The following summary consolidated historical financial data has been derived from financial statements audited by PricewaterhouseCoopers LLP, independent registered public accounting firm. Consolidated balance sheets as of December 31, 2003 and 2002 and the related consolidated statements of operations and of cash flows for the three years in the period ended December 31, 2003, and the related notes thereto appear elsewhere in this prospectus.

Our unaudited summary consolidated pro forma results of operations data and balance sheet data as of and for the three months ended March 31, 2004 and for the year ended December 31, 2003 give effect to the formation transactions, the offering, the use of proceeds from the offering and certain related transactions as described elsewhere herein. Our pro forma financial information is not necessarily indicative of what our actual financial position and results of operations would have been as of the dates and for the periods indicated, nor does it purport to represent our future financial position or results of operations.

	Company		Extra Space Predecessor				
	(Pro Forma)		(Historical)				
	Three Months Ended March 31, 2004	Year Ended December 31, 2003	Three Months Ended March 31, 2004	Three Months Ended March 31, 2003	Year Ended December 31, 2003	Year Ended December 31, 2002	Year Ended December 31, 2001
			(dollars in thousands, except per share data) (Restated)				
Statement of Operations Data:							
Revenues:							
Property rental revenues	$ 19,635	$ 77,408	$ 9,996	$ 7,481	$ 33,054	$ 28,811	$ 19,375
Management fees	274	1,162	548	483	1,935	2,018	2,179
Acquisition fees and development fees	265	654	265	252	654	922	834
Other income	75	107	117	114	618	635	611
Total revenues	20,249	79,331	10,926	8,330	36,261	32,386	22,999
Expenses:							
Property operating expenses	7,850	30,825	4,410	3,638	14,858	11,640	8,152
Unrecovered development/acquisition costs and support payments	498	—	498	275	4,937	1,938	2,227
General and administrative (1)	3,020	9,233	2,970	1,990	8,297	5,916	6,750
Depreciation and amortization (2)	5,411	20,694	2,677	1,432	6,805	5,652	3,105
Total operating expenses	16,779	60,752	10,555	7,335	34,897	25,146	20,234
Income (loss) before interest expense, minority interests, equity in earnings of real estate ventures and gain on sale of real estate assets	3,470	18,579	371	995	1,364	7,240	2,765
Interest expense	(4,922)	(18,471)	(6,367)	(4,430)	(18,746)	(13,894)	(11,477)
Minority interest—Fidelity preferred return	—	—	(1,096)	(999)	(4,132)	(3,759)	(322)
(Income) loss allocated to minority interest in operating partnership and other	106	(162)	970	414	1,431	(100)	(672)
Equity in earnings of real estate ventures	355	1,168	261	401	1,465	971	105
Gain (loss) on sale of real estate assets	(171)	672	(171)	—	672	—	4,677
Net income (loss)	$ (1,162)	$ 1,786	$ (6,032)	$ (3,619)	$ (17,946)	$ (9,542)	$ (4,924)
Basic earnings (loss) per share (3)(4)	$ (0.04)	$ 0.06					
Diluted earnings (loss) per share (4)	$ (0.04)	$ 0.06					
Weighted average common shares outstanding—basic (4)	28,295	28,295					
Weighted average common shares outstanding—diluted (4)	28,295	30,870					
Balance Sheet Data (as of end of period):							
Investments in real estate, net of accumulated depreciation and amortization	$ 679,274		$ 440,152		$ 354,374	$ 306,415	$ 242,086
Total assets	704,418		476,645		383,751	332,290	270,265
Mortgages and other secured loans	423,308		345,507		273,808	231,025	178,552
Total liabilities	427,893		415,364		339,660	282,509	204,057
Minority interest	23,062		29,539		22,390	22,265	30,743
Stockholders'/members' equity	253,463		31,742		21,701	27,516	35,465
Total liabilities and stockholders'/members' equity	704,418		476,645		383,751	332,290	270,265
Cash Flow Data:							
Net cash flow provided by (used in):							
Operating activities			(2,971)	(1,105)	(9,307)	(70)	(4,964)
Investing activities			(84,865)	(16,375)	(57,757)	(65,666)	(8,884)
Financing activities			79,762	11,790	72,349	64,963	19,446
Other Data: (5)							
Funds from operations (6)			(3,156)	(2,093)	(11,793)	(5,596)	(6,915)
Total properties			108	87	94	88	63
Total net rentable square feet			7,028,750	5,492,481	6,008,781	5,555,191	3,757,178
Occupancy			74.9%	76.3%	76.9%	75.6%	79.9%

(footnotes on following page)

(1) *General and administrative expenses of our predecessor have historically been paid to Extra Space Management, Inc. as management fees. Pro forma general and administrative expenses include estimated public company costs less capitalization of development costs associated with internal development projects.*
(2) *The pro forma year ended December 31, 2003 amount includes real estate depreciation and amortization of $14,167, amortization of intangibles related to tenant relationships acquired of $6,171 and other non-real estate depreciation of $356.*
(3) *Pro forma basic earnings (loss) per share is computed assuming the offering was consummated as of the first day of the period presented and equals pro forma net income (loss) available to common stockholders divided by the pro forma number of shares of our common stock outstanding, which amount excludes 650,000 shares of common stock reserved for issuance upon the exercise of options outstanding, 3,030,000 shares of common stock that may be issued by us upon exercise of the underwriters' over-allotment option with respect to the offering, 7,500,000 shares of common stock available for future issuance under our 2004 long-term stock incentive plan, 650,000 shares of common stock available for future issuance under our non-employee director plan, 3,437,564 shares of common stock that may be issued upon conversion of 3,437,564 CCSs outstanding and 2,788,227 shares of common stock that may be issued by us upon redemption of 2,788,227 OP units outstanding (including OP units issuable upon conversion of 213,230 CCUs).*
(4) *The pro forma weighted average shares and earnings per share does not include the potential effects of the CCSs and CCUs as such securities would not have participated in earnings on a pro forma basis for the year ended December 31, 2003 and the quarter ended March 31, 2004 had they been issued effective January 1, 2003. These securities will not participate in distributions until they are converted, which cannot occur prior to March 31, 2006. We are currently evaluating the accounting impact of the conversion of CCSs and CCUs into shares of common stock and OP units.*
(5) *Other data includes properties that we consolidated or in which we held an equity interest.*
(6) *As defined by the National Association of Real Estate Investment Trusts, or NAREIT, funds from operations, or FFO, represents net income (computed in accordance with GAAP), excluding gains (or losses) from sales of property, plus depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. We present FFO because we consider it an important supplemental measure of our operation performance and believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO when reporting their results. FFO is intended to exclude GAAP historical cost depreciation and amortization of real estate and related assets, which assumes that the value of real estate assets diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions. Because FFO excludes depreciation and amortization unique to real estate, gains and losses from property dispositions and extraordinary items, it provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, development activities and interest costs, providing perspective not immediately apparent from net income. We compute FFO in accordance with standards established by the Board of Governors of NAREIT in its March 1995 White Paper (as amended in November 1999 and April 2002), which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to such other REITs. Further, FFO does not represent amounts available for management's discretionary use because of needed capital replacement or expansion, debt service obligations, or other commitments and uncertainties. FFO should not be considered as an alternative to net income (loss) (computed in accordance with GAAP) as an indicator of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends or make distributions.*

The following table presents the reconciliation of FFO to our net income (loss) before allocation to minority interest, which we believe is the most directly comparable GAAP measure to FFO:

	Company		Extra Space Predecessor				
	(Pro Forma)		(Historical)				
	Three Months Ended March 31, 2004	Year Ended December 31, 2003	Three Months Ended March 31,		Year Ended December 31,		
Reconciliation of FFO:			2004	2003	2003	2002	2001
			(dollars in thousands)				
Net income (loss)	$ (1,162)	$ 1,786	$ (6,032)	$ (3,619)	$ (17,946)	$ (9,542)	$ (4,924)
Plus:							
Real estate depreciation and amortization	4,024	14,167	2,477	1,249	6,048	3,075	2,554
Real estate depreciation and amortization included in equity in earnings of unconsolidated joint ventures	82	358	107	112	447	211	132
Amortization of intangibles related to tenant relationships	1,306	6,171	121	165	330	660	—
Income (loss) allocated to minority interest	(106)	162	—	—	—	—	—
Plus (less):							
Gain on sale of real estate assets	171	(672)	171	—	(672)	—	(4,677)
FFO(1)	$ 4,315	$ 21,972	$ (3,156)	$ (2,093)	$ (11,793)	$ (5,596)	$ (6,915)

(1) *The FFO for the year ended December 31, 2003 of the company on a pro forma basis, as compared to the historical amount, has increased due to the purchase of the joint venture interest in 13 properties, the minority interest in 31 consolidated properties and the acquisition of 49 properties from third parties. These acquisitions resulted in an increase in revenues of approximately $44.4 million, and an increase in net income of approximately $19.7 million.*

Risk factors

Investment in our common stock involves risks. You should carefully consider the following risk factors in addition to other information contained in this prospectus before purchasing the common stock we are offering. The occurrence of any of the following risks might cause you to lose all or part of your investment. Some statements in this prospectus, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section entitled "Statements Regarding Forward-Looking Information."

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, FFO, cash flow, financial condition, ability to make distributions to stockholders and common stock trading price 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;
- local or regional real estate market conditions such as 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 need for capital improvements, insurance premiums, real estate taxes and utilities;
- changes in supply of or demand for similar or competing properties in an area;
- the impact of environmental protection laws;
- earthquakes 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.

We have high concentrations of self-storage properties in the California, Massachusetts and New Jersey markets, and changes in the economic climates of these markets may materially adversely affect us.

Our properties located in California, Massachusetts and New Jersey provided approximately 33.5%, 17.6% and 19.3%, respectively, of our pro forma total revenue for the three months ended March 31, 2004. As a result of the geographic concentration of properties in these markets, we are particularly

exposed to downturns in these local economies or other changes in local real estate market conditions. In addition, the properties in our California market could be subject to earthquakes and our New Jersey properties located in the New York City metropolitan area may have a higher likelihood of becoming targets of future terrorist acts. As a result of economic changes and geopolitical risks in these markets, our business, financial condition, operating results, cash flow, the trading price of our common stock and our ability to satisfy our debt service obligations and our ability to pay distributions could be materially adversely affected.

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 impede our growth.

We face increasing 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 particular, larger self-storage REITs may enjoy significant competitive advantages that result from, among other things, a lower cost of capital and enhanced operating efficiencies. In addition, the number of entities and the amount of funds competing for suitable investment properties may increase. This competition will 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, and you may experience a lower return on your investment.

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.

A key component of our growth strategy is exploring new-asset development and redevelopment opportunities through strategic joint ventures. To the extent that we engage in these development and redevelopment activities, they 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 in the future develop self-storage properties in geographic regions where we do not currently have a significant presence and where we do not possess the same level of familiarity with development, which could adversely affect our ability to develop such properties successfully or at all or to achieve expected performance.

We rely to a large extent on the investments of our joint venture partners for funding 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 may not be successful in identifying and consummating suitable acquisitions that meet our criteria, which may impede our growth and negatively affect our results of operations.

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;
- 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 and 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 common stock.

Table of Contents

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.

Our operating results will be harmed if we are unable to achieve and sustain high occupancy rates at our 28 lease-up properties.

Following completion of the offering and the formation transactions, 28 of our properties will be in their lease-up stage. Our lease-up properties require start-up expenditures and may not contribute to our growth until they reach stabilization or at all. Start-up costs may be higher than anticipated, and stabilized operating levels, if achieved, may take longer to reach than we expect. To the extent that our start-up costs are higher than anticipated or these properties fail to reach stabilization or achieve stabilization later than we expect, our operating results and our ability to make distributions to our stockholders may be adversely affected.

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.

As of March 31, 2004, we had 229 field personnel in the management and operating of our properties. The general professionalism of our site managers and staff are contributing factors to a site's ability to successfully secure rentals. 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.

Other self-storage operators may employ STORE or a technology similar to STORE, which could enhance their ability to compete with us.

We rely on STORE to support all aspects of our business operations and to help us implement new development and acquisition opportunities and strategies. If other self-storage companies obtain a license to use STORE, employ or develop a technology similar to STORE, their ability to compete with us could be enhanced.

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 with policy specifications, limits and deductibles customarily carried for similar properties. Certain types of losses, however, may be either uninsurable or not economically insurable, such as losses due to earthquakes, 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 a significant deductible 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 revenue.

Costs resulting from changes in real estate tax laws generally are not passed through to tenants directly and will affect us. Increases in income, service or other taxes generally are not passed through to tenants under leases and may reduce our net income, funds from operations, or FFO, cash flow, financial condition, ability to pay or refinance our debt obligations, ability to make distributions to stockholders, and the per share trading price of our common stock. 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.

We did 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 did not always obtain third-party appraisals of the properties in connection with our acquisition of these properties and the consideration being paid by us in exchange for the initial properties may exceed the value as determined by third-party appraisals. The terms of these agreements and the valuation methods used to determine the value of the properties were determined by our senior management team.

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.

Two of our properties have been the subject of cleanup activities to address contamination that occurred prior to our ownership or operation of the sites. For a more detailed discussion of these two properties, see “Business and Properties—Environmental Matters.” No assurances can be given that investigation or cleanup activities will not be required at these sites, or that we will not be held responsible for some portion of the cleanup costs.

RISKS RELATED TO THE REAL ESTATE INDUSTRY

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

Our current strategy is to own, operate and develop 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.

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 common stock may be negatively impacted, which would result in our common stock trading at a discount below the inherent value of our assets as a whole.

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

Under the Americans with Disabilities Act of 1990, or 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 common stock and our ability to satisfy our debt service obligations and to make distributions to our stockholders could be adversely affected.

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 in the past, and may in the future, invest 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.

RISKS RELATED TO OUR DEBT FINANCINGS

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.

Upon completion of the offering and the formation transactions, we expect to have approximately $423.3 million of outstanding indebtedness, 100% of which will be secured. We expect to incur additional debt in connection with future acquisitions. We may borrow under our proposed line of credit, or borrow new funds to acquire 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 refinancing and equity and/or debt offerings. Further, we may need to borrow funds to make distributions required to maintain our qualification as a REIT or to meet our expected distributions.

If we are required to utilize our proposed line of credit 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 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 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 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 default on other indebtedness or result in the foreclosures of other properties.

Our ability to pay our estimated initial annual distribution, which represents approximately 140.1% of our estimated cash available for distribution to our common stockholders for the 12 months ending March 31, 2005, depends upon our actual operating results, and we may have to borrow funds under our proposed line of credit to pay this distribution, which could slow our growth.

We expect to pay an initial annual distribution of $0.91 per share, which represents approximately 140.1% of our estimated cash available for distribution to our common stockholders for the 12 months ending March 31, 2005 calculated as described in “Distribution Policy.” Accordingly, we currently expect that we will be unable to pay our estimated initial annual distribution to stockholders out of cash available for distribution to our common stockholders as calculated in “Distribution Policy.” Unless our operating cash flow increases, we will be required either to fund future distributions from borrowings under our proposed line of credit or to reduce such distributions. If we need to borrow funds on a regular basis to meet our distribution requirements or if we reduce the amount of our distribution, our stock price may be adversely affected.

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 distributions and/or the distributions required to maintain our REIT status, 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 distributions to our stockholders.

Upon completion of the offering and the formation transactions, we expect to have approximately $423.3 million of debt outstanding, of which approximately $123.8 million, or 29.2%, will be subject to variable interest rates. This variable rate debt had a weighted average interest rate of approximately 2.71% per annum as of March 31, 2004. 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 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 $1.2 million annually as a result of the interest rate floor in place.

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 their 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 distributions to our stockholders.

RISKS RELATED TO OUR ORGANIZATION AND STRUCTURE

Upon completion of the offering and the formation transactions, our two largest stockholders, Kenneth M. Woolley, who is our Chairman and Chief Executive Officer, and Spencer F. Kirk, who is one of our other directors, and their respective affiliates will own 5.9% and 8.6%, respectively, of our outstanding common stock on a fully-diluted basis and will have the ability to exercise significant control of our company and any matter presented to our stockholders.

After completion of the offering, our two largest stockholders, one of whom is Kenneth M. Woolley, our Chairman and Chief Executive Officer, and one of whom is Spencer F. Kirk, one of our other directors, and their affiliates will own approximately 5.9%, and 8.6%, respectively, of our outstanding common stock, on a fully-diluted basis. Consequently, those stockholders, individually or to the extent their interests are aligned, collectively, may be able to control the outcome of matters submitted for stockholder action, including the election of our board of directors and approval of significant corporate transactions, including business combinations, consolidations and mergers and the determination of our day-to-day corporate and management policies. Therefore, those stockholders have substantial influence on us and could exercise their influence in a manner that is not in the best interests of our other stockholders.

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 our Chairman and Chief Executive Officer and the other members of our senior management team. Our senior management team has an average of nine years of experience in the self-storage industry. In addition, our ability to continue

to develop properties depends on the significant relationships our senior management team has developed with our institutional joint venture partners such as affiliates of Prudential Financial, Inc. and Fidelity Investments. 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 senior management team, particularly our Chairman and Chief Executive Officer, 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 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 prospectus. 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 the 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 purchaser of property 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 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 in the event that we sell or otherwise dispose of certain properties could limit our operating flexibility.

In connection with the formation transactions, we have agreed to indemnify certain third parties for their tax liabilities attributable to the built-in gain on the assets held by the Moss Group in the event that our operating partnership directly or indirectly sells, exchanges or otherwise disposes (including by way of merger, sale of assets or otherwise) of any portion of its interests in or the properties held by the Moss Group, in a taxable transaction. These tax indemnity obligations apply for each of the contributors of interests in the Moss Group for nine years, with a three-year extension, respectively, if the applicable party owns at least 50% of the OP units received by it in the formation transactions at the expiration of the initial nine-year period. Although it may be in our stockholders' best interest that we sell a property, it may be economically prohibitive for us to do so because of these obligations.

Tax indemnification obligations may require the operating partnership to maintain certain debt levels.

In connection with the formation transactions, we have agreed to make available to each of Kenneth M. Woolley, Richard S. Tanner 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 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, at least equal to $60.0 million. See "Certain relationships and related transactions—Description of tax indemnity and debt guarantees." 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 more or different indebtedness than we would otherwise require for our business.

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

Immediately following completion of the offering and the formation transactions, we will hold interests in 18 properties through three joint venture partnerships, which 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 one or 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.

Kenneth M. Woolley, our Chairman and Chief Executive Officer, Spencer F. Kirk, one of our directors, and Richard S. Tanner, Kent Christensen, Charles L. Allen, David Rasmussen and Timothy Arthurs, members of our senior management, have outside business interests which could divert their time and attention away from us, which could harm our business.

Kenneth M. Woolley, 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 two self-storage properties, one located in Palmdale, California and the other located in Pico Rivera, California, which as of March 2004 were in the early lease-up stage and the ownership of Extra Space Development LLC. Other than these two properties and Extra Space Development, LLC, the members of our senior management are not currently engaged in any other self-storage activities outside the company. In addition, Kenneth M. Woolley's employment agreement includes an exception to his non-competition covenant pursuant to which he is permitted to devote a portion of his time to the management and operations of RMI Development, LLC, a multi-family business in which he has a majority ownership. Although Kenneth M. Woolley's employment agreement requires that he devote substantially his full business time and attention to us, this agreement also permits him to devote time to his outside business interests. These outside business interests could interfere with his ability to devote time to our business and affairs and 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, on the one hand, and our operating partnership or any partner thereof, on the other. Our directors and officers have duties to our company and our stockholders 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 and our stockholders. The partnership agreement of our operating partnership does not require us to resolve such conflicts in favor of either our stockholders 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.

Our management's ownership of CCSs and CCUs may cause them to devote a disproportionate amount of time to the performance of the 14 wholly owned early-stage lease-up properties, which could cause our overall operating performance to suffer.

Upon completion of the offering and the formation transactions, we will issue to our contributors, which include certain members of our senior management, in addition to shares of our common stock, CCSs and/or a combination of OP units and CCUs. The terms of the CCSs and CCUs provide that they will convert into our common stock and OP units, respectively, only if the relevant 14 early-stage lease-up properties achieve specified performance thresholds prior to December 31, 2008. As a result, our

directors and officers who own CCSs and CCUs may have an incentive to devote a disproportionately large amount of their time and attention to these properties in comparison with our remaining properties, which could harm our operating results.

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

Kenneth M. Woolley, our Chairman and Chief Executive Officer, and Spencer F. Kirk, Kent W. Christensen, Charles L. Allen, Richard S. Tanner and Hugh W. Horne, who serve as directors and members of our senior management, have direct or indirect ownership interests in certain properties to be contributed to our operating partnership in the formation transactions. Following the completion of the offering and the formation transactions, we, under the agreements relating to the contribution of such interests, will be entitled to indemnification and damages in the event of breaches of representations or warranties made by the contributors. In addition, Kenneth M. Woolley's employment agreement includes an exception to his non-competition covenant pursuant to which he is permitted to devote time to the management and operations of RMI Development, LLC, a multi-family business. None of these contribution and non-competition agreements was negotiated on 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 status as a REIT. See "Description of Stock—Restrictions on Transfer." 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 common stock or otherwise be in the best interests of our stockholders. See "Description of Stock—Restrictions on Transfer." Different ownership limits apply to the family of Kenneth M. Woolley, certain of its 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 your best interests.

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 increase or decrease the aggregate number of our shares or the number of our shares of any class or series and 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. See "Description of stock—

Power to Increase Authorized Stock and Issue Additional Shares of Our Common Stock and Preferred Stock.” 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 common stock or otherwise 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. See “Certain Provisions of Maryland Law.”

We may assume unknown liabilities in connection with the formation transactions.

As part of the formation transactions, we (through our operating partnership) will receive the contribution of certain assets or interests in certain assets subject to existing liabilities, some of which may be unknown at the time the offering is consummated. Unknown liabilities might include liabilities for cleanup or remediation of undisclosed environmental conditions, claims of tenants, vendors or other persons dealing with the entities prior to the offering (that had not been asserted or threatened prior to the offering), tax liabilities, and accrued but unpaid liabilities incurred in the ordinary course of business. Our recourse with respect to such liabilities will be limited.

To the extent our distributions represent a return of capital for tax purposes, you could recognize an increased capital gain upon a subsequent sale of your 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 taxable 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 or her 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 potentially will result in recognition of an increased capital gain due to the reduction in such adjusted basis.

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 will be 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 will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions paid 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. In order to maintain our REIT qualification and avoid the payment of income and excise taxes, we may need to borrow funds on a short-term basis to meet the REIT distribution requirements even if the then prevailing market conditions are not favorable for these borrowings. These short-term 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 or amortization payments.

Dividends payable by REITs do not qualify for the reduced tax rates under recently enacted tax legislation.

Recently enacted tax legislation reduces the maximum tax rate for dividends payable by domestic corporations to individual U.S. stockholders (as such term is defined under “U.S. federal income tax considerations” below) to 15% (through 2008). Dividends payable by REITs, however, are generally not eligible for the reduced rates. Although this legislation does not adversely affect the taxation of REITs or dividends paid by REITs, 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 common stock.

In addition, the relative attractiveness of real estate in general may be adversely affected by the newly 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 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 ability 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 federal income tax on our taxable income and would no longer be required to distribute most of our 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 intend to operate in a manner that will allow us to qualify as a REIT for U.S. federal income tax purposes under the Internal Revenue Code. We have not requested and do not plan to request a ruling from the Internal Revenue Service, or the IRS, that we qualify as a REIT, and the statements in this prospectus are not binding on the IRS or any court. If we fail to qualify as a REIT or lose our status as a

REIT at any time, we will face serious tax consequences that would substantially reduce the funds available for distribution to you 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 stockholders who are taxed as individuals would be taxed on our dividends at capital gains rates, and our corporate stockholders generally would be entitled to the dividends received deductions with respect to such dividends, subject, in each case, to applicable limitations under the Internal Revenue Code. 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 would adversely affect the value of our common stock.

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 and sources of our gross income. Also, we must make distributions to stockholders aggregating annually at least 90% of our net taxable income, excluding 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 federal income tax purposes or the desirability of an investment in a REIT relative to other investments.

We will pay some taxes.

Even if 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. We expect that we and Extra Space Management, Inc. will elect for Extra Space Management, Inc. to be treated as “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 tenants in the ordinary course of business. 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.

RISKS RELATED TO THE OFFERING

If you purchase shares of common stock in the offering, you will experience immediate and significant dilution in the book value of our common stock offered in the offering equal to $5.55 per share.

We expect the initial public offering price of our common stock to be substantially higher than the book value per share of our outstanding common stock will be immediately after the offering. If you purchase our common stock in the offering, you will incur immediate dilution of approximately $5.55 in the book value per share of common stock from the price you pay for our common stock in the offering. This means that the investors who purchase shares:

- will pay a price per share that substantially exceeds the per share value of our assets after subtracting our liabilities; and
- will have contributed 89.0% of the total amount of our equity funding since inception but will only own 71.4% of the shares outstanding.

In addition, we are issuing 3,650,794 CCSs and CCUs in connection with the offering and the formation transactions. These CCSs and CCUs are convertible into shares of our common stock and OP units, respectively, upon achievement by our company of certain performance results relating to the 14 early-stage lease-up properties. The conversion of CCSs into common stock and CCUs into OP units will be dilutive to investors in the offering. We also have offered and expect to continue to offer stock options to our employees and have reserved 8,000,000 shares of common stock for future issuance under our stock incentive plan. To the extent that stock options are granted and ultimately exercised, there will be further dilution to investors in the offering.

There is currently no public market for our common stock, an active trading market for our common stock may never develop following the offering and the trading and our common stock price may be volatile and could decline substantially following the offering.

Prior to the offering, there has been no public market for our common stock and an active trading market for our common stock may never develop or be sustained. You may not be able to resell our common stock at or above the initial public offering price. The initial public offering price of our common stock has been determined based on negotiations between us and the representatives of the underwriters and may not be indicative of the market price for our common stock after the offering. See “Underwriting.” Performance, government regulatory action, tax laws, interest rates and market conditions in general could have a significant impact on the future market price of our common stock. Some of the factors that could negatively affect our share price or result in fluctuations in the price of our stock include:

- actual or anticipated variations in our quarterly operating results;
- changes in our funds from operations or earnings estimates or publication of research reports about us or the real estate industry;
- increases in market interest rates may lead purchasers of our shares to demand a higher yield;
- changes in market valuations of similar companies;
- adverse market reaction to any increased indebtedness we incur in the future;
- additions or departures of key personnel;
- actions by institutional stockholders;

- speculation in the press or investment community; and
- general market, economic and political conditions.

Future sales of shares of our common stock may depress the price of our shares.

We cannot predict whether future issuance of shares of our common stock or the availability of shares for resale in the open market will decrease the market price per share of our common stock. Any sales of a substantial number of shares of our common stock in the public market, including upon the redemption of OP units, or the perception that such sales might occur, may cause the market price of our shares to decline. Upon completion of the offering and the formation transactions, all common shares sold in the offering will be freely tradable without restriction (other than any restrictions set forth in our charter relating to our qualification as a REIT) after the expiration of the 180-day lock-up period described under the heading “Underwriting,” unless the shares are owned by one of our affiliates. Affiliates may only sell their shares pursuant to the requirements of Rule 144 under the Securities Act of 1933, as amended, or the Securities Act, or as described below.

Holders of 11,532,567 shares of our unregistered common stock (assuming the conversion of all CCSs into common stock) and all holders of OP units (representing 2,788,277 shares of common stock that may be issued by us upon redemption of OP units (assuming conversion of all CCUs into OP units)), have registration rights requiring us to register their common stock with the SEC and holders of 100% of these shares of common stock and of units are subject to agreements prohibiting them from disposing of these shares for 180 days following completion of the offering. In the aggregate, these shares of common stock and OP units represent approximately 31.0% of our outstanding shares of common stock on a fully-diluted basis after completion of the offering. In addition, after completion of the offering and the formation transactions, we intend to register all common stock that we may issue under our 2004 long-term stock incentive plan, and once we register these shares they can be freely sold in the public market after issuance. If any or all of these holders cause a large number of their shares to be sold in the public market, such sales could reduce the trading price of our common stock and could impede our ability to raise future capital.

The exercise of the underwriters’ over-allotment option, the redemption of OP units for common stock, the exercise of any options or the vesting of any restricted stock granted to directors, executive officers and other employees under our 2004 long-term stock incentive plan, the issuance of our common stock or OP units in connection with property, portfolio or business acquisitions and other issuances of our common stock could have an adverse effect on the market price of the shares of our common stock, and the existence of OP units, options and shares of our common stock reserved for issuance as restricted shares of our common stock or upon redemption of OP units or exercise of options may adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities. In addition, future sales of shares of our common stock may be dilutive to existing stockholders.

Statements regarding forward-looking information

This prospectus contains various “forward-looking statements.” You can identify forward-looking statements by the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “would,” “could,” “should,” “seeks,” “approximately,” “intends,” “plans,” “projects,” “estimates” or “anticipates” or the negative of these words and phrases or similar words or phrases. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Statements regarding the following subjects may be impacted by a number of risks and uncertainties:

- our business strategy;
- our ability to obtain future financing arrangements;
- estimates relating to our future distributions;
- our understanding of our competition;
- information relating to the conversion of CCSs and CCUs;
- market trends;
- projected capital expenditures;
- the impact of technology on our products, operations and business; and
- use of the proceeds of the offering.

The forward-looking statements contained in this prospectus reflect 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 common stock.

For more information regarding risks that may cause our actual results to differ materially from any forward-looking statements, see “Risk Factors.” We do not intend and disclaim any duty or obligation to update or revise any industry information or forward-looking statements set forth in this prospectus to reflect new information, future events or otherwise.

Use of proceeds

We will receive net proceeds from the offering of approximately $257.8 million and approximately $297.3 million if the underwriters' over-allotment option is exercised in full after deducting the underwriting discounts and commissions, financial advisory fees and estimated expenses of the offering.

We will contribute the net proceeds of the offering to our operating partnership. In addition, concurrently with the closing of the offering we expect to enter into a variable rate mortgage loan in the aggregate principal amount of $19.0 million with U.S. Bank, and a fixed rate mortgage loan in the aggregate principal amount of $111.0 million with Wachovia Bank, N.A. The U.S. Bank mortgage, which will be secured by five properties, will bear interest at a variable rate equal to LIBOR plus 175 basis points and will mature in three years after its inception. The Wachovia loan, which will be secured by the 26 properties that we expect to acquire in the Storage Spot transaction, will bear interest at a fixed rate equal to 150 basis points above the five-year Treasury rate and will mature in 2010. We have been proffered a binding commitment letter from U.S. Bank relating to the U.S. Bank loan and from Wachovia relating to the Wachovia loan. We do not intend to use the proceeds of these two mortgage loans to fund distributions.

Wells Fargo, N.A., an affiliate of Wells Fargo Securities, LLC, one of the underwriters in this offering, is the lender under our property credit line and our corporate credit line. We will use a portion of the net proceeds of this offering to repay these lines of credit, as described below.

Use of proceeds

The following table sets forth the sources and uses of funds that we expect in connection with the offering and the U.S. Bank loan and the Wachovia loan described above. Some of the uses indicated in the following table could be funded from other sources, such as additional cash on hand or our proposed line of credit.

Sources (dollars in thousands)		Uses (dollars in thousands)	
Gross proceeds from the offering	$ 282,800	Acquisition of properties	$ 167,637
Proposed variable rate mortgage due 2007	19,000	Repayment of existing indebtedness related to our initial assets	106,366
Proposed fixed rate mortgage due 2010	111,000		
Escrow deposits and cash on hand		Payment of certain loan exit fees	3,274
		Purchase of interests of certain joint venture partners in connection with the formation transactions including amounts used to retire certain loans incurred in connection with such purchase	37,984
		Redemption of certain holders of Class A, Class B and Class C membership interests in our predecessor	26,814
		Repayment of certain short term notes payable	22,074
		Repayment of a note held by Anthony Fanticola (a director-nominee) and Joann Fanticola, cotrustees of the Anthony and Joann Fanticola Trust and payment of related loan exit fee	5,139
		Payment of loan origination fees	2,865
		Repayment of the Fidelity minority interest	22,382
		Subtotal	$ 394,535
		Payment of fees and expenses of the offering:	
		Underwriting commission	
		Financial advisory fee	
		Other fees and expenses	5,191
		Subtotal	
Total Sources	**$**	**Total Uses**	**$**

Pending the use of any cash proceeds, we intend to invest the net proceeds in interest-bearing, short-term investment-grade securities or money-market accounts which are consistent with our intention to qualify as a REIT. Such investments may include, for example, government and government agency certificates, certificates of deposit, interest-bearing bank deposits and mortgage loan participations.

Any net proceeds remaining after the uses set forth in the table above will be used for working capital purposes, including future acquisitions and development activities. If the underwriters exercise their over-allotment option for the offering in full, we expect to use the additional net proceeds to us, which will be approximately $39.5 million in aggregate, for working capital needs, including future acquisitions and developments. We do not intend to use any of the net proceeds from this offering to fund distributions to our stockholders, but to the extent we use these proceeds to fund distributions, these payments will be treated as a return of capital to our stockholders.

Use of proceeds

Our repayment of existing indebtedness and related loan exit fees related to our initial assets consists of the following:

	Debt	Exit Fees
Senior fixed rate mortgage due 2009 which bears interest at a rate of 8.97% per annum	$ 1,246,658	$ 384,323
Senior fixed rate mortgage due 2008, which bears interest at a rate of 7.15% per annum	5,004,897	931,900
Senior variable rate mortgage due 2007, which bears interest at LIBOR plus 4.50% per annum with a LIBOR floor of 1.50%(1)	52,201,299	1,957,549
Nine senior mortgage and construction loans due October 2004 through December 2011, which bear interest from LIBOR plus 2.75% to LIBOR plus 3.00% and prime plus .50% to prime plus 4.75%(2)	30,570,128	
Wells Fargo property credit line due September 2004, which bears interest at the prime rate	5,000,000	
Wells Fargo corporate credit line due July 2004, which bears interest at prime plus 4.00%	905,339	
Zions Bank corporate credit line due July 2004, which bears interest at the prime rate	11,437,458	
	$ 106,365,779	$ 3,273,772

(1) At March 31, 2004, this senior variable rate mortgage bore interest at a rate equal to 6.00% per annum.
(2) At March 31, 2004, these senior mortgage and construction loans bore interest at rates equal to 3.87% to 8.75% per annum.

Our repayment of $22.1 million of certain short-term notes payable consists of our repayment of three separate loans. First, we will repay loans of $10.0 million and $8.4 million borrowed from one of our joint venture partners to fund the purchase of interests in two of our joint ventures. These loans bear interest at a rate of 12.50% per annum and mature on the earlier of October 2004 or the closing of the offering. Kenneth M. Woolley, our Chairman and Chief Executive Officer, has guaranteed the payment of these loans. For more information, see “Formation transactions—Joint Venture Restructuring.” Second, we will repay a short-term note issued to Strategic Performance Fund, Inc. in the amount of $3.7 million which bears interest at a rate of 15.9% per annum and is due October 15, 2004.

The Fanticola note referred to above that we intend to repay out of the net proceeds of the offering bears interest at a rate of 9.34% per annum and is due August 15, 2010.

Distribution policy

We intend to make regular quarterly distributions to holders of our common stock. We intend to pay a pro rata distribution with respect to the period commencing on the completion of the offering and ending September 30, 2004, based on a distribution of $0.2275 per share for a full quarter. On an annualized basis, this would be $0.91 per share, or an annual distribution rate of approximately 6.5% based on the initial public offering price of $14.00 per share. We estimate that this initial annual distribution will represent approximately 140.1% of our estimated cash available for distribution to our common stockholders for the 12 months ending March 31, 2005, and we expect to borrow approximately $8.0 million under our line of credit to pay the initial annual distribution. We currently expect to borrow approximately $1.1 million under our line of credit to pay our initial distribution for the partial quarter ending September 30, 2004. We have estimated our cash available for distribution to our common stockholders for the 12 months ending March 31, 2005 based on adjustments to our pro forma net income available to common stockholders before allocation to minority interest for the 12 months ended March 31, 2004 (giving effect to the offering and the formation transactions), as described below. This estimate was based upon our predecessor's historical operating results and does not take into account our growth initiatives which are intended to improve our occupancy and operating results, nor does it take into account any unanticipated expenditures we may have to make or any debt we may have to incur. In estimating our cash available for distribution to holders of our common stock, we have made certain assumptions as reflected in the table and footnotes below. Unless our operating cash flow increases, we expect that we will be required either to fund future distributions, including our initial distribution, from borrowings under our proposed line of credit or to reduce such distributions. Our line of credit will not contain provisions that restrict the use of the line of credit to fund distributions. If we use working capital or borrowings under our proposed line of credit to fund these distributions, this will reduce the cash we have available to fund our acquisition and development activities and other growth initiatives.

We intend to maintain our initial distribution rate for the 12-month period following completion of the offering unless our actual results of operations, economic conditions or other factors differ materially from the assumptions used in our estimate.

Distributions made by us will be authorized and determined by our board of directors in its sole discretion out of funds legally available therefor and will be dependent upon a number of factors, including restrictions under applicable law and the capital requirements of our company. Actual distributions may be significantly different from the expected distributions. See "Statements Regarding Forward-Looking Information." We do not intend to reduce the expected distribution per share if the underwriters' over-allotment option is exercised.

We anticipate that, at least initially, our distributions will exceed our current and accumulated earnings and profits as determined for U.S. federal income tax purposes. Therefore, a portion of these distributions may represent a return of capital for U.S. federal income tax purposes. Distributions in excess of our current and accumulated earnings and profits will not be taxable to a taxable 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 or her common stock, but rather will reduce such adjusted basis in our common stock. Therefore, the gain (or loss) recognized on the sale of that common stock or upon our liquidation will be increased (or decreased) accordingly. To the extent those distributions exceed a taxable U.S. stockholder's adjusted tax basis in his or her common stock, they generally will be treated as a capital gain realized from the taxable disposition of those shares. We expect that approximately 15.0%

of our initial distribution will represent a dividend taxable at ordinary income rates while the balance will represent a return of capital for the tax period ending December 31, 2004. The percentage of our stockholder distributions that exceeds our current and accumulated earnings and profits may vary substantially from year to year. For a more complete discussion of the tax treatment of distributions to holders of our common stock, see “U.S. federal income tax considerations.”

We cannot assure you that our estimated distributions will be made or sustained. Any distributions we pay in the future will depend upon our actual results of operations, economic conditions and other factors that could differ materially from our current expectations. Our actual results of operations will be affected by a number of factors, including the revenue we receive from our properties, our operating expenses, interest expense, our occupancy levels, the ability of our tenants to meet their obligations and unanticipated expenditures. For more information regarding risk factors that could materially adversely affect our actual results of operations, see “Risk Factors.” If our properties do not generate sufficient cash flow to allow cash to be distributed by us, we may be required to fund distributions from working capital, borrowings under our proposed line of credit, or reduce such distributions. Our line of credit will not contain provisions that restrict the use of the line of credit to fund distributions.

U.S. federal income tax law requires that a REIT distribute annually at least 90% of its net taxable income excluding net capital gains, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its REIT taxable income including capital gains. For more information, see “U.S. federal income tax considerations.” We anticipate that our estimated cash available for distribution will exceed the annual distribution requirements applicable to REITs. However, under some circumstances, we may be required to pay distributions in excess of cash available for distribution in order to meet these distribution requirements.

Distribution policy

The following table describes our pro forma net income before allocation to minority interest for the 12 months ended March 31, 2004, and the adjustments we have made thereto in order to estimate our initial cash available for distribution to the holders of our common stock for the 12 months ending March 31, 2005.

	dollars in thousands
Pro forma net income before minority interest for the year ended December 31, 2003	$ 1,948
Less: Income before minority interests for the three months ended March 31, 2003	(358)
Add: Loss before minority interests for the three months ended March 31, 2004	(1,268)
Pro forma net income before minority interest before allocation to minority interest for the 12 months ended March 31, 2004	322
Add: Pro forma depreciation and amortization(1)	23,183
Add: Net rental increases for continuing tenants for rental increases effective through March 31, 2004 (wholly owned stabilized properties)(2)(3)	265
Add: Net rental increases for continuing tenants for rental increases effective through March 31, 2004 (wholly owned lease-up properties) (3)(4)	21
Add: Net rental increases from occupancy changes effective through March 31, 2004 (wholly owned stabilized properties)(3)(5)	1,212
Add: Net rental increases for continuing tenants for rental increases effective through March 31, 2004 (joint venture stabilized properties)(3)(6)	31
Add: Net rental increases for continuing tenants for rental increases effective through March 31, 2004 (joint venture lease-up properties)(3)(7)	7
Less: Gain on sale of real estate assets	(501)
Estimated cash flows from operations for the 12 months ending March 31, 2005	24,540
Less: Estimated cash flows used in investing activities—property improvements(8)	(1,819)
Less: Estimated cash flows used in financing activities—scheduled mortgage loan principal payments(9)	(2,676)
Estimated cash available for distribution for the 12 months ending March 31, 2005	$ 20,045
Estimated initial annual distribution (including distributions to minority interest)(10)	28,092
Payout ratio based on estimated cash available for distribution to our holders of common stock(10)	140.1%
Estimated cash available for distribution applicable to:	
Minority interest	2,343
Common shares	25,749

(1) Includes real estate depreciation and amortization on wholly owned and joint venture properties of $13,551 and $336, respectively, amortization of intangibles related to tenant relationships acquired with respect to wholly owned properties of $6,318, other non-real estate depreciation on wholly owned and joint venture properties of $1,317 and $23, respectively, and loan fee amortization of $1,638.

(2) For wholly owned stabilized properties, represents additional revenues on a pro forma basis based on rental increases achieved by March 31, 2004 as if the increases were in effect beginning on April 1, 2003, for those tenants who were tenants at the properties for the entirety of the 12 months ended March 31, 2004.

(footnotes continued on following page)

Distribution policy

(3) Property-level expenses for the 100 properties that we have given pro forma effect to rental increases were generally unchanged for the 12-months ended March 31, 2004. Our predecessor's historical financial statements do indicate an increase in operating expenses for our predecessor for the year ended December 31, 2003 and for the three months ended March 31, 2004, when compared with the corresponding prior periods. However, these increases were attributable to an increase in the number of properties in our predecessor's portfolio. Over these periods, our predecessor's portfolio grew as follows:

	Extra Space Predecessor			
	December 31,		March 31,	
	2002	2003	2003	2004
Number of Properties in Portfolio	88	94	87	108

(4) For wholly owned lease-up properties, represents additional revenues on a pro forma basis based on rental increases achieved by March 31, 2004 as if the increases were in effect beginning on April 1, 2003, for those tenants who were tenants at the properties for the entirety of the 12 months ended March 31, 2004.

(5) For wholly owned stabilized properties, represents additional revenues on a pro forma basis due to increase in occupancy calculated by taking the difference between (A) and (B), as follows: (A) the sum of $2,159, which was determined by adding for each tenant commencing a unit rental during the 12 months ended March 31, 2004, an amount equal to the number of months such new tenant did not occupy its unit during such period multiplied by its rental rate in effect for such tenant for March 2004; less (B) the sum of $947 which was determined by adding for each tenant vacating a unit rental during the 12 months ended March 31, 2004, an amount equal to the number of months such tenant occupied its unit during such period multiplied by its monthly rental rate in effect as of the month of departure. For the 12 months ended March 31, 2004 and since that date through the date of this prospectus, our stabilized property portfolio did not experience an overall decline in occupancy. Furthermore, the net rental increases from occupancy changes includes only our wholly owned stabilized properties and does not include additional rental increases from occupancy changes attributable to our 23 wholly-owned lease-up properties, nor our allocable share of increases in distributions that may result from occupancy increases at our 13 joint venture stabilized properties and five joint venture lease-up properties.

(6) For joint venture stabilized properties, represents our portion of additional revenues on a pro forma basis based on rental increases achieved by March 31, 2004, or $31 as if the increases were in effect beginning on April 1, 2004, for those tenants who were tenants at the properties for the entirety of the 12 months ended March 31, 2004.

(7) For joint venture lease-up properties, represents our portion of additional revenues on a pro forma basis based on rental increases achieved by March 31, 2004, or $7 as if the increase were in effect beginning on April 1, 2004, for those tenants who were tenants at the properties for the entirety of the 12 months ended March 31, 2004.

(8) Represents estimated annual recurring capital expenditures of $0.23 per net rentable square foot for the 7,907,880 net rentable square feet at our properties which excludes 1,007,830 net rentable square feet which represents our joint venture partners' interest in our net rentable square feet in our joint ventures:

	Extra Space Predecessor		
	Year Ended December 31,		
	2003	2002	Average
Recurring capital expenditures (dollars in thousands)	$ 1,224	$ 1,109	$ 1,167
Net rentable square feet	5,304,547	5,028,766	5,166,657
Average annual recurring capital expenditure per net rentable square foot	$ 0.23	$ 0.22	$ 0.23

(9) Represents the amortization of principal on indebtedness on a pro forma basis.

(10) If the underwriters' over-allotment option of 3,030,000 shares of our common stock is exercised in full at the initial public offering price, our initial annual distribution would increase by $2.8 million and our payout ratio would increase to 153.9%. We do not intend to use the proceeds from the over-allotment option to fund distributions, but to the extent we use these proceeds to fund distributions, these payments will be treated as a return of capital to our stockholders.

Table of Contents

Capitalization

The following table presents the capitalization as of March 31, 2004 on a historical basis for Extra Space Storage LLC and its affiliates, which we consider to be our predecessor for accounting purposes, on a pro forma basis for our company taking into account the formation transactions and the offering. The pro forma adjustments give effect to the offering and the formation transactions as if they had occurred on March 31, 2004 and the application of the net proceeds as described in "Use of proceeds." You should read this table in conjunction with "Use of proceeds," "Summary consolidated pro forma and historical financial data," "Management's discussion and analysis of financial condition and results of operations," and the more detailed information contained in the consolidated financial statements and notes thereto included elsewhere in this prospectus.

	Historical (Extra Space predecessor)	Pro Forma (Company)
	(dollars in thousands)	
	(Restated)	
Mortgages and other secured loans	$ 345,507	$ 423,308
Putable preferred interests in consolidated joint ventures, net	34,913	—
Minority interest in our operating partnership	—	23,062
Redeemable minority interest—Fidelity	18,712	—
Other minority interests	10,827	—
Redeemable Class C and Class E Units	44,522	—
Stockholders' equity (deficit):		
Common stock, $.01 par value, 28,295,003 shares issued and outstanding(1)	—	283
Additional paid in capital	—	253,180
Members' equity (deficit)	(12,780)	—
Total members'/shareholders' equity (deficit)	(12,780)	253,463
Total capitalization	$ 441,701	$ 699,833

(1) *Our pro forma outstanding common stock excludes 650,000 shares of common stock reserved for issuance upon the exercise of options to be granted prior to or concurrently with the offering at an exercise price equal to the initial public offering price, 3,030,000 shares of common stock that may be issued by us upon exercise of the underwriters' over-allotment option, 7,500,000 shares of common stock available for future issuance under our 2004 long-term stock incentive plan, 650,000 shares of common stock available for future issuance under our non-employee director plan, 3,437,564 shares of common stock that may be issued upon conversion of 3,437,564 CCSs issued pursuant to the formation transactions and 2,788,227 shares of common stock that may be issued by us upon redemption of 2,788,227 OP units outstanding (including OP units issuable upon conversion of 213,230 CCUs).*

Dilution

DILUTION AFTER THIS OFFERING(1)

Purchasers of our common stock will experience an immediate and significant dilution of the net tangible book value of our common stock from the initial public offering price. On a pro forma basis at March 31, 2004, after giving effect to the reorganization transactions (see page F-3 of the unaudited pro forma condensed consolidated balance sheet as of March 31, 2004 for a description of the reorganization transactions), but before giving effect to the other formation transactions and the offering, the net tangible book value of our predecessor was $23.6 million or $2.91 per share of common stock. On a pro forma basis at March 31, 2004, after giving effect to the other formation transactions, but before giving effect to the sale of shares of common stock to new investors in the offering, our predecessor's pro forma net tangible book value would have been $26.0 million or $3.22 per share, or an increase in pro forma net tangible book value attributable to the other formation transactions of $2.4 million or $0.31 per share. After giving effect to the sale of shares of common stock in the offering, the receipt by us of the net proceeds from the offering, the deduction of underwriting discounts and commissions, financial advisory fees and estimated offering expenses payable by us, the pro forma net tangible book value at March 31, 2004 would have been $239.1 million or $8.45 per share or an increase in pro forma net tangible book value attributable to the sale of shares of common stock to new investors of $282.8 million or $14.00 per share. This amount represents an immediate dilution in pro forma net tangible book value of $5.55 per share from the assumed initial public offering price of $14.00 per share. The following table illustrates this per share dilution:

Initial public offering price per share		$ 14.00
Pro forma net tangible book value per share of our predecessor as of March 31, 2004, after giving effect to the reorganization transactions, but before the other formation transactions and the offering(2)		$ 2.91
Increase in pro forma net tangible book value per share attributable to the other formation transactions but before the offering(3)	$0.31	
Pro forma net tangible book value after the reorganization transactions and the other formation transactions, but before the offering		3.22
Increase in pro forma net tangible book value attributable to the offering(4)	5.23	
Pro forma net tangible book value after the reorganization transactions, the other formation transactions and the offering(5)		8.45
Dilution in pro forma net tangible book value to new investors(6)		$ 5.55

(1) *For the purpose of calculating our predecessor's pro forma valuations in this section, we have assumed that, as of March 31, 2004, the 8,095,093 shares of common stock to be issued to the former members of our predecessor were outstanding.*

(2) *Determined by dividing the pro forma net tangible book value after the reorganization transactions but before the other formation transactions and the offering by the number of shares of common stock to be issued to the former members of our predecessor in the formation transactions.*

(3) *Determined by dividing the difference between (a) the pro forma net tangible book value after the reorganization transactions but before the other formation transactions and the offering and (b) the pro forma net tangible book value after the other formation transactions and before the offering, by the number of shares of common stock to be issued to the former members of our predecessor in the formation transactions.*

(4) *Determined by dividing the difference between (a) the pro forma net tangible book value after the reorganization transactions and the other formation transactions but before the offering and (b) the pro forma net tangible book value after the reorganization transactions, the other formation transactions and the offering, by the number of shares of common stock to be issued to the former members of our predecessor in the formation transactions.*

(5) *Determined by dividing pro forma net tangible book value of approximately $239.1 million by 28,295,000 shares of common stock,* which amount excludes *650,000 shares of common stock reserved for issuance upon the exercise of options to be granted prior to or concurrently with the offering at an exercise price equal to the initial public offering price, 3,030,000 shares of common stock that may be issued by us upon exercise of the underwriters' over-allotment option, 7,500,000 shares of common stock available for future issuance under our 2004 long-term stock incentive plan, 650,000 shares of common stock available for future issuance under our non-employee director plan, 3,437,564 shares of common stock that may be issued upon conversion of 3,437,564 CCSs issued pursuant to the formation transactions and 2,788,227 shares of common stock that may be issued by us upon redemption of 2,788,227 OP units outstanding (including OP units issuable upon conversion of 213,230 CCUs).*

(6) *Determined by subtracting pro forma net tangible book value per share of common stock after the reorganization transactions, the other formation transactions and the offering from the assumed initial public offering price paid by a new investor for a share of common stock.*

DIFFERENCES BETWEEN NEW INVESTORS AND FORMER MEMBERS OF OUR PREDECESSOR IN NUMBER OF SHARES AND AMOUNT PAID

The table below summarizes, as of March 31, 2004, on the pro forma basis after giving effect to the reorganization transactions, the other formation transactions and the offering discussed above, the differences between the number of shares of common stock and OP units received from us and our operating partnership, the total consideration paid and the average price per share paid by former members of our predecessor and paid in cash by the new investors purchasing shares in the offering (based on the net tangible book value attributable to the membership interests exchanged by such members in the formation transactions).

	Shares/Units Issued Assuming No Exercise of Underwriters' Over-Allotment Option		Net Tangible/Book Value of Contribution/Cash		
	Number	Percentage	Amount	Percentage	Average Price per Share
OP units issued in connection with the formation transaction	2,574,997	9%	$ 8,285,000	3%	$ 3.22
Common stock to be issued in connection with the formation transactions	8,095,003	26	26,035,000	8	3.22
New investors (1)	20,200,000	65	282,800,000	89	14.00
Total	30,870,000	100%	$ 317,120,000	100%	

(1) *We used the initial public offering price of $14.00 per share, and we have not deducted estimated underwriting discounts and commissions and estimated offering expenses in our calculations.*

This table excludes 650,000 shares of common stock reserved for issuance upon the exercise of options to be granted prior to or concurrently with the offering at an exercise price equal to the initial public offering price, 3,030,000 shares of common stock that may be issued by us upon exercise of the underwriters' over-allotment option, 7,500,000 shares of common stock available for future issuance under our 2004 long-term stock incentive plan, 650,000 shares of common stock available for future issuance under our non-employee director plan, 3,437,564 shares of common stock that may be issued upon conversion of 3,437,564 CCSs issued pursuant to the formation transactions and 2,788,227 shares of common stock that may be issued by us upon redemption of 2,788,227 OP units outstanding (including OP units issuable upon conversion of 213,230 CCUs). Further dilution to our new investors will result if these excluded shares of common stock are issued by us in the future.

Selected consolidated pro forma and historical financial data

The following table shows selected consolidated pro forma financial data for our company and historical financial data for our predecessor for the periods indicated. You should read the following selected historical and pro forma and financial data together with the discussion under the caption “Management’s discussion and analysis of financial condition and results of operations”, and the pro forma and historical consolidated financial statements and related notes included elsewhere in this prospectus.

The following selected consolidated historical financial data for 1999 to 2003 has been derived from financial statements audited by PricewaterhouseCoopers LLP, independent registered public accounting firm. Consolidated balance sheets as of December 31, 2003 and 2002 and the related consolidated statements of operations and of cash flows for the three years in the period ended December 31, 2003, and the related notes thereto appear elsewhere in this prospectus.

Our unaudited selected consolidated pro forma results of operations data and balance sheet data as of and for the three months ended March 31, 2004 and for the year ended December 31, 2003 give effect to the formation transactions, the offering, the use of proceeds from the offering and certain related transactions as summarized below.

FORMATION TRANSACTIONS

- Existing holders of membership interests in Extra Space Storage LLC exchanged their membership interests for shares of common stock, OP units, CCSs or CCUs.
- Extra Space Storage LLC distributed to certain holders of its Class A membership interests a convertible note receivable who then converted the convertible note receivable into a 40% equity interest in Centershift.
- Extra Space Storage LLC purchased 100% of the common stock of Extra Space Management, Inc.
- Extra Space Storage LLC contributed to Extra Space Development LLC six wholly owned early stage development properties, interests in seven early stage development properties owned through joint ventures and two undeveloped parcels of land, and any related indebtedness.
- Extra Space Storage LLC distributed to certain holders of its Class A membership interests, 100% of the membership interests in Extra Space Development LLC, which was previously a wholly owned subsidiary of our predecessor.
- Certain holders of Class A and Class C membership interests in Extra Space Storage LLC holding short-term debt and certain other holders of short-term debt converted $1.7 million dollars of short-term debt into additional Class A and Class C membership interests.
- Extra Space Storage LLC issued additional Class A, Class B and Class C membership interests following December 31, 2003.
- Extra Space Storage LLC will sell Extra Space of Laguna Hills LLC to its joint venture partner in such entity.
- Extra Space Storage LLC will acquire 29 additional self-storage properties for an aggregate purchase price of $167.6 million.

Selected consolidated pro forma and historical financial data

USE OF PROCEEDS

- Ø We will receive proceeds from the offering of approximately $257.8 million and approximately $297.3 million if the underwriters' over-allotment option is exercised in full after deducting the underwriting discounts and commissions, financial advisory fees and estimated expenses of the offering.
- Ø We will use $167.6 million of the net proceeds of the offering to acquire 29 properties.
- Ø We will use $106.4 million of the net proceeds of the offering to repay existing indebtedness related to our initial assets.
- Ø We will use $37.9 million of the net proceeds of the offering to purchase interests of certain joint venture partners in connection with the formation transactions including amounts used to retire certain loans incurred in connection with such purchase.
- Ø We will use $22.1 million to repay certain short term notes payable.
- Ø We will use $4.0 million to repay a note held by Anthony Fanticola (a director-nominee) and Joann Fanticola, cotrustees of the Anthony and Joann Fanticola Trust and $1.1 million to repay loan exit fees associated with this note.
- Ø We will use $26.8 million of the net proceeds of the offering to redeem certain holders of Class A, Class B and Class C membership interests in our predecessor.
- Ø We will use $22.4 million of the net proceeds to repay the Fidelity minority interest.
- Ø We will use $3.3 million of the net proceeds of the offering to pay certain other loan exit fees.
- Ø We will use $2.9 million of the net proceeds of the offering to pay certain loan origination fees.

REFINANCING

- Ø We will refinance approximately $19.0 million in principal amount of additional third-party mortgage debt with new secured financings described below.

Our pro forma financial information is not necessarily indicative of what our actual financial position and results of operations would have been as of the dates and for the periods indicated, nor does it purport to represent our future financial position or results of operations.

Table of Contents

Selected consolidated pro forma and historical financial data

	Company		Extra Space Predecessor						
	(Pro Forma)		(Historical)						
	Three Months Ended March 31, 2004	Year Ended December 31, 2003	Three Months Ended March 31, 2004 (Restated)	Three Months Ended March 31, 2003	Year Ended December 31, 2003	2002	2001	2000	1999
	(dollars in thousands, except per share data)								
Statement of Operations Data:									
Property rental revenues	$ 19,635	$ 77,408	$ 9,996	$ 7,481	$ 33,054	$ 28,811	$ 19,375	$ 5,603	$ 280
Management fees	274	1,162	548	483	1,935	2,018	2,179	1,895	1,082
Acquisition fees and development fees	265	654	265	252	654	922	834	1,323	1,645
Other income	75	107	117	114	618	635	611	948	656
Total revenues	20,249	79,331	10,926	8,330	36,261	32,386	22,999	9,769	3,663
Expenses:									
Property operating expenses	7,850	30,825	4,410	3,638	14,858	11,640	8,152	2,347	351
Unrecovered development/acquisition costs and support payments	498	—	498	275	4,937	1,938	2,227	3,854	214
General and administrative(1)	3,020	9,233	2,970	1,990	8,297	5,916	6,750	7,698	7,532
Depreciation and amortization(2)	5,411	20,694	2,677	1,432	6,805	5,652	3,105	1,147	81
Total operating expenses	16,779	60,752	10,555	7,335	34,897	25,146	20,234	15,046	8,178
Income (loss) before interest expense, minority interests, equity in earnings of real estate ventures and gain on sale of real estate assets	3,470	18,579	371	995	1,364	7,240	2,765	(5,277)	(4,515)
Interest expense	(4,922)	(18,471)	(6,367)	(4,430)	(18,746)	(13,894)	(11,477)	(4,763)	(410)
Minority interest—Fidelity preferred return	—	—	(1,096)	(999)	(4,132)	(3,759)	(322)	—	—
(Income) loss allocated to minority interest in Operating Partnership and other	106	(162)	970	414	1,431	(100)	(672)	—	—
Equity in earnings of real estate ventures	355	1,168	261	401	1,465	971	105	171	233
Gain (loss) on sale of real estate assets	(171)	672	(171)	—	672	—	4,677	—	—
Net income (loss)	$ (1,162)	$ 1,786	$ (6,032)	$ (3,619)	$ (17,946)	$ (9,542)	$ (4,924)	$ (9,869)	$ (4,692)
Basic earnings (loss) per share(3)(4)	$ (0.04)	$ 0.06							
Diluted earnings (loss) per share(4)	$ (0.04)	$ 0.06							
Weighted average shares of common stock outstanding—basic(4)	28,295	28,295							
Weighted average shares of common stock outstanding—diluted(4)	28,295	30,870							

Table of Contents

Selected consolidated pro forma and historical financial data

	Company	Extra Space Predecessor				
	Pro Forma As of March 31, 2004	Historical Consolidated Year Ended December 31,				
		2003	2002	2001	2000	1999
		(dollars in thousands, except per share data)				
Balance Sheet Data (as of end of period):						
Investments in real estate, net of accumulated depreciation and amortization	$ 679,274	$ 354,374	$ 306,415	$ 242,086	$ 133,299	$ 34,013
Total assets	704,418	383,751	332,290	270,265	153,341	52,153
Mortgages and other secured loans	423,308	273,808	231,025	178,552	118,515	19,257
Total liabilities	427,893	339,660	282,509	204,057	127,739	22,197
Minority interest	23,062	22,390	22,265	30,743	—	—
Stockholders'/members' equity	253,463	21,701	27,516	35,465	25,602	29,956
Total liabilities and stockholders'/members' equity	704,418	383,751	332,290	270,265	153,341	52,153
Cash Flow Data:						
Net cash flow provided by (used in):						
Operating activities		(9,307)	(70)	(4,964)	(6,794)	(30,282)
Investing activities		(57,757)	(65,666)	(8,884)	(98,387)	(847)
Financing activities		72,349	64,963	19,446	101,352	35,791
Other Data:(5)						
Funds from operations(6)		(11,793)	(5,596)	(6,915)	(8,963)	(4,544)
Total properties		94	88	63	57	27
Total net rentable square feet		6,008,781	5,555,191	3,757,178	3,475,282	1,622,144
Occupancy		76.9%	75.6%	79.9%	70.8%	70.2%

(1) General and administrative expenses of our predecessor have historically been paid to Extra Space Management, Inc. as management fees. Pro forma general and administrative expenses include estimated public company costs less capitalization of development costs associated with internal development projects.

(2) Includes real estate depreciation and amortization of $14,167, amortization of intangibles related to tenant relationships acquired of $6,171 and other non-real estate depreciation of $356.

(3) Pro forma basic earnings (loss) per share is computed assuming the offering was consummated as of the first day of the period presented and equals pro forma net income (loss) available to common stockholders divided by the pro forma number of shares of our common stock to be granted immediately prior to the offering, which amount excludes 650,000 shares of common stock reserved for issuance upon the exercise of options to be granted prior to or concurrently with the offering at an exercise price equal to the initial public offering price, 3,030,000 shares of common stock that may be issued by us upon exercise of the underwriters' over-allotment option, 650,000 shares of common shares available for future issuance under our non-employee director plan, 7,500,000 shares of common stock available for future issuance under our 2004 long-term stock incentive plan, 3,437,564 shares of common stock that may be issued upon conversion of 3,437,564 CCSs issued pursuant to the formation transactions and 2,788,227 shares of common stock that may be issued by us upon redemption of 2,788,227 OP units outstanding (including OP units issuable upon conversion of 213,230 CCUs).

(4) The pro forma weighted average shares and earnings per share does not include the potential affects of the CCSs and CCUs as such securities would not have participated in earnings on a pro forma basis for the year ended December 31, 2003 and the quarter ended March 31, 2004 had they been issued effective January 1, 2003. These securities will not participate in distributions until they are converted which cannot occur prior to March 31, 2006. We are currently evaluating the accounting impact of the conversion of CCSs and CCUs into shares of common stock and OP units.

(5) Other data includes properties that we consolidated or in which we held an equity interest.

(6) As defined by NAREIT, FFO represents net income (computed in accordance with GAAP), excluding gains (or losses) from sales of property, plus depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. We present FFO because we consider it an important supplemental measure of our operating performance and believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO when reporting their results. FFO is intended to exclude GAAP historical cost depreciation and amortization of real estate and related assets, which assumes that the value of real estate assets diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions. Because FFO excludes depreciation and amortization unique to real estate, gains and losses from property dispositions and extraordinary items, it provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, development activities and interest costs, providing perspective not immediately apparent from net income. We compute FFO in accordance with standards established by the Board of Governors of NAREIT in its March 1995 White Paper (as amended in November 1999 and April 2002), which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to such other REITs. Further, FFO does not represent amounts available for management's discretionary use because of needed capital replacement or expansion, debt service obligations, or other commitments and uncertainties. FFO should not be considered as an alternative to net income (loss) (computed in accordance with GAAP) as an indicator of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends or make distributions.

Table of Contents

Selected consolidated pro forma and historical financial data

The following table presents the reconciliation of FFO to our net income (loss) before allocation to minority interest, which we believe is the most directly comparable GAAP measure to FFO.

	Company		Extra Space Predecessor						
	(Pro Forma)		(Historical)						
			Three Months Ended March 31,		Year Ended December 31,				
Reconciliation of FFO:	Three Months Ended March 31, 2004	Year Ended December 31, 2003	2004	2003	2003	2002	2001	2000	1999
	(dollars in thousands)								
Net income (loss)	$ (1,162)	$ 1,786	$ (6,032)	$ (3,619)	$ (17,946)	$ (9,542)	$ (4,924)	$ (9,869)	$ (4,692)
Plus:									
Real estate depreciation and amortization	4,024	14,167	2,477	1,249	6,048	3,075	2,554	800	81
Real estate depreciation and amortization included in equity in earnings of unconsolidated joint ventures	82	358	107	112	447	211	132	106	67
Amortization of intangibles related to tenant relationships	1,306	6,171	121	165	330	660	—	—	—
Income (loss) allocated to minority interest in operating partnership	(106)	162	—	—	—	—	—	—	—
Plus (Less:)									
Loss (Gain) on sale of real estate assets	171	(672)	171	—	(672)	—	(4,677)	—	—
FFO(1)	$ 4,315	$ 21,972	$ (3,156)	$ (2,093)	$ (11,793)	$ (5,596)	$ (6,915)	$ (8,963)	$ (4,544)

(1) The FFO for the year ended December 31, 2003 of the company on a pro forma basis as compared to the historical amount, has increased due to the purchase of the joint venture interest in 13 properties, the minority interest in 31 consolidated properties and the acquisition of 49 properties from third parties. These acquisitions resulted in an increase in revenues of approximately $44.4 million, and an increase in net income of approximately $19.7 million.

Management's discussion and analysis of financial condition and results of operations

You should read the following discussion together with the "Selected consolidated pro forma and historical financial data" and the pro forma and historical consolidated financial statements, and related notes appearing elsewhere in this prospectus and the financial information set forth in the tables below. All amounts in the following discussion are in thousands except per share and storage unit data, or as indicated otherwise.

OVERVIEW

We are a fully integrated, self-administered and self-managed real estate investment trust formed to continue the business commenced in 1977 by our predecessor companies to own, operate, 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 100 self-storage properties. We continue to evaluate a range of new growth initiatives and opportunities for our company. To enable us to maximize revenue generating opportunities for our properties, we employ a state-of-the-art proprietary 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.

We derive substantially all of our revenues from rents received from tenants under existing leases on each of our self-storage properties. We experience minor seasonal fluctuations in occupancy levels, with occupancy levels generally higher in the summer months due to increased moving activity. Our operating results therefore depend materially on our ability to lease available self-storage space and on the ability of our tenants to make required rental payments. We believe we are able to respond quickly and effectively to changes in local, regional and national economic conditions by adjusting rental rates through use of STORE.

In the future, we intend to focus on increasing the operating performance of our existing portfolio, and will continue to seek to acquire privately-held self-storage properties and to pursue new development opportunities. We will attempt to mitigate the risks normally associated with early-stage development and lease-up by undertaking development activities in conjunction with our joint venture partners.

The indebtedness we expect to have outstanding upon completion of the offering will be comprised principally of mortgage indebtedness secured by our properties, including those acquired in the formation transactions. We expect this indebtedness to aggregate approximately $423.3 million in principal amount. We also received commitments from a group of banks, led by Wells Fargo Bank, N.A. for a $100.0 million line of credit, subject to the completion of definitive loan documentation and the completion of due diligence. We expect to have an aggregate of $26.2 million of indebtedness maturing at various times during 2004 and $27.5 million of indebtedness maturing at various times during 2005. We expect that each of these loans will be refinanced as they mature either through unsecured private or public debt offerings, additional debt financings secured by individual properties or groups of properties or by additional equity offerings.

Prior to the completion of the offering and the formation transactions, our business has been operated by our predecessor, Extra Space Storage LLC, and its affiliates. The consolidated financial statements of our predecessor for the three months ended March 31, 2004 and the year ended December 31, 2003 include the operating results of 22 properties held in joint ventures which our predecessor accounted for using

the equity method of accounting. Following completion of the offering and the formation transactions, we will consolidate the results of operations of the 22 properties previously held in our non-consolidated joint ventures and will purchase the equity interests held by third parties in all but three of our consolidated joint ventures.

As a result of the above changes and other structural changes that will occur as part of the formation transactions, our intention to qualify as a REIT for U.S. federal income tax purposes beginning with the taxable year ending December 31, 2004 and the improving climate for the self-storage industry as described below, we do not believe that the results of operations discussion of the Extra Space Predecessor set forth below is necessarily indicative of our future operating results.

RESTATEMENT OF PREDECESSOR FINANCIAL STATEMENTS AND INTERNAL CONTROL REMEDIATION

In connection with our preparation for the offering, we engaged in a process that involved the intensive review of the various joint venture arrangements that Extra Space Storage LLC had historically employed to finance part of its development and acquisition activities. As a result of this process, we reissued the historical financial statements of Extra Space Storage LLC for the years ended December 31, 2002 and 2001 to reflect a restatement of those financial statements to (1) consolidate some of our joint venture arrangements (relating to a total of 20 of our properties in 2002 and a total of 12 of our properties in 2001), (2) reverse certain gains relating to transactions that we had accounted for as property sales, (3) add additional footnote disclosures to the notes to such financial statements to disclose the existence of debt and preferred return guarantees that Extra Space Storage LLC and one member of our management team had provided in connection with such joint ventures and (4) adjust certain other items. For the years ended December 31, 2002 and 2001, these changes did not affect the cash available for distribution to the members of Extra Space Storage LLC but resulted in an increase in the net loss of Extra Space Storage LLC for the year ended December 31, 2002 from $1,334 to $9,542, an increase in revenues (including equity in earnings and gain on sale of real estate assets) from $28,562 to $33,357, an increase in expenses from $29,013 to $39,040 and an increase in income allocated to minority interest from $883 to $3,859. For the year ended December 31, 2001, the changes resulted in a decrease in net income of Extra Space Storage LLC from $522 to a net loss of $4,924, an increase in revenues (including equity in earnings and gain on sale of real estate assets) from $23,210 to $27,781, an increase in expenses from $22,688 to $31,711 and an increase in income allocated to minority interest from $0 to $994. The restatement also resulted in an increase as of December 31, 2002 in total assets of $52,187, total liabilities of $68,324 and a decrease in other minority interests of $15,170 and a decrease in accumulated deficit of $14,255. The restatement also resulted in an increase as of December 31, 2001 in total assets of $33,569, total liabilities of $27,916 and other minority interests of $3,994 and a decrease in accumulated deficit of $7,309.

In connection with this process, our independent auditors have informed us that for the years ended December 31, 2002 and 2001, they determined that there was a material weakness in internal control over the manner in which our predecessor accounted for and reported on the terms of transactions involving certain of our joint venture arrangements and company and related party guarantees. We took steps to improve our predecessor's internal controls in this area and we believe that we have remedied this weakness. As a result of these efforts, our independent auditors have not advised us of any material weakness in our predecessor's internal controls for the year ended December 31, 2003. Our board of directors and management team are committed to evaluating and continuing to improve our procedures relating to internal controls over our financial reporting as we complete our transition from a private to a publicly-traded company.

INDUSTRY TRENDS AND OUTLOOK

From the beginning of 2001 through the end of 2003, regional and national economic conditions, industry dynamics and competitive pressures have prevented many self-storage operators from increasing rental rates at their properties and have led others to offer rental discounts to tenants in order to improve occupancy rates. As a result, it has been difficult for us as well as many operators in many regions to improve the operating performance of their properties. We believe that, although the industry continues to face challenges, recent improvements in economic conditions and changes in industry dynamics have enhanced the prospects for operators to grow revenues by increasing rents from existing tenants and by adding new tenants to properties at rising price levels. As a result, we anticipate an improving climate for the self-storage industry, particularly for well-located, convenient, and highly-visible self-storage properties.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have prepared the consolidated financial statements of the Extra Space Predecessor and will prepare the consolidated financial statements for our company in accordance with GAAP which require us to make certain estimates and assumptions that affect the recorded amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results may differ from these estimates. We have provided a summary of our significant accounting policies in Note 1 to the Notes to our consolidated financial statements as of and for the year ended December 31, 2003. We have summarized below those accounting policies that require our most difficult, subjective or complex judgments and that have the most significant impact on our financial condition and results of operations. Our management evaluates these estimates on an ongoing basis. These estimates are based on information currently available to management and on various other assumptions management believes are reasonable as of the date of this prospectus.

- **Acquisitions of real estate and intangible assets.** When we acquire real estate properties, we allocate the components of the acquisition price using relative fair values determined based on certain estimates and assumptions. These estimates and assumptions impact the allocation of costs between land and different categories of land improvements as well as the amount of costs assigned to individual properties in multiple property acquisitions. These allocations impact the amount of depreciation expense and gains and losses recorded on future sales of self-storage properties, and therefore the net income or loss we report.

  We determine the fair value of the real estate we acquire, including land, land improvements and buildings, by valuing the real estate at the purchase price less any intangible assets. We then allocate this fair value to land, land improvements and buildings based on our determination of the relative fair values of these assets.

  We determine the fair value of the intangible assets we acquire in accordance with purchase accounting for acquisitions by considering the value of in-place leases and the value of tenant relationships. We do not place a value on the in-place leases due to the month-to-month terms of the leases. We value tenant relationships as two months' projected rent (end of month rent roll), based on the stable nature of rentals and vacates in our self-storage properties and the minimal amount of time and effort required to replace an existing tenant.

- **Useful lives of assets and amortization methods.** We determine the useful lives of our real estate assets (generally 39 years) based on historical and industry experience with the lives of those particular assets and experience with the timing of significant repairs and replacement of those assets.

We have estimated the useful life of tenant relationships to be approximately 18 months based on our experience with the period of time a tenant stays in our facility.

- **Impairment of real estate.** We recognize an impairment loss on a real estate asset to be held and used in our operations if the asset's undiscounted expected future cash flows are less than its depreciated cost whenever events and circumstances indicate that the carrying value of the real estate asset may not be recoverable. We compute a real estate asset's undiscounted expected future cash flow using certain estimates and assumptions. We calculate the impairment loss as the difference between the asset's fair market value and its carrying value.

- **Impairment of intangible assets.** We combine our intangible assets, which consist primarily of lease and customer intangibles with a definite life, with the related tangible assets (primarily consisting of real estate assets) at the lowest level for which cash flows are readily identifiable.

  Whenever events or circumstances indicate that the carrying amount of the asset group is not recoverable, the asset group is tested for recoverability. If the asset group is not recoverable from the undiscounted cash flows attributable to that asset group, an impairment loss is recognized as the difference between the carrying value of the asset group and the estimated fair value of the asset group.

- **Investments in unconsolidated real estate ventures.** We evaluate each of our real estate ventures to determine whether it is a variable interest entity under the provisions of FASB Interpretation No. 46R, "Consolidation of Variable Interest Entities, an interpretation of ARB No. 51 (revised December 2003)" which we refer to as FIN 46R. We will consolidate the variable interest entity for which we are deemed to be the primary beneficiary under FIN 46R. We account for our investments in unconsolidated real estate ventures under the equity method of accounting, as we exercise significant influence over, but do not control, these entities under the provisions of the entities' governing agreements. These investments are recorded initially at cost, as investments in real estate ventures, and subsequently adjusted for equity in earnings and cash contributions and distributions.

- **Derivatives.** We manage our exposure to interest rate risk through the use of cash flow hedges and recognize in earnings the ineffective portion of gains or losses associated with cash flow hedges immediately. We obtain values for the interest rate caps from financial institutions that market these instruments.

- **Allowance for doubtful accounts.** We have not recorded an allowance for doubtful accounts. Substantially all of our receivables are comprised of rent due from our tenants. Historically, we have not experienced significant losses on our tenant's receivables. However, collection of future receivables cannot be assured.

REIT QUALIFICATION TESTS

We will be subject to a number of operational and organizational requirements to maintain our qualification as a REIT. If we are subject to audit and if the Internal Revenue Service determined that we failed one or more of these tests, we could lose our REIT qualification. If we did not qualify as a REIT, our income would become subject to federal, state and local income taxes, which would be substantial, and the resulting adverse effects on our results of operations, liquidity and amounts distributable to our stockholders would be material.

RESULTS OF OPERATIONS FOR THE EXTRA SPACE PREDECESSOR

Comparison of the Three Months Ended March 31, 2004 to the Three Months Ended March 31, 2003

Overview

Results for the three months ended March 31, 2004 included the operations of 108 properties (70 of which were consolidated and 38 of which were in joint ventures historically accounted for using the equity method) compared to the results for the three months ended March 31, 2003, which included the operations of 87 properties (51 of which were consolidated and 36 of which were in joint ventures historically accounted for using the equity method). Results for both periods also included equity in earnings of real estate ventures, third-party management fees, acquisition fees and development fees.

Total Revenue

Revenue for the three months ended March 31, 2004 was $10,926 compared to $8,330 for the three months ended March 31, 2003, an increase of $2,596, or 31.2%. This increase was primarily due to an increase of $2,515 in property rental revenues.

Property rental revenues (including merchandise sales, insurance administrative fees and late fees) increased by $2,515, or 33.6%. This increase consisted of approximately a $1,680 increase from 12 stabilized properties that were acquired, a $300 increase from 10 additional lease-up properties that opened after March 31, 2003, a $660 increase from existing lease-up properties, a $150 decrease from two properties that were previously consolidated, a $200 decrease from the sale of two properties, and a $225 increase from stabilized properties. The increase relating to lease-up properties primarily resulted from occupancy increases, while the increase in stabilized property revenues consists primarily of increased rental rates. Two properties were no longer consolidated in 2004 following the satisfaction and expiration of certain performance guarantees.

Management fees represent 6.0% of cash collected from the management of properties owned by third parties and unconsolidated joint ventures.

Acquisition fees and development fees increased by $13. The increase in acquisition and development was primarily due to a decrease in development activity.

Other income represents interest income and income from truck rentals.

Total Operating Expenses

Total operating expenses for the three months ended March 31, 2004 were $10,555 compared to $7,335 for the three months ended March 31, 2003, an increase of $3,220, or 43.9%. This increase was primarily due to an increase of $772 in property operating expenses, an increase of $980 in general and administrative expenses, and an increase of $1,245 in depreciation and amortization.

Property Operating Expenses

For the three months ended March 31, 2004, property operating expenses were $4,410 compared to $3,638 for the three months ended March 31, 2003, an increase of $772, or 21.2%, consisting of approximately a $600 increase from the acquisition of 12 stabilized properties, a $425 increase from 10 additional lease-up properties that opened after March 31, 2003, a $155 increase from existing lease-up properties, a $140 decrease from two properties that were previously consolidated, a $175 decrease from the sale of two properties and approximately a $93 decrease in expenses from stabilized properties. The increase in expenses on lease-up properties relates primarily to increased operating costs such as payroll,

utilities, office expenses and repairs and maintenance. In addition, these lease-up properties have experienced reassessments resulting in increased property taxes. The decrease in stabilized property expenses consists primarily of snow removal and property tax expenses.

General and Other Administrative Expenses

General and administrative expenses for the three months ended March 31, 2004 were $2,970 compared to $1,990 for the three months ended March 31, 2003, an increase of $980, or 49.2%. This increase is primarily due to an increase in payroll related expenses of approximately $300 resulting from increased wages and personnel and a decrease of approximately $400 in development expenses capitalized in 2004 compared to 2003 and $100 in additional professional fees.

Unrecovered Development/Acquisition Costs and Support Payments

Unrecovered development costs were $498 for the three months ended March 31, 2004 compared to $275 for the three months ended March 31, 2003, an increase of $223, or 81.1%. The increase in unrecovered development costs was due to the write-off of approximately $300 in costs relating to a development project in Inglewood, California during the three months ended March 31, 2004.

Depreciation and Amortization

Depreciation and amortization for the three months ended March 31, 2004, was $2,677 compared to $1,432 for the three months ended March 31, 2003, an increase of $1,245, or 86.9%. The difference primarily relates to the 12 stabilized properties that were acquired, and the 10 new lease-up properties.

Interest Expense

Interest expense for the three months ended March 31, 2004 was $6,367 compared to $4,430 for the three months ended March 31, 2003, an increase of $1,937, or 43.7%. The increase was due primarily to an increase of approximately $785 relating to additional indebtedness used to purchase the 12 stabilized properties, approximately $275 relating to additional indebtedness on new and existing lease-up properties, the write-off of $400 on deferred financing costs on loans that were repaid and approximately $260 decrease in capitalized interest in 2004 compared to 2003. The remaining increase is due to additional interest associated with the putable preferred interests in consolidated joint ventures.

Minority Interest-Fidelity Preferred Return

Minority interest-Fidelity preferred return for the three months ended March 31, 2004 was $1,096 compared to $999 for the three months ended March 31, 2003, an increase of $97, or 9.7%. The increase was primarily due to additional interest being accrued on the initial investment and unpaid preference amounts.

Minority Interest

Loss allocated to minority interest in Operating Partnership and other for the three months ended March 31, 2004 was $970 compared to $414 for the three months ended March 31, 2003, an increase of $556, or 134.3%. This increase was due primarily to additional losses allocated to the minority interests of the Equibase Mini Warehouse joint ventures in 2004.

Loss on the Sale of Real Estate Assets

Loss on the sale of real estate assets for the three months ended March 31, 2004 was $171 compared to $0 for the three months ended March 31, 2003. The increase was due to the sale of a property in Walnut, California to Extra Space West, LLC, a joint venture partner, for $6,406. This loss was a result of construction costs overruns.

Comparison of the Year Ended December 31, 2003 to the Year Ended December 31, 2002

Overview

Results for the year ended December 31, 2003 included the operations of 94 properties (57 of which were consolidated and 37 of which were in joint ventures historically accounted for using the equity method) compared to the results for the year ended December 31, 2002, which included the operations of 88 properties (54 of which were consolidated and 34 of which were joint ventures historically accounted for using the equity method). Results for both periods also included equity and earnings of real estate ventures, third-party management fees, acquisition fees and development fees.

Total Revenue

Revenue for the year ended December 31, 2003 was $36,261 compared to $32,386 for the year ended December 31, 2002, an increase of $3,875, or 11.9%. This increase was primarily due to an increase of $4,243 in property rental revenues.

Property rental revenues (including merchandise sales, insurance administrative fees and late fees) increased by $4,243, or 14.7%, consisting of approximately $3,840 from the lease-up properties and $403 from stabilized properties. During the year ended December 31, 2003, the Extra Space Predecessor opened six new properties, and continued to increase the occupancy at its other lease-up properties. The increase in stabilized property revenues consists primarily of increased rental rates.

Management fees represent 6.0% of cash collected from the management of properties owned by third-parties and unconsolidated joint ventures.

Acquisition fees and development fees decreased by $268. The decrease in acquisition fees and development fees was primarily due to the decreased volume of acquisitions in 2003. This decrease in the number of properties acquired was the result of increased competition for these properties and overall higher prices for the properties for sale.

Other income represents interest income and income from truck rentals.

Total Operating Expenses

Total operating expenses for the year ended December 31, 2003 were $34,897 compared to $25,146 for the year ended December 31, 2002, an increase of $9,751, or 38.8%. This increase was primarily due to an increase of $3,218 in property operating expenses, an increase of $2,381 in general and administrative expenses, and an increase of $2,999 in unrecovered development/acquisition costs.

Property Operating Expenses

For the year ended December 31, 2003, property operating expenses were $14,858 compared to $11,640 for the year ended December 31, 2002, an increase of $3,218, or 27.6%. The increase was due primarily to increases in expenses of approximately $2,810 resulting from lease-up properties and approximately $408 in expenses from stabilized properties.

During the year ended December 31, 2003, the Extra Space Predecessor opened six new properties, and continued to increase the occupancy at its other lease-up properties. Existing lease-up property expenses increased due to increases in utilities, office expenses, repairs and maintenance and property taxes due to reassessment. The increase in stabilized property expenses consists primarily of payroll and repairs and maintenance.

General and Other Administrative Expenses

General and administrative expenses for the year ended December 31, 2003, were $8,297 compared to $5,916 for the year ended December 31, 2002, an increase of $2,381, or 40.2%. This increase is primarily due to fewer development expenses capitalized in 2003—$1,797—than were capitalized in 2002—$3,788.

Unrecovered Development/Acquisition Costs and Support Payments

Unrecovered development costs were $4,937 for the year ended December 31, 2003 compared to $1,938 for the year ended December 31, 2002, an increase of $2,999, or 154.7%. Unrecovered development costs for 2003 and 2002 included $1,520 and $314, respectively, relating to the final performance guarantee payments to Extra Space West One, LLC and Extra Space East One, LLC, joint venture partners. In addition, the increase was due to approximately $2,500 in costs relating to a potential acquisition written off during the year ended December 31, 2003.

Depreciation and Amortization

Depreciation and amortization for the year ended December 31, 2003, was $6,805 compared to $5,652 for the year ended December 31, 2002, an increase of $1,153, or 20.4%. The difference relates to more properties being open for the entire year ended December 31, 2003, than were open during the year ended December 31, 2002.

Interest Expense

Interest expense for the year ended December 31, 2003 was $18,746 compared to $13,894 for the year ended December 31, 2002, an increase of $4,852, or 34.9%. The increase was due primarily to indebtedness relating to new properties entering the lease-up stage being expensed rather than capitalized (interest was capitalized during the development phase). Capitalized interest during the years ended December 31, 2003 and 2002 was $2,593 and $2,071, respectively. During the year ended December 31, 2003, our predecessor opened six new properties, which increased our predecessor's average outstanding debt and, as a consequence, increased interest costs. This increase in interest expense was partially offset by lower interest rates on variable rate debt. The remainder of the increase was due to the increase in the payable to Equibase Mini Warehouse.

Minority Interest-Fidelity Preferred Return

Minority interest-Fidelity preferred return for the year ended December 31, 2003 was $4,132 compared to $3,759 for the year ended December 31, 2002, an increase of $373, or 9.9%. The increase was primarily due to an increased investment by Fidelity that was outstanding for the entire year of 2003 compared to three months of 2002.

Minority Interest

Minority interest for the year ended December 31, 2003 was ($1,431) compared to $100 for the year ended December 31, 2002, an increase of $1,531, or 1,531%. The increase was primarily due to additional income allocated to minority investors in 2003 than in 2002 on lease-up properties held by Equibase Mini Warehouse joint ventures, and to the deconsolidation of two properties due to the release of guarantees.

Gain on the Sale of Real Estate Assets

Gain on the sale of real estate assets for the year ended December 31, 2003 was $672 compared to $0 for the year ended December 31, 2002. The increase was due to the sale of a facility in Kings Park, New York for $6,241 to Extra Space East One, LLC, a joint venture partner.

Comparison of the Year Ended December 31, 2002 to the Year Ended December 31, 2001

Overview

Results for the year ended December 31, 2002 include the operations of the 88 properties (54 of which were consolidated and 34 of which were in joint ventures historically accounted for using the equity method) as compared to the year ended December 31, 2001 which included 63 properties (35 of which were consolidated and 28 of which were in joint ventures historically accounted for using the equity method). Results for both periods also included equity in earnings of real estate ventures, third-party management fees, acquisition fees and development fees.

Total Revenue

Revenue for the year ended December 31, 2002 was $32,386 compared to $22,999 for the year ended December 31, 2001, an increase of $9,387, or 40.8%. This increase was primarily due to an increase of $9,437 in property rental revenues.

Property rental revenues (including merchandise sales, insurance administrative fees and late fees) increased by $9,437, consisting of $6,665 from seven properties that were acquired at the end of 2001, approximately $2,469 from the lease-up properties and approximately $301 from stabilized properties. During the year ended December 31, 2001, our predecessor opened 11 new development properties. The increase in lease-up property revenues consists primarily of occupancy increases. The increase in stabilized property revenues consists primarily of increased rental rates.

Management fees represent 6.0% of cash collected from the management of properties owned by third parties and unconsolidated joint ventures.

Acquisition fees and development fees increased by $88. The increase in acquisition fees and development fees was primarily due to the size of the acquisitions in 2002 by affiliates of our predecessor. In particular, our predecessor received an acquisition fee in connection with the acquisition by Extra Space Northern Properties Six, LLC, a joint venture partner, of six properties.

Other income represents interest income and income from truck rentals.

Total Operating Expenses

Total operating expenses for the year ended December 31, 2002 were $25,146 compared to $20,234 for the year ended December 31, 2001, an increase of $4,912, or 24.3%. This increase was primarily due to an increase of $3,488 in property operating expenses.

Property Operating Expenses

For the year ended December 31, 2002, property operating expenses were $11,640 compared to $8,152 for the year ended December 31, 2001, an increase of $3,488, or 42.8%. The increase was due primarily to increases in expenses of $2,308 from seven properties that were acquired at the end of 2001, approximately $1,097 from the lease-up properties and approximately $82 from stabilized properties. Lease-up property expenses increased due to increases in utilities, office expenses, repairs and maintenance, and property taxes due to reassessment.

General and Other Administrative Expenses

Other administrative expense for the year ended December 31, 2002, was $5,916 compared to $6,750 for the year ended December 31, 2001, a decrease of $834, or 12.4%. This decrease was primarily due to more development expenses capitalized in 2002, $3,788, than were capitalized in 2001, $2,695.

Unrecovered Development/Acquisition Costs and Support Payments

Unrecovered development costs were $1,938 for the year ended December 31, 2002 compared to $2,227 for the year ended December 31, 2001, a decrease of $289, or 12.9%. Excluding performance guarantee payments to Extra Space West One, LLC, a joint venture partner of $314 in 2002 and $1,577 in 2001, unrecovered development costs were $1,624 and $650, respectively. This increase was due to the write-off of $1.1 million in additional development costs in 2002 relating to two development projects on which all development activities had been suspended.

Interest Expense

Interest expense for the year ended December 31, 2002 was $13,894 compared to $11,477 for the year ended December 31, 2001, an increase of $2,417, or 21.1%. The increase is due to interest expense of $2,403 from seven properties that were acquired at the end of 2001. The remaining increase was due primarily to the increase in the payable to Equibase Mini Warehouse. The increased interest expense was offset by lower interest rates on variable rate debt in 2002.

Depreciation and Amortization Expense

Depreciation and amortization expense for the year ended December 31, 2002, was $5,652 compared to $3,105 for the year ended December 31, 2001, an increase of $2,547, or 82.0%. The increase was due primarily to increases in expenses of $1,272 from seven properties that were acquired on December 31, 2001, and additional expense relating to 11 new properties, which were completed in 2002.

Minority Interest-Fidelity Preferred Return

Minority interest-Fidelity preferred return for the year ended December 31, 2002 was $3,759 compared to $322 for the year ended December 31, 2002, an increase of $3,437, or 1067.4%. The increase was due to the Fidelity investment being outstanding for the entire year of 2002 and approximately one month of 2001.

Minority Interest

Minority interest for the year ended December 31, 2002 was $100 compared to $672 for the year ended December 31, 2001, an increase $572, or 85.1%. The increase was primarily due to additional income allocated to minority investors in 2002 than in 2001 on lease-up properties held in Equibase Mini Warehouse joint ventures.

Gain on the Sale of Real Estate Assets

Gain on the sale of real estate assets for the year ended December 31, 2002 was $0 as compared to $4,677 for the year ended December 31, 2001. The gain on sale of real estate recognized in 2001 related to two separate sales with proceeds totaling $37,205.

SAME-STORE STABILIZED PROPERTY RESULTS

We consider our same-store stabilized portfolio to consist of only those properties owned by the Extra Space Predecessor at the beginning and at the end of the applicable periods presented and that had achieved stabilization as of the first day of such period. The following table sets forth operating data for our same-store portfolio for the periods presented. We consider the following same-store presentation to be meaningful for investors because it provides information relating to property-level operating changes without the effects of acquisitions or completed developments. Although the number of same-store stabilized properties reflects information for only a portion of our total portfolio following completion of the offering and the formation transactions, we believe this presentation provides a meaningful period-over-period comparison because it includes all stabilized properties that were consolidated for all periods presented.

Extra Space Predecessor Same-Store Stabilized Property Results

	Three Months Ended March 31,			Year Ended December 31,			Year Ended December 31,		
	2004	2003	Percent Change	2003	2002	Percent Change	2002	2001	Percent Change
						(dollars in thousands)			
Same-store rental revenues	$ 5,448	$ 5,292	3.0%	$ 21,862	$ 21,459	1.9%	$ 12,197	$ 11,896	2.5%
Same-store operating expenses	2,122	2,176	(2.5%)	8,604	8,196	5.0%	4,917	4,834	1.7%
Non same-store rental revenues	4,548	2,189	107.8%	11,192	7,352	52.2%	16,614	7,479	122.1%
Non same-store operating expenses	2,288	1,462	56.5%	6,254	3,444	81.6%	6,723	3,317	102.7%
Total rental revenues	9,996	7,481	33.6%	33,054	28,811	14.7%	28,811	19,375	48.7%
Total operating expenses	4,410	3,638	21.2%	14,858	11,640	27.7%	11,640	8,151	42.8%
Number of properties included in same-store	31	31		31	31		20	20	

Comparison of the Three Months Ended March 31, 2004 to the Three Months Ended March 31, 2003

Same-Store Rental Revenues. Total revenue for our predecessor's same-store stabilized property portfolio for the three months ended March 31, 2004 was $5,448 compared to $5,292 for the three months ended March 31, 2003, an increase of $156, or 3.0%. This increase was primarily due to increased rental rates.

Same-Store Operating Expenses. Total operating expenses for our predecessor's same-store stabilized property portfolio for the three months ended March 31, 2004 was $2,122 compared to $2,176 for the three months ended March 31, 2003, a decrease of $54, or 2.5%. This decrease was primarily due to additional property taxes being expensed in the three months ended March 31, 2003.

Comparison of the Year Ended December 31, 2003 to the Year Ended December 31, 2002

Same-Store Rental Revenues. Total revenue for our predecessor's same-store stabilized property portfolio for the year ended December 31, 2003 was $21,862 compared to $21,459 for the year ended December 31, 2002, an increase of $403, or 1.9%. This increase was primarily due to increased rental rates.

Same-Store Operating Expenses. Total operating expenses for our predecessor's same-store stabilized property portfolio for the year ended December 31, 2003 was $8,604 compared to $8,196 for the year ended December 31, 2002, an increase of $408, or 5.0%. This increase was primarily due to increased payroll, advertising, snow removal (due to heavy snow falls experienced in New England) and property taxes.

Comparison of the Year Ended December 31, 2002 to the Year Ended December 31, 2001

Same-Store Rental Revenues. Total revenue for our predecessor's same-store stabilized property portfolio for the year ended December 31, 2002 was $12,197 compared to $11,896 for the year ended December 31, 2001, an increase of $301, or 2.5%. This increase was primarily due to increased rental rates.

Same-Store Operating Expenses. Total operating expenses for our predecessor’s same-store property portfolio for the year ended December 31, 2002 was $4,917 compared to $4,834 for the year ended December 31, 2001, an increase of $83, or 1.7%. This increase was primarily due to increased payroll costs and increased property taxes.

CASH FLOWS

Comparison of the Three Months Ended March 31, 2004 to the Three Months Ended March 31, 2003

Cash used in operations was ($2,971) and ($1,105) for the three months ended March 31, 2004 and 2003, respectively. The increase in 2004 was primarily due to additional lease-up properties being added to the portfolio, and the need to fund the operations of these properties.

Cash used in investing activities was ($84,865) and ($16,375) for the three months ended March 31, 2004 and 2003, respectively. The increase in 2004 was primarily due to the acquisition of nine stabilized properties for $79,250 offset by $6,406 of proceeds from the sale of one property.

Cash provided by financing activities was $79,672 and $11,790 for the three months ended March 31, 2004 and 2003, respectively. The increase in 2004 was due primarily to member contributions of $19,480, additional borrowings of $188,512 including borrowings to fund the purchase of nine stabilized properties, the development of existing projects, and the repayment of $123,143 of borrowings.

Comparison of the Year Ended December 31, 2003 to the Year Ended December 31, 2002

Cash used in operations was ($9,307) and ($70) for the years ended December 31, 2003 and 2002, respectively. The increase in 2003 was primarily due to a decrease in the acquisition of properties and sale of a property in 2003. There were no property sales in 2002. These properties continue to increase in occupancy, but it has still been necessary to fund the cash shortfalls relating to these properties.

Cash used in investing activities was ($57,757) and ($65,666) for the years ended December 31, 2003 and 2002, respectively. The increase in 2003 was due to the sale of a property in Kings Park, New York for $6,241 to Extra Space East One, LLC, a joint venture partner. Development activity in 2003 was similar to 2002.

Cash provided by financing activities was $72,349 and $64,963 for the years ended December 31, 2003 and 2002, respectively. The increase in 2003 was due primarily to additional borrowings and additional equity contributions by members of the company. These borrowings have been primarily in the form of construction loans on development properties and mortgage loans on operating properties.

Comparison of the Year Ended December 31, 2002 to the Year Ended December 31, 2001

Cash used in operations was ($70) and ($4,964) for the years ended December 31, 2002 and 2001, respectively. The improvement in 2002 was primarily due to changes in operating assets and liabilities including increases in other assets and the add back of the minority interest relating to the Fidelity preferred return and depreciation.

Cash used in investing activities was ($65,666) and ($8,884) for the years ended December 31, 2002 and 2001, respectively. The increase in 2002 was due primarily to a higher level of development and acquisition of self-storage properties and fewer sales of assets.

Cash provided by financing activities was $64,963 and $19,446 for the years ended December 31, 2002 and 2001, respectively. The increase in 2002 was due primarily to additional borrowings to fund the increased level of development and acquisition of self-storage properties. Related party borrowings and additional funds provided by joint venture partners to fund the development and operations of lease-up properties increased in 2002.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2004, we had approximately $3,582 available in cash and cash equivalents. As a REIT, we will be required to distribute at least 90% of our net taxable income, excluding net capital gains, to our stockholders on an annual basis. Therefore, as a general matter, 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.

We believe that the offering and the formation transactions will improve our capital structure by increasing our equity capitalization and reducing our overall leverage. Upon completion of the offering and the financing transactions, we expect to have approximately $423.3 million of outstanding indebtedness and our debt to total market capitalization ratio, defined as total outstanding indebtedness divided by the sum of the market value of our outstanding common stock (which may decrease, thereby increasing our debt to total capitalization ratio), including options that we will grant to certain of our officers plus the aggregate value of OP units not owned by us, plus the book value of our total consolidated indebtedness, will be approximately 49.4%. Approximately $299.5 million, or 70.8%, of our pro forma total indebtedness will be fixed rate and approximately $123.8 million, or 29.2%, will be variable rate. With respect to $61.8 million of our fixed rate indebtedness, prior to completion of the offering and the formation transactions we expect to swap this indebtedness with a proposed $61.8 million variable rate mortgage due 2009 which we expect to bear interest at a variable rate equal to LIBOR plus 32 basis points. We have only one interest rate hedge instrument in place in an amount of $3.1 million and currently do not intend to enter into any further interest rate hedge agreements.

Short-Term Liquidity Requirements

Our short-term liquidity needs are primarily to fund operating expenses, recurring capital expenditures, interest on our credit facilities and distributions to our common stockholders and holders of OP units. Holders of CCSs or CCUs will not, however, be entitled to receive dividends or distributions from the company or the operating partnership unless such CCSs or CCUs are converted to shares of common stock or OP units, which cannot occur until after the quarter ended March 31, 2006. Our properties require recurring investment of funds for property related capital expenditures and general capital improvements, which we estimate will amount to approximately $1.0 million for 2004. In addition, we expect to have non-recurring capital expenditures of up to $500,000 during the 12 to 18 months following completion of the offering to optimize our long-term results from the formation transactions.

We have received a commitment from a group of banks, led by Wells Fargo Bank, N.A. and including Bank of America, N.A., La Salle Bank National Association and Wachovia Bank, N.A. for a $100.0 million line of credit. Subject to the completion of definitive loan documentation and the completion of due diligence by the lenders, we expect to close this line of credit immediately following the completion of the offering. The line of credit provides for availability of up to 70.0% of the appraised value of the

17 properties securing the line of credit. The line is also limited by debt service coverage tests on each property, calculated based on its prior two quarters of operating income. Based on these covenants, we expect to have approximately $56.0 million of availability under the line of credit upon completion of the offering. To increase availability under this line of credit, we would need to increase the operating income at the properties securing the line of credit or add additional properties as security. We are currently in discussions with the lenders under this line of credit to add an additional two to three properties to the pool of assets securing this line of credit, which we believe will increase the borrowing capacity under this line of credit by approximately $18.0 million. There can be no assurances that the lenders will agree to increase their commitments under this line of credit. We expect to use this line of credit to fund the equity portion of acquisitions and our portion of joint venture development projects.

If we are unable to increase the availability under this line of credit, we may be unable to fund our acquisition plans, and our ability to maintain or improve our occupancy and our results of operations may be adversely affected. We expect that we will be able to meet our short-term liquidity needs generally through net cash provided by operations, working capital generated from the offering and the formation transactions, existing cash and funding under our proposed line of credit. In order to meet our short-term liquidity needs, if we are unable to enter into this line of credit, we will pursue other credit options using the same properties that we are proposing to use as collateral for the line of credit in connection with obtaining alternative financing.

Long-Term Liquidity Needs

Our long-term liquidity needs consist primarily of new facility development, property acquisitions, principal payments under our secured credit facilities and non-recurring capital expenditures. We do not expect the net cash provided by operations will be sufficient to meet all of these long-term liquidity needs.

We expect to finance new property developments through modest equity capital contributed by our company in conjunction with construction loans. Upon issuance of a certificate of occupancy covering a new development project, we will have the right, under our new strategic joint venture with an affiliate of Prudential Financial, Inc. to contribute such development projects, subject to any construction financing, to this joint venture. Upon contribution, we expect that Prudential will contribute 95% or more of the capital to the joint venture in order to enable the joint venture to repay any such construction financing and to fund the property's capital obligations during the lease-up stage. We will have a small capital interest in the contributed property (generally 5% or less). Any operating losses during the lease-up stage will be borne by the joint venture and will be allocated to the joint venture partners in proportion to their invested capital. In this joint venture, we will have the right to receive 40% of the available cash flow from operations once our joint venture partner has received a predetermined return on its investment, and 40% of the available cash flow from capital transactions once our joint venture partner has received a return of its capital plus such predetermined return. The joint venture agreement will include certain buy-sell rights, including a right of first refusal in favor of us to purchase the property from the joint venture following stabilization. We also expect to enter into new joint venture arrangements with other of our existing joint venture partners.

We expect to fund our property acquisitions through a combination of borrowings under our proposed line of credit and traditional secured mortgage financing. In addition, we expect to use our OP units as currency to acquire self-storage facilities from existing owners seeking a tax deferred transaction.

We expect to meet our other long-term liquidity requirements through net cash provided by operations and through additional equity and debt financings, including loans from banks, institutional investors or other lenders, bridge loans, letters of credit, and other arrangements, most of which in the short-term following completion of the offering will be secured by mortgages on our properties. Additionally, we

may also issue unsecured debt in the future. We also may issue publicly or privately placed debt securities. We do not currently have in place commitments for any such financings and our ability to meet our long-term liquidity needs over time will depend upon prevailing market conditions.

Except as disclosed in the notes to the financial statements of the Extra Space Predecessor, we do not currently have and have never had 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, we have not guaranteed any obligations of unconsolidated entities nor do we have any commitment 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.

Expenditures for maintenance and repairs are charged to operations as incurred. Major replacements and betterments that improve or extend the life of the property are capitalized and depreciated over their estimated useful lives. We expect our 2004 capital expenditures to be approximately $1.4 million for ongoing maintenance and repairs.

INDEBTEDNESS OUTSTANDING AFTER THE OFFERING

In addition to our proposed line of credit, our indebtedness outstanding upon completion of the offering and the formation transactions will be comprised principally of mortgage indebtedness secured by our properties, including those acquired in the formation transactions. On a pro forma basis, our indebtedness will be approximately $423.3 million in principal amount. The following table sets forth certain information with respect to such indebtedness:

	Amount of Debt	Weighted Average Interest Rate	Maturity Date	Annual Debt Service	Balance at Maturity(1)
			(dollars in thousands)		
Fixed Rate Debt:					
New senior fixed rate mortgage due 2009	$ 83,102	4.70%	2009	$ 5,657	$ 73,253
New senior fixed rate mortgage due 2011	68,400	4.79	2011	3,276	63,890
Proposed senior fixed rate mortgage due 2010	111,000	5.14	2010	5,705	111,000
Eight existing individual fixed rate mortgages(2)	37,020	5.42	Various	2,885	Various
Variable Rate Debt:					
Eleven existing individual variable rate mortgages	43,016	4.42(3)	Various	1,902(3)	Various
Proposed variable rate mortgage due 2007	19,000	3.00(3)	2007	1,110(3)	19,000
Proposed senior variable rate mortgage due 2009	61,770	1.57(3)	2009	772(3)	61,770
Total Debt	$ 423,308				

(1) Assumes no early repayment of principal.
(2) Includes three loans that will be assumed by our company in connection with the formation transactions.
(3) Assumes a LIBOR rate of 1.25%.

The following table sets forth the repayment schedule with respect to the indebtedness we expect to have outstanding upon completion of the offering and the formation transactions:

	Amounts (dollars in thousands)
Through December 31, 2004	$ 26,154
2005	27,492
2006	6,332
2007	19,000
2008	3,500
Thereafter	340,830
Total Commitments	$ 423,308

Material Provisions of Consolidated Indebtedness to be Outstanding Upon Completion of the Offering

The following is a summary of our material indebtedness expected to be outstanding after the offering and the formation transactions:

New Senior Fixed Rate Mortgage Due 2009. On March 16, 2004, we entered into a new $83.1 million senior fixed rate mortgage due 2009 with GE Capital Corporation which is secured by 20 self-storage properties. This debt bears interest at a fixed rate of 4.70% per annum and requires principal repayments based on a 25-year amortization schedule. The terms of this debt require us to establish reserves relating to the mortgaged properties for real estate taxes, insurance and capital spending.

New Senior Fixed Rate Mortgage Due 2011. On May 4, 2004, we entered into a new $68.4 million senior fixed rate mortgage due 2011 with Bank of America, N.A., which is secured by 20 self-storage properties. This debt bears interest at a fixed rate of approximately 4.79% per annum and will require principal repayments based on a 30-year amortization schedule following the first three years of payments of interest only. The terms of this debt require us to establish reserves relating to the mortgaged properties for real estate taxes, insurance and capital spending.

Proposed Senior Fixed Rate Mortgage Due 2010. We have received an executed commitment letter from Wachovia Bank, N.A. making available to us a $111.0 million senior fixed rate mortgage due 2010, which will be secured by 26 self-storage properties. We intend to execute this commitment letter upon completion of the offering. Wachovia currently has a mortgage loan outstanding covering the same 26 properties that will secure the Wachovia loan. If we enter into this mortgage, it will bear interest at a fixed rate of 1.50% over the five-year Treasury rate. This mortgage will require no principal payments during the term of the loan. The terms of this loan will require us to establish reserves relating to the mortgaged properties for real estate taxes, insurance and capital spending. There can be no assurance that we will be able to close the Wachovia loan. If the Wachovia loan does not close, we will seek alternative mortgage financing which we believe, based on the number of lenders that have provided loan proposals to us relating to this financing, will be available on acceptable terms. If such alternative financing is not available, we may not be able to complete the Storage Spot acquisition as outlined in this prospectus.

Eight Existing Individual Fixed Rate Mortgages. Eight existing individual fixed rate mortgage loans, including three that we will assume upon completion of the offering and the formation

transactions, are outstanding with various lenders which aggregate $37.0 million in principal amount. The weighted average interest rate of these mortgages is 5.42% and their maturity dates range from September 2005 to October 2013. These mortgages require the borrower to establish reserves relating to the mortgaged properties for real estate taxes, insurance and capital spending.

Proposed Senior Variable Rate Mortgage Due 2009. Prior to completion of the offering, we expect to swap our existing $61.8 million senior fixed rate mortgage due 2009 with Wachovia Bank, N.A., which is secured by 11 properties and bears interest at a rate of 4.30% per annum, with a new $61.8 million variable rate mortgage due 2009 which will bear interest at a variable rate equal to LIBOR plus 32 basis points.

Eleven Existing Individual Variable Rate Mortgages. Eleven existing individual variable rate mortgage loans are outstanding with various lenders which aggregate $43.0 million in principal amount. These mortgages bear interest at variable rates tied to Prime Rate plus 100 or LIBOR plus a spread ranging from 250 to 300 basis points, with a portion carrying an interest floor of 4.25% or 4.75%. Their maturity dates range from June 2004 to May 2006. These mortgages require us to establish reserves relating to the mortgaged properties for real estate taxes, insurance and capital spending.

Proposed Variable Rate Mortgage Due 2007. We have received an executed commitment letter from U.S. Bank making available to us a $37.0 million variable rate mortgage loan. We currently intend to execute this commitment letter to borrow only $19.0 million of the $37.0 million available to us upon completion of the offering. We anticipate this mortgage to be secured by five properties and to bear interest at a variable rate equal to LIBOR plus 175 basis points and to mature three years after inception with a two year extension available at our option. We expect this mortgage will require us to establish reserves relating to the mortgaged properties for real estate taxes, insurance and capital spending.

FINANCING STRATEGY

We expect to employ leverage in our capital structure in amounts determined 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, it 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 and variable rate, and in making financial decisions, including, among others, the following:

- the interest rate of the proposed financing;
- the extent to which the financing impacts our flexibility in managing our properties;
- prepayment penalties and restrictions on refinancing;
- the purchase price of properties we acquire with debt financing;
- our long-term objectives with respect to the financing;
- our 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 market 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 secured 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.

OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2003, our predecessor had, and upon completion of the offering and the formation transactions, we expect to have one off-balance sheet arrangement, a guarantee of a loan made to Extra Space Northern Properties Six, LLC, one of our joint ventures, in connection with two lease-up properties owned by this joint venture located in Concord and San Ramon, California, for $7.8 million that was entered into November 2002 and is due on May 20, 2005. We believe the fair value of this guarantee will be negligible. At this time, we do not anticipate a substantial risk of incurring a loss with respect to the above arrangement.

RELATED PARTY TRANSACTIONS

Extra Space Development LLC

Effective January 1, 2004, our predecessor distributed to certain holders of its Class A membership interests, 100% of the membership interests in Extra Space Development LLC, which was previously a wholly owned subsidiary of our predecessor. Extra Space Development LLC owns, and upon completion of the offering and the formation transactions will continue to own, interests in 13 early-stage development properties and two parcels of undeveloped land, which are currently subject to significant construction-related indebtedness and have been incurring substantial development-related expenditures. In connection with this distribution, Extra Space Development LLC has granted us a right of first refusal with respect to its interests in 13 early-stage development properties. Extra Space Development LLC will continue to hold its interests in these 13 properties. Extra Space Development LLC intends to enter into agreements with third parties to receive management and development services. Extra Space Development LLC is owned by third-party individuals, as well as by executive officers and directors in the following approximate percentages: Kenneth M. Woolley (33%), Spencer F. Kirk (33%), Richard S. Tanner (7%), Kent Christensen (3%), Charles L. Allen (2%), David L. Rasmussen (0.5%) and Timothy Arthurs (0.5%).

For financial reporting purposes, our predecessor continues to consolidate these properties pursuant to certain financial guarantees. These properties will be de-consolidated upon the elimination of the guarantees prior to completion of the offering.

Centershift, Inc.

As part of the formation transactions, we have secured for our company through a license agreement with Centershift a perpetual right to continue to enjoy the benefits of STORE in all aspects of our property acquisition, development, redevelopment and operational activities, while the cost of maintaining the infrastructure required to support this product remain the responsibility of Centershift. This license agreement provides for an annual license fee payable by us which we estimate for the year ending December 31, 2004 will aggregate approximately $130,000, in exchange for which we will receive all product upgrades and enhancements and customary customer support services from Centershift. Centershift is required to secure our consent before entering into a license covering STORE with other publicly-traded self-storage companies.

Properties Subject to Transfer Restrictions

Two of the properties acquired as part of the formation transactions located in Venice, California and Sherman Oaks, California are subject to transfer restrictions. Our operating partnership cannot sell these properties for up to 12 years following the closing dates of the acquisitions if such sale would cause certain contributors to recognize a taxable gain for federal income tax purposes. However, if the operating partnership makes an indemnity payment to the contributors, the properties could be sold.

Aircraft Dry Lease

An affiliate of Spencer F. Kirk, one of our directors, has provided us with the benefit of an Aircraft Dry Lease which provides that we have the right to use a 2002 Falcon 50EX aircraft owned by SpenAero, L.L.C. at a rate of $1,740 for each hour of use by us of the aircraft and the payment of all taxes by us associated with our use of the aircraft.

SEASONALITY

Our business is subject to seasonal fluctuations. A greater portion of our revenues and profits are realized from May through September. Our results for any quarter may not be indicative of the results that may be achieved for the full fiscal year.

INFLATION

Inflation in the United States has been relatively low in recent years and did not have a material impact on the results of operations for the Extra Space Predecessor for the three months ended March 31, 2004 and the years ended December 31, 2003 and December 31, 2002. Although the impact of inflation has been relatively insignificant in recent years, it remains a factor in the United States economy and may increase the cost of acquiring or replacing property, plant and equipment and the costs of labor and utilities. Because our leases are month-to-month, we are able to rapidly adjust our rental rates to minimize the adverse impact of any inflation. This reduces our exposure to increases in costs and expenses resulting from inflation.

OTHER

We currently offer a tenant insurance program. Under this program, policies are issued and administered by a third party for a fee. The storage properties also receive an administrative fee for handling certain administrative duties on the policy. Losses in excess of premiums collected are covered by reinsurance carried by a third party. During the three months ended March 31, 2004 and the years ended December 31, 2003 and 2002, we recognized $132,000 (of which $93,000 is consolidated and $39,000 is in joint

ventures historically accounted for using the equity method), $451,000 (of which $288,000 is consolidated and $163,000 is in joint ventures historically accounted for using the equity method) and $198,000 (of which $102,000 is consolidated and $97,000 is in joint ventures historically accounted for using the equity method) in revenue, respectively, which is our administrative fee for administrative duties relating to this insurance program.

We currently sell boxes, packing supplies, locks and other storage and moving supplies. Revenue and expense relating to these activities are collected and paid by our storage facilities. During the three months ended March 31, 2004 and the years ended December 31, 2003 and 2002, we recognized revenue of $266,000 (of which $187,000 is consolidated and $79,000 is in joint ventures historically accounted for using the equity method), $1.1 million (of which $689,000 is consolidated and $367,000 is in joint ventures historically accounted for using the equity methods) and $708,000 (of which $368,000 is consolidated and $340,000 is in joint ventures historically accounted for using the equity methods), respectively.

Other than our third-party development and management business discussed above and the other miscellaneous operations discussed in the previous two paragraphs, we do not currently conduct any other material operations that will be subject to corporate level tax through our taxable REIT subsidiary. These activities will be conducted upon completion of the offering and the formation transactions through our taxable REIT subsidiary.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2003, the FASB issued FASB Interpretation No. 46R (FIN 46R), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51 (revised December 2003)." FIN 46R addresses consolidation by business enterprises of variable interest entities ("VIEs"), as defined. For entities created after December 31, 2003, we will be required to apply FIN 46R immediately. FIN 46R is effective for the company for entities created before December 31, 2003, effective for three months ended March 31, 2004. As of March 31, 2004, we have evaluated its investments in joint ventures and economic interests in Extra Space Development LLC with regards to FIN 46R, and has determined the joint ventures and Extra Space Development LLC are VIEs. We are not consolidating Extra Space Development LLC and the ventures as we are not the primary beneficiary. With respect to Extra Space Development LLC's investees, we have determined that certain of these entities are VIEs and we are the primary beneficiary and therefore have consolidated these entities in our consolidated financial statements.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." This statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. Under SFAS No. 150, an issuer is required to classify financial instruments issued in the form of shares that are mandatorily redeemable, financial instruments that, at inception, embody an obligation to repurchase the issuer's equity shares and financial instruments that embody an unconditional obligation, as liabilities. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and was effective for us for the year ended December 31, 2003. The adoption of SFAS No. 150 had no impact on our financial position, results of operations and cash flows.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our future income, cash flows and fair values relevant to financial instruments are dependent upon prevalent market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. We use some derivative financial instruments to manage, or hedge, interest rate risks related to our borrowings. We do not use derivatives for trading or speculative purposes and only enter into contracts with major financial institutions based on their credit rating and other factors.

Upon completion of the offering and the formation transactions, we expect to have outstanding approximately $423.3 million of consolidated debt. We expect approximately $123.8 million, or 29.2%, of our total consolidated debt, to be variable rate debt. We expect that approximately $299.5 million, or 70.8%, of our total indebtedness upon completion of the offering and the formation transactions will be subject to fixed interest rates for a minimum of four years. With respect to $61.8 million of our fixed rate indebtedness, we expect to swap this indebtedness with a proposed $61.8 variable rate mortgage due 2009 which we expect to bear interest at a variable rate equal to LIBOR plus 32 basis points. We have only one interest rate hedge instrument in place in an amount of $3.1 million.

If, after consideration of the interest rate cap agreement described above, LIBOR were to increase by 100 basis points, the increase in interest expense on the variable rate debt would decrease future earnings and cash flows by approximately $1.2 million annually as a result of the interest rate floor in place.

Interest 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 in that environment. 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.

The fair value of our debt outstanding as of March 31, 2004 was approximately $345.5 million.

CONTRACTUAL OBLIGATIONS

The following table summarizes our known contractual obligations as of December 31, 2003 (dollars in thousands):

	Payments Due by Period at December 31, 2003				
	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Operating leases	$ 16,371	$ 372	$ 756	$ 783	$ 14,460
Mortgage debt	273,808	160,141	88,451	13,946	11,270
Total contractual obligations	$ 290,179	$ 160,513	$ 89,207	$ 14,729	$ 25,730

The following table summarizes our contractual obligations as of March 31, 2004 on a pro forma basis to reflect the obligations we expect to have following completion of the offering and the formation transactions (dollars in thousands):

	Payments Due by Period at March 31, 2004				
	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Operating leases	$ 28,762	$ 1,077	$ 3,247	$ 2,181	$ 22,257
Mortgage debt	423,308	26,154	52,824	152,372	195,958
Total contractual obligations	$ 452,070	$ 27,231	$ 56,071	$ 154,553	$ 218,215

Formation transactions

OVERVIEW

We currently conduct our business relating to the ownership, operation, acquisition, development and redevelopment of self-storage properties through our predecessor, Extra Space Storage LLC, which is organized as a Delaware limited liability company, and certain affiliated companies. The ownership interests in Extra Space Storage LLC consist of Class A (voting and non-voting), Class B, Class C and Class E membership interests, which are held by Kenneth M. Woolley, our Chairman and Chief Executive Officer, and his affiliates, other members of our senior management team and their affiliates, certain of our employees, and other third-party investors. We refer to the Class A, Class B, Class C and Class E membership interests collectively as the "membership interests." Our existing portfolio of properties is held directly by Extra Space Storage LLC, by its wholly owned subsidiaries or in joint ventures with third-party investors. A transfer of assets to the company will be accounted for at the predecessor's historical cost as a transfer of assets between companies under common control.

Prior to or concurrently with the closing of the offering, we will engage in a series of transactions, which we refer to in this prospectus as the formation transactions, that are intended to reorganize our company, facilitate the offering, refinance our existing indebtedness and allow the owners of our predecessor and certain affiliated companies to exchange their existing membership interests for 8,095,003 shares of common stock, 1,573,557 OP units, 3,437,564 CCSs, 213,230 CCUs, which we refer to collectively in this section as "equity securities" and $26.8 million in cash. We will issue the CCSs and CCUs in exchange for the contribution by the owners of our predecessor in respect of their indirect interests in the 14 early-stage lease-up properties.

We discuss below the following significant elements of our formation transactions undertaken in connection with this offering:

- formation of our company and our operating partnership;
- acquisition of our predecessor through contribution and exchange by members of Extra Space Storage LLC;
- two properties subject to transfer restrictions;
- joint venture restructuring;
- management company restructuring;
- distribution of early-stage development properties for which we retained a right of first refusal;
- other properties subject to first refusal rights;
- Centershift;
- acquisition of 29 additional properties;
- new property management arrangements; and
- debt refinancing.

Formation of Our Company and Our Operating Partnership

We were organized on April 30, 2004 as a corporation under the laws of the State of Maryland. We intend to elect to qualify as a REIT for U.S. federal income tax purposes beginning with our initial

taxable year ending December 31, 2004. Kenneth M. Woolley, our Chairman and Chief Executive Officer, Spencer F. Kirk, one of our directors, and members of our senior management team may be considered promoters of the offering. See “Management—Directors and Executive Officers.”

Extra Space Storage LP, our operating partnership, was organized as a limited partnership under the laws of the State of Delaware on May 5, 2004. Upon completion of the offering and the formation transactions, we will, through our qualified REIT subsidiaries, act as the operating partnership’s sole general partner and will hold units of the operating partnership’s limited partner interest.

Contribution and Exchange by Members of Extra Space Storage LLC

Prior to or concurrently with the closing of the offering, holders of membership interests in our predecessor, Extra Space Storage LLC, will contribute and exchange their membership interests as follows:

- The existing holders of Class A, Class B, Class C and Class E membership interests in Extra Space Storage LLC will, pursuant to contribution and related agreements, contribute these membership interests to our company and/or our operating partnership in exchange for an aggregate of 8,095,003 shares of common stock, 1,573,557 OP units, 3,437,564 CCSs issued by us and/or 213,230 CCUs issued by our operating partnership, which we refer to collectively as “equity securities.” In addition, certain holders of Class A, Class B and Class C membership interests (none of whom are directors or executive officers of our company or their affiliates), pursuant to elections made by them, will redeem a portion or all of their interests from our predecessor for an aggregate of $26.8 million in cash to be funded out of the net proceeds of the offering. All existing holders of membership interests will receive either equities securities or cash for their interests.
- In determining the number of equity securities that will be issued in exchange for the membership interests, the management of our predecessor valued the membership interests in our predecessor by taking into account the value of the properties in the aggregate that will be owned by our predecessor and the amount of the related debt and other liabilities of our predecessor that will be outstanding immediately prior to the closing of the offering. The factors considered by our predecessor’s management in valuing our predecessor’s portfolio of properties included an analysis of market sales comparables, market capitalization rates for other self-storage properties and general market conditions for self-storage properties. Our predecessor’s management, however, did not receive any independent appraisals of our predecessor’s properties in determining their value.
- CCSs and CCUs will generally not carry any voting rights or entitle their holders to receive distributions. Upon the achievement of certain performance thresholds relating to the 14 early-stage lease-up properties described above, all or a portion of the CCSs and the CCUs will be automatically converted into shares of our common stock or OP units, as described elsewhere in this prospectus. Initially, each CCS and CCU will be convertible on a one-for-one basis into shares of common stock or OP units, subject to customary anti-dilution adjustments. These performance thresholds have been structured to result in the conversion of CCSs into shares of common stock and CCUs into OP units on a proportionate basis as the net operating income produced by the 14 early-stage lease-up properties grows from $5.1 million to $9.7 million over any of the 12-month measurement periods commencing with the 12 months ending March 31, 2006 and ending with the 12 months ending December 31, 2008. For the 12-month period ended March 31, 2004, the net operating income produced by these lease-up properties (which were 37.5% occupied on a weighted average basis as of the end of this period) totaled $142,484. This means that none of the CCS or CCUs will convert into shares of common stock or OP units until the net operating income produced by these lease up properties is in excess of $5.1 million over any of the 12-month measurement periods. No CCSs or

Formation transactions

CCUs will be convertible prior to March 31, 2006 nor for any measurement period after December 31, 2008. See "Description of Stock—Contingent Conversion Shares" and "Extra Space Storage LP Partnership Agreement—Contingent Conversion Units."

- The number of CCSs and CCUs to be issued in the formation transactions was determined based on negotiations between the company and the underwriters. The factors considered by the company and the underwriters in determining the number of CCSs and CCUs to be issued included the historical lease-up performance of properties similar to the properties to which the CCSs and CCUs relate, market capitalization rates for self-storage facilities and general market conditions in the self-storage industry. CCS and CCUs were allocated among the holders of membership interests in our predecessor on a pro rata basis based on the number of shares of common stock and OP units that each such holder will receive in the formation transactions.
- Each class of membership interest in Extra Space Storage LLC is divided into individual units. As of March 31, 2004, 76,892,885 Class A units, 50,082,096 Class B units, 29,622,196 Class C units and 14,900,000 Class E units were outstanding. The aggregate number of equity securities to be issued in the formation transactions based on the valuation of our predecessor discussed above was allocated among the classes of membership interests based on their relative values within our predecessor. First, the classes with liquidation preferences (Class B, C and E) were valued based on their liquidation preferences and then the remaining value was ascribed to the Class A membership interests. Based on this approach in the formation transactions, for members not receiving cash, each Class A unit is exchangeable for 0.12 shares of common stock (or OP units) and 0.12 CCSs (or CCUs), each Class B unit is exchangeable for 0.07 shares of common stock and 0.07 CCSs, each Class C unit is exchangeable for 0.07 shares of common stock and 0.07 CCSs and each Class E unit is exchangeable for 0.07 OP units.
- Based upon the initial public offering price of our common stock, the aggregate value of the shares of common stock and OP units to be issued in the formation transactions is approximately $282.8 million. Further, assuming that each CCS and CCU converted, based upon the initial public offering price, the aggregate value of the CCSs and CCUs issued in the formation transactions would be approximately $51.1 million. The aggregate historical combined net tangible book value of the membership interests to be contributed to us was approximately $4.3 million as of March 31, 2004. The existing holders of membership interests in Extra Space Storage LLC who will receive equity securities include members of our board of directors and members of our senior management team. The aggregate number of equity securities to be received by each such person and his or her affiliates and the net tangible book value attributable to the membership interests as of March 31, 2004, are set forth below under the heading "Benefits to related parties."
- The value of the equity securities that we will give in exchange for contributed membership interests will increase or decrease if our common stock is priced above or below the mid-point of the range of prices shown on the front cover of this prospectus. If the initial public offering price of our common stock is outside of the range set forth on the cover page of this prospectus, we may increase or decrease the number of shares of common stock in the offering or increase or decrease the number of OP units to be issued by our operating partnership in connection with the formation transactions. The initial public offering price of our common stock will be determined by negotiations between us and the underwriters. Among the factors to be considered in determining the initial public offering price are our record of operations, our management, our estimated net income, our estimated funds from operations, our estimated cash available for distribution, our anticipated dividend yield, our growth prospects, the current market valuations, financial performance and dividend yields of publicly-traded companies considered by us and the underwriters to be comparable to us and the current state of the self-storage industry and the economy as a whole. The initial public offering price does not necessarily

bear any relationship to our book value, assets, financial condition or any other established criteria of value and may not be indicative of the market price for our common stock after the offering. In addition, we have not and will not conduct an asset-by-asset valuation of our company based on historical cost or current market valuation. We also have not always obtained appraisals of the properties in connection with the offering. As a result, the consideration given by us in exchange for the properties in our portfolio may exceed the value of these properties that may be reflected in appraisals or may be obtained in sales of these properties to third parties.

- We will contribute, through our qualified REIT subsidiary, the membership interests we receive from the contributors to our operating partnership in exchange for 1,573,557 OP units and 213,230 CCUs.
- Extra Space Management, Inc. a Utah corporation and an indirect wholly owned subsidiary of our operating partnership, will, together with our company, make an election to be treated as our taxable REIT subsidiary. Extra Space Management, Inc. will be responsible for all property management operations that we perform for properties owned by third parties. We expect that this taxable REIT subsidiary will earn income and engage in activities that might otherwise jeopardize our status as a REIT or that would cause us to be subject to a 100% tax on prohibited transactions. A taxable REIT subsidiary is taxed as a corporation and its income will therefore be subject to U.S. federal, state and local corporate level tax.

Properties Subject to Transfer Restrictions

Two of the properties acquired as part of the formation transactions, one located in Venice, California and the other in Sherman Oaks, California, are subject to transfer restrictions. Our operating partnership cannot sell these properties for up to 12 years following the closing date of the acquisitions if such sale would cause certain contributors to recognize a gain. However, if the operating partnership makes an indemnity payment to the contributors, the properties could be sold.

Joint Venture Restructuring

In May 20, 2004, we acquired the equity interest held by Strategic Performance Fund-II, Inc., an affiliate of Prudential Financial, Inc., in our joint venture called Extra Space East One, LLC, which currently owns nine properties, for approximately $18.3 million of which $8.4 million was paid in the form of a note that we intend to repay out of the net proceeds of the offering. The note matures on the earlier of six months from its date of issuance and the closing of the offering and is personally guaranteed by Kenneth M. Woolley.

On June 1, 2004, we acquired nine of the 16 properties held in a joint venture arrangement called Extra Space West One, LLC with the Prudential Insurance Company of America for $52.4 million, of which approximately $10.0 million was paid in the form of a note that we intend to repay out of the net proceeds of the offering. The note will mature on the earlier of six months from its date of issuance and the closing of the offering and is personally guaranteed by Kenneth M. Woolley. We and Prudential have retained our respective ownership interests in the joint venture which will continue to own the remaining seven properties.

Immediately after the offering, our operating partnership will acquire all of the outstanding third-party interests in the following joint ventures in which Extra Space Storage LLC or its subsidiaries are currently joint venture partners and will fund the cash portion of these acquisitions out of the net proceeds of the offering:

- Our operating partnership will use approximately $22.4 million in cash to acquire the preferred equity interest held by FREAM No. 39 LLC and the Fidelity Pension Fund Real Estate Investment LLC,

affiliates of the Fidelity Management Trust Company, in our joint venture called Extra Space Properties Four LLC, which currently owns 19 properties.

- Our operating partnership will acquire the joint venture interests held by Equibase Mini Warehouse and its affiliates in seven joint ventures, which currently own an aggregate of 30 properties, for an aggregate of approximately $35.8 million in cash and OP units having an aggregate value (based on the initial public offering price) of approximately $1.4 million.
- Our operating partnership will acquire the joint venture interests held by affiliates of the Moss Group in two joint ventures, which currently own an aggregate of two properties, for an aggregate of approximately $800,000 in cash and OP units having an aggregate value based on the initial public offering price of approximately $12.5 million.
- Our operating partnership will acquire the joint venture interests held by certain third parties, including Kenneth M. Woolley, our Chairman and Chief Executive Officer, Spencer F. Kirk, one of our directors, and certain members of our senior management team, in three additional joint ventures, which currently own three properties for an aggregate of approximately $2.1 million in cash.

Management Company Restructuring

In connection with the formation transactions, our predecessor acquired Extra Space Management, Inc. from Kenneth M. Woolley, our Chairman and Chief Executive Officer, Richard S. Tanner, one of our senior vice presidents, and Spencer F. Kirk, one of our directors, for approximately $184,000, which, following the completion of the offering and the formation transactions, will be our taxable REIT subsidiary and will be responsible for all property management operations that we perform for properties owned by third parties.

Extra Space Development LLC

Effective January 1, 2004, our predecessor distributed to certain holders of its Class A membership interests, 100% of the membership interests in Extra Space Development LLC, which was previously a wholly owned subsidiary of our predecessor. Extra Space Development LLC owns, and upon completion of the offering and the formation transactions will continue to own, interests in 13 early-stage development properties and two parcels of undeveloped land, which are currently subject to significant construction-related indebtedness and have been incurring substantial development-related expenditures. Extra Space Development LLC has granted us a right of first refusal with respect to its interests in the 13 properties described above. Extra Space Development LLC will continue to hold its interests in the 13 properties described above. Extra Space Development LLC is owned by third-party individuals, as well as by executive officers and directors in the following approximate percentages: Kenneth M. Woolley (33%), Spencer F. Kirk (33%), Richard S. Tanner (7%), Kent Christensen (3%), Charles L. Allen (2%), David L. Rasmussen (0.5%) and Timothy Arthurs (0.5%).

Other Rights of First Refusal

In connection with the formation transactions, Extra Space of Palmdale LLC and Extra Space of Pico Rivera Two LLC, each of which is a California limited liability company, have granted us a right of first refusal with respect to a subsequent sale of these properties. These two properties are owned by third-party individuals, as well as by executive officers and directors. Extra Space of Palmdale LLC is owned by executive officers and directors in the following approximately percentages: Kenneth M. Woolley (39.0%), Spencer F. Kirk (17.9%), Richard S. Tanner (8.6%), Kent Christensen (8.6%) and Charles L. Allen (8.6%).

Formation transactions

Extra Space of Pico Rivera Two LLC is owned by executive officers and directors in the following approximate percentages: Kenneth M. Woolley (38.2%), Spencer F. Kirk (17.4%), Richard S. Tanner (7.0%), Kent Christensen (8.3%), Charles L. Allen (9.7%), David Rasmussen (8.3%) and Timothy Arthurs (1.4%).

Centershift, Inc.

Effective January 1, 2004, we entered into a license agreement with Centershift which secures for our company a perpetual right to continue to enjoy the benefits of STORE in all aspects of our property acquisition, development, redevelopment and operational activities, while the cost of maintaining the infrastructure required to support this product remains the responsibility of Centershift. This license agreement provides for an annual license fee payable by us which we estimate for the year ending December 31, 2004 will aggregate approximately $130,000, in exchange for which we will receive all product upgrades and enhancements and customary customer support services from Centershift. Centershift is required to secure our consent before entering into a license covering STORE with other publicly-traded self-storage companies. Centershift is owned by third-party individuals, as well as by executive officers and directors in the following approximate percentages: Kenneth M. Woolley (28%), Spencer F. Kirk (29%), Richard S. Tanner (7%), Kent Christensen (3%), Charles L. Allen (2%), David L. Rasmussen (0.4%) and Timothy Arthurs (0.4%).

Acquisition of Storage Spot Properties

Effective May 28, 2004, Extra Space Storage LLC entered into a purchase and sale agreement with Storage Spot Properties No. 1, L.P. and Storage Spot Properties No. 4, L.P. for the acquisition of 26 self-storage properties for which the purchase price under this agreement is $147.0 million. For the year ended December 31, 2003, the net revenues less bad debt expenses for these properties totaled $16.0 million. None of the sellers are currently our affiliates. Hugh W. Horne is president of Storage World Properties GP No. 1, LLC and Storage World Properties GP No. 4, LLC, the general partners of the selling parties under the agreement. In connection with this transaction, we agreed to name Mr. Horne as a director of our company effective upon the closing of this offering. Additionally, if at any time prior to February 15, 2006, Hugh W. Horne is not serving as one of our directors, Storage Spot shall have the right to have one representative present at all meetings of our board of directors and all of our board committees during such time. The purchase and sale agreement contains customary representations, warranties and covenants and is subject to customary closing conditions (such as those relating to the accuracy of representations and warranties and the performance of covenants contained in the purchase and sale agreement) as well as the completion of the offering. Our predecessor has deposited $3.0 million in escrow under the purchase and sale agreement. Storage Spot may be entitled to receive up to an additional $5.0 million cash consideration depending upon the performance of the 26 properties for the 12 months ending December 31, 2005. Under this earn-out provision, we have agreed to pay in February 2006, $8.45 for each dollar that the net revenues from these properties for calendar year 2005 exceeds $17.9 million, up to a maximum of $5.0 million. The entire $5.0 million is also payable upon the occurrence of certain other conditions, including any change of control of the purchaser or a third-party sale of any of the 26 properties prior to December 31, 2005. Our predecessor’s obligation to pay any additional funds will be guaranteed by our operating partnership. Subject to customary closing conditions, including the completion of due diligence, we expect this transaction to close concurrently with the completion of the offering and to be funded with the net proceeds of the offering. See “Use of Proceeds.”

Other Acquisitions

Concurrently with the completion of the offering, we will acquire three self-storage properties, two in Arizona and California from Red Hat Enterprises and one in New York from Storage Deluxe, both of which are unaffiliated third parties, for cash in the amount of approximately $21.0 million.

Property Management

Upon completion of the offering and the formation transactions, through our subsidiary, Extra Space Management, Inc., we will provide management services to nine self-storage properties, which are owned by unrelated third parties. The amount of management fees we received for the year ended December 31, 2003 relating to these nine third party management contracts, was approximately $365,000 and for the three months ended March 31, 2004 it was approximately $120,000. In addition, we recorded approximately $1,570,000 of management fees for joint ventures for total management fees of $1,935,000 for the year ended December 31, 2003 and approximately $430,000 of management fees for joint ventures for total management fees of $550,000 for the three months ended March 31, 2004. We may consider managing additional properties owned by related and unrelated third parties in the future for strategic reasons including to diversify our revenue base or as a means of analyzing potential acquisitions.

Debt Refinancing

Upon completion of the offering and the formation transactions, we expect to enter into a variable rate mortgage loan in the aggregate principal amount of $37.0 million of which we currently expect to borrow $19.0 million. This mortgage, which will be secured by five properties, will bear interest at a variable rate equal to LIBOR plus 175 basis points and will mature three years after inception. This mortgage will require us to establish reserves relating to the mortgaged properties for real estate taxes, insurance and capital spending. In addition, we have recently refinanced other indebtedness which we expect will be outstanding upon completion of the offering. See “Management’s discussion and analysis of financial condition and results of operations—Indebtedness Outstanding After the Offering.” The formation transactions also include a series of debt refinancings which are described in this prospectus.

Business and properties

All statistical data contained in this prospectus is the most recently available data from the sources cited. Where no source is cited, statistical data has been derived from internal data prepared by our management.

OVERVIEW

We are a fully integrated, self-administered and self-managed real estate investment trust formed to continue the business commenced in 1977 by our predecessor companies to own, operate, 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 100 self-storage properties and continue to evaluate a range of new growth initiatives and opportunities for our company. To enable us to maximize revenue generating opportunities for our properties, we employ a state-of-the-art proprietary 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.

Upon completion of the offering and the formation transactions, we will own and operate 136 self-storage properties located in 20 states, 118 of which are wholly owned and 18 of which are held in joint ventures with third parties, and we also manage for unaffiliated third parties an additional nine properties. Our properties are generally situated in convenient, highly-visible locations regionally clustered around high-density, high-income population centers, such as Boston, Chicago, Los Angeles, Miami, New York/Northern New Jersey and San Francisco. Our properties contain an aggregate of approximately 8.9 million net rentable square feet of space configured in approximately 84,800 separate storage units. As of May 31, 2004, our stabilized portfolio (which consists of 108 properties) was on average 87.4% occupied, while our lease-up portfolio (which consists of 28 properties) was on average 62.4% occupied. 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 either has achieved an 85% occupancy rate, or has been open for four years. Over the next 24 months, we expect our lease-up properties to achieve 85% occupancy, which we believe is in line with lease-up periods typical in the self-storage industry.

As of May 31, 2004, we had more than 70,000 tenants leasing storage units at our 136 properties, primarily on a month-to-month basis, providing us with flexibility to increase rental rates over time as market conditions permit. Although our leases are short-term in duration, our typical tenant tends to remain at our properties for an extended period of time. For properties that were stabilized as of May 31, 2004, the average length of stay for our tenants was approximately 16 months.

Members of our senior management team have significant experience in all aspects of the self-storage industry, with an average of more than nine years of industry experience. Our senior management team has collectively acquired and/or developed more than 176 properties during the past 25 years for our predecessor and other entities. Kenneth M. Woolley, our Chairman and Chief Executive Officer, and Richard S. Tanner, our Senior Vice President, East Coast Development, have worked in the self-storage industry since 1977 and led two of the earlier self-storage facility development projects in the United States. In addition, eight members of our management team have worked together for our predecessors for more than five years. Members of this management team have guided our predecessor through substantial growth, developing and acquiring $699.0 million in assets since 1996. Our senior management team funded this growth with internal funds and more than $245.0 million raised in private

equity capital since 1998, largely from sophisticated, high net-worth individuals and institutional investors such as affiliates of Prudential Financial, Inc. and Fidelity Investments.

We intend to qualify as a REIT for federal income tax purposes beginning with our initial taxable year ending December 31, 2004. We intend to make regular quarterly distributions to our stockholders, beginning with a distribution for the period commencing on the completion of the offering and ending on September 30, 2004.

Upon completion of the offering and the formation transactions, substantially all of our business will be conducted through Extra Space Storage LP, our operating partnership, and our primary asset will be our interest in Extra Space Storage LLC.

THE SELF-STORAGE INDUSTRY

Self-storage refers to properties that offer do-it-yourself, 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.

Self-storage provides a convenient way for individuals and businesses to store their possessions, whether due to a life-change, or simply because of a need for extra 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 in large homes. The range of items 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 or extra inventory or storage for seasonal goods. Self-storage properties provide an accessible storage alternative at a relatively low cost. Tenants typically rent an enclosed space to which they have unlimited, exclusive access. Properties generally have on-site managers who supervise and run the day-to-day operations, providing tenants with assistance as needed.

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 locating a self-storage property. 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. However, 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.

As population densities increase in the United States, there has been an increase in self-storage awareness and development. Although the industry originated in the southwestern United States, this increase in awareness of the self-storage option has contributed to the industry’s recent growth throughout the country. The relatively recent increase in development of self-storage properties on the east coast of the United States is indicative of the growing nature of the industry. According to the 2004 Self-Storage Almanac, in 1992 there were approximately 19,500 self-storage properties in the United States, with an average occupancy rate of 84.8% of net rentable square feet compared to approximately 37,000 properties in 2003 with an average occupancy rate of 84.6% of net rentable square feet. The growth in

the industry has created more competition in various geographic regions, and therefore has led to an increased emphasis on site location, property design, innovation and functionality, especially for new sites slated for high-density population centers to accommodate the requirements and tastes of local planning and zoning boards, and to distinguish a facility from other offerings in the market.

The self-storage industry is also characterized by fragmented ownership. As illustrated by the following chart, according to the 2004 Self-Storage Almanac, as of December 31, 2003, the top five self-storage companies in the United States owned only approximately 10.2% of total U.S. self-storage properties, and the top 50 self-storage companies owned only approximately 15.7% of the total U.S. properties. The 2004 Self-Storage Almanac also states that approximately 84.3% of all self-storage properties in the United States were owned by small operators. We believe this fragmentation will contribute to continued consolidation in the industry in the future.

Source: 2004 Self-Storage Almanac

We believe that, unlike other REIT sectors, the self-storage industry brings with it attractive characteristics, including:

- Self-storage properties are not reliant on a “single large tenant” whose vacating can have devastating impact on rental revenue.
- Brand names can be developed at local, regional and even national levels. Marketing and development of a brand identity, therefore, take on a critical role in the success of a self-storage operator.
- Self-storage companies have an opportunity for a great deal of geographic diversification, which could enhance the stability and predictability of cash flows.
- A property’s location, convenience and security is more important than rental rate when it comes to a tenant making a leasing decision.
- Ancillary products contribute incremental revenue for the self-storage operator. Moving and packing supplies, such as locks and boxes, and the offering of other services, such as property insurance and truck rentals, all help to increase revenues. As more sophisticated self-storage operators continue to develop innovative products and services such as on-line rentals, 24-hour accessibility, climate controlled properties, tenant-service call center access and after-hours storage, local operators may be increasingly unable to meet higher tenant expectations, which could encourage further consolidation in the industry.
- Self-storage properties also generally have lower maintenance costs and capital expenditures as compared to other types of commercial real estate (which can require substantial improvements to

secure new tenants) due to the comparative simplicity of building materials and systems of most properties. Typical expenditures include structural work such as roofing and pavement repair, the occasional addition of units to the property, landscaping maintenance and general repairs.

- Well-run self-storage properties also tend to operate with a comparatively low level of bad debt and collection expense. Tenant evictions for non-payment of rent can be effective in most situations without any formal judicial proceeding, and the contents of individual storage units can be sold to offset the costs of any unpaid rents in accordance with state lien laws. For example, for our current portfolio of properties, bad debt expense has averaged less than 1.5% for each of the three years ended December 31, 2003.

We have found that the factors most important to tenants when choosing a self-storage site are a convenient location, a clean environment, friendly service and a professional helpful staff. Our experience also indicates that successfully competing in the self-storage industry requires an experienced and dedicated management team that is supported by an efficient and flexible operating platform that is responsive to tenants' needs and expectations.

COMPETITIVE STRENGTHS

We believe we distinguish ourselves from other owners, operators and developers of self-storage properties in a number of ways, and enjoy significant competitive strengths, which include:

- **Geographic Diversity Combined with Concentration in Strong Markets.**

  Upon completion of the offering and the formation transactions, we will own and operate through our operating partnership a portfolio of 136 self-storage properties located in 20 states, including 18 properties that we own an interest in through joint venture arrangements. Our properties are generally situated in convenient, highly-visible locations clustered around large population centers such as Boston, Chicago, Los Angeles, Miami, New York/Northern New Jersey and San Francisco. These areas all enjoy above average population and income demographics and high barriers to entry for new self-storage properties. The clustering of our assets around these population centers enables us to reduce our operating costs through economies of scale. For example, we are able to employ our regional property management infrastructure to spread our advertising investment and other operating overhead over a larger number of properties and to increase our visibility and brand recognition. Our research indicates most tenants utilize properties within a three to five mile radius of their home or business, therefore focus on high-concentration areas is key. At the same time, we believe that the significant size and overall geographic diversification of our portfolio reduces risks associated with economic downturns or natural disasters in any one market in which we operate.

- **Strong Property and Operating Management Capabilities.**

  We have developed and utilize a comprehensive centralized approach to property and operational management to increase and maintain occupancy, improve tenant satisfaction and maximize the operating performance and margin of our properties. We have developed market-tested operating procedures for our properties and we invest in the training and development of employees to enable them to understand and implement these procedures in a professional and highly tenant-friendly manner. We have developed and employ a state-of-the-art web-based tracking and yield management technology called STORE to support all aspects of our property management operations, enabling our management team to centrally analyze, set and adjust rental rates in real time on a case-by-case basis across our entire portfolio to maximize revenue-generating opportunities. Unique in the self-storage industry, this technology provides a web-based application distributed via the internet to remote sites. Instead of software installed on each of our facility's computers, both software and data reside at a central, secure location. This system allows us to gather, organize and provide critical analyses of

detailed financial, operating, marketing and tenant information for our properties and the markets in which they operate on a real-time, easy-to-access basis. By allowing our management to proactively manage this dynamic pricing structure, our management can successfully integrate various operating initiatives. As part of the formation transactions, we have secured a perpetual license to continue to employ STORE in operating our business.

- **Consumer Oriented Marketing Approach.**

We approach our business with a value-added consumer product focus and an emphasis on value and quality through employee training and strict adherence to guidelines developed by our senior management. Our tenant focus and quality controls provide consistency and quality of product and enable our on-site and regional managers to effectively manage our properties and improve our occupancy and tenant retention across our portfolio. Our property management and operations groups are supported by our marketing team that provides sales, marketing and advertising support for our properties and operations. We employ highly targeted direct response marketing programs, such as direct mail and coupon mailers, in combination with more broad-based marketing initiatives such as advertising in the Yellow Pages and on the internet.

- **Successful Acquirer and Developer of Properties.**

Our fully-integrated development and acquisition teams have completed the development or acquisition of more than 100 different self-storage properties since 1996. We believe that we have developed a reputation as a trusted and reliable buyer. In addition, following completion of the offering and the formation transactions, we expect to be one of only two publicly-traded REITs in the self-storage industry that is organized in the UPREIT format, which will enable us to acquire new properties from tax-deferred transactions. As a result, we have a competitive advantage over most of our competitors that are structured as traditional REITs and non-REITs in pursuing acquisitions with tax-sensitive sellers. Also, unlike many other larger owners and operators of self-storage properties, we maintain a highly flexible approach to facility design and layout, which positions us to consider the broadest possible array of potential acquisitions and development sites. Our in-house development capability and our commitment to research allows us to access additional growth opportunities through the development or redevelopment of self-storage sites in different geographic regions.

- **Experienced Senior Management Team.**

Our Chairman and Chief Executive Officer, Kenneth M. Woolley, and our co-founder, Richard S. Tanner, have been in the self-storage business for more than 25 years. Together, they have acquired or developed more than 176 properties. Our senior management team has an average of more than nine years of self-storage experience. Upon completion of the offering and the related formation transactions, our senior management team will own an approximately 8.1% equity interest in our company on a fully-diluted basis. This senior management team includes a fully integrated acquisitions group that through May 31, 2004, had acquired 54 self-storage properties in the United States since 1996, a development team with a proven track record of strategic site selection and retail construction management of 50 self-storage properties in the United States since 1996, an operations team with 97 combined years of experience in profitably managing self-storage properties, and a marketing group with consumer marketing experience in research, strategic program implementation and brand development. All of these groups form a cohesive management team with a seamless approach to growing the company.

- **Nationally-Recognized Institutional Joint Venture Partners.**

We have developed and/or acquired more than 70 properties since 1999 employing strategic joint ventures with nationally-recognized institutional investors such as affiliates of Prudential Financial, Inc. and Fidelity Investments. We believe our reputation for quality within our industry, and our

management and development expertise, make us an attractive strategic partner for institutional investors. By partnering with institutions in this way, we can mitigate acquisition, development and lease-up risks, while retaining day-to-day operational control over, and a significant stake in the performance of, certain properties. Eighteen of our properties are held in joint venture format.

BUSINESS AND GROWTH 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. Our business strategy to achieve these objectives consists of the following elements:

- **Maximize Cash Flow at Our Properties.**

  We will seek to maximize revenue generating opportunities by responding to changing local market conditions through interactive yield management of the rental rates at our properties. Supported by STORE, we will seek to respond to changing market conditions and to maximize revenue generating opportunities through interactive rental rate management.

- **Pursue Opportunities to Acquire Privately-Held Self-Storage Portfolios.**

  We intend to selectively acquire, for cash or by utilizing units in our operating partnership as acquisition currency, privately-held self-storage portfolios and single self-storage assets in high population density areas with an undersupply or equilibrium of self-storage demand, re-flag them under the Extra Space Storage brand name, and implement our comprehensive property and operating systems so as to maximize their operating performance over time.

- **Strategically Select and Develop Sites.**

  We will seek to maximize revenue generating opportunities from our lease-up properties by actively managing these properties toward stabilization. We plan to continue to expand also by selecting and developing new self-storage properties with cost-effective, appealing construction in desirable areas based on specific data, including: visibility and convenience of location, market occupancy and rental rates, market saturation, traffic count, household density, median household income, barriers to entry and future demographic and migration trends. We have utilized a nationwide network of brokers and developers to consistently identify new opportunities. Because of the attractive architecture of many of our properties, we have been able to eliminate a typical barrier of entry for most self-storage developers in areas usually reserved for more traditional retail and commercial properties. As of July 15, 2004 we had 12 undeveloped parcels of land under contract that we believe are suitable for new property developments and are proceeding with the requisite due diligence for these properties. We also have a right of first refusal with respect to sales of the interests in the 13 early-stage development properties owned by Extra Space Development LLC. We also are currently reviewing more than 22 other sites that we believe also may be suitable development candidates.

- **Continue Joint Venture Strategy to Pursue Development Opportunities and Enhance Returns.**

  We plan to grow by continuing our development activities in conjunction with our joint venture partners while mitigating the risks normally associated with early-stage development and lease-up activities. Where appropriate, we will also seek to acquire properties in a capital-efficient manner in conjunction with our joint venture partners. Upon completion of the offering and the formation transactions, we intend to enter into a new strategic joint venture with an affiliate of Prudential Financial, Inc., one of our current joint venture partners, with respect to various future development properties. Prudential will contribute substantially all of the capital to the joint venture to enable the

joint venture to repay any in-place construction financing and to fund the property's capital obligations during the lease-up stage. We also expect to enter into joint venture arrangements with other of our existing joint venture partners. Typically in these deals, we will seek to have a small capital interest, and once our joint venture partner receives a predetermined return on its investment the remaining profits will be distributed to the joint venture partners.

PROPERTIES

Upon completion of the offering and the formation transactions, we will own and operate 136 properties located in 20 states, of which 118 are wholly owned and 18 are held in joint ventures with third parties. In addition, through our subsidiary Extra Space Management, Inc., we will provide management services to 9 self-storage properties. Our managed properties are held to the same high quality standards as our owned properties. Our properties contain an aggregate of approximately 8.9 million net rentable square feet of space configured in approximately 84,800 separate storage units as of May 31, 2004. The following table sets forth additional information regarding our stabilized properties as of May 31, 2004, and December 31, 2003, as noted:

Stabilized Property Data Based on Location

Location	Number of Units	Year Placed in Operation(1)	Net Rentable Square Feet	Occupancy Rate as of May 31, 2004	Occupancy Rate as of December 31, 2003
Wholly Owned Properties:					
Arizona:					
Mesa	480	2001	57,630	98.2%	84.1%
Total Arizona	480		57,630	98.2%	84.1%
California:					
Burbank	986	1987	81,158	96.0%	94.1%
Claremont	409	1996	47,765	90.9	87.6
Fontana	710	2000	86,155	84.9	84.0
Glendale (2)	429	1975	42,200	93.6	96.6
Hawthorne	583	1991	47,915	84.3	86.5
Inglewood	567	1987	53,730	92.9	95.1
Livermore	677	2000	77,573	92.1	84.5
Los Angeles (Casitas Avenue)	661	1998	64,527	87.5	87.1
Manteca	545	2000	60,225	81.9	82.0
Oakland (2)	538	1986	55,650	88.5	88.7
Pico Rivera I	464	2000	51,918	95.5	94.2
Richmond	773	1987	62,215	86.6	84.0
Riverside	732	1984	82,085	84.4	86.7
San Bernardino	506	1983	63,385	90.7	94.3
Sherman Oaks	843	1998	91,545	96.6	92.5
Torrance	737	1994	80,051	89.3	89.1
Tracy I	462	1988	62,400	72.4	68.9
Venice	553	1999	56,470	92.3	92.4
Total California	11,175		1,166,967	88.9%	88.1%

Location	Number of Units	Year Placed in Operation(1)	Net Rentable Square Feet	Occupancy Rate as of May 31, 2004	Occupancy Rate as of December 31, 2003
Colorado:					
Arvada	268	1975	46,250	94.7%	86.4%
Denver	565	1974	68,190	85.8	81.2
Thornton	533	1975	58,300	83.7	85.7
Westminster	435	1979	58,868	82.2	79.1
Total Colorado	1,801		231,608	86.1%	82.8%
Florida:					
Margate	636	1985	53,651	94.3%	90.3%
Miami (Fountainbleau)	771	1987	74,739	83.5	84.0
Miami (Kendall)	949	1986	87,387	93.2	90.1
North Miami	806	1999	75,747	90.3	88.7
North Lauderdale	797	1985	74,885	89.6	91.7
West Palm Beach (Forest Hill)	656	1985	53,422	86.3	82.3
West Palm Beach (Military Trail)	677	1987	59,592	86.9	83.1
Ft. Lauderdale (3)	527	2001	58,250	80.2	84.1
Ft. Myers (3)	605	2000	73,728	92.2	90.4
Madeira Beach (3)	644	1999	56,939	96.3	93.8
Orlando (3)	718	2000	92,611	88.8	81.5
Port Charlotte (3)	582	1999	69,660	97.6	95.4
Riverview (3)	533	2000	57,245	87.4	81.8
Valrico (3)	493	2000	53,800	98.8	90.8
Total Florida	9,394		941,656	90.3%	87.7%
Georgia:					
Atlanta (Cheshire) (3)	799	2000	105,878	86.7%	80.9%
Atlanta (Rosewell) (3)	336	2000	41,416	85.8	83.5
Alpharetta (3)	467	1999	52,158	79.0	77.3
Snellville (3)	603	1999	85,656	84.1	83.5
Stone Mountain (3)	483	1999	72,120	88.4	89.9
Total Georgia	2,688		357,228	85.2%	83.1%
Louisiana:					
Metairie (3)	647	1999	67,850	87.6%	87.1%
New Orleans (3)	764	2000	80,050	96.6	92.5
Total Louisiana	1,411		147,900	92.5%	90.1%
Massachusetts:					
Auburn	461	1999	55,750	81.8%	83.0%
Brockton	375	1999	44,400	72.3	71.3
Cambridge (4)	462	1983	29,585	73.8	73.8
Dedham II	671	1999	78,675	80.8	80.2
Foxboro	454	1996	53,040	84.2	83.9
Hudson	365	1990	50,050	83.4	81.9
Lynn	668	2001	66,575	73.1	66.1
Marshfield	462	2001	49,675	79.1	77.3
Norwood	636	1999	71,721	76.1	78.5
Oxford	389	1999	47,194	90.0	89.3
Quincy	725	1997	55,370	66.5	67.0
Raynham	525	2000	56,100	77.9	72.0
Somerville	705	2000	58,075	89.2	77.5

Table of Contents

Location	Number of Units	Year Placed in Operation(1)	Net Rentable Square Feet	Occupancy Rate as of May 31, 2004	Occupancy Rate as of December 31, 2003
Stoughton	498	1987	58,025	81.2	81.1
Waltham	497	1984	78,215	93.9	90.6
Weymouth	716	2000	68,050	83.4	82.1
Woburn (4)	607	1989	47,990	71.8	77.4
Worcester	271	1996	32,200	81.9	80.2
Worcester II	51	1987	32,895	88.7	92.4
Total Massachusetts	9,538		1,033,585	81.6%	78.8%
Missouri:					
Forest Park	368	1997	40,517	87.8%	87.9%
Halls Ferry	440	1999	57,000	91.7	91.2
Total Missouri	808		97,517	90.1%	89.8%
Nevada:					
Las Vegas (Lamont)	460	1987	56,500	88.8%	90.1%
Total Nevada	460		56,500	88.8%	90.1%
New Hampshire:					
Merrimack	623	1999	72,600	86.3%	91.6%
Total New Hampshire	623		72,600	86.3%	91.6%
New Jersey:					
Edison	1,005	1983	92,002	87.3%	87.7%
Egg Harbor	1,130	1978	97,000	89.1	89.5
Glen Rock	331	1998	35,285	94.6	91.9
Hazlet	1,147	1987	114,025	88.4	88.5
Howell	684	1987	69,200	72.7	74.8
Lawrenceville	964	1998	115,678	80.5	72.8
Lyndhurst	622	1997	59,070	98.1	92.4
Old Bridge	814	1977	80,900	94.7	89.2
Parlin (2)	607	1998	66,980	85.2	87.6
Woodbridge	868	1986	74,908	95.0	90.2
Total New Jersey	8,172		805,048	87.8%	85.8%
New York:					
Bronx-Fordham	1,270	1999	58,526	89.1%	87.5%
Total New York	1,270		58,526	89.1%	87.5%
Pennsylvania:					
Banksville	478	1999	60,650	83.8%	83.1%
Doylestown	537	1988	74,825	91.5	89.5
Kennedy Township	458	1988	55,950	82.8	89.2
Pittsburgh (Penn Ave)	649	1989	55,126	83.2	82.6
Total Pennsylvania	2,122		246,551	85.7%	86.3%
South Carolina:					
Charleston (3)	464	2000	49,354	92.6%	89.6%
Columbia (3)	530	2000	59,650	86.3	85.5
Goose Creek (3)	521	2000	67,440	94.7	91.0
Summerville (3)	575	2000	70,525	93.1	88.5
Total South Carolina	2,090		246,969	91.8%	88.7%

Location	Number of Units	Year Placed in Operation(1)	Net Rentable Square Feet	Occupancy Rate as of May 31, 2004	Occupancy Rate as of December 31, 2003
Texas:					
Arlington (3)	556	1999	69,665	77.7%	81.1%
Austin (3)	556	2000	59,605	89.5	83.8
Dallas (3)	946	1999	94,108	90.1	85.2
Fort Worth (3)	589	1999	70,785	97.6	92.0
Grand Prairie (3)	658	1999	70,300	71.2	81.2
San Antonio (Culebra) (3)	557	1999	49,955	90.2	93.3
San Antonio (Westchase) (3)	425	1999	48,725	83.5	80.5
Total Texas	4,287		463,143	85.7%	85.2%
Virginia:					
Richmond (3)	551	2000	73,310	91.4%	78.6%
Total Virginia	551		73,310	91.4%	78.6%
Utah:					
Kearns	551	1986	72,750	87.6%	79.5%
Total Utah	551		72,750	87.6%	79.5%
Total Wholly Owned Properties	57,421		6,129,488	87.2%	84.8%
Properties Held in Joint Ventures:					
California:					
Concord	822	1999	75,085	79.3%	82.4%
Hollywood	507	1999	50,650	96.0	87.8
LaVerne	608	2001	69,287	94.2	89.7
Newbury Park	402	1999	44,250	87.9	81.5
Simi Valley	687	2000	78,157	86.5	90.0
Studio City	379	2000	33,589	91.8	85.0
Thousand Oaks	446	1997	49,345	95.6	93.6
Total California	3,851		400,363	89.4%	87.3%
New Hampshire:					
Derry	367	1985	38,600	90.2%	82.5%
Manchester	434	1985	45,075	91.0	91.1
Total New Hampshire	801		83,675	90.6%	87.1%
New Jersey:					
Blackhorse	781	1990	70,325	87.8%	86.3%
Mahwah (4)	956	1995	96,520	79.6	77.7
Total New Jersey	1,737		166,845	83.0%	81.3%
New York:					
Brentwood	730	1999	69,094	81.8%	79.2%
Port Washington	785	2000	67,825	90.2	88.3
Total New York	1,515		136,919	86.0%	83.7%
Total Properties Held in Joint Ventures	7,904		787,802	87.6%	85.4%
Total Stabilized Properties	65,325		6,917,290	87.4%	84.9%

(1) Represents the year in which the property was first placed in service as a self-storage property.
(2) We are a tenant under a long-term ground lease on the property with an unrelated third party.
(3) Represents properties to be acquired in an acquisition from Storage Spot that will close simultaneously with the offering.
(4) We are a tenant under a leasehold interest in the property with an unrelated third party.

Table of Contents

The following table sets forth additional information regarding our lease-up properties as of May 31, 2004, and December 31, 2004, as noted:

Lease-Up Property Data Based on Location

Location	Number of Units	Year Placed in Operation(1)	Net Rentable Square Feet	Occupancy Rate of May 31, 2004	Occupancy Rate as of December 31, 2003
Wholly Owned Properties:					
California:					
Fontana II (Valley Blvd) (2)	715	2003	79,125	32.4%	13.8%
Stockton	611	2002	74,520	73.4	70.0
Tracy II (2)	433	2003	53,475	69.1	49.4
Whittier (3)	560	2002	60,502	86.8	78.6
Total California	2,319		267,622	63.5%	51.2%
Connecticut:					
Groton (2)	630	2002	61,550	31.7%	0.0%
Wethersfield (2)	747	2002	62,990	57.9	51.0
Total Connecticut	1,377		124,540	44.9%	51.0%
Illinois:					
Crest Hill (2)	592	2003	76,025	28.7%	19.6%
South Holland	548	2002	69,290	76.8	62.6
Total Illinois	1,140		145,315	51.6%	40.1%
Massachusetts:					
Ashland (2)	505	2002	61,375	35.6%	26.6%
Dedham (2)	621	2002	58,125	47.3	47.2
Kingston	443	2002	60,830	80.1	70.9
Milton (2)	554	2002	58,850	26.9	20.8
Northborough	516	2001	50,175	76.7	75.6
Saugus (2)	872	2002	88,150	22.3	11.6
Total Massachusetts	3,511		377,505	45.7%	39.0%
Maryland:					
Lanham	925	1998	144,980	75.8%	82.2%
Total Maryland	925		144,980	75.8%	82.2%
New Jersey:					
Hoboken (2)	812	2002	56,873	63.7%	50.6%
Metuchen	757	2001	74,030	68.0	61.5
N. Bergen (2)	1,015	2002	70,320	27.4	15.0
Total New Jersey	2,584		201,223	52.6%	42.2%
New York:					
Mt. Vernon (2)	914	2002	69,340	46.7%	50.3%
Nanuet (2)	806	2002	58,288	68.7	54.1
Plainview (2)	802	2000	80,193	78.7	76.2
Total New York	2,522		207,821	65.2%	62.1%

Location	Number of Units	Year Placed in Operation(1)	Net Rentable Square Feet	Occupancy Rate of May 31, 2004	Occupancy Rate as of December 31, 2003
Pennsylvania:					
Morrisville	677	1999	86,252	90.4%	83.8%
Philadelphia	796	1999	99,902	75.6	81.7
Total Pennsylvania	1,473		186,154	82.5%	82.7%
Total Wholly Owned Properties	15,851		1,655,160	59.1%	53.3%
Properties Held in Joint Ventures:					
California:					
San Ramon	727	2002	77,390	86.3%	73.5%
Walnut	685	2002	73,025	75.2	61.3
Total California	1,412		150,415	80.9%	67.6%
New Jersey:					
Green Brook	664	2000	58,650	78.8%	71.0%
Total New Jersey	664		58,650	78.8%	71.0%
New York:					
Kings Park	657	2001	60,070	78.7%	74.4%
Total New York	657		60,070	78.7%	74.4%
Pennsylvania:					
Willow Grove	916	2000	73,125	73.6%	73.9%
Total Pennsylvania	916		73,125	73.6%	73.9%
Total Properties Held in Joint Ventures	3,649		342,260	78.6%	70.7%
Total Lease-Up Properties	19,500		1,997,420	62.4%	56.5%

(1) Represents the year in which the property was first placed in service as a self-storage property.
(2) Represents a property to which the terms of the CCSs and CCUs relate.
(3) We are a tenant under a long-term ground lease on this property with an unrelated third party.

As of May 31, 2004, our 95 wholly owned stabilized properties had an average occupancy rate of 87.2% while our stabilized properties held in joint ventures had an average occupancy rate of 87.6% with all stabilized properties having an average occupancy rate of 87.4%. Our wholly owned lease-up properties had an average occupancy rate of 59.1% while our lease-up properties held in joint ventures had an average occupancy rate of 78.6% with all lease-up properties having an average occupancy rate of 62.4%. As of May 31, 2004, more than 70,000 tenants occupied storage space at the 136 properties. Most of our properties are leased to our tenants on a short term, month-to-month basis, providing us with flexibility to increase rental rates over time as market conditions permit. At our stabilized properties, the average length of stay for our tenants has been approximately 16 months. At our more established properties, those more than five years old, our current tenants have an average length of stay of approximately 17 months.

HISTORICAL PERFORMANCE

The following tables set forth, on a historical basis, the monthly average occupancy rates for our stabilized properties and for our lease-up properties based on the year each property achieved stabilization for each of the periods identified below. For purposes of the following tables, the total

number of properties includes all wholly owned and joint venture properties of our predecessor and excludes nine properties purchased by us during 2004 and one property identified for acquisition by us in 2004. As illustrated by the data included in the tables above, we have successfully maintained occupancy rates at our stabilized properties while our occupancy rates at our lease-up properties have continued to grow.

Stabilized Properties

Year of Stabilization (Number of Properties)	Net Rentable Square Feet	Monthly Average Occupancy Rates(1)					
		1999	2000	2001	2002	2003	2004
1999 and earlier (14)	832,041	89.5%	89.6%	90.5%	89.2%	88.7%	88.3%
2000 (9)	554,975		85.8%	88.8%	87.2%	87.6%	87.3%
2001 (15)	959,995			88.3%	88.5%	87.5%	89.0%
2002 (7)	395,597				80.2%	84.4%	89.5%
2003 Properties (11)	869,470					86.1%	86.6%

(1) The monthly average square foot occupancy is the average of the occupancy rates at the end of each month in each calendar year and in the case of May 31, 2004 the rolling twelve months. The occupancy rates were calculated by dividing total occupied square feet by our total square feet available at the end of each month for the properties indicated.

Lease-Up Properties

Year Certificate of Occupancy Obtained (Number of Properties)	Net Rentable Square Feet	Monthly Average Occupancy Rates(1)					
		1999	2000	2001	2002	2003	2004
1999 and earlier (5)	243,004	46.2%	72.4%	84.1%	85.2%	86.1%	89.4%
2000 (8)	471,355		44.5%	73.5%	83.8%	82.6%	83.3%
2001 (3)	161,789			55.0%	83.0%	84.7%	85.7%
2002 (4)	257,400				54.1%	68.9%	74.3%
2003 Properties (12)	778,023					47.1%	65.8%

(1) The monthly average square foot occupancy is the average of the occupancy rates at the end of each month in each calendar year and in the case of May 31, 2004 the rolling twelve months. The occupancy rates were calculated by dividing total occupied square feet by our total square feet available at the end of each month for the properties indicated.

OUR JOINT VENTURE AGREEMENTS

We own 13 of our stabilized properties and five of our lease-up properties in joint venture with third parties, including affiliates of Prudential Financial, Inc. In each joint venture, we exercise control over 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 joint venture. Our joint venture partners typically provide most of the equity capital required for the business of the joint venture. Under the operating agreements for our joint ventures, we generally have the right to receive between 35% and 40% of the available cash flow from operations after our joint venture partner has received a predetermined return, and between 35% and 40% of the available cash flow from capital transactions after our joint venture partner has received a return of its capital plus such predetermined return. Some of our joint venture agreements include certain buy-sell rights, as well as rights of first refusal in connection with the sale of properties by the joint venture.

PROPERTY MANAGEMENT AND OPERATIONS

Our property management and operations function is led by our Senior Vice President of Operations. He is supported by two divisional managers, with an average of approximately 13 years of self-storage industry experience, and nine regional managers, with an average of approximately eight years of self-storage industry experience. Our regional managers oversee a particular geographic area and are responsible for an average of 12 to 15 properties depending on geographic limitations. This team leads our more than 229 field personnel in the management and operation of properties. Many of our properties are fitted with built-in residential apartments for our facility managers which enhances operating efficiencies and adds an extra level of perceived security to each location.

Our operating structure is centered on providing leadership, management support and information systems to our field organization, especially our site managers. Our operating system emphasizes uniform operating procedures that standardize operations, employee standards and expectations and tenant experiences to fully develop our brand. They are responsible for monthly and quarterly audits, staff development and training, delinquency management and monitor the professionalism of our staff through periodic site visits. Our system allows our operational management team to remotely monitor site performance on an up-to-the-minute basis through use of the STORE software system.

Our senior operations team provides leadership and support for our site managers, who handle the day-to-day operational duties at our properties. It is this group of on-site managers who are integral to our goal of maximizing tenant satisfaction as they are the face of our company. These managers are responsible for maintaining operational, administrative, transactional and maintenance functions and have one-on-one contact with our tenants. The interaction between these management levels has helped to create a cohesive, efficient operational structure that can accommodate portfolio expansion.

Our operating objectives include the following:

- aggressively manage our properties to increase operating cash flow and margins through rate and occupancy increases and expense control;
- incorporate tactical business initiatives and controls through strategic business and budget planning;
- maintain and improve strong internal controls covering cash management, accounting procedures and other financial activities;
- provide tenant access to on-site managers to maximize tenant retention, foster a sense of pride in the property and minimize tenant turnover;
- maintain and upgrade our properties on a continuous basis through a regular preventative maintenance program and support the curb-appeal of our properties by making them clean, attractive, secure and professional looking; and
- continue to focus on our marketing strategy by further developing our tenant research database and increasing brand awareness through targeted direct response marketing and broad-based advertisements.

Each property is subject to planning and budgeting processes which take into account local market, economic and industry conditions. These budgets are used to measure financial performance and to reward employee performance. We have developed an incentive-based compensation system in which we measure and reward executives, managers and other employees based on specific performance criteria linked to our operating objectives.

We emphasize the use of quantitative and qualitative research in our operating system and support the growth of our tenant information and knowledge database. Our quantitative research is performed annually and typically consists of more than 300 phone interviews from a representative list of tenants throughout the United States, which helps us to better understand the usage, demographics and buying behaviors of our tenants.

MARKETING

Our property management and operations groups are supported by our marketing team which provides sales, marketing and advertising support for our properties and operations. We employ highly targeted direct response marketing programs, such as direct mail and coupon mailers, in combination with more broad-based marketing initiatives such as advertising in the Yellow Pages and on the internet. With information generated by STORE, our marketing team is able to stimulate traffic at specific properties. We also ensure that our on-site telephones are answered promptly by knowledgeable personnel whenever they ring through the use of an off-site call center when on-site personnel are not available. We have integrated these initiatives into our business in order to achieve maximum exposure for our company. When combined with a well-located, visible self-storage property, these programs can help to accelerate the stabilization of a property.

Advertising in the Yellow Pages is one of the keys to our marketing approach as our research demonstrates that 80% of tenants will use the Yellow Pages during some stage of the purchasing process. For this reason, Yellow Page advertising comprises the largest portion of our advertising budget as we try to focus on the prominent placement of our ads and seek to use a clear format that is easy to follow. We also utilize direct mail programs in which we target households within a three to five mile radius of a property. In addition, we rely on website advertising on search engines and portals which seek maximum exposure for our properties in a cost-effective manner. We also use coupon programs, which like our direct mail program, target households within the same three to five mile radius of our properties. These coupons offer a low-cost marketing alternative.

ACQUISITION AND MARKET SELECTION PROCESS

Our Acquisition Track Record. Our acquisition team has a proven record of strong lead generation and possesses strong financial and negotiating skills. Members of this team have acquired 57 properties since 1999 and have entered into agreements to acquire 29 properties from third parties upon completion of the offering. They proactively identify and develop relationships with self-storage property owners. Given the highly fragmented nature of our industry and the relative lack of institutional ownership, acquisition activity frequently occurs at the local level and at an active pace. We believe our direct relationships with and research of owners, self-storage properties and markets and our self-storage industry database allow us to pursue an active and intense acquisition process and often enable us to acquire properties outside of competitive bidding situations. As a public company, we believe our liquidity and public ownership profile will further enhance our ability to acquire properties. Our UPREIT structure provides us with a competitive advantage by allowing us to offer existing owners of self-storage properties the opportunity to contribute those properties to our company in tax-deferred transactions using our OP units as transactional currency.

As illustrated by the following tables, we believe our acquisitions have achieved attractive returns based on invested capital. The following tables set forth aggregate acquisition cost data relating to the acquisitions we completed in each of the five years as follows:

Acquisition History By Year

	1999	2000	2001	2002	2003	2004 (as of May 31)
			(dollars in thousands)			
Number of Properties	9	19	9	7	1	12
Aggregate Acquisition Cost(1)	$ 33,308	$ 76,118	$ 69,564	$ 36,213	$ 2,580	$ 93,844

(1) Aggregate acquisition costs include purchase price plus all closing costs.

Our acquisition strategy is focused on acquiring a mix of stabilized and non-stabilized properties that exhibit the potential to benefit from our operating systems and strategies and, in the case of non-stabilized properties, our repositioning expertise. We believe future acquisitions of stabilized and non-stabilized properties and the expansion and renovation of owned properties represent the best opportunities to maximize returns for our stockholders. We intend to pursue acquisitions of properties located in our existing markets or in markets that we believe will become key markets in the future. We generally will seek to select assets in locations that we believe will complement our existing portfolio. We may also selectively pursue portfolio opportunities outside of our existing markets that we believe will not only add incremental value, but will also add diversification and economies of scale to our already existing portfolio.

In assessing a potential acquisition opportunity, we focus on a variety of demographic factors including household income and population density. Our analysis tends to focus on areas extending within a three to five mile radius of a self-storage property as, our research indicates, most tenants utilize properties within that proximity to their home or business.

Our objective is to acquire and develop properties that both provide or are capable of providing stable revenue growth and strategically fit within our portfolio. In connection with our review and consideration of property acquisition we take into account a variety of market and asset considerations.

Market Considerations. Our acquisition process entails a rigorous review of market conditions, including:

- population density and growth potential;
- median income;
- property location with a particular emphasis on access to major thoroughfares and a high level of drive-by traffic;
- visibility of a property;
- demand for self-storage, current and future supply in an area and occupancy in the market;
- economic dynamics and the tax and regulatory environment of the area;
- ability to attain or enhance our market share with an objective of becoming the market share leader in the target market;
- ability to achieve economies of scale with our existing self-storage properties or anticipated acquisitions;

- supply constraints marked by a difficult or expensive development approval process; and
- existing and potential competition from other self-storage properties and operators.

Asset Considerations. We also seek to acquire assets that both provide or are capable of providing stable revenue growth and strategically fit within our portfolio. In connection with our review and consideration of property acquisition opportunities we take into account a variety of factors related to the asset including:

- quality of the design and construction, current physical condition, occupancy and tenant quality;
- stable or potential for stable average net operating income for the property of at least $200,000 annually;
- stabilized physical occupancy of the property of at least 60% net rentable square feet or a trend of increasing physical occupancy and a minimum of 25,000 net rentable square feet at the property;
- terms and structure of tenant leases and other potential constraints in managing the property;
- below-market rental rates as compared to other self-storage properties in the area;
- high expenses due to inefficient operations;
- expansion opportunities; and
- opportunities to enhance value through professional property management and renovating/repositioning of the property.

We are continually actively considering self-storage property acquisition opportunities. Each acquisition opportunity is subject to due diligence, financing and negotiation of the purchase price and other key terms.

Financing Considerations. We expect to maintain a flexible approach in financing new property acquisitions. In general, we expect to fund our property acquisitions through a combination of borrowings under our proposed line of credit, traditional secured mortgage financing and additional equity offerings.

DEVELOPMENT

Our development team has a proven record in new asset development and redevelopment. This team, consisting of professionals with an average of 10 years of development experience, covers all aspects of the development process, including site selection and analysis, property design, construction management and financing. Since 1996, our predecessor has completed the development of 50 self-storage properties and we currently have 10 projects in the development stage.

Market Considerations. We strategically select new sites and implement cost-effective, architecturally appealing construction in desirable areas based on specific data, including: visibility and convenience of location, competitive occupancy and rental rates, market saturation, traffic count, household density, median household income, barriers to entry and future demographic and migration trends. Our development group uses the same market and asset considerations as our acquisition team. See “—Acquisition and Market Selection Process” for reviewing a potential development. We have a creative and flexible approach to our development projects and are open to a broad array of opportunities because of this flexibility. Due to the attractive architecture of many of our properties, we have been able to eliminate a typical barrier of entry for most self-storage developers in areas usually reserved for more traditional retail and commercial users.

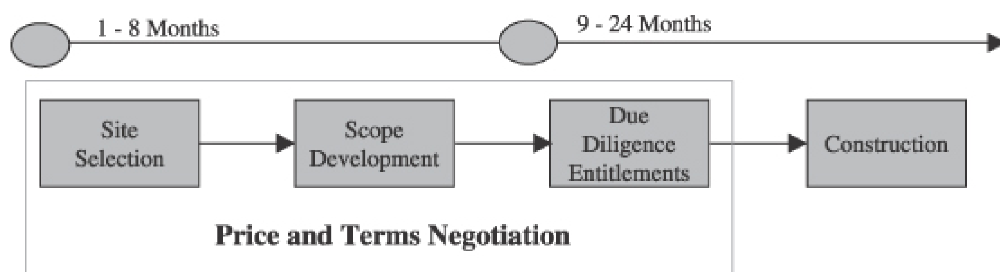
[Table of Contents](#)

Development Assets. As of July 15, 2004 we had 12 undeveloped parcels of land under contract that we believe are suitable for new property developments and are proceeding with the requisite due diligence for these properties. We also have a right of first refusal with respect to sales of the 13 properties currently owned by Extra Space Development LLC and the two early lease-up stage properties owned by third party individuals as well as certain of our executive officers and directors. We also are currently reviewing more than 20 other sites that we believe may also be suitable development candidates.

The following table sets forth additional information regarding our development properties that are currently under contract:

Name	Location	Total Expected Costs	Projected Year of Completion
Eastern Ave.	Baltimore, MD	$ 5.9 million	2005
Harbor Blvd.	Belmont, CA	8.0 million	2005
Stony Island	Chicago, IL	5.4 million	2005
Clinton	Clinton, MD	6.2 million	2005
Rancho Cucamonga	Rancho Cucamonga, CA	3.7 million	2005
San Bernardino	San Bernardino, CA	4.5 million	2005
75th & Cactus	Peoria, AZ	3.9 million	2005
Warrenville	Warrenville, IL	4.5 million	2005
Montross Avenue	Chicago, IL	7.7 million	2005
Towson	Townson, MD	5.1 million	2005
Santa Monica	Santa Monica, CA	12.1 million	2005
San Fernando	San Fernando, CA	3.6 million	2006
		$70.6 million	

Based on our experience, the following diagram depicts an approximate timeline of the events that take place during the course of development of one of our properties.



Financing Considerations. We expect to finance new property developments through modest equity capital contributed by our company in conjunction with construction loans. We have also arranged potential take-out financing through our joint venture with an affiliate of Prudential Financial, Inc. We also expect to enter into other joint venture arrangements to help us mitigate certain risks related to new property development activities.

MANAGEMENT OF THIRD-PARTY PROPERTIES

Upon completion of the offering and the formation transactions, through our subsidiary, Extra Space Management, Inc., we will provide property management services for nine self-storage properties which are owned by unaffiliated third parties. The amount of management fees we received for the year ended

December 31, 2003 relating to these nine third party management contracts, was approximately $365,000 and for the three months ended March 31, 2004 it was approximately $120,000. In addition, we recognized approximately $1,570,000 of management fees for joint venture partnerships for total management fees of $1,935,000 for the year ended December 31, 2003 and approximately $430,000 of management fees for joint venture partnerships for total management fees of $550,000 for the three months ended March 31, 2004. We may consider managing additional properties owned by related or unrelated third parties in the future for strategic reasons, including to diversify our revenue base or as a means of analyzing potential acquisitions. Our management fees associated with property management contracts entered into with unrelated third parties typically range between 5 to 6% of total cash collected at such property.

COMPETITION

We compete with other owners and operators of self-storage properties in all of our markets. The number of competing self-storage properties in a particular market could have a material effect on our occupancy levels, rental rates and on the operating expenses of certain of our properties. See “Risk factors—Risks Related to Our Properties and Operations—We are subject to the risks posed by significant competition in the self-storage industry”. The continued development of new storage properties has intensified the competition among storage operators in many market areas in which we operate. We compete based on a number of factors including location, rental rates, security, suitability of the property’s design to prospective tenants’ needs and the manner in which the property is operated and marketed. We believe that the primary competition for potential tenants of any of our self-storage centers comes from other self-storage properties within a three to five mile radius of that store. We have positioned our stores within their respective markets as high-quality operators that emphasize tenant convenience, security and professionalism.

We also may compete with numerous other potential buyers when pursuing a possible property for acquisition or development, which can increase the potential cost of a project. These competing bidders also may possess greater resources than us and therefore be in a better position to acquire a property. These same entities seek financing through similar channels to our company. Therefore, we will continue to compete for institutional investors in a market where funds for real estate investment may decrease.

Our primary national competitors for both tenants in many of our markets and for acquisition opportunities are Public Storage Inc., Storage USA, Inc., U-Haul International, Inc., Shurgard Storage Centers Inc., Sovran Self Storage Inc. and several regional players such as U-Store-It, Inc., Metro Self Storage, National Self Storage, Storage Mart, and small and local operators in the industry.

We believe that our senior management’s experience, coupled with our financing, professionalism, diversity of properties and reputation in the industry will enable us to compete with the other self-storage companies.

Because we are organized as an UPREIT, we are well-positioned within the self-storage industry to offer existing owners of self-storage properties the opportunity to contribute those properties to our company in tax-deferred transactions using our OP units as transactional currency. As a result, we have a competitive advantage over most of our competitors that are structured as traditional REITs and non-REITs in pursuing acquisitions with tax-sensitive sellers.

OFFICES

Our corporate headquarters are located at 2795 East Cottonwood Parkway, Suite 400, Salt Lake City, Utah 84121. Our regional and development offices are located in California (LaVerne, Valencia, San Jose

and Murrieta), Massachusetts (Brockton and Norwood), New Jersey (Gibbsboro), Florida (North Miami and Tampa) and New York (Yonkers). We believe that our current properties are adequate for our present and future operations, although we may add regional offices depending on future acquisition and development projects.

LEGAL PROCEEDINGS

We are a party to various legal actions resulting from our operating activities. These actions are routine litigation and administrative proceedings arising in the ordinary course of business, some of which are covered by liability insurance, and none of which is expected to have a material adverse effect on our consolidated financial condition, results of operations or cash flows taken as a whole.

EMPLOYEES

Certain of our employees are jointly employed by Extra Space Management, Inc., our taxable REIT subsidiary, and us, and perform various property management, maintenance, acquisition, renovation and management functions. As of March 31, 2004, we had 229 field employees, 316 full-time employees and 377 employees in total. We believe that our relations with our employees are good. None of our employees are represented by a union.

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, or CERCLA, increasing 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 requirements may result in significant unanticipated expenditures, loss of self-storage sites or other impairments to operations, which would adversely affect our cash flows from operating activities.

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 also exist that may require modifications to the properties, or restrict certain 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, and in 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, as well as 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, operating income, expense or cash flow.

ENVIRONMENTAL MATTERS

Pursuant to U.S. federal, state and local environmental laws and regulations, a current or previous owner or operator of real property may be required to investigate, remove and/or remediate a release of hazardous substances or other regulated materials at or emanating from such property. Further, under certain circumstances, such owners or operators of real property may be held liable for property damage, personal injury and/or natural resource damage resulting from or arising in connection with such releases. Certain of these laws have been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocation of responsibility. The failure to properly remediate the property may also adversely affect the owner's ability to lease, sell or rent the property or to borrow using the property as collateral.

In connection with the ownership, operation and management of our current or past properties and any properties that we may acquire and/or manage in the future, we could be legally responsible for environmental liabilities or costs relating to a release of hazardous substances or other regulated materials at or emanating from such property. In order to assess the potential for such liability, we conduct an environmental assessment of each property prior to acquisition and manage our properties in accordance with environmental laws while we own or operate them. We have engaged qualified, reputable and adequately insured environmental consulting firms to perform environmental site assessments of all of our properties and are not aware of any environmental issues that are expected to have materially impact the operations of any property. See "Risk factors—Risks Related to Our Properties and Operations—Environmental compliance costs and liabilities associated with operating our properties may affect our results of operations."

Two of our properties have been the subject of cleanup activities to address contamination that occurred prior to our ownership or operation of the sites. We operate our facility in Woburn, Massachusetts pursuant to a lease with an unrelated third party (the "Lessor"). The Lessor and four other parties are or have been working for a number of years under the supervision of the Massachusetts Department of Environmental Protection and the U.S. Environmental Protection Agency to remediate groundwater contamination at this property, which is thought to have been caused by a former on-site dry cleaning operation. This is a mature case with responsible parties identified to the U.S. Environmental Protection Agency and the Massachusetts Department of Environmental Protection. These responsible parties are performing the required remedial activities to the satisfaction of such agencies. Pursuant to the terms of our lease agreement, the Lessor has indemnified us against any loss, cost or damages that we may incur as the result of this environmental condition. While it is unlikely that a third party would try to make us pay for or participate in the ongoing remediation, we have recourse against the Lessor under the terms of our lease. Further, while there is always a risk that the Lessor would not be able to pay a judgment in our favor, we have the ability to offset our significant rent obligation against any unpaid judgment against Lessor.

Our property in North Bergen, New Jersey has undergone significant soil removal activities to address contamination issues that occurred prior to our purchase of the site. After all soil removal activities were complete, we detected no further contamination in the soil above the state's cleanup criteria. Groundwater sampling showed concentrations of benzene, xylene and tetrachioroethene slightly above state groundwater standards, but our environmental consulting firm expects the remaining contamination will break down readily through natural processes. We have requested that the New Jersey Department of Environmental Protection ("NJDEP") confirm that no further action must be taken to address contamination issues at this site. The NJDEP will review groundwater data submitted by our consultant, and any additional data that may be required pursuant to a memorandum of

agreement, in considering our request for a no further action determination. Until the NJDEP issues such a determination, however, there is a risk that the NJDEP will require us to take further investigation or remedial actions.

INSURANCE

We believe that our properties are covered by adequate fire, flood, earthquake, wind (as deemed necessary or as required by our lenders) and property insurance as well as commercial liability insurance provided by reputable companies and with commercially reasonable deductibles and limits. Furthermore, we believe our businesses and business assets are likewise adequately insured against casualty loss and third-party liabilities. Changes in the insurance market since September 11, 2001 have caused increases in insurance costs and deductibles, and have led to more active management of our insurance component.

Management

DIRECTORS, DIRECTOR NOMINEES AND EXECUTIVE OFFICERS

Upon completion of the offering, our board of directors will consist of seven individuals. Our board of directors has determined that four of our director nominees will satisfy the NYSE's listing standards for independence. Certain information regarding our executive officers, directors, director nominees and certain other senior officers upon completion of the offering is set forth below.

Name	Age	Position
Kenneth M. Woolley	58	Chief Executive Officer and Chairman of the Board
Kent W. Christensen	45	Senior Vice President and Chief Financial Officer
Richard S. Tanner	51	Senior Vice President, East Coast Development
Charles L. Allen	54	Senior Vice President and Senior Legal Counsel
David L. Rasmussen	58	Vice President and General Counsel
Timothy Arthurs	45	Senior Vice President, Operations
Anthony Fanticola	61	Director Nominee
Hugh W. Horne	60	Director Nominee
Dean Jernigan	58	Director Nominee
Spencer F. Kirk	43	Director Nominee
Roger B. Porter	58	Director Nominee
K. Fred Skousen	62	Director Nominee

The following are biographical summaries of the experience of our executive officers, directors, director nominees and certain other senior officers.

Kenneth M. Woolley, Chairman and Chief Executive Officer. Kenneth M. Woolley, a founder of our company and the brother-in-law of Richard S. Tanner, a founder of our company and our Senior Vice President, East Coast Development, has served as our Chairman and Chief Executive Officer since our inception, and was formerly Chief Executive Officer of our predecessor. He directs all strategic planning and oversees the development and acquisition activities for our company. Mr. Woolley has been involved in all aspects of the self-storage industry since 1977. He has been directly responsible for developing over 100 properties and acquiring over 176 self-storage properties throughout the United States. From 1982 to 1983 he worked as an in-house acquisition broker at Public Storage, Inc. From 1983 to 1989 he acted as a preferred developer for Public Storage, Inc. and developed 22 storage properties which were acquired by Public Storage. From 1994 to 2002, he was an active participant on Storage USA's Advisory Board. Early in his career he was a management consultant with the Boston Consulting Group. From 1979 to 1998 he was an Associate Professor, and later an Adjunct Associate Professor, of Business Administration at Brigham Young University where he taught undergraduate and MBA classes in Corporate Strategy and Real Estate. Mr. Woolley has also developed more than 7,000 apartment units, and been the founder of several companies in the retail, electronics, food manufacturing and natural resources industries. Mr. Woolley holds a BA in physics from Brigham Young University and an MBA and PhD in business administration from Stanford University Graduate School of Business.

Management

Kent W. Christensen, Senior Vice President and Chief Financial Officer. Kent Christensen has served as our Senior Vice President and Chief Financial Officer since our inception, and was the Chief Financial Officer of our predecessor since 1998. Prior to joining our predecessor, Kent Christensen was the Chief Financial Officer of Source One Management for 10 years, where he designed and installed financial and accounting systems for the geographically dispersed organization. Prior to his time at Source One, he worked at KPMG Peat Marwick. Mr. Christensen holds a BS and an Masters in accounting from Utah State University.

Richard S. Tanner, Senior Vice President, East Coast Development. Richard Tanner, a founder of our company and the brother-in-law of Kenneth M. Woolley, our Chairman and Chief Executive Officer, has served as our Senior Vice President, East Coast Development since our inception, and he was a co-founder and the Senior Vice President for East Coast Development, of our predecessor. He has been responsible for New England development since 1979. He recently served as President of the Self-Storage Association (SSA) and previously as the SSA National Director and Treasurer. Mr. Tanner holds a BS degree from Brigham Young University and an MBA from the University of Utah.

Charles L. Allen, Senior Vice President, Senior Legal Counsel and Secretary. Charles Allen has served as our Senior Vice President, Senior Legal Counsel and Secretary since our inception, and was the General Counsel of our predecessor from 1998 to 2002. From 2002 to 2003, he served as Senior Vice President of Development. He coordinates and supervises all acquisition, development and related legal support and corporate matters, nationwide. Prior to joining our predecessor, Charles Allen was a Senior Managing Partner at Allen, Nelson, Hardy & Evans and Associate General Counsel for Megahertz Corporation, a public company that had been a worldwide market leader in PC card modems until it was acquired by US Robotics/3 Com Corporation. Mr. Allen holds a BS in accounting from Brigham Young University and a JD from the J. Reuben Clark Law School of Brigham Young University.

David L. Rasmussen, Vice President and General Counsel. David Rasmussen has served as our Vice President and General Counsel since our inception, and joined our predecessor as General Counsel in 2002. Mr. Rasmussen currently supervises legal matters associated with real estate development and acquisitions, project operations, numerous joint ventures and all lending arrangements. Previously, David Rasmussen was engaged in a private law practice for 23 years, with emphasis on real estate transactions and loans, corporate law and commercial contracts. He served as managing partner of the law firm of Nelson Rasmussen & Christensen, P.C. Mr. Rasmussen holds a BS in mathematics from Brigham Young University, a Masters of Science in mathematics from Brigham Young University and a JD from the J. Reuben Clark Law School of Brigham Young University.

Timothy Arthurs, Senior Vice President Operations. Timothy Arthurs has served as our Senior Vice President Operations since our inception, and joined our predecessor as Vice President of East Coast Operations in June 2000. Since that time, Mr. Arthurs has been involved in the successful day-to-day management of our rapidly growing eastern region. Today, he is responsible for the operations of our properties nationwide. Prior to joining our predecessor, Mr. Arthurs spent 11 years with Public Storage, Inc. most recently serving as its Regional Vice President of Operations for the Northeast.

Anthony Fanticola, Director Nominee. Anthony Fanticola currently manages his personal portfolio. He formerly served as the owner, Chairman and Chief Executive Officer of A. Fanticola Companies, Inc., Oil Express, Inc. and Lube Pit, Inc. (parent companies of 90 Jiffy Lube stores located in Southern California, Seattle/ Tacoma, Washington and in Tucson, Arizona). Prior to his involvement with Oil Express, Inc. and Lube Pit, Inc., Mr. Fanticola owned and operated a variety of privately owned businesses and served as Vice President of Vons Food and Drug where he was responsible for overseeing approximately $800 million in sales.

Management

Hugh W. Horne, Director Nominee. Hugh W. Horne has served as President and Chief Executive Officer of Storageworld, L.P. and Storage Spot, Inc. since 1998. Storageworld, L.P. owns 26 state-of-the-art self-storage assets which it operates under the brand name Storage Spot. For 25 years, Mr. Horne was employed by Public Storage, Inc. where he served in a number of capacities. His primary responsibility was that of President of the Real Estate Development Group responsible for all aspects of development of approximately 750 self-storage properties, totaling 45 million square feet, the development of approximately 100 commercial properties, totaling 6 million square feet, and the acquisition of approximately 450 existing self-storage properties, representing 27 million square feet. At Public Storage, Mr. Horne also served as Corporate Secretary and as Vice President of Public Storage Management, Inc., its property management subsidiary. From 1968 to 1970, Mr. Horne served as a weapons officer in South Vietnam. Mr. Horne holds a B.S. in business from Eastern New Mexico University.

Dean Jernigan, Director Nominee. Dean Jernigan was a founder, former Chairman of the Board and Chief Executive Officer of Storage USA from 1985 until 2002. Storage USA was publicly traded on the New York Stock Exchange from 1994 through 2002 when it was purchased by GE Capital. Presently, Mr. Jernigan is an active private investor and serves on the board of directors of Thomas & Betts Corporation.

Spencer F. Kirk, Director Nominee. Spencer Kirk served as our predecessor's Executive Vice President. He joined our predecessor in June of 1998. Prior to that time, he co-founded and served as Chairman and Chief Executive Officer of Megahertz Corporation. Mr. Kirk holds a BA in finance and an MBA from the University of Utah.

Roger B. Porter, Director Nominee. Roger Porter is the IBM Professor of Business and Government and the Master of Dunster House at Harvard University. He also is a Senior Scholar at the Woodrow Wilson International Center for Scholars and Faculty Chairman of Harvard's Program for Senior Managers in Government. Mr. Porter has served for more than a decade in various senior economic policy positions in the Ford, Reagan and Bush White Houses. Under President Bush, Mr. Porter served as Assistant to the President for Economic and Domestic Policy from 1989 to 1993. Mr. Porter is a director of Tenneco Automotive, Inc., Pactiv Corporation, Zions Bancorporation and National Life Insurance Company and RightChoice Managed Care, Inc. Mr. Porter holds a BA degree from Brigham Young University and was selected as a Rhodes Scholar and Woodrow Wilson Fellow, receiving his B.Phil. degree from Oxford University. He received his MA and PhD in political science from Harvard University.

K. Fred Skousen, Director Nominee. K. Fred Skousen serves as Advancement Vice President at Brigham Young University. Previously, he was Dean of the Marriott School of Management and Director of the School of Accountancy at Brigham Young University. Mr. Skousen has been a consultant to the Financial Executive Research Foundation, The Controller General of the United States, the Federal Trade Commission, and to several large companies. Mr. Skousen currently serves on the Audit Committee and Board of Directors of two companies. Mr. Skousen has been a visiting professor at the University of California, Berkeley, and the University of Missouri, as well as a faculty resident on the staff of the Securities and Exchange Commission and a faculty fellow at Price Waterhouse and Co. He served as Director of Research and a member of the Executive Committee of the American Accounting Association from 1974 to 1976 and is a member of the American Institute of CPAs and is past-president of the Utah Association of CPAs. Mr. Skousen earned a Bachelor's degree from Brigham Young University and Master's and Ph.D. degrees from the University of Illinois.

The officers of the company shall be elected annually by the board of directors, except that the chief executive officer may from time to time appoint one or more vice presidents, assistant secretaries and assistant treasurers or other officers. Each officer shall hold office until his or her successor is elected and qualifies or until their term is terminated. See "—Employment Agreements."

CORPORATE GOVERNANCE PROFILE

In connection with the offering and the formation transactions, we have revised our organizational structure and corporate governance in a manner we believe more closely aligns our interests with those of our stockholders as follows:

- Our board of directors is not staggered and all of our directors are subject to re-election annually.
- Of our seven directors, four have been determined by our board of directors to be independent for purposes of the NYSE’s listing standards and Rule 10A-3 under the Securities Exchange Act of 1934, as amended.
- We have, by resolution, exempted the family of Kenneth M. Woolley, its affiliates, associates and people acting in concert with any of the foregoing and Spencer F. Kirk, his affiliates, associates and people acting in concert with any of the foregoing, from the provisions of the Maryland Business Combination Act, and consequently, the five-year prohibition and the supermajority vote requirements will not apply to business combinations between us and any person described above.
- Our bylaws currently contain a provision exempting from the control share acquisition statute, any and all acquisitions by any person of our common stock.
- We do not have a stockholder rights plan.
- Different ownership limits apply to the family of Kenneth M. Woolley, certain of its affiliates, 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).

BOARD COMPENSATION

Following completion of the offering, each member of our board of directors who is not an employee of our company will be entitled to receive annual compensation for their services as a director as follows: $30,000 per year plus $2,500 per meeting attended, $500 per committee meeting attended and $500 per teleconference meeting attended. The chairman of the audit committee will be entitled to receive an additional $20,000 and the chairman of each other committee will be entitled to receive an additional $5,000 annually in compensation. Concurrently, with the completion of the offering, each non-employee director also will be entitled to receive 30,000 options to purchase our common stock at an exercise price equal to the initial public offering price, pursuant to a written non-employee director plan.

Additionally, each continuing non-employee director as of the date of each annual meeting of stockholders of our company will be entitled to receive 5,000 options to purchase our common stock at an exercise price equal to the fair market value on the date of the grant, pursuant to a written non-employee director plan. Non-employee directors who join our board of directors after the offering initially will receive 30,000 options to purchase our common stock at an exercise price equal to the fair market value on the date of the grant. Directors who are employees of our company will not receive any compensation for their services as directors. Each member of our board of directors will be reimbursed for out-of-pocket expenses associated with service on our behalf and associated with attendance at or participation in board meetings or committee meetings.

BOARD COMMITTEES

Upon consummation of the offering, our board of directors will appoint an audit committee, a compensation committee and a nominating and corporate governance committee. Each of these committees will have at least three directors and will be composed exclusively of independent directors, by reference to the rules, regulations and listing qualifications of the NYSE.

Audit Committee

The audit committee will help ensure the integrity of our financial statements, the qualifications and independence of our independent auditor and the performance of our internal audit function and independent auditors. The audit committee will select, assist and meet with the independent auditor, oversee each annual audit and quarterly review, establish and maintain our internal audit controls and prepare the report that federal securities laws require to be included in our annual proxy statement. Mr. Skousen has been designated as chair and Messrs. Fanticola and Porter have been appointed as members of the audit committee.

Compensation Committee

The compensation committee will review and approve the compensation and benefits of our executive officers, administer and make recommendations to our board of directors regarding our compensation and stock incentive plans, produce an annual report on executive compensation for inclusion in our proxy statement and publish an annual committee report for our stockholders. Mr. Jernigan has been designated as chair and Messrs. Fanticola and Porter have been appointed as members of the compensation committee.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee will develop and recommend to our board of directors a set of corporate governance principles, adopt a code of ethics, adopt policies with respect to and to resolve conflicts of interest, monitor our compliance with corporate governance requirements of state and federal law and the rules and regulations of the NYSE, establish criteria for prospective members of our board of directors, conduct candidate searches and interviews, oversee and evaluate our board of directors and management, evaluate from time to time the appropriate size and composition of our board of directors and recommend, as appropriate, increases, decreases and changes in the composition of our board of directors, formally propose the slate of directors to be elected at each annual meeting of our stockholders. Mr. Porter has been designated as chair and Messrs. Fanticola and Skousen have been appointed as members of the nominating and corporate governance committee.

Our board of directors may from time to time establish certain other committees to facilitate the management of our company.

EXECUTIVE COMPENSATION

Because we were only recently organized, meaningful individual compensation information is not available for prior periods. The following table sets forth the annual base salary and other compensation paid or earned in 2003 and expected to be paid or earned in 2004 to our Chief Executive Officer and our four other most highly-compensated executive officers. Such executive officers are referred to herein collectively as the “named executive officers.” Contemporaneously with the closing of the offering, we will grant options to acquire an aggregate of 650,000 shares of the company’s common stock at an exercise price equal to the initial public offering price.

Summary Compensation Table

		Annual Compensation			Long-Term Compensation		
Name and Principal Position	Year	Base Salary ($)	Expected Bonus(2)/Bonus Paid($)	Other Annual Compensation ($)	Restricted Stock Awards ($)	Securities Underlying Options	All Other Compensation ($)
Kenneth M. Woolley	2004(1)	$ 250,000	$ 90,000	0	—	150,000	—
Chairmanand Chief Executive Officer	2003	25,000	0	0	—	—	—
Kent W. Christensen	2004(1)	$ 175,000	$ 65,000	0	—	100,000	—
SeniorVice President and Chief Financial Officer	2003	120,000	48,500	0	—	—	—
Charles L. Allen	2004(1)	$ 175,000	$ 45,000	0	—	65,000	—
SeniorVice President and Senior Legal Counsel	2003	136,000	40,000	0	—	—	—
David L. Rasmussen	2004(1)	$ 170,000	$ 21,000	0	—	45,000	—
Vice President and General Counsel	2003	172,700	17,000	0	—	—	—
Timothy Arthurs	2004(1)	$ 130,000	$ 35,000	0	—	65,000	—
Senior Vice President, Operations	2003	145,000	34,500	0	—	—	—

(1) Represents an estimate of the annual compensation in 2004 to be paid to or earned by each of the named executive officers.
(2) Annual bonuses to be awarded under our incentive bonus plan in 2004 shall be based on corporate factors or individual factors (or a combination of both) selected before the end of the applicable performance year by the compensation committee of the board of directors. The committee may provide for partial bonus payments at target and other levels.

EMPLOYMENT AGREEMENTS

We will enter into written employment agreements, effective as of the completion of the offering, with Messrs. Woolley, Christensen and Allen. The employment agreements provide for Kenneth M. Woolley to serve as our Chairman and Chief Executive Officer, Mr. Christensen to serve as our Senior Vice President and Chief Financial Officer and Mr. Allen to serve as our Senior Vice President and Senior Legal Counsel. These employment agreements require the executives to devote substantially all of their business attention and time to our affairs, with certain specified exceptions.

The employment agreements each have a term of three years, with automatic one year renewals commencing on the third anniversary of the offering, unless either party provides at least ninety days’ notice of non-renewal.

The employment agreements provide for:

- an annual base salary, subject to increase by our board of directors in its sole discretion;
- eligibility for annual bonuses;
- eligibility for participation in our 2004 long-term stock incentive plan; and
- participation in all of the employee benefit plans and arrangements made available by us to our similarly situated executives.

Messrs. Woolley, Christensen and Allen's employment agreements provide that, if their employment is terminated by us without "cause" or by Messrs. Woolley, Christensen and Allen for "good reason" (each as defined in their employment agreements), they will be entitled to the following severance payments and benefits: (1) two years of annual base salary and two times the average of the two previous annual bonuses, (2) annual salary and other benefits earned and accrued under the applicable employment agreement prior to the termination of employment, (3) two year continuation of health benefits and (4) acceleration of vesting of incentive compensation and any non-qualified pension or deferred compensation benefits.

Upon the termination of an executive officer's employment either by us for "cause" or by Messr. Woolley, Christensen or Allen without "good reason" during the term, such executive officer will be entitled to receive his annual salary and bonus earned and accrued through the date of termination of the executive officer's employment.

For these purposes, "cause" generally includes (1) conviction of felony or certain other crimes, (2) willful misconduct, willful or gross neglect, fraud, misappropriation or embezzlement, (3) repeated failure to adhere to certain directions, policies and practices or to devote required time and efforts to us, (4) certain willful and continued failures to perform properly assigned duties, (5) material breach of certain restrictive covenants, or (6) certain other breaches of the employment agreement. "Good reason" generally includes (A) the material reduction of authority, duties and responsibilities, the failure to continue as a member of our board (or as chairman of the board, as applicable), or the assignment of duties materially inconsistent with the executive's positions, (B) a reduction in salary, (C) the relocation of the executive's office to more than 100 miles from Salt Lake City, Utah or (D) our material and willful breach of the employment agreement.

Messrs. Woolley, Christensen and Allen's employment agreements also provide for payment of any annual salary or other benefits earned and accrued in the event of their death or "disability" (as defined in the employment agreement), to the executive, or his estate or beneficiaries, and payment of applicable life insurance and long term disability benefits.

Messrs. Woolley, Christensen and Allen will enter into a non-competition period that will extend for one year after termination by the employee or by us.

LONG-TERM STOCK INCENTIVE PLAN

We expect to adopt a 2004 long-term stock incentive plan. The purpose of the 2004 long-term stock incentive plan is to provide us with the flexibility to use stock options and other awards as part of an overall compensation package to provide a means of performance-based compensation to attract and retain qualified personnel. We believe that awards under the 2004 long-term stock incentive plan may serve to broaden the equity participation of employees, directors and consultants, and further link the long-term interests of such individuals and stockholders.

ADMINISTRATION

The 2004 long-term stock incentive plan will be administered by our board of directors or a committee of our board of directors. From and after the time of a public offering, the plan will be administered by a committee consisting of two or more non-employee directors, each of whom is intended to be, to the extent required by Rule 16b-3 under the Securities Exchange Act of 1934 and Section 162(m) of the Internal Revenue Code, a non-employee director under Rule 16b-3 and an outside director under Section 162(m), or, if no committee exists, the board of directors. References below to the committee include a reference to the board for those periods in which the board is acting.

The committee has the full authority to administer and interpret the 2004 long-term stock incentive plan, to authorize the granting of awards, to determine the eligibility of an employee, director or consultant to receive an award, to determine the number of shares of common stock to be covered by each award (subject to the individual participant limitations provided in the 2004 long-term stock incentive plan), to determine the terms, provisions and conditions of each award (which may not be inconsistent with the terms of the 2004 long-term stock incentive plan), to prescribe the form of instruments evidencing awards and to take any other actions and make all other determinations that it deems necessary or appropriate in connection with the 2004 long-term stock incentive plan or the administration or interpretation thereof. In connection with this authority, the committee may establish performance goals that must be met in order for awards to be granted or to vest, or for the restrictions on any such awards to lapse.

ELIGIBILITY AND TYPES OF AWARDS

Employees, directors and consultants, of us or our affiliates, are eligible to be granted stock options, restricted stock, phantom shares, dividend equivalent rights and other stock-based awards (including interests in our operating partnership) under the 2004 long-term stock incentive plan. As of the date hereof, no awards have been granted under the 2004 long-term stock incentive plan. Eligibility for awards under the 2004 long-term stock incentive plan is determined by the committee.

AVAILABLE SHARES

Subject to adjustment upon certain corporate transactions or events, a maximum of 8,000,000 shares of our common stock may be subject to stock options, shares of restricted stock, phantom shares and dividend equivalent rights under the 2004 long-term stock incentive plan. In addition, subject to adjustment upon certain corporate transactions or events, a participant may not receive options for more than 2,000,000 shares of our common stock in any one year. If an option or other award granted under the 2004 stock incentive plan expires or terminates, the shares subject to any portion of the award that expires or terminates without having been exercised or paid, as the case may be, will again become available for the issuance of additional awards. Unless previously terminated by our board of directors, no new award may be granted under the 2004 stock incentive plan after the tenth anniversary of the date that such plan was initially approved by our board of directors. Also, no award may be granted under our stock incentive plans to any person who, assuming exercise of all options and payment of all awards held by such person immediately prior to such grant would own or be deemed to own more than 7.0% of the outstanding shares of our common stock or 7.0% of the outstanding shares of our capital stock, unless the restriction was specifically waived by action of the board of directors or a designated committee thereby.

AWARDS UNDER THE PLAN

Stock Options

The terms of specific options, including whether options shall constitute "incentive stock options" for purposes of Section 422(b) of the Internal Revenue Code, shall be determined by the committee (but shall be no less than 100% of the fair market value on the date of the grant). The exercise price of an option shall be determined by the committee and reflected in the applicable award agreement. The exercise price with respect to incentive stock options may not be lower than 100% (110% in the case of an incentive stock option granted to a 10% stockholder, if permitted under the plan) of the fair market value of our common stock on the date of grant. Each option will be exercisable after the period or periods specified in the award agreement, which will generally not exceed 10 years from the date of grant (or five years in the case of an incentive stock option granted to a 10% stockholder, if permitted under the plan). Options will be exercisable at such times and subject to such terms as determined by the committee, but under no circumstances may be exercised if such exercise would cause a violation of the ownership limit in our charter. Unless otherwise determined by the committee at the time of grant, such stock options shall vest ratably over a four-year period beginning on the date of grant.

Restricted Stock

Restricted stock will be subject to restrictions (including, without limitation, any limitation on the right to vote a share of restricted stock or the right to receive any dividend or other right or property) as the committee shall determine. The committee shall set forth in the applicable award agreement the period over which the shares of restricted stock will vest. Except as otherwise provided in the applicable award agreement, upon a termination of grantee's employment or other service by the company for "cause" or, by the holder of restricted stock for any reason other than death, retirement, or disability, during the applicable restriction period, all shares of restricted stock still subject to restrictions shall be forfeited to us. Except as otherwise provided in the applicable award agreement, upon a termination of grantee's employment or other services on account of the grantee's death, disability or retirement, or by us for any reason other than "cause," during the applicable restriction period, the restricted stock will vest.

Phantom Shares

Phantom shares will vest as provided in the applicable award agreement. A phantom share represents a right to receive the fair market value of a share of our common stock, or, if provided by the committee, the right to receive the fair market value of a share of our common stock in excess of a base value established by the committee at the time of grant. Except as otherwise provided in the applicable award agreement, the settlement date with respect to a grantee is the first day of the month to follow grantee's termination of service. Phantom shares may generally be settled in cash or by transfer of shares of common stock (as may be elected by the participant or the committee, as may be provided by the committee at grant). The committee may, in its discretion and under certain circumstances, permit a participant to receive as settlement of the phantom shares installments over a period not to exceed 10 years. In addition, the committee may establish a program under which distributions with respect to phantom shares may be deferred for additional periods as set forth in the preceding sentence.

Dividend Equivalents

A dividend equivalent is a right to receive (or have credited) the equivalent value (in cash or shares of common stock) of dividends declared on shares of common stock otherwise subject to an award. The committee may provide that amounts payable with respect to dividend equivalents shall be converted into cash or additional shares of common stock. The committee will establish all other limitations and conditions of awards of dividend equivalents as it deems appropriate.

Other Stock-Based Awards

The 2004 long-term stock incentive plan authorizes the granting of other awards which may be based upon the common stock (including the grant of securities convertible into common stock and stock appreciation rights and interests in our operating partnership), and subject to terms and conditions established at the time of grant.

CHANGE IN CONTROL

Upon a change in control of us (as defined in the 2004 long-term stock incentive plan), the committee may make such adjustments as it, in its discretion, determines are necessary or appropriate in light of the change in control, including the accelerated vesting of awards issued under the plan but only if the committee determines that the adjustments do not have an adverse economic impact on the participants (as determined at the time of the adjustments).

AMENDMENT AND TERMINATION

Our board of directors may amend the 2004 long-term stock incentive plan as it deems advisable, except that it may not amend the 2004 long-term stock incentive plan in any way that would adversely affect a participant with respect to an award previously granted unless the amendment is required in order to comply with applicable laws. In addition, our board of directors may not amend the 2004 stock incentive plan without stockholder approval if such approval is required by applicable law, rule or regulation.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

Qualified Stock Options

In general, neither the grant nor the exercise of an incentive stock option will result in taxable income to an option holder or a deduction for us. To receive special tax treatment as an incentive stock option under the Internal Revenue Code as to shares acquired upon exercise of an incentive stock option, an option holder must neither dispose of the shares within two years after the incentive stock option is granted nor within one year after the transfer of the shares to the option holder pursuant to exercise of the option. In addition, the option holder must be an employee of us or a qualified subsidiary at all times between the date of grant and the date three months (one year in the case of disability) before exercise of the option. (Special rules apply in the case of the death of the option holder.) Incentive stock option treatment under the Internal Revenue Code generally allows the sale of common stock received upon the exercise of an incentive stock option to result in any gain being treated as a capital gain to the option holder, but we will not be entitled to a tax deduction. The exercise of an incentive stock option (if the holding period rules described in this paragraph are satisfied), however, will give rise to income includable by the option holder in his or her alternative minimum taxable income for purposes of the alternative minimum tax in an amount equal to the excess of the fair market value of the stock acquired on the date of the exercise of the option over the exercise price.

If the holding period rules noted above are not satisfied, gain recognized on the disposition of the shares acquired upon the exercise of an incentive stock option will be characterized as ordinary income. This gain will be equal to the difference between the exercise price and the fair market value of the shares at the time of exercise. (Special rules may apply to disqualifying dispositions where the amount realized is less than the value at exercise.) We will generally be entitled to a deduction equal to the amount of such gain included by an option holder as ordinary income. Any excess of the amount realized upon such disposition over the fair market value at exercise will generally be long-term or short-term capital gain depending on the holding period involved. Notwithstanding the foregoing, if exercise of the option is permitted other than by cash payment of the exercise price, various special tax rules may apply.

Non-Qualified Stock Options

No income will be recognized by an option holder at the time a non-qualified stock option is granted. Ordinary income will generally be recognized by an option holder, however, at the time a non-qualified stock option is exercised in an amount equal to the excess of the fair market value of the underlying common stock on the exercise date over the exercise price. We will generally be entitled to a deduction for federal income tax purposes in the same amount as the amount included in ordinary income by the option holder with respect to his or her non-qualified stock option. Gain or loss on a subsequent sale or other disposition of the shares acquired upon the exercise of a non-qualified stock option will be measured by the difference between the amount realized on the disposition and the tax basis of such shares, and will generally be long-term or short-term capital gain depending on the holding period involved. The tax basis of the shares acquired upon the exercise of any non-qualified stock option will be equal to the sum of the exercise price of the non-qualified stock option and the amount included in income with respect to the option. Notwithstanding the foregoing, in the event that exercise of the option is permitted other than by cash payment of the exercise price, various special tax rules may apply.

Restricted Stock

Unless a holder of restricted stock makes an “83(b) election” (as discussed below), there generally will be no tax consequences as a result of the grant of restricted stock until the restricted stock is no longer subject to a substantial risk of forfeiture or is transferable (free of the risk). Generally, when the restrictions are lifted, the holder will recognize ordinary income, and we will be entitled to a deduction, equal to the difference between the fair market value of the stock at that time and the amount, if any, paid by the holder for the restricted stock. Subsequently realized changes in the value of the stock generally will be treated as long-term or short-term capital gain or loss, depending on the length of time the shares are held prior to disposition of the shares. In general terms, if a holder makes an 83(b) election (under Section 83(b) of the Internal Revenue Code) upon the award of restricted stock, the holder will recognize ordinary income on the date of the award of restricted stock, and we will be entitled to a deduction, equal to (1) the fair market value of the restricted stock as though the stock were (A) not subject to a substantial risk of forfeiture or (B) transferable, minus (2) the amount, if any, paid for the restricted stock. If an 83(b) election is made, there will generally be no tax consequences to the holder upon the lifting of restrictions, and all subsequent appreciation in the restricted stock generally would be eligible for capital gains treatment.

Phantom Shares

The phantom shares have been designed with the intention that there will be no tax consequences as a result of the granting of a phantom share until payment is made with respect to the phantom share. When payment is made, the participant generally will recognize ordinary income, and we will generally be entitled to a deduction, equal to the fair market value of the common stock and cash, as applicable, received upon payment.

Dividend Equivalents

There generally will be no tax consequences as a result of the award of a dividend equivalent. When payment is made, the holder of the dividend equivalent generally will recognize ordinary income, and we will be entitled to a deduction, equal to the amount received in respect of the dividend equivalent.

Securities Exchange Act of 1934

Additional special tax rules may apply to those award holders who are subject to the rules set forth in Section 16 of the Securities Exchange Act of 1934.

The foregoing tax discussion is a general description of certain expected federal income tax results under current law, and all affected individuals should consult their own advisors if they wish any further details or have special questions.

INCENTIVE BONUS PLAN

We intend to adopt the performance bonus plan for the payment of bonuses to certain key employees, including our executive officers. Bonuses under our incentive bonus plan shall be based on corporate factors or individual factors (or a combination of both). The committee may provide for partial bonus payments at target and other levels. The committee may allocate portions of the bonus to specified indexed factors. Corporate performance hurdles for annual bonuses may be adjusted by the committee in its discretion to reflect (1) dilution from corporate acquisitions and share offerings and (2) changes in applicable accounting rules and standards. No bonus shall exceed 100% of the key employee's aggregate salary for the year. The compensation committee may determine that bonuses shall be paid in cash or stock (or other equity-based grants), or a combination thereof. The compensation committee may also provide that any such stock grants be made under our 2004 long-term stock incentive plan or any other equity-based plan or program we may establish. The compensation committee may provide for programs under which the payment of bonuses may be deferred at the election of the employee. The incentive bonus plan is administered by the compensation committee.

401(k) PLAN

We intend to establish and maintain a retirement savings plan under Section 401(k) of the Internal Revenue Code to cover our eligible employees. The plan will allow eligible employees to defer, within prescribed limits, up to 15% of their compensation on a pre-tax basis through contributions to the plan. We will match each eligible participant's contributions, within prescribed limits, with an amount equal to 50% of such participant's first 6% of contributions. In addition, we intend to reserve the right to make additional discretionary contributions on behalf of eligible participants. Our employees will be eligible to participate in the plan if they meet certain requirements, including a minimum period of credited service. Any matching and discretionary company contributions may be subject to certain vesting requirements. Some classes of employees, such as those covered by a collective bargaining agreement, will not be eligible to participate in the plan.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

There are no compensation committee interlocks and none of our employees participate on the compensation committee.

Certain relationships and related transactions

REGISTRATION RIGHTS AGREEMENTS

As holders of OP units, common stock and/or CCSs, Kenneth M. Woolley, our Chairman and Chief Executive Officer and our officers and directors will receive registration rights with respect to shares of our common stock acquired by them in connection with their exercise of redemption/exchange rights under the partnership agreement. See “Shares eligible for future sale—Registration Rights.”

AGREEMENTS WITH EXTRA SPACE DEVELOPMENT LLC

Extra Space Development LLC has granted us a right of first refusal with respect to the interests in 13 early-stage development properties and Extra Space Development LLC is owned by third-party individuals, as well as by executive officers and directors in the following approximate percentages: Kenneth M. Woolley (33%), Spencer F. Kirk (33%), Richard S. Tanner (7%), Kent Christensen (3%), Charles L. Allen (2%), David L. Rasmussen (0.5%) and Timothy Arthurs (0.5%).

CENTERSHIFT, INC.

Effective January 1, 2004, we entered into a license agreement with Centershift which secures for our company a perpetual right to continue to enjoy the benefits of STORE in all aspects of our property acquisition, development, redevelopment and operational activities, while the cost of maintaining the infrastructure required to support this product remains the responsibility of Centershift. This license agreement provides for an annual license fee payable by us which we estimate for the year ended December 31, 2004 will aggregate approximately $130,000, in exchange for which we will receive all product upgrades and enhancements and customary customer support services from Centershift. Centershift is required to secure our consent before entering into a license covering STORE with other publicly-traded self-storage companies. Centershift is owned by third-party individuals, as well as by executive officers and directors in the following approximate percentages: Kenneth M. Woolley (28%), Spencer F. Kirk (29%), Richard S. Tanner (7%), Kent Christensen (3%), Charles L. Allen (2%), David L. Rasmussen (0.4%) and Timothy Arthurs (0.4%).

ACQUISITION OF EXTRA SPACE MANAGEMENT, INC.

Effective March 31, 2004, our predecessor acquired Extra Space Management, Inc. from Kenneth M. Woolley, Spencer M. Kirk and Richard S. Tanner for an aggregate of approximately $184,000. Upon completion of the offering and the formation transactions, Extra Space Management, Inc. will become our taxable REIT subsidiary and will be responsible for all property management operations that we perform for 9 properties owned by third parties.

DEBT GUARANTEES

We have agreed to make available to each of Kenneth M. Woolley, our Chairman and Chief Executive Officer, his affiliates, associates and people acting in concert with any of the foregoing, Richard S. Tanner, his affiliates, associates and people acting in concert with any of the foregoing and David Lackland, one of the members of our predecessor, and his related entities, the contributors of Sepulveda Associates, LLC and of 658 Venice, Ltd., the following protections: for nine years with a three-year

extension if the applicable party continues to maintain ownership of at least 50% of the OP units received by it in the formation transactions, the opportunity to:

- guarantee debt; or
- enter into a special loss allocation and deficit restoration obligation,

in an aggregate amount, with respect to the foregoing contributors, at least equal to $60.0 million.
The ability of the foregoing contributors to guarantee debt or enter into a special loss allocation and deficit restoration obligation with our operating partnership may enable them to continue to defer any taxable gain attributable to their negative capital accounts in our predecessor. If we were to breach our agreement to make available these opportunities, we would be required to make an indemnification payment to the contributors.

ACQUISITION OF STORAGE SPOT PROPERTIES

Effective May 28, 2004, Extra Space Storage LLC entered into a purchase and sale agreement with Storage Spot Properties No. 1, L.P. and Storage Spot Properties No. 4, L.P. for the acquisition of 26 self-storage properties for which the purchase price under this agreement is $147.0 million. For the year ended December 31, 2003, the net revenues less bad debt expenses for these properties totaled $16.0 million. None of the sellers are currently our affiliates. Hugh W. Horne is president of Storage World Properties GP No. 1, LLC and Storage World Properties GP No. 4, LLC, the general partners of the selling parties under the agreement. In connection with this transaction, we agreed to name Mr. Horne as a director of our company effective upon the closing of this offering. Additionally, if at any time prior to February 15, 2006, Hugh W. Horne is not serving as one of our directors, Storage Spot shall have the right to have one representative present at all meetings of our board of directors and all of our board committees during such time. The purchase and sale agreement contains customary representations, warranties and covenants and is subject to customary closing conditions (such as those relating to the accuracy of representations and warranties and the performance of covenants contained in the purchase and sale agreement) as well as the completion of the offering. Our predecessor has deposited $3.0 million in escrow under the purchase and sale agreement. Storage Spot may be entitled to receive up to an additional $5.0 million cash consideration depending upon the performance of the 26 properties for the 12 months ended December 31, 2005. Under this earn-out provision, we have agreed to pay in February 2006, $8.45 for each dollar that the net revenues from these properties for calendar year 2005 exceeds $17.9 million, up to a maximum of $5.0 million. The entire $5.0 million is also payable upon the occurrence of certain other conditions, including any change of control of the purchaser or a third-party sale of any of the 26 properties prior to December 31, 2005. Our predecessor's obligation to pay any additional funds will be guaranteed by our operating partnership. Subject to customary closing conditions, including the completion of due diligence, we expect this transaction to close concurrently with the completion of the offering and to be funded with the net proceeds of the offering. See "Use of Proceeds."

REPAYMENT OF NOTE

We will repay out of the proceeds of the offering a note held by Anthony Fanticola (a director-nominee) and Joann Fanticola, cotrustees of the Anthony and Joann Fanticola Trust for approximately $4.0 million. We will also pay $1.1 million in defeasance fees associated with repayment of the Fanticola note.

AIRCRAFT DRY LEASE

SpenAero, L.L.C., an affiliate of Spencer F. Kirk, will enter into an Aircraft Dry Lease with us which provides that we have the right to use a 2002 Falcon 50EX aircraft owned by SpenAero, L.L.C. at a rate of $1,740 for each hour of use by us of the aircraft and payment of all taxes by us associated with our use of the aircraft.

Benefits to related parties

BENEFITS TO RELATED PARTIES

Upon completion of the offering and the formation transactions, our senior executive officers and members of our board of directors will receive material financial and other benefits that include:

Kenneth M. Woolley and affiliates

In the case of Kenneth M. Woolley, our Chairman and Chief Executive Officer:

- together with his affiliates, 1,664,309 shares of common stock, 150,413 OP units, 706,755 CCSs and 63,873 CCUs (with a combined aggregate value of approximately $36.2 million) in exchange for membership interests in Extra Space Storage LLC having an aggregate net tangible book value attributable to such interests as of March 31, 2004 of approximately $0.5 million;
- the release of guarantees of approximately $64.9 million of outstanding indebtedness;
- an employment agreement providing him with salary, bonus and other benefits, including severance upon a termination of his employment under certain circumstances;
- options to acquire 150,000 shares of common stock at an exercise price equal to the initial public offering price;
- indemnification by us for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against him as an officer or director;
- $82,360 (together with Messrs. Kirk and Tanner) for the acquisition of Extra Space Management, Inc. by our predecessor; and
- registration rights afforded by the registration rights agreement.

Spencer F. Kirk and affiliates

In the case of Spencer F. Kirk, a member of our Board of Directors:

- together with his affiliates, 2,425,137 shares of common stock and 1,029,842 CCSs (with a combined aggregate value of approximately $48.4 million) in exchange for membership interests in Extra Space Storage LLC having an aggregate net tangible book value attributable to such interests as of March 31, 2004 of approximately zero dollars;
- the release of guarantees of approximately $17.3 million of outstanding indebtedness;
- options to acquire 30,000 shares of common stock at an exercise price equal to the initial public offering price;

Benefits to related parties

- indemnification by us for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against him as a director;
- will enter into with SpenAero, L.L.C., an affiliate of Spencer F. Kirk, an Aircraft Dry Lease with us which provides that we have the right to use a 2002 Falcon 50EX aircraft owned by SpenAero, L.L.C. at a rate of $1,740 for each hour of use by us of the aircraft and the payment of all taxes by us associated with our use of the aircraft;
- $82,360 (together with Messrs. Woolley and Tanner) for the acquisition of Extra Space Management, Inc. by our predecessor; and
- registration rights afforded by the registration rights agreement.

Kent W. Christensen

In the case of Kent W. Christensen, our Senior Vice President and Chief Financial Officer:

- 146,458 shares of common stock and 62,194 CCSs (with a combined aggregate value of approximately $2.9 million) in exchange for membership interests in Extra Space Storage LLC having an aggregate net tangible book value attributable to such interests as of March 31, 2004 of approximately zero dollars;
- an employment agreement providing him with salary, bonus and other benefits, including severance upon a termination of his employment under certain circumstances;
- options to acquire 100,000 shares of the company’s common stock at the offering price;
- indemnification by us for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against him as an officer; and
- registration rights afforded by the registration rights agreement.

Charles L. Allen

In the case of Charles Allen, Senior Vice President and Senior Legal Counsel:

- 117,984 shares of common stock and 50,102 CCSs (with a combined aggregate value of approximately $2.4 million) in exchange for membership interests in Extra Space Storage LLC having an aggregate net tangible book value attributable to such interests as of March 31, 2004 of approximately $0.03 million;
- an employment agreement providing him with salary, bonus and other benefits, including severance upon a termination of his employment under certain circumstances;

[Table of Contents]

- ø options to acquire 65,000 shares of the company's common stock at the offering price;
- ø indemnification by us for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against him as an officer; and
- ø registration rights afforded by the registration rights agreement.

Timothy Arthurs

In the case of Timothy Arthurs, our Senior Vice President of Operations:

- ø 38,462 shares of common stock and 16,333 CCSs (with a combined aggregate value of approximately $0.77 million) in exchange for membership interests in Extra Space Storage LLC having an aggregate net tangible book value attributable to such interests as of March 31, 2004 of approximately $0.02 million;
- ø options to acquire 65,000 shares of the company's common stock at the offering price;
- ø indemnification by us for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against him as an officer; and
- ø registration rights afforded by the registration rights agreement.

David L. Rasmussen

In the case of David L. Rasmussen, our Vice President and General Counsel:

- ø 29,704 shares of common stock and 12,614 CCSs (with a combined aggregate value of approximately $0.59 million) in exchange for membership interests in Extra Space Storage LLC having an aggregate net tangible book value to such interests as of March 31, 2004 of approximately zero dollars;
- ø options to acquire 45,000 shares of the company's common stock at the offering price;
- ø indemnification by us for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against him as an officer; and
- ø registration rights afforded by the registration rights agreement.

Richard S. Tanner

In the case of Richard S. Tanner, our Senior Vice President, East Coast Development:

- ø together with his affiliates, 494,153 shares of common stock, 50,138 OP units, 209,844 CCSs and 21,291 CCUs (with a combined aggregate value of approximately $10.8 million) in exchange for membership interests in Extra Space Storage LLC having an aggregate net tangible book value attributable to such interests as of March 31, 2004 of approximately $0.04 million;

[Table of Contents](#)

Benefits to related parties

- options to acquire 45,000 shares of the company's common stock at the offering price;
- indemnification by us for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against him as an officer;
- registration rights afforded by the registration rights agreement; and
- $16,448 (together with Messrs. Kirk and Tanner) for the acquisition of Extra Space Management, Inc. by our predecessor.

Anthony Fanticola

In the case of Anthony Fanticola, a member of our Board of Directors:

- 531,676 shares of common stock and 225,776 CCSs (with a combined aggregate value of approximately $10.6 million) to affiliates of Anthony Fanticola in exchange for membership interests having an aggregate net tangible book value attributable to such interests as of March 31, 2004 of approximately $0.5 million;
- options to acquire 30,000 shares of the company's common stock at the offering price;
- indemnification by us for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against him as a director;
- registration rights afforded by the registration rights agreement;
- approximately $4.0 million of the net proceeds of the offering in repayment of a note held by Anthony Fanticola and Joann Fanticola, cotrustees of the Anthony Fanticola and Joann Fanticola Family Trust; and
- $1.1 million in defeasance fees to be paid on behalf of Mr. Fanticola.

Hugh W. Horne

In the case of Hugh W. Horne, a member of our Board of Directors:

- options to acquire 30,000 shares of the company's common stock at the offering price;
- indemnification by us for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against him as a director; and
- registration rights afforded by the registration rights agreement.

[Table of Contents]

Benefits to related parties

Dean Jernigan	In the case of Dean Jernigan, a member of our Board of Directors: ø options to acquire 30,000 shares of the company's common stock at the offering price; and ø indemnification by us for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against him as a director.
Roger B. Porter	In the case of Roger B. Porter, a member of our Board of Directors: ø 213,209 shares of common stock and 90,540 CCSs (with a combined aggregate value of approximately $4.25 million) in exchange for membership interests having an aggregate net tangible book value attributable to such interests as of March 31, 2004 of approximately $0.4 million. ø options to acquire 30,000 shares of the company's common stock at the offering price; ø indemnification by us for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against him as a director; and ø registration rights afforded by the registration rights agreement.
K. Fred Skousen	In the case of K. Fred Skousen, a member of our Board of Directors: ø options to acquire 30,000 shares of the company's common stock at the offering price; ø indemnification by us for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against him as a director; and ø registration rights afforded by the registration rights agreement.

Policies with respect to certain activities

The following is a discussion of our policies with respect to investments, financing and certain other activities. Our policies with respect to these activities have been determined by our board of directors and, in general, may be amended and revised from time to time at the discretion of our board of directors without notice to or a vote of our stockholders.

Investment Policies

Investments in Real Estate or Interests in Real Estate. We conduct all of our investment activities through our operating partnership and its affiliates. Our investment objectives are to increase cash flow, provide quarterly cash distributions, maximize the value of our current properties and acquire properties with cash flow growth potential. Additionally, we will seek to selectively expand and upgrade both our current properties and any newly-acquired properties. Our business will be focused primarily on self-storage properties and activities directly related thereto. We have not established a specific policy regarding the relative priority of the investment objectives. For a discussion of our properties and our business and other strategic objectives, see "Business and properties."

We expect to pursue our investment objectives through the ownership by our operating partnership of properties, but may also make investments in other entities, including joint ventures. We currently intend to focus on self-storage properties in those areas in which we operate and strategically select new markets when opportunities are available that meet our investment criteria or areas that have development potential. We anticipate that future investment and development activity will be focused primarily in the United States, but will not be limited to any geographic area. We intend to engage in such future investment activities in a manner that is consistent with the maintenance of our status as a REIT for U.S. federal income tax purposes.

We may also participate with other entities in the ownership of self-storage properties through joint ventures or other types of co-ownership. We may enter into joint ventures from time to time, if we determine that doing so would be the most effective means of raising capital, especially with respect to non-stabilized properties that we acquire. Equity investments may be subject to existing mortgage financing and other indebtedness or such financing or indebtedness may be incurred in connection with acquiring investments. Any such financing or indebtedness will have priority over our equity interest in such property. Investments are also subject to our policy not to be treated as an investment company under the Investment Company Act of 1940, as amended, or the 1940 Act.

Purchase and Sale of Investments. Our policy is to acquire assets primarily for generation of current income and long-term value appreciation; however, where appropriate, we will sell certain self-storage properties where our board of directors determine such properties doe not fit our strategic objectives.

Investments in Real Estate Mortgages. While we will emphasize equity real estate investments in self-storage properties, we may, at the discretion of our board of directors, invest in mortgages and other interests consistent with our qualification as a REIT. We do not presently intend to invest in mortgages or deeds of trust, but may do so subject to the investment restrictions applicable to REITs. The mortgages in which we may invest may be either first mortgages or junior mortgages, and may or may not be insured by a governmental agency. We do not expect to invest in mortgages other than the type we currently own. Investments in real estate mortgages run the risk that one or more borrowers may default under certain mortgages and that the collateral securing certain mortgages may not be sufficient to enable us to recoup our full investment.

Policies with respect to certain activities

Investments in Securities or Interests in Entities Primarily Engaged in Real Estate Activities and Other Issuers. Subject to the percentage of ownership limitations and gross income tests necessary for REIT qualification, we may invest in securities of entities engaged in real estate activities or securities of other issuers, including for the purpose of exercising control over such entities. We may acquire all or substantially all of the securities or assets of other REITs or similar entities where such investment would be consistent with our investment policies. In any event, we do not intend that our investments in securities will require us to register as an "investment company" under the 1940 Act, and we would intend to divest securities before any such registration would be required.

Dispositions

We do not currently intend to dispose of any of our properties, although we reserve the right to do so if, based upon our management's periodic review of our portfolio, our board of directors determines that such action would be in the best interests of our stockholders. Any decision to dispose of a property will be made by our board of directors.

Financing Policies

We expect to employ leverage in our capital structure in amounts determined 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, it 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 either be fixed and variable rate. Our total market capitalization is defined as the sum of the market value of our outstanding common stock (which may decrease, thereby increasing our debt to total capitalization ratio), including shares of restricted stock that we will issue to certain of our officers plus the aggregate value of OP units not owned by us, plus the book value of our total consolidated indebtedness. Because this ratio is based, in part, upon market values of equity, it will fluctuate with changes in the price of our common stock, however, we believe that this ratio provides an appropriate indication of leverage for a company whose assets are primarily real estate. We expect that our ratio of debt-to-total market capitalization upon completion of the offering and the formation transactions will be approximately 49.0% (46.0% if the underwriters' over-allotment option is exercised in full). Our charter and bylaws do not limit the amount or percentage of indebtedness that we may incur. Our board of directors may from time to time modify our debt policy in light of then-current economic conditions, relative costs of debt and equity capital, market values of our properties, general conditions in the market for debt and equity securities, fluctuations in the market price of our common stock, growth and acquisition opportunities and other factors. Accordingly, we may increase or decrease our ratio of debt-to-total market capitalization beyond the limits described above. If these policies were changed, we could become more highly leveraged, resulting in an increased risk of default on our obligations and a related increase in debt service requirements that could adversely affect our financial condition and results of operations and our ability to make distributions to our stockholders. See "Risk Factors—Risks Related to Our Debt Financing" and "Management's discussion and analysis of financial condition and results of operations—Liquidity and Capital Resources."

To the extent that our board of directors determines to obtain additional capital, we may issue debt or equity securities, including additional OP units, retain earnings (subject to provisions in the
Internal Revenue Code requiring distributions of income to maintain REIT status) or pursue a combination of these methods. As long as our operating partnership is in existence, the proceeds of all equity capital raised by us will be contributed to our operating partnership in exchange for additional interests in our operating partnership, which will dilute the ownership interests of the limited partners in our operating partnership.

In addition, our charter requires us to at all times reserve and keep available a sufficient number of shares of common stock and OP units to allow for full conversion of the CCSs and CCUs.

Conflicts of Interest Policies

Conflicts of interest could arise in the future as a result of the relationships between us and our affiliates, on the one hand, and our operating partnership or any partner thereof, on the other. Our directors and officers have duties to our company and our stockholders 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 and our stockholders. The partnership agreement of our operating partnership does not require us to resolve such conflicts in favor of either our stockholders 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.

Upon completion of this offering, certain members of our senior management team will have interests in (1) 13 early-stage development properties and two parcels of undeveloped land through their ownership of Extra Space Development LLC, (2) Extra Space of Palmdale LLC, the owner of one self-storage property and (3) Extra Space of Pico Rivera Two LLC, the owner of one self-storage property. We will not own any interest in these properties but the owners have granted us a right of first refusal with

respect to the sale of these properties. Except as set forth above, none of our executive officers will be permitted to compete with us during their employment with us.

Interested Director and Officer Transactions

Pursuant to Maryland law, a contract or other transaction between us and a director or between us and any other corporation or other entity in which any of our directors is a director or has a material financial interest is not void or voidable solely on the grounds of such common directorship or interest, the presence of such director at the meeting at which the contract or transaction is authorized, approved or ratified or the counting of the director's vote in favor thereof. However, such transaction will not be void or voidable only if:

- the material facts relating to the common directorship or interest and as to the transaction are disclosed to our board of directors or a committee of our board, and our board or committee authorizes, approves or ratifies the transaction or contract by the affirmative vote of a majority of disinterested directors, even if the disinterested directors constitute less than a quorum;
- the material facts relating to the common directorship or interest and as to the transaction are disclosed to our stockholders entitled to vote thereon, and the transaction is authorized, approved or ratified by a majority of the votes cast by the stockholders entitled to vote (other than the votes of shares owned of record or beneficially by the interested director); or
- the transaction or contract is fair and reasonable to us at the time it is authorized, ratified or approved.

Furthermore, under Delaware law (where our operating partnership is formed), we, acting through the general partner, have a fiduciary duty to our operating partnership and, consequently, such transactions are also subject to the duties of care and loyalty that we, as a general partner, owe to limited partners in our operating partnership (to the extent such duties have not been eliminated pursuant to the terms of the partnership agreement). We will adopt a policy which requires that all contracts and transactions between us, our operating partnership or any of our subsidiaries, on the one hand, and any of our directors or executive officers or any entity in which such director or executive officer is a director or has a material financial interest, on the other hand, must be approved by the affirmative vote of a majority of the disinterested directors. Where appropriate, in the judgment of the disinterested directors, our board of directors may obtain a fairness opinion or engage independent counsel to represent the interests of non-affiliated security holders, although our board of directors will have no obligation to do so.

Policies with Respect to Other Activities

We may, but do not presently intend to, make investments other than as previously described. We have authority to offer shares of our common stock or other equity or debt securities in exchange for property and to repurchase or otherwise re-acquire shares of our common stock or other equity or debt securities in exchange for property. Similarly, we may offer additional OP units, which are redeemable, in exchange for property. Although we have not made loans to third parties, we may in the future make loans to third parties, including joint ventures in which we participate, subject to the REIT asset test requirements. As described in "Extra Space Storage LP partnership agreement," we expect, but are not obligated, to issue shares of our common stock to holders of OP units upon exercise of their respective redemption rights. Our board of directors has no present intention of causing us to repurchase any common stock. We may issue preferred stock from time to time, in one or more series, as authorized by our board of directors without the need for stockholder approval. See "Description of stock—Power to Increase Authorized Stock and Issue Additional Shares of Our Common Stock and Preferred Stock." We have not engaged in trading, underwriting or the agency distribution or sale of securities of other issuers

and do not intend to do so. At all times, we intend to make investments in such a manner as to be consistent with the requirements of the Internal Revenue Code to qualify as a REIT unless, because of circumstances or changes in the Internal Revenue Code (or the regulations promulgated thereunder), our board of directors determines that it is no longer in our best interests to continue to have us qualify as a REIT. We intend to make investments in such a way that we will not be treated as an investment company under the 1940 Act. Our policies with respect to such activities may be reviewed and modified from time to time by our board of directors without notice to or the vote of the stockholders.

Reporting Policies

Generally speaking, we intend to make available to our stockholders audited annual financial statements and annual reports. After the offering, we will become subject to the information reporting requirements of the Exchange Act. Pursuant to these requirements, we will file periodic reports, proxy statements and other information, including audited financial statements, with the SEC.

Lending Policies

We do not have a policy limiting our ability to make loans to other persons. Subject to REIT qualification rules, we may consider offering purchase money financing in connection with the sale of properties where the provision of that financing will increase the value to be received by us for the property sold. We and our operating partnership may make loans to joint ventures in which we or they participate or may participate in the future. We have not engaged in any significant lending activities in the past nor do we intend to in the future.

Principal stockholders

The following table presents information regarding the beneficial ownership of our common stock, following completion of the offering and the formation transactions, with respect to:

- each person who is the beneficial owner of more than five percent of our outstanding common stock;
- each of our directors and director nominees;
- each of our named executive officers; and
- all directors, director nominees and executive officers as a group.

Unless otherwise indicated, all shares are owned directly and the indicated person has sole voting and investment powers.

Name and Address(3)	Shares and OP Units Beneficially Owned After The Offering(1)(2)	
	Number	Percentage
Directors, Director Nominees and Executive Officers:		
Kenneth M. Woolley(4)	1,814,722	6.37
Kent W. Christensen(5)	146,458	0.52
Richard S. Tanner(6)	544,291	1.92
Charles L. Allen(7)	117,984	0.42
David L. Rasmussen(8)	29,704	0.11
Timothy Arthurs(9)	38,462	0.14
Anthony Fanticola(10)	531,676	1.88
Hugh W. Horne(11)	N/A	N/A
Dean Jernigan(12)	N/A	N/A
Spencer F. Kirk(13)	2,425,137	8.57
Roger B. Porter(14)	213,209	0.75
K. Fred Skousen(15)	N/A	N/A
All directors, director nominees and executive officers as a group	5,861,643	20.57%
5% Stockholders:		
None.		

(1) *Assumes 28,295,003 shares of our common stock outstanding immediately after completion of the offering and the formation transactions. In addition, share amounts for individuals, directors, director nominees and officers as a group assume that all OP units held by the person are exchanged for shares of our common stock. The total number of shares of common stock outstanding used in calculating this percentage assumes that none of the OP units held by other persons are exchanged for shares of our common stock.*

(2) *Beneficial ownership is determined in accordance with Rule 13d-3 of the Exchange Act. A person is deemed to be the beneficial owner of any shares of common stock if that person has or shares voting power or investment power with respect to those shares, or has the right to acquire beneficial ownership at any time within 60 days of the date of the table. As used herein, "voting power" is the power to vote or direct the voting of shares and "investment power" is the power to dispose or direct the disposition of shares.*

(3) *The address for each of the persons named above is 2795 East Cottonwood Parkway, Suite 400, Salt Lake City, Utah 84121.*

(4) *Includes 1,664,309 shares of common stock and 150,413 OP units. Includes 292,641 shares of our common stock which are held by Woolley Storage LLC, for which Mr. Woolley is a non-member manager. Mr. Woolley has no pecuniary interest in such shares and disclaims beneficial ownership. Excludes ownership of 706,755 CCSs and 63,873 CCUs which are not convertible until March 31, 2006 at the earliest, and options to acquire 150,000 shares of common stock that will be granted upon closing of the offering and will become exercisable ratably over four years.*

(5) *Includes 146,458 shares of common stock. Excludes ownership of 62,194 CCSs which are not convertible until March 31, 2006 at the earliest, and options to acquire 100,000 shares of common stock that will be granted upon closing of the offering and will become exercisable ratably over four years.*

(6) *Includes 494,153 shares of common stock and 50,138 OP units. Includes 34,655 shares of our common stock which are held by Tanner Storage LLC, for which Mr. Tanner is a non-member manager. Mr. Tanner has no pecuniary interest in such shares and disclaims beneficial ownership. Excludes ownership of 209,844 CCSs and 21,291 CCUs which are not convertible until March 31, 2006 at the earliest, and options to acquire 45,000 shares of common stock that will be granted upon closing of the offering and will become exercisable ratably over four years.*

(7) *Includes 117,984 shares of common stock. Excludes ownership of 50,102 CCSs which are not convertible until March 31, 2006 at the earliest, and options to acquire 65,000 shares of common stock that will be granted upon closing of the offering and will become exercisable ratably over four years.*

(8) *Includes 29,704 shares of common stock. Excludes ownership of 12,614 CCSs which are not convertible until March 31, 2006 at the earliest, and options to acquire 45,000 shares of common stock that will be granted upon closing of the offering and will become exercisable ratably over four years.*

(9) *Includes 38,462 shares of common stock. Excludes ownership of 16,333 CCSs which are not convertible until March 31, 2006 at the earliest, and options to acquire 65,000 shares of common stock that will be granted upon closing of the offering and will become exercisable ratably over four years.*

(10) *Includes 531,676 shares of common stock. Includes 123,768 shares of our common stock which are held by The Anthony and JoAnn Fanticola Family Trust, for which Mr. Fanticola is a trustee. Includes 407,908 shares of our common stock which are held by The Anthony and JoAnn Fanticola Family Limited Partnership, for which Mr. Fanticola is the president of the corporate general partner. Mr. Fanticola has no pecuniary interest in 98% of such shares and disclaims beneficial ownership. Excludes ownership of 225,776 of CCSs which are not convertible until March 31, 2006 at the earliest, and options to acquire 30,000 shares of common stock that will be granted upon closing of the offering and will become exercisable ratably over four years.*

(11) *Excludes ownership of options to acquire 30,000 shares of common stock that will be granted upon closing of the offering and will become exercisable ratably over four years.*

(12) *Excludes ownership of options to acquire 30,000 shares of common stock that will be granted upon closing of the offering and will become exercisable ratably over four years.*

(13) *Includes 2,425,137 shares of common stock. Includes 1,375,531 shares of our common stock which are held by Krispen Family Holdings, L.C., an entity in which Mr. Kirk has shared voting and investment power. Mr. Kirk has no pecuniary interest in 50.5% of such shares and disclaims beneficial ownership. Includes 618,837 shares of our common stock which are held by The Kirk 101 Trust. Mr. Kirk has no pecuniary interest in any of these shares and disclaims beneficial ownership. Includes 430,769 shares of our common stock which are held by The SFKC Kirk Charitable Remainder Unitrust, of which Mr. Kirk is the income beneficiary. Excludes ownership of 1,029,842 CCSs which are not convertible until March 31, 2006 at the earliest, and options to acquire 30,000 shares of common stock that will be granted upon closing of the offering and will become exercisable ratably over four years.*

(14) *Includes 213,209 shares of common stock. Excludes ownership of 90,540 CCSs which are not convertible until March 31, 2006 at the earliest, and of options to acquire 30,000 shares of common stock that will be granted upon closing of the offering and will become exercisable ratably over four years.*

(15) *Excludes ownership of options to acquire 30,000 shares of common stock that will be granted upon closing of the offering and will become exercisable ratably over four years.*

Description of stock

The following summary of the material terms of the stock of our company. See "Where you can find more information."

GENERAL

Our charter provides that we may issue up to 200,000,000 shares of our common stock, $0.01 par value per share, or common stock, 4,100,000 contingent conversion shares, $.01 par value per share, or CCSs, and 50,000,000 shares of preferred stock, $0.01 par value per share, or preferred stock. Our charter authorizes our board of directors to increase the aggregate number of authorized shares or the number of shares of any class or series without stockholder approval. Upon completion of the offering and the formation transactions, 28,295,003 shares of our common stock will be issued and outstanding (31,325,000 if the underwriters' over-allotment option is exercised in full), 3,650,794 shares of our CCSs will be issued and outstanding and no shares of preferred stock will be issued and outstanding. Under Maryland law, stockholders generally are not liable for the corporation's debts or obligations.

COMMON STOCK

All shares of our common stock offered hereby will be duly authorized, fully paid and nonassessable. Subject to the preferential rights of any other class or series of stock and to the provisions of the charter regarding the restrictions on transfer of stock, holders of shares of our common stock are entitled to receive dividends on such stock if, as and when authorized by our board of directors out of assets legally available therefor and declared by us and, the holders of our common stock are entitled to share ratably in the assets of our company legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up after payment of or adequate provision for all known debts and liabilities of our company.

Subject to the provisions of our charter regarding the restrictions on transfer of stock, and except as may otherwise be specified in the terms of any class or series of common stock, each outstanding share of our common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors and, except as provided with respect to any other class or series of stock, the holders of such shares will possess the exclusive voting power. There is no cumulative voting in the election of our board of directors, which means that the holders of a majority of the outstanding shares of our common stock can elect all of the directors then standing for election and the holders of the remaining shares will not be able to elect any directors. Holders of CCSs shall not have any voting rights with respect to their shares.

Holders of shares of our common stock have no preference, conversion, exchange, sinking fund, redemption or appraisal rights and have no preemptive rights to subscribe for any securities of our company. Subject to the provisions of the charter regarding the restrictions on transfer of stock, shares of our common stock will have equal dividend, liquidation and other rights. Unless otherwise indicated, we have assumed for purposes of this prospectus, that there is no conversion feature associated with the CCSs.

Under the Maryland General Corporation Law, or MGCL, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business unless approved by the affirmative vote of stockholders holding at least two-thirds of the shares entitled to vote on the matter unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is set forth in the corporation's charter. Except for certain charter amendments, our charter provides for a majority

percentage in these situations. However, because operating assets may be held by a corporation's subsidiaries, as in our situation, this may mean that a subsidiary of a corporation can transfer all of its assets without any vote of the corporation's stockholders.

Our charter authorizes our board of directors to reclassify any unissued shares of our common stock into other classes or series of classes of stock and to establish the number of shares in each class or series and to set the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption for each such class or series.

CONTINGENT CONVERSION SHARES

Unlike our shares of common stock, CCSs will not carry any voting rights except as provided in the next sentence or entitle the holders to receive distributions from the company. The charter provides that we shall not, without the affirmative vote of at least two-thirds of the CCSs outstanding at the time, amend, alter or repeal the provisions of our charter, whether by merger, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the CCSs.

Upon the achievement of certain performance thresholds described below relating to the 14 early-stage lease-up properties which we will wholly own through various subsidiaries of our operating partnership upon completion of the offering and the formation transactions, all or a portion of the CCSs will be automatically converted into shares of our common stock. Initially, each CCS will be convertible on a one-for-one basis into shares of common stock (but not before March 31, 2006), subject to customary anti-dilution adjustments.

Within 30 days after the end of each quarter beginning with the quarter ending March 31, 2006 and ending with the quarter ending December 31, 2008, we will calculate the net operating income from the 14 wholly owned early-stage lease-up properties over the 12-month period ending in such quarter. We consider such net operating income to equal total revenues less property related expenses from such lease-up properties over the measurement period, subject to adjustment to take into account sales of any of the lease-up properties that occur on or prior to December 31, 2008. Within 35 days following the end of each quarter referred to above, some or all of the CCSs will be converted so that the total percentage (not to exceed 100%) of CCSs issued in connection with the formation transactions that have been converted to common stock will be equal to the percentage determined by dividing the net operating income for such period in excess of $5.1 million by $4.6 million. If any CCSs are not converted through the calculation made in respect of the 12-month period ending December 31, 2008, all remaining outstanding CCSs will be cancelled and restored to the status of authorized but unissued shares of common stock.

This provision in our charter is intended to allow a proportionate conversion of the CCSs into shares of common stock as the net operating income produced by the 14 early-stage lease-up properties grows from $5.1 million to $9.7 million (the projected fully stabilized net operating income) during any of the 12-month measurement periods. For the 12-month period ended March 31, 2004, the net operating income produced by these lease-up properties (which were 37.5% occupied as of the end of this period) totaled $142,484. This means that none of the CCSs will convert into shares of common stock until the net operating income produced by these lease-up properties is in excess of $5.1 million over any of the 12-month measurement periods.

Our charter provides that, while any CCSs remain outstanding, a majority of our independent directors must review and approve the net operating income calculation for each measurement period and also must approve any sales of any of the 14 wholly owned early-stage lease-up properties.

Our charter also requires us to at all times reserve and keep available a sufficient number of shares of common stock to allow for the full conversion of all CCSs.

PREFERRED STOCK

Our charter authorizes our board of directors to classify any unissued shares of preferred stock and to reclassify any previously classified but unissued shares of any series. Prior to issuance of shares of each series, our board of directors is required by the MGCL and our charter to set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each such series. Thus, our board of directors could authorize the issuance of shares of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change of control of our company that might involve a premium price for holders of our common stock or otherwise be in their best interests. As of the date hereof, no shares of preferred stock are outstanding and we have no present plans to issue any preferred stock.

Power to Increase or Decrease Authorized Stock and Issue Additional Shares of Our Common Stock and Preferred Stock

We believe that the power of our board of directors to increase or decrease the number of authorized shares of stock, approve additional authorized but unissued shares of our common stock or preferred stock and to classify or reclassify unissued shares of our common stock or preferred stock and thereafter to cause us to issue such classified or reclassified shares of stock will provide us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs which might arise. The additional classes or series, as well as the common stock, will be available for issuance without further action by the company’s stockholders, unless such action is required by applicable law or the rules of any stock exchange or automated quotation system on which the company’s securities may be listed or traded. Although our board of directors does not intend to do so, it could authorize us to issue a class or series that could, depending upon the terms of the particular class or series, delay, defer or prevent a transaction or a change of control of our company that might involve a premium price for our stockholders or otherwise be in their best interests.

Restrictions on Transfer

In order for us to qualify as a REIT under the Internal Revenue Code, our stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first year for which an election to be a REIT has been made) or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of the outstanding shares of stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities such as qualified pension plans) during the last half of a taxable year (other than the first year for which an election to be a REIT has been made).

Our charter contains restrictions on the ownership and transfer of our common stock and outstanding capital stock which are intended to assist us in complying with these requirements and continuing to qualify as a REIT. The relevant sections of our charter provide that, subject to the exceptions described below, no person or entity (other than a designated investment entity) may beneficially own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Internal Revenue Code, more than 7.0% (by value or by number of shares, whichever is more restrictive) of our outstanding common stock (the common stock ownership limit) or 7.0% (by value or by number of shares, whichever is more restrictive) of our outstanding capital stock (the aggregate stock ownership limit). No designated investment entity (as

defined in our charter) may beneficially own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Internal Revenue Code more than 9.8% (by value or by number of shares whichever is more restrictive) of our outstanding common stock or 9.8% (by value or by number of shares, whichever is more restrictive) of our outstanding capital stock. We refer to this restriction as the “ownership limit.” In addition, different excepted holder ownership limits apply to the family of Kenneth M. Woolley, certain of its affiliates, 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. A person or entity that becomes subject to the ownership limit by virtue of a violative transfer that results in a transfer to a trust, as set forth below, is referred to as a “purported beneficial transferee” if, had the violative transfer been effective, the person or entity would have been a record owner and beneficial owner or solely a beneficial owner of our common stock, or is referred to as a “purported record transferee” if, had the violative transfer been effective, the person or entity would have been solely a record owner of our common stock.

Our charter defines a “designated investment entity” as:

1. an entity that is a pension trust that qualifies for look-through treatment under Section 856(h)(3) of the Code;
2. an entity that qualifies as a regulated investment company under Section 851 of the Code; or
3. an entity that (i) for compensation engages in the business of advising others as to the value of securities or as to the advisability of investing in, purchasing, or selling securities; (ii) purchases securities in the ordinary course of its business and not with the purpose or effect of changing or influencing control of us, nor in connection with or as a participant in any transaction having such purpose or effect, including any transaction subject to Rule 13d-3(b) of the Securities Exchange Act of 1934, as amended; and (iii) has or shares voting power and investment power within the meaning of Rule 13d-3(a) under the Securities Exchange Act of 1934, as amended;

so long as such beneficial owner of such entity, or in the case of an investment management company, the individual account holders of the accounts managed by such entity, would satisfy the 7.0% ownership limit if such beneficial owner or account holder owned directly its proportionate share of the shares held by the entity.

The constructive ownership rules under the Internal Revenue Code are complex and may cause stock owned actually or constructively by a group of related individuals and/or entities to be owned constructively by one individual or entity. As a result, the acquisition of less 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 (or the acquisition of an interest in an entity that owns, actually or constructively, our capital stock by an individual or entity), could, nevertheless, cause that individual or entity, or another individual or entity, to own constructively in excess of 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 and thereby subject the common stock or capital stock to the applicable ownership limit.

Our board of directors may, in its sole discretion, waive the above-referenced 7.0% ownership limits or 9.8% designated investment ownership limits with respect to a particular stockholder if:

- our board of directors obtains such representations and undertakings from such stockholder as are reasonably necessary to ascertain that no individual’s beneficial or constructive ownership of our stock will result in our being “closely held” under Section 856(h) of the Internal Revenue Code or otherwise failing to qualify as a REIT;

- such stockholder does not and represents that it will not own, actually or constructively, an interest in a tenant of ours (or a tenant of any entity owned in whole or in part by us) that would cause us to own, actually or constructively, more than a 9.9% interest (as set forth in Section 856(d)(2)(B) of the Internal Revenue Code) in such tenant (or the board of directors determines that revenue derived from such tenant will not affect our ability to qualify as a REIT) and our board of directors obtains such representations and undertakings from such stockholder as are reasonably necessary to ascertain this fact; and
- such stockholder agrees that any violation or attempted violation of such representations or undertakings will result in shares of stock being automatically transferred to a charitable trust.

As a condition of its waiver, our board of directors may require an opinion of counsel or IRS ruling satisfactory to our board of directors with respect to preserving our REIT status.

In connection with the waiver of an ownership limit or at any other time, our board of directors may from time to time increase or decrease the ownership limit for all other persons and entities; provided, however, that any decrease may be made only prospectively as to subsequent holders (other than a decrease as a result of a retroactive change in existing law, in which case the decrease shall be effective immediately); and the ownership limit may not be increased if, after giving effect to such increase, five persons (other than a designated investment entity) could beneficially own or constructively own in the aggregate, more than 49.9% of the shares then outstanding. A reduced ownership limit will not apply to any person or entity whose percentage ownership in our common stock or capital stock, as applicable, is in excess of such decreased ownership limit until such time as such person or entity's percentage of our common stock or capital stock, as applicable, equals or falls below the decreased ownership limit, but any further acquisition of our common stock or capital stock, as applicable, in excess of such percentage ownership of our common stock or capital stock will be in violation of the ownership limit.

Our charter provisions further prohibit:

- any person from beneficially or constructively owning shares of our stock that would result in us being "closely held" under Section 856(h) of the Internal Revenue Code or otherwise cause us to fail to qualify as a REIT; and
- any person from transferring shares of our common stock if such transfer would result in shares of our stock being beneficially owned by fewer than 100 persons (determined without reference to any rules of attribution).

Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of shares of our capital stock that will or may violate any of the foregoing restrictions on transferability and ownership will be required to give written notice immediately to us and provide us with such other information as we may request in order to determine the effect of such transfer on our status as a REIT. The foregoing provisions on transferability and 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.

Pursuant to our charter, if any transfer of our common stock would result in shares of our stock being beneficially owned by fewer than 100 persons, such transfer will be null and void and the intended transferee will acquire no rights in such shares. In addition, if any purported transfer of our common stock or any other event would otherwise result in any person violating the ownership limits or such other limit as permitted by our board of directors or in our being "closely held" under Section 856(h) of the Code or otherwise failing to qualify as a REIT, then that number of shares (rounded up to the nearest

whole share) that would cause us to violate such restrictions, will be automatically transferred to, and held by, a trust for the exclusive benefit of one or more charitable organizations selected by us and the intended transferees will acquire no rights in such shares. The automatic transfer will be effective as of the close of business on the business day prior to the date of the violative transfer or other event that results in a transfer to the trust. Any dividend or other distribution paid to the purported record transferee, prior to our discovery that the shares had been automatically transferred to a trust as described above, must be repaid to the trustee upon demand for distribution to the beneficiary of the trust. If the transfer to the trust as described above is not automatically effective, for any reason, to prevent violation of the applicable ownership limit or as otherwise permitted by our board of directors, then our charter provides that the transfer of the excess shares will be void.

Shares of our common stock transferred to the trustee are deemed offered for sale to us, or our designee, at a price per share equal to the lesser of (1) the price paid by the purported record transferee for the shares (or, if the event which resulted in the transfer to the trust did not involve a purchase of such shares of our common stock at market price, the last reported sales price reported on the NYSE on the trading day immediately preceding the day of the event which resulted in the transfer of such shares of our common stock to the trust) and (2) the market price on the date we, or our designee, accepts such offer. We have the right to accept such offer until the trustee has sold the shares of our common stock held in the trust pursuant to the clauses discussed below. Upon a sale to us, the interest of the charitable beneficiary in the shares sold terminates and the trustee must distribute the net proceeds of the sale to the purported record transferee and any dividends or other distributions held by the trustee with respect to such common stock will be paid to the charitable beneficiary.

If we do not buy the shares, the trustee must, within 20 days of receiving notice from us of the transfer of shares to the trust, sell the shares to a person or entity designated by the trustee who could own the shares without violating the ownership limits. After that, the trustee must distribute to the purported record transferee an amount equal to the lesser of (1) the price paid by the purported record transferee for the shares (or, if the event which resulted in the transfer to the trust did not involve a purchase of such shares at market price, the last reported sales price reported on the NYSE on the trading day immediately preceding the relevant date) and (2) the sales proceeds (net of commissions and other expenses of sale) received by the trust for the shares. The purported beneficial transferee or purported record transferee has no rights in the shares held by the trustee.

The trustee shall be designated by us and shall be unaffiliated with us and with any purported record transferee or purported beneficial transferee. Prior to the sale of any excess shares by the trust, the trustee will receive, in trust for the beneficiary, all dividends and other distributions paid by us with respect to the excess shares, and may also exercise all voting rights with respect to the excess shares.

Subject to Maryland law, effective as of the date that the shares have been transferred to the trust, the trustee shall have the authority, at the trustee’s sole discretion:

- to rescind as void any vote cast by a purported record transferee prior to our discovery that the shares have been transferred to the trust; and
- to recast the vote in accordance with the desires of the trustee acting for the benefit of the beneficiary of the trust.

However, if we have already taken irreversible corporate action, then the trustee may not rescind and recast the vote.

Any beneficial owner or constructive owner of shares of our common stock and any person or entity (including the stockholder of record) who is holding shares of our common stock for a beneficial owner must, on request, provide us with a completed questionnaire containing the information regarding their ownership of such shares, as set forth in the applicable Treasury regulations. In addition, any person or entity that is a beneficial owner or constructive owner of shares of our common stock and any person or entity (including the stockholder of record) who is holding shares of our common stock for a beneficial owner or constructive owner shall, on request, be required to disclose to us in writing such information as we may request in order to determine the effect, if any, of such stockholder's actual and constructive ownership of shares of our common stock on our status as a REIT and to ensure compliance with the ownership limit, or as otherwise permitted by our board of directors.

All certificates representing shares of our common stock bear a legend referring to the restrictions described above.

These ownership limits could delay, defer or prevent a transaction or a change of control of our company that might involve a premium price for our common stock or otherwise be in the best interests of our stockholders.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company.

Certain provisions of Maryland law and of our charter and bylaws

The following summary of certain provisions of Maryland law and of our charter and bylaws does not purport to be complete and is subject to and qualified in its entirety by reference to Maryland law and our charter and bylaws, copies of which are exhibits to the registration statement of which this prospectus is a part. See "Where you can find more information."

OUR BOARD OF DIRECTORS

Our bylaws provide that the number of directors of our company may be established by our board of directors but may not be fewer than the minimum number permitted under the MGCL nor more than 15. Any vacancy may be filled, at any regular meeting or at any special meeting called for that purpose, only by a majority of the remaining directors, even if the remaining directors do not constitute a quorum.

Pursuant to our charter, each of our directors is elected by our common stockholders entitled to vote to serve until the next annual meeting and until their successors are duly elected and qualify. Holders of shares of our common stock will have no right to cumulative voting in the election of directors. Consequently, at each annual meeting of stockholders, the holders of a majority of the shares of our common stock entitled to vote will be able to elect all of our directors.

REMOVAL OF DIRECTORS

Our charter provides that a director may be removed only for cause (as defined in our charter) and only by the affirmative vote of at least two-thirds of the votes of common stockholders entitled to be cast generally in the election of directors. This provision, when coupled with the exclusive power of our board of directors to fill vacant directorships, precludes stockholders from removing incumbent directors except upon the existence of cause for removal and a substantial affirmative vote and filling the vacancies created by such removal with their own nominees.

BUSINESS COMBINATIONS

Under the MGCL, certain "business combinations" (including a merger, consolidation, share exchange or, in certain circumstances, an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and an interested stockholder (*i.e.* any person who beneficially owns 10% or more of the voting power of the corporation's shares or an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting stock of the corporation, or an affiliate of such an interested stockholder) are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. Thereafter, any such business combination must be recommended by the board of directors of such corporation and approved by the affirmative vote of at least (1) 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation and (2) two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom (or with whose affiliate) the business combination is to be effected or held by an affiliate or associate of the interested stockholder, unless, among other conditions, the corporation's common stockholders receive a minimum price (as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares. A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which the person

otherwise would have become an interested stockholder. Our board of directors may provide that its approval is subject to compliance with any terms and conditions determined by it.

These provisions of the MGCL do not apply, however, to business combinations that are approved or exempted by a board of directors prior to the time that the interested stockholder becomes an interested stockholder. Pursuant to the statute, our board of directors has by resolution exempted Kenneth M. Woolley, his affiliates and associates and all persons acting in concert with the foregoing and Spencer F. Kirk, his affiliates and associates and all persons acting in concert with the foregoing, from these provisions of the MGCL and, consequently, the five-year prohibition and the supermajority vote requirements will not apply to business combinations between us and any person described above. As a result, any person described above may be able to enter into business combinations with us that may not be in the best interests of our stockholders without compliance by our company with the supermajority vote requirements and the other provisions of the statute.

CONTROL SHARE ACQUISITIONS

The MGCL provides that "control shares" of a Maryland corporation acquired in a "control share acquisition" have no voting rights except to the extent approved at a special meeting by the affirmative vote of two-thirds of the votes entitled to be cast on the matter, excluding shares of stock in a corporation in respect of which any of the following persons is entitled to exercise or direct the exercise of the voting power of shares of stock of the corporation in the election of directors: (1) a person who makes or proposes to make a control share acquisition, (2) an officer of the corporation or (3) an employee of the corporation who is also a director of the corporation. "Control shares" are voting shares of stock which, if aggregated with all other such shares of stock previously acquired by the acquirer or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of voting power: (1) one-tenth or more but less than one-third, (2) one-third or more but less than a majority, or (3) a majority or more of all voting power. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A "control share acquisition" means the acquisition of control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses), may compel our board of directors to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then, subject to certain conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquirer or of any meeting of stockholders at which the voting rights of such shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition.

The control share acquisition statute does not apply (1) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (2) to acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of our common stock. There can be no assurance that such provision will not be amended or eliminated at any time in the future.

SUBTITLE 8

Subtitle 8 of Title 3 of the MGCL permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of five provisions:

- a classified board,
- a two-thirds vote requirement for removing a director,
- a requirement that the number of directors be fixed only by vote of the directors,
- a requirement that a vacancy on the board be filled only by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred, and
- a majority requirement for the calling of a special meeting of stockholders.

Pursuant to Subtitle 8, we have elected to provide that vacancies on our board be filled only by the remaining directors and for the remainder of the full term of the directorship in which the vacancy occurred. Through provisions in our charter and bylaws unrelated to Subtitle 8, we already (1) require the affirmative vote of the holders of not less than two-thirds of all of the votes entitled to be cast on the matter for the removal of any director from the board, which removal shall only be allowed for cause, (2) vest in the board the exclusive power to fix the number of directorships and (3) require, unless called by our chairman of the board, our president, our chief executive officer or the board, the request of holders of not less than a majority of our outstanding shares of common stock to call a special meeting.

AMENDMENT TO OUR CHARTER AND BYLAWS

Except for amendments relating to removal of directors (which require the affirmative vote of the holders of not less than two-thirds of all of the votes entitled to be cast on the matter, which removal shall only be allowed for cause), the restrictions on ownership and transfer of our stock (which require the affirmative vote of the holders of not less than two-thirds of all the votes entitled to be cast on the matter) and the terms of our CCSs (which require the affirmative vote of the holders of not less than two-thirds of all CCSs and not less than a majority of all outstanding shares of common stock), our charter may be amended only with the approval of our board of directors and the affirmative vote of the holders of not less than a majority of all of the votes entitled to be cast on the matter.

Our board of directors has the exclusive power to adopt, alter or appeal any provision of our bylaws and to make new bylaws.

DISSOLUTION OF OUR COMPANY

The dissolution of our company must be approved by a majority of our entire board of directors and the affirmative vote of the holders of not less than a majority of all of the votes entitled to be cast on the matter.

ADVANCE NOTICE OF DIRECTOR NOMINATIONS AND NEW BUSINESS

Our bylaws provide that with respect to an annual meeting of stockholders, nominations of individuals for election to our board of directors and the proposal of business to be considered by stockholders may be made only (1) pursuant to our notice of the meeting, (2) by or at the direction of our board of directors or (3) by a stockholder who is entitled to vote at the meeting and has complied with the advance notice procedures set forth in our bylaws.

With respect to special meetings of stockholders, only the business specified in our notice of meeting may be brought before the meeting. Nominations of individuals for election to our board of directors may be made only (1) pursuant to our notice of the meeting, (2) by or at the direction of our board of directors or (3) provided that our board of directors has determined that directors shall be elected at such meeting, by a stockholder who is entitled to vote at the meeting and has complied with the advance notice provisions set forth in our bylaws.

ANTI-TAKEOVER EFFECT OF CERTAIN PROVISIONS OF MARYLAND LAW AND OF OUR CHARTER AND BYLAWS

Our charter bylaws and Maryland law contain provisions that may delay, defer or prevent a change of control or other transaction that might involve a premium price for our common stock or otherwise be in the best interests of our stockholders, including business combination provisions, supermajority vote and cause requirements for removal of directors and advance notice requirements for director nominations and stockholder proposals. Likewise, if the provision in the bylaws opting out of the control share acquisition provisions of the MGCL were rescinded, these provisions of the MGCL could have similar anti-takeover effects.

INDEMNIFICATION AND LIMITATION OF DIRECTORS' AND OFFICERS' LIABILITY

Our charter and the partnership agreement provide for indemnification of our officers and directors against liabilities to the fullest extent permitted by the MGCL, as amended from time to time.

The MGCL permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from actual receipt of an improper benefit or profit in money, property or services or active and deliberate dishonesty established by a final judgment as being material to the cause of action. Our charter contains such a provision which eliminates such liability to the maximum extent permitted by Maryland law.

The MGCL requires a corporation (unless its charter provides otherwise, which our company's charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made a party by reason of his or her service in that capacity. The MGCL permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service in those or other capacities unless it is established that:

- the act or omission of the director or officer was material to the matter giving rise to the proceeding and:
  - was committed in bad faith or
  - was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

However, under the MGCL, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. In addition, the MGCL permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of:

- a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; and
- a written undertaking by the director or on the director's behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the director did not meet the standard of conduct.

Our charter authorizes us to obligate us and our bylaws obligate us, to the fullest extent permitted by Maryland law in effect from time to time, to indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay or reimburse reasonable expenses in advance of final disposition of a proceeding to:

- any present or former director or officer who is made a party to the proceeding by reason of his or her service in that capacity; or
- any individual who, while a director or officer of our company and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or any other enterprise as a director, officer, partner or trustee of such corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise and who is made a party to the proceeding by reason of his or her service in that capacity.

Our charter and bylaws also permit us to indemnify and advance expenses to any person who served a predecessor of ours in any of the capacities described above and to any employee or agent of our company or a predecessor of our company.

The partnership agreement provides that we, as general partner, and our officers and directors are indemnified to the fullest extent permitted by law. See "Extra Space Storage LP partnership agreement—Management Liability and Indemnification."

Insofar as the foregoing provisions permit indemnification of directors, officers or persons controlling us for liability arising under the Securities Act, we have been informed that in the opinion of the SEC, this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

REIT STATUS

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without approval of our stockholders, if it determines that it is no longer in our best interests to continue to qualify as a REIT.

Extra Space Storage LP partnership agreement

The following is a summary of the material terms of the partnership agreement, a copy of which is filed as an exhibit to the registration statement of which this prospectus is a part. See "Where you can find more information." All references to the "general partner" refer to us acting as the general partner of Extra Space Storage LP through our wholly owned subsidiary.

GENERAL; MANAGEMENT

Our operating partnership is a Delaware limited partnership that was formed on May 5, 2004. Through a wholly owned Massachusetts business trust, we are the sole general partner of our operating partnership. Pursuant to the partnership agreement, through the sole general partner of the operating partnership, we have, subject to certain protective rights of limited partners described below, full, exclusive and complete responsibility and discretion in the management and control of our operating partnership, including the ability to cause the partnership to enter into certain major transactions including a merger of our operating partnership or a sale of substantially all of the assets of our operating partnership.

The limited partners of our operating partnership expressly acknowledged that, as general partner of our operating partnership through a wholly owned Massachusetts business trust, we are acting for the benefit of the operating partnership, the limited partners and our stockholders collectively. Our company is under no obligation to give priority to the separate interests of the limited partners or our stockholders in deciding whether to cause our operating partnership to take or decline to take any actions.

MANAGEMENT LIABILITY AND INDEMNIFICATION

The general partner of our operating partnership, and its trustees and officers are not liable to our operating partnership for losses sustained, liabilities incurred or benefits not derived as a result of errors in judgment or mistakes of fact or law or of any act or omission, so long as it acted in good faith. The partnership agreement provides for indemnification of us, any of our directors, and both our officers or employees or those of the operating partnership and other persons as we may designate from and against all losses, claims, damages, liabilities, expenses, fines, settlements and other amounts incurred in connection with any actions relating to the operations of our operating partnership, as set forth in the partnership agreement (subject to the exceptions described below under "—Fiduciary Responsibilities").

FIDUCIARY RESPONSIBILITIES

Our directors and officers have duties under applicable Maryland law to manage us in a manner consistent with the best interests of our stockholders. At the same time, the general partner of our operating partnership has fiduciary duties to manage our operating partnership in a manner beneficial to our operating partnership and its partners. Our duties, through the general partner, to our operating partnership and its limited partners, therefore, may come into conflict with the duties of our directors and officers to our stockholders.

The partnership agreement expressly limits our liability and that of the general partner by providing that we and our officers and directors and the general partner and its officers and trustees are not liable or accountable in damages to our operating partnership, the limited partners or assignees for errors in judgment or mistakes of fact or law or of any act or omission if we or the director or officer acted in good faith. In addition, our operating partnership is required to indemnify us, the general partner, a trustee of the general partner, our directors, and both our officers and employees and those of the operating partnership to the fullest extent permitted by applicable law, against any and all losses, claims,

damages, liabilities, expenses, judgments, fines and other actions incurred by us or the other persons in connection with any actions relating to the operations of our operating partnership, provided that our operating partnership will not indemnify for willful misconduct or a knowing violation of the law or any transaction for which the person received an improper personal benefit in violation or breach of any provision of the partnership agreement.

DISTRIBUTIONS

The partnership agreement provides that holders of OP units are entitled to receive quarterly distributions of available cash (1) first, with respect to any OP units that are entitled to any preference with their respective percentage interests and (2) second, with respect to any OP units that are not entitled to any preference in distribution, in accordance with the rights of such class of OP unit (and, within such class, pro rata in accordance with their respective percentage interests). Holders of CCUs are not entitled to receive distributions.

ALLOCATIONS OF NET INCOME AND NET LOSS

Net income and net loss of our operating partnership are determined and allocated with respect to each fiscal year of our operating partnership as of the end of the year. Except as otherwise provided in the partnership agreement, an allocation of a share of net income or net loss is treated as an allocation of the same share of each item of income, gain, loss or deduction that is taken into account in computing net income or net loss. Except as otherwise provided in the partnership agreement, net income and net loss are allocated to the holders of OP units holding the same class of OP units in accordance with their respective percentage interests in the class at the end of each fiscal year. The partnership agreement contains provisions for special allocations intended to comply with certain regulatory requirements, including the requirements of Treasury Regulations Sections 1.704-1(b) and 1.704-2. Except as otherwise provided in the partnership agreement, for income tax purposes under the Internal Revenue Code and the Treasury Regulations, each operating partnership item of income, gain, loss and deduction is allocated among the limited partners of our operating partnership in the same manner as its correlative item of book income, gain, loss or deduction is allocated pursuant to the partnership agreement.

REDEMPTION RIGHTS

After the first anniversary of becoming a holder of OP units, each limited partner of our operating partnership will have the right, subject to the terms and conditions set forth in the partnership agreement, to require our operating partnership to redeem all or a portion of the OP units held by the party in exchange for a cash amount equal to the value of our OP units unless the terms of such OP units or a separate agreement entered into between our operating partnership and the holder of such OP units provide that they are not entitled to a right of redemption. On or before the close of business on the tenth business day after we receive a notice of redemption, we may, in our sole and absolute discretion, but subject to the restrictions on the ownership of our common stock imposed under our charter and the transfer restrictions and other limitations thereof, elect to acquire some or all of the tendered OP units from the tendering party in exchange for shares of our common stock, based on an exchange ratio of one share of our common stock for each OP unit (subject to antidilution adjustments provided in the partnership agreement). It is our current intention to exercise this right in connection with any redemption of OP units. CCUs will not have a right of redemption.

CONTINGENT CONVERSION UNITS

Like our OP units, CCUs will not carry any voting rights except as provided in the next sentence or entitle the holders to receive distributions from our operating partnership. The partnership agreement of

our operating partnership provides that we shall not, without the affirmative vote of at least two-thirds of the CCUs outstanding at the time, amend, alter or repeal the provisions of the partnership agreement of our operating partnership, whether by merger, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the CCUs.

Upon the achievement of certain performance thresholds described below relating to the 14 early-stage lease-up properties which we will wholly own through various subsidiaries of our operating partnership upon completion of the offering and the formation transactions, all or a portion of the CCUs will be automatically converted into OP units. Initially, each CCS will be convertible on a one-for-one basis into OP units (but not before March 31, 2006), subject to customary anti-dilution adjustments.

Within 30 days after the end of each quarter beginning with the quarter ending March 30, 2006 and ending with the quarter ending December 31, 2008, we will calculate the net operating income from the 14 wholly owned early-stage lease-up properties over the 12-month period ending in such quarter. We consider such net operating income to equal total revenues less property related expenses from such lease-up properties over the measurement period, subject to adjustment to take into account sales of any of the lease properties that occur on or prior to December 31, 2008. Within 35 days following each measurement period, we will convert some or all of the CCUs so that the total percentage (not to exceed 100%) of CCUs issued in connection with the formation transactions that have been converted to OP units will be equal to the percentage determined by dividing the net operating income for such period in excess of $5.1 million by $4.6 million. If any CCUs are not converted through the calculation made in respect of the 12-month period ending December 31, 2008, all remaining outstanding CCUs will be cancelled.

This provision in the partnership agreement of our operating partnership is intended to allow a proportionate conversion of the CCUs into OP units as the net operating income produced by the 14 wholly owned early-stage lease-up properties grows from $5.1 million to $9.7 million (the projected fully stabilized net operating income) during any of the 12-month measurement periods. For the 12-month period ended March 31, 2004, the net operating income produced by these lease-up properties (which were 37.5% occupied on as of the end of this period) totaled $142,484. This means that none of the CCUs will convert into OP units until the net operating income produced by these lease-up properties is in excess of $5.1 million over any of the 12-month measurement periods.

The partnership agreement of our operating partnership provides that, while any CCUs remain outstanding, a majority of our independent directors must review and approve the net operating income calculation for each measurement period and also must approve any sales of the any of the 14 wholly owned early-stage lease-up properties.

The partnership agreement of our operating partnership also requires us to at all times reserve and keep available a sufficient number of OP units to allow for the full conversion of all CCUs.

TRANSFERABILITY OF OP UNITS

In general, the general partner may not voluntarily withdraw from our operating partnership or transfer all or a portion of its interest in the operating partnership unless the holders of limited partners entitled to vote consent by approval of a majority in interest or immediately after a merger of us into another entity. With certain limited exceptions, the limited partners may not transfer their interests in our operating partnership, in whole or in part, without our written consent, which consent may be withheld in the general partner's sole discretion.

ISSUANCE OF OUR STOCK

Pursuant to the partnership agreement, upon the issuance of our stock other than in connection with a redemption of OP units, we will generally be obligated to contribute or cause to be contributed the cash proceeds or other consideration received from the issuance to our operating partnership in exchange for, in the case of common stock or CCSs, OP units or CCUs, as the case may be, or in the case of an issuance of preferred stock, preferred OP units with designations, preferences and other rights, terms and provisions that are substantially the same as the designations, preferences and other rights, terms and provisions of the preferred stock.

TAX MATTERS

Pursuant to the partnership agreement, the general partner is the tax matters partner of our operating partnership. Accordingly, through our role as the general partner of our operating partnership, we have the authority to handle or cause to be handled tax audits and to make or cause to be made tax elections under the Internal Revenue Code on behalf of our operating partnership.

TERM

The term of the operating partnership commenced on May 5, 2004 and will continue until December 31, 2104:

- the general partner's bankruptcy, judicial dissolution or withdrawal (unless, in the case of a withdrawal, a majority-in-interest of the remaining limited partners agree to continue the partnership and to the appointment of a successor general partner);
- the sale or other disposition of all or substantially all of the general partner's assets;
- redemption (or acquisition by us) of all OP units and CCUs other than OP units held by the general partner; or
- an election by the general partner in its capacity as the sole general partner of our operating partnership.

Shares eligible for future sale

GENERAL

Upon completion of the offering and the formation transactions, based upon an offering at the mid-point of the range of prices set forth on the front cover of this prospectus, we expect to have outstanding 28,295,003 shares of our common stock (31,325,003 shares if the underwriters' over-allotment option is exercised in full).

Of these shares, the 20,200,000 shares sold in the offering (23,230,000 shares if the underwriters' over-allotment option is exercised in full) will be freely transferable without restriction or further registration under the Securities Act, subject to the limitations on ownership set forth in our charter, except for any shares held by our "affiliates," as that term is defined by Rule 144 under the Securities Act. The remaining 8,095,003 shares issued to our officers, directors and other employees plus any shares purchased by affiliates in the offering and the shares of our common stock owned by affiliates upon redemption of OP units and conversion of CCSs will be "restricted shares" as defined in Rule 144.

RULE 144

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, a person who has beneficially owned restricted shares of our common stock for at least one year would be entitled to sell, within any three-month period, that number of shares that does not exceed the greater of:

- 1% of the shares of our common stock then outstanding, which will equal approximately 282,950 shares immediately after the offering (approximately 313,250 shares if the underwriters' over-allotment option is exercised in full); or
- the average weekly trading volume of our common stock on the NYSE during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Sales under Rule 144 are also subject to manner of sale provisions, notice requirements and the availability of current public information about us.

REGISTRATION RIGHTS

We have granted those persons who will receive common stock, CCSs, OP units and CCUs in the formation transactions certain registration rights with respect to the shares of our common stock that may be acquired by them in the formation transactions or in connection with the exercise of the redemption/exchange rights under the partnership agreement or conversion of CCSs under our charter. These registration rights require us to seek to register all such shares of our common stock no later than 14 months following the completion of the offering and during a period of time that we are eligible to use a registration statement on Form S-3. We will bear expenses incident to our registration requirements under the registration rights, except that such expenses shall not include any out-of-pocket expenses of the persons exercising the redemption/exchange rights or conversion rights or transfer taxes, if any, relating to such shares, any underwriting or brokerage commissions or discounts.

STOCK OPTIONS AND INCENTIVE PLAN

We intend to adopt the 2004 long-term stock incentive plan of Extra Space Storage Inc. Key employees, directors and consultants are eligible to be granted stock options, restricted stock, phantom shares,

dividend equivalent rights and other stock-based awards under the 2004 stock incentive plan. We intend to reserve a total of 8,000,000 shares of our common stock for issuance pursuant to the 2004 long-term stock incentive plan, subject to certain adjustments as set forth in the plan.

We anticipate that we will file a registration statement on Form S-8 with respect to the shares of our common stock issuable under the 2004 long-term stock incentive plan following the consummation of the offering. Shares of our common stock covered by this registration statement, including shares of our common stock issuable upon the exercise of options or restricted shares of our common stock, will be eligible for transfer or resale without restriction under the Securities Act unless held by affiliates.

We intend to adopt the Non-Employee Director Plan. Non-employee directors are eligible to be granted options upon joining the company and annually thereafter. We intend to reserve a total of 800,000 shares of our common stock for issuance pursuant to the plan, subject to certain adjustments.

LOCK-UP AGREEMENTS

Our officers and directors and all of our other stockholders, who collectively will own 8,095,003 shares of our common stock in the aggregate following completion of the offering, have agreed, with some exceptions, that, for a period of 180 days after the date of this prospectus, they will not, without in each case the prior written consent of UBS Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated:

- offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any of these transactions are to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, or
- make any demand for or exercise any right with respect to, the registration of our common stock or any securities convertible into or exercisable or exchangeable for our common stock.

We have agreed that, for a period of 180 days after the date of the common stock prospectus, we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the SEC a registration statement (except a registration statement on Form S-8 relating to the restricted share awards or our 2004 long-term stock incentive plan or a registration statement on Form S-4 relating to our acquisition of another entity under the 1933 Act relating to, any additional shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock), or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of UBS Securities LLC Bank and Merrill Lynch, Pierce, Fenner & Smith Incorporated other than grants of restricted stock to employees or directors pursuant to the terms of our 2004 long-term stock incentive plan, issuances of our common stock in connection with redemptions of OP units, issuances of our common stock or securities convertible into or exchangeable for shares of our common stock in connection with acquisitions, and issuances of our common stock in connection with the exercise of the warrants that are outstanding as of the date of the common stock prospectus. The 180-day lock up period may be extended for up to 15 calendar days plus three business days under certain circumstances where we announce or pre-announce earnings or material news or a material event within 15 calendar days plus three business days prior to, or approximately 16 days after, the termination of the 180-day period. Even under those circumstances, however, the lock-up period will not be extended if we are actively traded, meaning that we have a public float of at least $150.0 million and average trading volume of at least $1.0 million per day.

U.S. federal income tax considerations

The following is a summary of the material federal income tax consequences relating to our qualification and taxation as a REIT and the acquisition, holding, and disposition of our common stock. For purposes of this section under the heading "U.S. federal income tax considerations," references to "the company," "we," "our" and "us" mean only Extra Space Storage Inc. and not its subsidiaries or other lower-tier entities or predecessor, except as otherwise indicated. Clifford Chance US LLP has rendered an opinion that this section, to the extent that it describes applicable U.S. federal income tax law, is correct in all material respects. You should be aware that the opinion is based on current law and is not binding on the IRS or any court. The IRS may challenge Clifford Chance US LLP's opinion, and such challenge could be successful. You are urged to both review the following discussion and to consult with your own tax advisor to determine the effect of ownership and disposition of our shares on your individual tax situation, including any state, local or non-U.S. tax consequences.

This summary is based upon the Internal Revenue Code, the regulations promulgated by the U.S. Treasury Department, or the Treasury regulations, current administrative interpretations and practices of the IRS (including administrative interpretations and practices expressed in private letter rulings which are binding on the IRS only with respect to the particular taxpayers who requested and received those rulings) and judicial decisions, all as currently in effect, and all of which are subject to differing interpretations or to change, possibly with retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. No advance ruling has been or will be sought from the IRS regarding any matter discussed in this summary. The summary is also based upon the assumption that the operation of the company, and of its subsidiaries and other lower-tier and affiliated entities, will in each case be in accordance with its applicable organizational documents or partnership agreement. This summary does not purport to discuss all aspects of federal income taxation that may be important to a particular stockholder in light of its investment or tax circumstances, or to stockholders subject to special tax rules, such as:

- expatriates;
- persons who mark-to-market our common stock;
- subchapter S corporations;
- U.S. stockholders (as defined below) whose functional currency is not the U.S. dollar;
- financial institutions;
- insurance companies;
- broker-dealers;
- regulated investment companies;
- trusts and estates;
- holders who receive our common stock through the exercise of employee stock options or otherwise as compensation;
- persons holding our common stock as part of a "straddle," "hedge," "conversion transaction," "synthetic security" or other integrated investment;
- persons subject to the alternative minimum tax provisions of the Internal Revenue Code;

- persons holding their interest through a partnership or similar pass-through entity;
- persons holding a 10% or more (by vote or value) beneficial interest in us;

and, except to the extent discussed below:

- tax-exempt organizations; and
- non-U.S. stockholders (as defined below).

This summary assumes that stockholders will hold our common stock as capital assets, which generally means as property held for investment.

THE U.S. FEDERAL INCOME TAX TREATMENT OF HOLDERS OF OUR COMMON STOCK DEPENDS IN SOME INSTANCES ON DETERMINATIONS OF FACT AND INTERPRETATIONS OF COMPLEX PROVISIONS OF U.S. FEDERAL INCOME TAX LAW FOR WHICH NO CLEAR PRECEDENT OR AUTHORITY MAY BE AVAILABLE. IN ADDITION, THE TAX CONSEQUENCES OF HOLDING OUR COMMON STOCK TO ANY PARTICULAR STOCKHOLDER WILL DEPEND ON THE STOCKHOLDER'S PARTICULAR TAX CIRCUMSTANCES. YOU ARE URGED TO CONSULT YOUR OWN TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL, AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES TO YOU, IN LIGHT OF YOUR PARTICULAR INVESTMENT OR TAX CIRCUMSTANCES, OF ACQUIRING, HOLDING, AND DISPOSING OF OUR COMMON STOCK.

TAXATION OF THE COMPANY

We intend to elect to be taxed as a REIT under the Internal Revenue Code, commencing with our initial taxable year ending December 31, 2004. We believe that we are organized and will operate in a manner that will allow us to qualify for taxation as a REIT under the Internal Revenue Code commencing with our taxable year ending December 31, 2004, and we intend to continue to be organized and operate in such a manner.

The law firm of Clifford Chance US LLP has acted as our tax counsel in connection with the offering. We have received the opinion of Clifford Chance US LLP to the effect that commencing with our taxable year ending December 31, 2004, we are organized in conformity with the requirements for qualification and taxation as a REIT under the Internal Revenue Code, and our proposed method of operation will enable us to meet the requirements for qualification and taxation as a REIT under the Internal Revenue Code. It must be emphasized that the opinion of Clifford Chance US LLP is based on various assumptions relating to our organization and operation, including that all factual representations and statements set forth in all relevant documents, records and instruments are true and correct, all actions described in this prospectus are completed in a timely fashion and that we will at all times operate in accordance with the method of operation described in our organizational documents and this prospectus, and is conditioned upon factual representations and covenants made by our management and affiliated entities regarding our organization, assets, and present and future conduct of our business operations, and assumes that such representations and covenants are accurate and complete and that we will take no action inconsistent with our status as a REIT. While we believe that we are organized and intend to operate so that we will qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in our circumstances, no assurance can be given by Clifford Chance US LLP or us that we will so qualify for any particular year. Clifford Chance US LLP will have no obligation to advise us or the holders of our common stock of any subsequent change in the matters stated, represented or assumed, or of any

subsequent change in the applicable law. You should be aware that opinions of counsel are not binding on the IRS, and no assurance can be given that the IRS will not challenge the conclusions set forth in such opinions.

Qualification and taxation as a REIT depends on our ability to meet, on a continuing basis, through actual operating results, distribution levels, and diversity of stock ownership, various qualification requirements imposed upon REITs by the Internal Revenue Code, the compliance with which will not be reviewed by Clifford Chance US LLP. Our ability to qualify as a REIT also requires that we satisfy certain asset tests, some of which depend upon the fair market values of assets directly or indirectly owned by us. Such values may not be susceptible to a precise determination. Accordingly, no assurance can be given that the actual results of our operations for any taxable year will satisfy such requirements for qualification and taxation as a REIT.

Taxation of REITs in General

As indicated above, our qualification and taxation as a REIT depend upon our ability to meet, on a continuing basis, various qualification requirements imposed upon REITs by the Internal Revenue Code. The material qualification requirements are summarized below under "—Requirements for Qualification—General." While we intend to operate so that we qualify as a REIT, no assurance can be given that the IRS will not challenge our qualification as a REIT, or that we will be able to operate in accordance with the REIT requirements in the future. See "—Failure to Qualify."

Provided that we qualify as a REIT, we will generally be entitled to a deduction for dividends that we pay and therefore will not be subject to U.S. federal corporate income tax on our net income that is currently distributed to our stockholders. This treatment substantially eliminates the "double taxation" at the corporate and stockholder levels that results generally from investment in a corporation. Rather, income generated by a REIT generally is taxed only at the stockholder level upon a distribution of dividends by the REIT.

The Jobs and Growth Tax Relief Reconciliation Act of 2003, which we refer to in this prospectus as the 2003 Act, was enacted in May 2003. Among other provisions, the 2003 Act generally lowered the rate at which stockholders who are individual U.S. stockholders (as defined below) are taxed on corporate dividends to a maximum rate of 15% (the same as long-term capital gains), for the 2003 through 2008 tax years, thereby substantially reducing, though not completely eliminating, the double taxation that has historically applied to corporate dividends. With limited exceptions, however, dividends received by individual U.S. stockholders (as defined below) from us or from other entities that are taxed as REITs will continue to be taxed at rates applicable to ordinary income, which, pursuant to the 2003 Act, will be as high as 35% through 2010.

Net operating losses, foreign tax credits and other tax attributes of a REIT generally do not pass through to the stockholders of the REIT, subject to special rules for certain items such as capital gains recognized by REITs. See "—Taxation of Stockholders."

If we qualify as a REIT, we will nonetheless be subject to U.S. federal tax in the following circumstances:

- We will be taxed at regular corporate rates on any undistributed income, including undistributed net capital gains.
- We may be subject to the "alternative minimum tax" on our items of tax preference, if any.

- If we have net income from prohibited transactions, which are, in general, sales or other dispositions of property held primarily for sale to tenants in the ordinary course of business, other than foreclosure property, such income will be subject to a 100% tax. See "—Prohibited Transactions," and "—Foreclosure Property," below.
- If we elect to treat property that we acquire in connection with a foreclosure of a mortgage loan or certain leasehold terminations as "foreclosure property," we may thereby avoid (a) the 100% tax on gain from a resale of that property (if the sale would otherwise constitute a prohibited transaction), and (b) the inclusion of any income from such property not qualifying for purposes of the REIT gross income tests discussed below, but the income from the sale or operation of the property may be subject to corporate income tax at the highest applicable rate (currently 35%).
- If we fail to satisfy the 75% gross income test or the 95% gross income test, as discussed below, but nonetheless maintain our qualification as a REIT because other requirements are met, we will be subject to a 100% tax on an amount equal to (a) the greater of (1) the amount by which we fail the 75% gross income test or (2) the amount by which 90% of our gross income exceeds the amount qualifying under the 95% gross income test, as the case may be, multiplied by (b) a fraction intended to reflect our profitability.
- If we fail to distribute during each calendar year at least the sum of (a) 85% of our REIT ordinary income for such year, (b) 95% of our REIT capital gain net income for such year and (c) any undistributed taxable income from prior periods, or the "required distribution," we will be subject to a 4% excise tax on the excess of the required distribution over the sum of (i) the amounts actually distributed (taking into account excess distributions from prior years), plus (ii) retained amounts on which income tax is paid at the corporate level.
- We may be required to pay monetary penalties to the IRS in certain circumstances, including if we fail to meet record-keeping requirements intended to monitor our compliance with rules relating to the composition of our stockholders, as described below in "—Requirements for Qualification—General."
- A 100% excise tax may be imposed on some items of income and expense that are directly or constructively paid between us, our tenants and/or our "taxable REIT subsidiary" (as described below) if and to the extent that the IRS successfully adjusts the reported amounts of these items.
- If we acquire appreciated assets from a corporation that is not a REIT (*i.e.*, a corporation taxable under subchapter C of the Internal Revenue Code) in a transaction in which the adjusted tax basis of the assets in our hands is determined by reference to the adjusted tax basis of the assets in the hands of the subchapter C corporation, we may be subject to tax on such appreciation at the highest corporate income tax rate then applicable if we subsequently recognize gain on a disposition of any such assets during the ten-year period following their acquisition from the subchapter C corporation. The results described in this paragraph assume that the subchapter C corporation will not elect in lieu of this treatment to be subject to an immediate tax when the asset is acquired.
- We may elect to retain and pay income tax on our net long-term capital gain. In that case, a stockholder would include its proportionate share of our undistributed long-term capital gain (to the extent we make a timely designation of such gain to the stockholder) in its income, we would be deemed to have paid the tax that we paid on such gain, and would be allowed a credit for its proportionate share of the tax deemed to have been paid, and an adjustment would be made to increase the stockholders' basis in our common stock.
- We may have subsidiaries or own interests in other lower-tier entities that are subchapter C corporations, the earnings of which could be subject to federal corporate income tax.

In addition, we and our subsidiaries may be subject to a variety of taxes other than U.S. federal income tax, including payroll taxes and state, local, and foreign income, property and other taxes on assets and operations. We could also be subject to tax in situations and on transactions not presently contemplated.

Requirements for Qualification—General

The Internal Revenue Code defines a REIT as a corporation, trust or association:

(1) that is managed by one or more trustees or directors;

(2) the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest;

(3) that would be taxable as a domestic corporation but for the special Internal Revenue Code provisions applicable to REITs;

(4) that is neither a financial institution nor an insurance company subject to specific provisions of the Internal Revenue Code;

(5) the beneficial ownership of which is held by 100 or more persons;

(6) in which, during the last half of each taxable year, not more than 50% in value of the outstanding stock is owned, directly or indirectly, by five or fewer "individuals" (as defined in the Internal Revenue Code to include specified entities);

(7) which meets other tests described below, including with respect to the nature of its income and assets and the amount of its distributions; and

(8) that makes an election to be a REIT for the current taxable year or has made such an election for a previous taxable year that has not been terminated or revoked.

The Internal Revenue Code provides that conditions (1) through (4) must be met during the entire taxable year, and that condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a shorter taxable year. Conditions (5) and (6) do not need to be satisfied for the first taxable year for which an election to become a REIT has been made. Our charter provides restrictions regarding the ownership and transfer of its shares, which are intended to assist in satisfying the share ownership requirements described in conditions (5) and (6) above. For purposes of condition (6), an "individual" generally includes a supplemental unemployment compensation benefit plan, a private foundation, or a portion of a trust permanently set aside or used exclusively for charitable purposes, but does not include a qualified pension plan or profit sharing trust.

To monitor compliance with the share ownership requirements, we are generally required to maintain records regarding the actual ownership of our shares. To do so, we must demand written statements each year from the record holders of significant percentages of our stock in which the record holders are to disclose the actual owners of the shares, *i.e.*, the persons required to include in gross income the dividends paid by us. A list of those persons failing or refusing to comply with this demand must be maintained as part of our records. Failure by us to comply with these record-keeping requirements could subject us to monetary penalties. If we satisfy these requirements and have no reason to know that condition (6) is not satisfied, we will be deemed to have satisfied such condition. A stockholder that fails or refuses to comply with the demand is required by Treasury regulations to submit a statement with its tax return disclosing the actual ownership of the shares and other information.

In addition, a corporation generally may not elect to become a REIT unless its taxable year is the calendar year. We satisfy this requirement.

Effect of Subsidiary Entities

Ownership of Partnership Interests. In the case of a REIT that is a partner in a partnership, Treasury regulations provide that the REIT is deemed to own its proportionate share of the partnership's assets, and to earn its proportionate share of the partnership's gross income based on its pro rata share of capital interest in the partnership, for purposes of the asset and gross income tests applicable to REITs as described below. In addition, the assets and gross income of the partnership generally are deemed to retain the same character in the hands of the REIT. Thus, our proportionate share, based upon our percentage capital interest, of the assets and items of income of partnerships in which we own an equity interest (including our interest in our operating partnership and its equity interests in lower-tier partnerships), is treated as assets and items of income of our company for purposes of applying the REIT requirements described below. Consequently, to the extent that we directly or indirectly hold a preferred or other equity interest in a partnership, the partnership's assets and operations may affect our ability to qualify as a REIT, even though we may have no control, or only limited influence, over the partnership. A summary of certain rules governing the U.S. federal income taxation of partnerships and their partners is provided below in "—Tax Aspects of Investments in Partnerships."

Disregarded Subsidiaries. If a REIT owns a corporate subsidiary that is a "qualified REIT subsidiary," that subsidiary is disregarded for U.S. federal income tax purposes, and all assets, liabilities and items of income, deduction and credit of the subsidiary are treated as assets, liabilities and items of income, deduction and credit of the REIT itself, including for purposes of the gross income and asset tests applicable to REITs as summarized below. A qualified REIT subsidiary is any corporation, other than a "taxable REIT subsidiary" (as described below), that is wholly owned by a REIT, or by other disregarded subsidiaries, or by a combination of the two. Single member limited liability companies that are wholly owned by a REIT are also generally disregarded as separate entities for U.S. federal income tax purposes, including for purposes of the REIT gross income and asset tests. Disregarded subsidiaries, along with partnerships in which we hold an equity interest, are sometimes referred to herein as "pass-through subsidiaries."

In the event that a disregarded subsidiary ceases to be wholly owned by us—for example, if any equity interest in the subsidiary is acquired by a person other than us or another disregarded subsidiary of us—the subsidiary's separate existence would no longer be disregarded for U.S. federal income tax purposes. Instead, it would have multiple owners and would be treated as either a partnership or a taxable corporation. Such an event could, depending on the circumstances, adversely affect our ability to satisfy the various asset and gross income tests applicable to REITs, including the requirement that REITs generally may not own, directly or indirectly, more than 10% of the value of voting power of the outstanding securities of another corporation. See "—Asset Tests" and "—Gross Income Tests."

Taxable Subsidiaries. A REIT, in general, may jointly elect with a subsidiary corporation, whether or not wholly owned, to treat the subsidiary corporation as a taxable REIT subsidiary. The separate existence of a taxable REIT subsidiary or other taxable corporation, unlike a disregarded subsidiary as discussed above, is not ignored for U.S. federal income tax purposes. Accordingly, such an entity would generally be subject to corporate income tax on its earnings, which may reduce the cash flow generated by us and our subsidiaries in the aggregate, and our ability to make distributions to our stockholders.

A REIT is not treated as holding the assets of a taxable subsidiary corporation or as receiving any income that the subsidiary earns. Rather, the stock issued by the subsidiary is an asset in the hands of the REIT, and the REIT recognizes as income the dividends, if any, that it receives from the subsidiary. This treatment can affect the gross income and asset test calculations that apply to the REIT, as described below. Because a parent REIT does not include the assets and income of such subsidiary corporations in

determining the parent's compliance with the REIT requirements, such entities may be used by the parent REIT to undertake indirectly activities that the REIT rules might otherwise preclude it from doing directly or through pass-through subsidiaries (for example, activities that give rise to certain categories of income such as management fees or foreign currency gains).

Certain restrictions imposed on taxable REIT subsidiaries are intended to ensure that such entities will be subject to appropriate levels of U.S. federal income taxation. First, a taxable REIT subsidiary may not deduct interest payments made in any year to an affiliated REIT to the extent that such payments exceed, generally, 50% of the taxable REIT subsidiary's adjusted taxable income for that year (although the taxable REIT subsidiary may carry forward to, and deduct in, a succeeding year the disallowed interest amount if the 50% test is satisfied in that year). In addition, if amounts are paid to a REIT or deducted by a taxable REIT subsidiary due to transactions between a REIT, its tenants and/or a taxable REIT subsidiary, that exceed the amount that would be paid to or deducted by a party in an arm's-length transaction, the REIT generally will be subject to an excise tax equal to 100% of such excess. We expect that we and one of our corporate subsidiaries, Extra Space Management Inc., will make an election for that subsidiary to be treated as a taxable REIT subsidiary for U.S. federal income tax purposes.

Gross Income Tests

In order to maintain qualification as a REIT, we annually must satisfy two gross income tests. First, at least 75% of our gross income for each taxable year, excluding gross income from sales of inventory or dealer property in "prohibited transactions," must be derived from investments relating to real property or mortgages on real property, including "rents from real property," dividends received from other REITs, interest income derived from mortgage loans secured by real property (including certain types of mortgage-backed securities), and gains from the sale of real estate assets, as well as income from certain kinds of temporary investments. Second, at least 95% of our gross income in each taxable year, excluding gross income from prohibited transactions, must be derived from some combination of income that qualifies under the 75% income test described above, as well as other dividends, interest, and gain from the sale or disposition of stock or securities, which need not have any relation to real property and certain payments under certain interest rate hedging instruments.

Rents received by us will qualify as "rents from real property" in satisfying the gross income tests described above, only if several conditions are met, including the following. The rent must not be based in whole or in part on the income or profits of any person. However, an amount will not be excluded from rents from real property solely by being based on a fixed percentage or percentages of sales or if it is based on the net income of a tenant which derives substantially all of its income with respect to such property from subleasing of substantially all of such property, to the extent that the rents paid by the sublessees would qualify as rents from real property, if earned directly by us. If rent is partly attributable to personal property leased in connection with a lease of real property, the portion of the total rent that is attributable to the personal property will not qualify as "rents from real property" unless it constitutes 15% or less of the total rent received under the lease. Moreover, for rents received to qualify as "rents from real property," we generally must not operate or manage the property or furnish or render certain services to the tenants of such property, other than through an "independent contractor" who is adequately compensated and from which we derive no income or through a taxable REIT subsidiary, as discussed below. We are permitted, however, to perform services that are "usually or customarily rendered" in connection with the rental of space for occupancy only and are not otherwise considered rendered to the occupant of the property. In addition, we may directly or indirectly provide non-customary services to tenants of our properties without disqualifying all of the rent from the property if the payment for such services does not exceed 1% of the total gross income from the property. In such a case, only the amounts for non-customary services are not treated as rents from real property. The rest of the rent will be

qualifying income. For purposes of this test, the income received from such non-customary services is deemed to be at least 150% of the direct cost of providing the services. Moreover, we are permitted to provide services to tenants or others through a taxable REIT subsidiary without disqualifying the rental income received from tenants for purposes of the REIT income tests. Also, rental income will qualify as rents from real property only to the extent that we do not directly or constructively own, (i) in the case of any lessee which is a corporation, stock possessing 10% or more of the total combined voting power of all classes of stock entitled to vote, or 10% or more of the total value of shares of all classes of stock of such lessee, or (ii) in the case of any lessee which is not a corporation, an interest of 10% or more in the assets or net profits of such lessee. However, rental payments from a taxable REIT subsidiary will qualify as rents from real property even if we own more than 10% of the combined voting power of the taxable REIT subsidiary if at least 90% of the property is leased to unrelated tenants and the rent paid by the taxable REIT subsidiary is substantially comparable to the rent paid by the unrelated tenants for comparable space.

Unless we determine that the resulting nonqualifying income under any of the following situations, taken together with all other nonqualifying income earned by us in the taxable year, will not jeopardize our status as a REIT, we do not and do not intend to:

- charge rent for any property that is based in whole or in part on the income or profits of any person, except by reason of being based on a fixed percentage or percentages of receipts or sales, as described above;
- rent any property to a related party tenant, including a taxable REIT subsidiary, unless the rent from the lease to the taxable REIT subsidiary would qualify for the special exception from the related party tenant rule applicable to certain leases with a taxable REIT subsidiary;
- derive rental income attributable to personal property other than personal property leased in connection with the lease of real property, the amount of which is less than 15% of the total rent received under the lease; or
- directly perform services considered to be noncustomary or rendered to the occupant of the property.

We may indirectly receive distributions from taxable REIT subsidiaries or other corporations that are not REITs or qualified REIT subsidiaries. These distributions will be classified as dividend income to the extent of the earnings and profits of the distributing corporation. Such distributions will generally constitute qualifying income for purposes of the 95% gross income test, but not under the 75% gross income test. Any dividends received by us from a REIT will be qualifying income in our hands for purposes of both the 95% and 75% gross income tests.

Interest income constitutes qualifying mortgage interest for purposes of the 75% gross income test (as described above) to the extent that the obligation is secured by a mortgage on real property. If we receive interest income with respect to a mortgage loan that is secured by both real property and other property, and the highest principal amount of the loan outstanding during a taxable year exceeds the fair market value of the real property on the date that we acquired or originated the mortgage loan, the interest income will be apportioned between the real property and the other property, and our income from the arrangement will qualify for purposes of the 75% gross income test only to the extent that the interest is allocable to the real property. Even if a loan is not secured by real property or is undersecured, the income that it generates may nonetheless qualify for purposes of the 95% gross income test.

To the extent that the terms of a loan provide for contingent interest that is based on the cash proceeds realized upon the sale of the property securing the loan (a “shared appreciation provision”), income attributable to the participation feature will be treated as gain from sale of the underlying property, which generally will be qualifying income for purposes of both the 75% and 95% gross income tests, provided that the property is not inventory or dealer property in the hands of the borrower or us.

To the extent that we derive interest income from a loan where all or a portion of the amount of interest payable is contingent, such income generally will qualify for purposes of the gross income tests only if it is based upon the gross receipts or sales, and not the net income or profits of any person. This limitation does not apply, however, to a mortgage loan where the borrower derives substantially all of its income from the property from the leasing of substantially all of its interest in the property to tenants, to the extent that the rental income derived by the borrower would qualify as rents from real property had it been earned directly by us.

If we fail to satisfy one or both of the 75% or 95% gross income tests for any taxable year, we may still qualify as a REIT for the year if we are entitled to relief under applicable provisions of the Internal Revenue Code. These relief provisions will generally be available if the failure of our company to meet these tests was due to reasonable cause and not due to willful neglect. We attach to our U.S. federal income tax return a schedule of the sources of our income, and any incorrect information on the schedule was not due to fraud with intent to evade tax. It is not possible to state whether we would be entitled to the benefit of these relief provisions in all circumstances. If these relief provisions are inapplicable to a particular set of circumstances involving us, we will not qualify as a REIT. As discussed above under "—Taxation of REITs in General," even where these relief provisions apply, a tax would be imposed upon certain amounts by which we fail to satisfy the particular gross income test.

Asset Tests

We, at the close of each calendar quarter, must also satisfy four tests relating to the nature of our assets. First, at least 75% of the value of our total assets must be represented by some combination of "real estate assets," cash, cash items, U.S. government securities, and, under some circumstances, stock or debt instruments purchased with new capital. For this purpose, real estate assets include interests in real property, such as land, buildings, leasehold interests in real property, stock of other corporations that qualify as REITs, and certain kinds of mortgage-backed securities and mortgage loans. Assets that do not qualify for purposes of the 75% test are subject to the additional asset tests described below.

The second asset test is that the value of any one issuer's securities owned by us may not exceed 5% of the value of our gross assets. Third, we may not own more than 10% of any one issuer's outstanding securities, as measured by either voting power or value. The 5% and 10% asset tests do not apply to securities of taxable REIT subsidiaries and qualified REIT subsidiaries, and the 10% value test does not apply to "straight debt" having specified characteristics. Fourth, the aggregate value of all securities of taxable REIT subsidiaries held by us may not exceed 20% of the value of our gross assets. In general, straight debt is a written unconditional promise to pay on demand or at a specific date a fixed principal amount. The interest rate and payment dates must not be contingent on profits or the discretion of the debtor, and the security may not contain a convertibility feature.

If we hold indebtedness from any issuer, including an individual or partnership, the indebtedness will be subject to, and may cause a violation of, the asset tests, unless it is a qualifying real estate asset or otherwise satisfies the rules for "straight debt."

After initially meeting the asset tests at the close of any quarter, we will not lose our status as a REIT for failure to satisfy the asset tests at the end of a later quarter solely by reason of changes in asset values. If we fail to satisfy the asset tests because we acquire securities during a quarter, we can cure this failure by disposing of sufficient non-qualifying assets within 30 days after the close of that quarter.

We believe that our holdings of securities and other assets will comply with the foregoing REIT asset requirements, and we intend to monitor compliance on an ongoing basis. Moreover, values of some assets may not be susceptible to a precise determination, and values are subject to change in the future.

Furthermore, the proper classification of an instrument as debt or equity for U.S. federal income tax purposes may be uncertain in some circumstances, which could affect the application of the REIT asset tests. Accordingly, there can be no assurance that the IRS will not contend that our interests in subsidiaries or in the securities of other issuers cause a violation of the REIT asset tests.

Annual Distribution Requirements

In order to qualify as a REIT, we are required to distribute dividends, other than capital gain dividends, to our stockholders in an amount at least equal to:

(a) the sum of:

- 90% of our “REIT taxable income” (computed without regard to our deduction for dividends paid and our net capital gains), and
- 90% of the net income, if any (after tax), from foreclosure property (as described below), minus

(b) the sum of specified items of non-cash income that exceeds a percentage of our income.

These distributions must be paid in the taxable year to which they relate, or in the following taxable year if such distributions are declared in October, November or December of the taxable year, payable to stockholders of record on a specified date in any such month, and are actually paid before the end of January of the following year. Such distributions are treated as both paid by us and received by each stockholder on December 31 of the year in which they are declared. In addition, at our election, a distribution for a taxable year may be declared before we timely file our tax return for the year and paid with or before the first regular dividend payment after such declaration, provided such payment is made during the 12-month period following the close of such taxable year. These distributions are taxable to our stockholders in the year in which paid, even though the distributions relate to our prior taxable year for purposes of the 90% distribution requirement.

In order for distributions to be counted towards our distribution requirement, and to give rise to a tax deduction by us, they must not be “preferential dividends.” A dividend is not a preferential dividend if it is pro rata among all outstanding shares of stock within a particular class, and is in accordance with the preferences among different classes of stock as set forth in the organizational documents.

To the extent that we distribute at least 90%, but less than 100%, of our “REIT taxable income,” as adjusted, we will be subject to tax at ordinary corporate tax rates on the retained portion. In addition, we may elect to retain, rather than distribute, our net long-term capital gains and pay tax on such gains. In this case, we could elect to have our stockholders include their proportionate share of such undistributed long-term capital gains in income and receive a corresponding credit for their proportionate share of the tax paid by us. Our stockholders would then increase the adjusted basis of their stock in us by the difference between the designated amounts included in their long-term capital gains and the tax deemed paid with respect to their proportionate shares.

If we fail to distribute during each calendar year at least the sum of (1) 85% of our REIT ordinary income for such year, (2) 95% of our REIT capital gain net income for such year and (3) any undistributed taxable income from prior periods, we will be subject to a 4% excise tax on the excess of such required distribution over the sum of (A) the amounts actually distributed (taking into account excess distributions from prior periods) and (B) the amounts of income retained on which we have paid corporate income tax. We intend to make timely distributions so that we are not subject to the 4% excise tax.

It is possible that we, from time to time, may not have sufficient cash to meet the distribution requirements due to timing differences between (1) the actual receipt of cash, including receipt of

distributions from our subsidiaries and (2) the inclusion of items in income by us for U.S. federal income tax purposes. Potential sources of non-cash taxable income include loans or mortgage-backed securities held by us as assets that are issued at a discount and require the accrual of taxable interest income in advance of our receipt in cash, loans on which the borrower is permitted to defer cash payments of interest and distressed loans on which we may be required to accrue taxable interest income even though the borrower is unable to make current servicing payments in cash. In the event that such timing differences occur, in order to meet the distribution requirements, it might be necessary to arrange for short-term, or possibly long-term, borrowings, or to pay dividends in the form of taxable in-kind distributions of property.

We may be able to rectify a failure to meet the distribution requirements for a year by paying "deficiency dividends" to stockholders in a later year, which may be included in our deduction for dividends paid for the earlier year. In this case, we may be able to avoid losing our REIT status or being taxed on amounts distributed as deficiency dividends. However, we will be required to pay interest and a penalty based on the amount of any deduction taken for deficiency dividends.

Failure to Qualify

If we fail to qualify for taxation as a REIT in any taxable year, and the relief provisions of the Internal Revenue Code do not apply, we will be subject to tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates. Distributions to our stockholders in any year in which we are not a REIT will not be deductible by us, nor will they be required to be made. In this situation, to the extent of current and accumulated earnings and profits, and, subject to limitations of the Internal Revenue Code, distributions to our stockholders will generally be taxable in the case of our stockholders who are individual U.S. stockholders (as defined below), at a maximum rate of 15%, pursuant to the 2003 Act, and dividends in the hands of our corporate U.S. stockholders may be eligible for the dividends received deduction. Unless we are entitled to relief under specific statutory provisions, we will also be disqualified from re-electing to be taxed as a REIT for the four taxable years following a year during which qualification was lost. It is not possible to state whether, in all circumstances, we will be entitled to this statutory relief.

Prohibited Transactions

Net income derived from a prohibited transaction is subject to a 100% tax. The term "prohibited transaction" generally includes a sale or other disposition of property (other than foreclosure property) that is held primarily for sale to tenants in the ordinary course of a trade or business by a REIT, by a lower-tier partnership in which the REIT holds an equity interest or by a borrower that has issued a shared appreciation mortgage or similar debt instrument to the REIT. We intend to hold our properties for investment with a view to long-term appreciation, to engage in the business of owning and operating properties and to make sales of properties that are consistent with our investment objectives. However, whether property is held "primarily for sale to tenants in the ordinary course of a trade or business" depends on the particular facts and circumstances. No assurance can be given that any particular property in which we hold a direct or indirect interest will not be treated as property held for sale to tenants, or that certain safe-harbor provisions of the Internal Revenue Code that prevent such treatment will apply. The 100% tax will not apply to gains from the sale of property that is held through a taxable REIT subsidiary or other taxable corporation, although such income will be subject to tax in the hands of the corporation at regular corporate income tax rates.

Foreclosure Property

Foreclosure property is real property and any personal property incident to such real property (1) that is acquired by a REIT as a result of the REIT having bid in the property at foreclosure, or having otherwise

reduced the property to ownership or possession by agreement or process of law, after there was a default (or default was imminent) on a lease of the property or a mortgage loan held by the REIT and secured by the property, (2) for which the related loan or lease was acquired by the REIT at a time when default was not imminent or anticipated and (3) for which such REIT makes a proper election to treat the property as foreclosure property. REITs generally are subject to tax at the maximum corporate rate (currently 35%) on any net income from foreclosure property, including any gain from the disposition of the foreclosure property, other than income that would otherwise be qualifying income for purposes of the 75% gross income test. Any gain from the sale of property for which a foreclosure property election has been made will not be subject to the 100% tax on gains from prohibited transactions described above, even if the property would otherwise constitute inventory or dealer property in the hands of the selling REIT. We do not anticipate that we will receive any income from foreclosure property that is not qualifying income for purposes of the 75% gross income test, but, if we do receive any such income, we intend to make an election to treat the related property as foreclosure property.

Hedging Transactions

We may enter into hedging transactions with respect to one or more of our assets or liabilities. Hedging transactions could take a variety of forms, including interest rate swaps or cap agreements, options, futures contracts, forward rate agreements or similar financial instruments. To the extent that we enter into hedging transactions to reduce our interest rate risk on indebtedness incurred to acquire or carry real estate assets, any income or gain from the disposition of hedging transactions should qualify for purposes of the 95% gross income test, but not the 75% gross income test. Recently proposed legislation, if enacted, would exclude such income from the REIT 95% gross income test altogether, treating it as neither qualifying nor non-qualifying income for purposes of that test, while not changing the treatment as non-qualifying income for purposes of the 75% gross income test. See "—Other Tax Considerations—Legislative or Other Actions Affecting REITs."

Foreign Investments

To the extent that our company and our subsidiaries hold or acquire any investments and, accordingly, pay taxes in foreign countries, taxes paid by us in foreign jurisdictions may not be passed through to, or used by, our stockholders as a foreign tax credit or otherwise. Any foreign investments may also generate foreign currency gains and losses. Foreign currency gains are generally treated as income that does not qualify under the 95% or 75% gross income tests. Recently proposed legislation, if enacted, would exclude from the 95% income test calculation, but not from the 75% gross income test, foreign currency gains arising from transactions to hedge risks associated with debt incurred to acquire or carry real estate assets. See "—Other Tax Considerations—Legislative or Other Actions Affecting REITs."

TAX ASPECTS OF INVESTMENTS IN PARTNERSHIPS

General

We may hold investments through entities that are classified as partnerships for federal income tax purposes, including our interest in our operating partnership and the equity interests in lower-tier partnerships. In general, partnerships are "pass-through" entities that are not subject to U.S. federal income tax. Rather, partners are allocated their proportionate shares of the items of income, gain, loss, deduction and credit of a partnership, and are potentially subject to tax on these items without regard to whether the partners receive a distribution from the partnership. We will include in our income our proportionate share of these partnership items for purposes of the various REIT income tests, based on our capital interest in such partnership, and in the computation of our REIT taxable income. Moreover, for purposes of the REIT asset tests, we will include our proportionate share of assets held by subsidiary partnerships, based on our

capital interest in such partnerships. See "—Taxation of the Company—Effect of Subsidiary Entities—Ownership of Partnership Interests" above. Consequently, to the extent that we hold an equity interest in a partnership, the partnership's assets and operations may affect our ability to qualify as a REIT, even though we may have no control, or only limited influence, over the partnership.

Entity Classification

The investment by us in partnerships involves special tax considerations, including the possibility of a challenge by the IRS of the status of any of our subsidiary partnerships as a partnership, as opposed to an association taxable as a corporation, for U.S. federal income tax purposes. If any of these entities were treated as an association for U.S. federal income tax purposes, it would be taxable as a corporation and therefore could be subject to an entity-level tax on its income. In such a situation, the character of our assets and items of our gross income would change and could preclude us from satisfying the REIT asset tests (particularly the tests generally preventing a REIT from owning more than 10% of the voting securities, or more than 10% of the value of the securities, of a corporation) or the gross income tests as discussed in "—Taxation of the Company—Asset Tests" and "—Income Tests" above, and in turn could prevent us from qualifying as a REIT. See "—Taxation of the Company—Failure to Qualify," above, for a discussion of the effect of our failure to meet these tests for a taxable year. In addition, any change in the status of any of our subsidiary partnerships for tax purposes might be treated as a taxable event, in which case we could have taxable income that is subject to the REIT distribution requirements without receiving any cash.

Tax Allocations with Respect to Partnership Properties

Under the Internal Revenue Code and the Treasury regulations, income, gain, loss and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership must be allocated for tax purposes in a manner such that the contributing partner is charged with, or benefits from, the unrealized gain or unrealized loss associated with the property at the time of the contribution. The amount of the unrealized gain or unrealized loss is generally equal to the difference between the fair market value of the contributed property at the time of contribution, and the adjusted tax basis of such property at the time of contribution (a "book-tax difference"). Such allocations are solely for U.S. federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among the partners.

To the extent that any of our subsidiary partnerships acquires appreciated (or depreciated) properties by way of capital contributions from its partners, allocations would need to be made in a manner consistent with these requirements. In connection with the formation transactions, appreciated property will be contributed to our operating partnership by both us as a result of our contribution to the operating partnership of the Extra Space Storage membership interests contributed to us by the members of Extra Space Storage LLC, our predecessor, and by other partners of our operating partnership. As a result, partners, including us, in subsidiary partnerships, could be allocated greater or lesser amounts of depreciation and taxable income in respect of a partnership's properties than would be the case if all of the partnership's assets (including any contributed assets) had a tax basis equal to their fair market values at the time of any contributions to that partnership. This could cause us to recognize, over a period of time, (1) lower amounts of depreciation deductions for tax purposes than if all of the contributed properties were to have a tax basis equal to their fair market value at the time of their contribution to the operating partnership and (2) taxable income in excess of economic or book income as a result of a sale of a property, which might adversely affect our ability to comply with the REIT distribution requirements discussed above and result in our stockholders recognizing additional dividend income without an increase in distributions.

TAXATION OF STOCKHOLDERS

Taxation of Taxable U.S. Stockholders

This section summarizes the taxation of U.S. stockholders that are not tax-exempt organizations. For these purposes, a U.S. stockholder is a beneficial owner of our common stock that for U.S. federal income tax purposes is:

- a citizen or resident of the United States;
- a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or of a political subdivision thereof (including the District of Columbia);
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- any trust if (1) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) it has a valid election in place to be treated as a U.S. person.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our stock, the U.S. federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding our common stock should consult its own tax advisor regarding the U.S. federal income tax consequences to the partner of the acquisition, ownership and disposition of our stock by the partnership.

Distributions. Provided that we qualify as a REIT, distributions made to our taxable U.S. stockholders out of our current and accumulated earnings and profits, and not designated as capital gain dividends, will generally be taken into account by them as ordinary dividend income and will not be eligible for the dividends received deduction for corporations. In determining the extent to which a distribution with respect to our common stock constitutes a dividend for U.S. federal income tax purposes, our earnings and profits will be allocated first to distributions with respect to our preferred stock, if any, and then to our common stock. Dividends received from REITs are generally not eligible to be taxed at the preferential qualified dividend income rates applicable to individual U.S. stockholders who receive dividends from taxable subchapter C corporations pursuant to the 2003 Act.

In addition, distributions from us that are designated as capital gain dividends will be taxed to U.S. stockholders as long-term capital gains, to the extent that they do not exceed the actual net capital gain of our company for the taxable year, without regard to the period for which the U.S. stockholder has held its stock. To the extent that we elect under the applicable provisions of the Internal Revenue Code to retain our net capital gains, U.S. stockholders will be treated as having received, for U.S. federal income tax purposes, our undistributed capital gains as well as a corresponding credit for taxes paid by us on such retained capital gains. U.S. stockholders will increase their adjusted tax basis in our common stock by the difference between their allocable share of such retained capital gain and their share of the tax paid by us. Corporate U.S. stockholders may be required to treat up to 20% of some capital gain dividends as ordinary income. Long-term capital gains are generally taxable at maximum federal rates of 15% (through 2008) in the case of U.S. stockholders who are individuals, and 35% for corporations. Capital gains attributable to the sale of depreciable real property held for more than 12 months are subject to a 25% maximum federal income tax rate for individual U.S. stockholders who are individuals, to the extent of previously claimed depreciation deductions. Because many of our assets were contributed to us in a carryover basis transaction at the time of our formation, we may recognize capital gain on the sale of assets that is attributable to gain that was built into the asset at the time of formation.

Distributions in excess of our current and accumulated earnings and profits will not be taxable to a U.S. stockholder to the extent that they do not exceed the adjusted tax basis of the U.S. stockholder's shares in respect of which the distributions were made, but rather will reduce the adjusted tax basis of these shares. To the extent that such distributions exceed the adjusted tax basis of an individual U.S. stockholder's shares, they will be included in income as long-term capital gain, or short-term capital gain if the shares have been held for one year or less. In addition, any dividend declared by us in October, November or December of any year and payable to a U.S. stockholder of record on a specified date in any such month will be treated as both paid by us and received by the U.S. stockholder on December 31 of such year, provided that the dividend is actually paid by us before the end of January of the following calendar year.

With respect to U.S. stockholders who are taxed at the rates applicable to individuals, we may elect to designate a portion of our distributions paid to such U.S. stockholders as "qualified dividend income." A portion of a distribution that is properly designated as qualified dividend income is taxable to non-corporate U.S. stockholders as capital gain, provided that the U.S. stockholder has held the common stock with respect to which the distribution is made for more than 60 days during the 120-day period beginning on the date that is 60 days before the date on which such common stock became ex-dividend with respect to the relevant distribution. The maximum amount of our distributions eligible to be designated as qualified dividend income for a taxable year is equal to the sum of:

(a) the qualified dividend income received by us during such taxable year from non-REIT C corporations (including our taxable REIT subsidiaries);

(b) the excess of any "undistributed" REIT taxable income recognized during the immediately preceding year over the federal income tax paid by us with respect to such undistributed REIT taxable income; and

(c) the excess of any income recognized during the immediately preceding year attributable to the sale of a built-in-gain asset that was acquired in a carry-over basis transaction from a non-REIT C corporation over the federal income tax paid by us with respect to such built-in gain.

Generally, dividends that we receive will be treated as qualified dividend income for purposes of (a) above if the dividends are received from a domestic C corporation (other than a REIT or a regulated investment company) or a "qualifying foreign corporation" and specified holding period requirements and other requirements are met. A foreign C corporation (other than a "foreign personal holding company," a "foreign investment company," or "passive foreign investment company") will be a qualifying foreign corporation if it is incorporated in a possession of the United States, the corporation is eligible for benefits of an income tax treaty with the United States that the Secretary of Treasury determines is satisfactory, or the stock of the foreign corporation on which the dividend is paid is readily tradable on an established securities market in the United States. We generally expect that an insignificant portion of our distributions will consist of qualified dividend income.

To the extent that we have available net operating losses and capital losses carried forward from prior tax years, such losses may reduce the amount of distributions that must be made in order to comply with the REIT distribution requirements. See "—Taxation of the Company—Annual Distribution Requirements." Such losses, however, are not passed through to U.S. stockholders and do not offset income of U.S. stockholders from other sources, nor do they affect the character of any distributions that are actually made by us, which are generally subject to tax in the hands of U.S. stockholders to the extent that we have current or accumulated earnings and profits.

Dispositions of Our Common Stock. In general, a U.S. stockholder will realize gain or loss upon the sale, redemption or other taxable disposition of our common stock in an amount equal to the difference

between the sum of the fair market value of any property and the amount of cash received in such disposition and the U.S. stockholder's adjusted tax basis in the common stock at the time of the disposition. In general, a U.S. stockholder's adjusted tax basis will equal the U.S. stockholder's acquisition cost, increased by the excess of net capital gains deemed distributed to the U.S. stockholder (discussed above) less tax deemed paid on it and reduced by returns of capital. In general, capital gains recognized by individuals and other non-corporate U.S. stockholders upon the sale or disposition of shares of our common stock will, pursuant to the 2003 Act, be subject to a maximum federal income tax rate of 15% for taxable years through 2008, if our common stock is held for more than 12 months, and will be taxed at ordinary income rates (of up to 35% through 2010) if our common stock is held for 12 months or less. Gains recognized by U.S. stockholders that are corporations are subject to U.S. federal income tax at a maximum rate of 35%, whether or not classified as long-term capital gains. The IRS has the authority to prescribe, but has not yet prescribed, regulations that would apply a capital gain tax rate of 25% (which is generally higher than the long-term capital gain tax rates for non-corporate holders) to a portion of capital gain realized by a non-corporate holder on the sale of REIT stock or depositary shares that would correspond to the REIT's "unrecaptured Section 1250 gain." Holders are advised to consult with their own tax advisors with respect to their capital gain tax liability. Capital losses recognized by a U.S. stockholder upon the disposition of our common stock held for more than one year at the time of disposition will be considered long-term capital losses, and are generally available only to offset capital gain income of the U.S. stockholder but not ordinary income (except in the case of individuals, who may offset up to $3,000 of ordinary income each year). In addition, any loss upon a sale or exchange of shares of our common stock by a U.S. stockholder who has held the shares for six months or less, after applying holding period rules, will be treated as a long-term capital loss to the extent of distributions received from us that were required to be treated by the U.S. stockholder as long-term capital gain.

If a U.S. stockholder recognizes a loss upon a subsequent disposition of our common stock in an amount that exceeds a prescribed threshold, it is possible that the provisions of recently adopted Treasury regulations involving "reportable transactions" could apply, with a resulting requirement to separately disclose the loss generating transaction to the IRS. While these regulations are directed towards "tax shelters," they are written quite broadly, and apply to transactions that would not typically be considered tax shelters. In addition, legislative proposals have been introduced in Congress, that, if enacted, would impose significant penalties for failure to comply with these requirements. You should consult your tax advisors concerning any possible disclosure obligation with respect to the receipt or disposition of our common stock, or transactions that might be undertaken directly or indirectly by us. Moreover, you should be aware that we and other participants in transactions involving us (including our advisors) might be subject to disclosure or other requirements pursuant to these regulations.

Passive Activity Losses and Investment Interest Limitations

Distributions made by us and gain arising from the sale or exchange by a U.S. stockholder of our common stock will not be treated as passive activity income. As a result, U.S. stockholders will not be able to apply any "passive losses" against income or gain relating to our common stock. Distributions made by us, to the extent they do not constitute a return of capital, generally will be treated as investment income for purposes of computing the investment interest limitation. A U.S. stockholder that elects to treat capital gain dividends, capital gains from the disposition of stock or qualified dividend income as investment income for purposes of the investment interest limitation will be taxed at ordinary income rates on such amounts.

Taxation of Tax-Exempt U.S. Stockholders

U.S. tax-exempt entities, including qualified employee pension and profit sharing trusts and individual retirement accounts, generally are exempt from U.S. federal income taxation. However, they are subject to taxation on their unrelated business taxable income, which we refer to in this prospectus as UBTI. While many investments in real estate may generate UBTI, the IRS has ruled that dividend distributions from a REIT to a tax-exempt entity do not constitute UBTI. Based on that ruling, and provided that (1) a tax-exempt U.S. stockholder has not held our common stock as “debt financed property” within the meaning of the Internal Revenue Code (*i.e.*, where the acquisition or holding of the property is financed through a borrowing by the tax-exempt stockholder), and (2) our common stock is not otherwise used in an unrelated trade or business, distributions from us and income from the sale of our common stock generally should not give rise to UBTI to a tax-exempt U.S. stockholder.

Tax-exempt U.S. stockholders that are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans exempt from U.S. federal income taxation under sections 501(c)(7), (c)(9), (c)(17) and (c)(20) of the Internal Revenue Code, respectively, are subject to different UBTI rules, which generally will require them to characterize distributions from us as UBTI.

In certain circumstances, a pension trust (1) that is described in Section 401(a) of the Internal Revenue Code, (2) is tax exempt under section 501(a) of the Internal Revenue Code, and (3) that owns more than 10% of our stock could be required to treat a percentage of the dividends from us as UBTI if we are a “pension-held REIT.” We will not be a pension-held REIT unless (1) either (A) one pension trust owns more than 25% of the value of our stock, or (B) a group of pension trusts, each individually holding more than 10% of the value of our stock, collectively owns more than 50% of such stock and (2) we would not have qualified as a REIT but for the fact that Section 856(h)(3) of the Internal Revenue Code provides that stock owned by such trusts shall be treated, for purposes of the requirement that not more than 50% of the value of the outstanding stock of a REIT is owned, directly or indirectly, by few or fewer “individuals” (as defined in the Internal Revenue Code to include certain entities). Certain restrictions on ownership and transfer of our stock should generally prevent a tax-exempt entity from owning more than 10% of the value of our stock, or us from becoming a pension-held REIT.

Tax-exempt U.S. stockholders are urged to consult their own tax advisors regarding the U.S. federal, state, local and foreign tax consequences of owning our stock.

Taxation of Non-U.S. Stockholders

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of our common stock applicable to non-U.S. stockholders of our common stock. For purposes of this summary, a non-U.S. stockholder is a beneficial owner of our common stock that is not a U.S. stockholder. The discussion is based on current law and is for general information only. It addresses only selective and not all aspects of U.S. federal income taxation.

Ordinary Dividends. The portion of dividends received by non-U.S. stockholders payable out of our earnings and profits that are not attributable to gains from sales or exchanges of U.S. real property interests and which are not effectively connected with a U.S. trade or business of the non-U.S. stockholder will generally be subject to U.S. federal withholding tax at the rate of 30%, unless reduced or eliminated by an applicable income tax treaty. Under some treaties, however, lower rates generally applicable to dividends do not apply to dividends from REITs.

In general, non-U.S. stockholders will not be considered to be engaged in a U.S. trade or business solely as a result of their ownership of our stock. In cases where the dividend income from a non-U.S.

stockholder's investment in our common stock is, or is treated as, effectively connected with the non-U.S. stockholder's conduct of a U.S. trade or business, the non-U.S. stockholder generally will be subject to U.S. federal income tax at graduated rates, in the same manner as U.S. stockholders are taxed with respect to such dividends, and may also be subject to the 30% branch profits tax on the income after the application of the income tax in the case of a non-U.S. stockholder that is a corporation.

Non-Dividend Distributions. Unless (1) our common stock constitutes a U.S. real property interest, or USRPI, or (2) either (A) if the non-U.S. stockholder's investment in our common stock is effectively connected with a U.S. trade or business conducted by such non-U.S. stockholder (in which case the non-U.S. stockholder will be subject to the same treatment as U.S. stockholders with respect to such gain) or (B) if the non-U.S. stockholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a "tax home" in the United States (in which case the non-U.S. stockholder will be subject to a 30% tax on the individual's net capital gain for the year), distributions by us which are not dividends out of our earnings and profits will not be subject to U.S. federal income tax. If it cannot be determined at the time at which a distribution is made whether or not the distribution will exceed current and accumulated earnings and profits, the distribution will be subject to withholding at the rate applicable to dividends. However, the non-U.S. stockholder may seek a refund from the IRS of any amounts withheld if it is subsequently determined that the distribution was, in fact, in excess of our current and accumulated earnings and profits. If our company's common stock constitutes a USRPI, as described below, distributions by us in excess of the sum of our earnings and profits plus the non-U.S. stockholder's adjusted tax basis in our common stock will be taxed under the Foreign Investment in Real Property Tax Act of 1980, or FIRPTA, at the rate of tax, including any applicable capital gains rates, that would apply to a U.S. stockholder of the same type (*e.g.*, an individual or a corporation, as the case may be), and the collection of the tax will be enforced by a refundable withholding at a rate of 10% of the amount by which the distribution exceeds the stockholder's share of our earnings and profits.

Capital Gain Dividends. Under FIRPTA, a distribution made by us to a non-U.S. stockholder, to the extent attributable to gains from dispositions of USRPIs held by us directly or through pass-through subsidiaries ("USRPI capital gains"), will be considered effectively connected with a U.S. trade or business of the non-U.S. stockholder and will be subject to U.S. federal income tax at the rates applicable to U.S. stockholders, without regard to whether the distribution is designated as a capital gain dividend. In addition, we will be required to withhold tax equal to 35% of the amount of capital gain dividends to the extent the dividends constitute USRPI capital gains. Recently proposed legislation, if enacted, would modify the tax treatment of capital gain dividends distributed by REITs to non-U.S. holders. See "—Other Tax Considerations—Legislative or Other Actions Affecting REITs." Distributions subject to FIRPTA may also be subject to a 30% branch profits tax in the hands of a non-U.S. holder that is a corporation. A distribution is not a USRPI capital gain if we held the underlying asset solely as a creditor, although the holding of a shared appreciation mortgage loan would not be solely as a creditor. Capital gain dividends received by a non-U.S. stockholder from a REIT that are not USRPI capital gains are generally not subject to U.S. federal income or withholding tax, unless either (1) if the non-U.S. stockholder's investment in our common stock is effectively connected with a U.S. trade or business conducted by such non-U.S. stockholder (in which case the non-U.S. stockholder will be subject to the same treatment as U.S. stockholders with respect to such gain) or (2) if the non-U.S. stockholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a "tax home" in the United States (in which case the non-U.S. stockholder will be subject to a 30% tax on the individual's net capital gain for the year).

Dispositions of Our Common Stock. Unless our common stock constitutes a USRPI, a sale of the stock by a non-U.S. stockholder generally will not be subject to U.S. federal income taxation under FIRPTA.

The stock will not be treated as a USRPI if less than 50% of our assets throughout a prescribed testing period consist of interests in real property located within the United States, excluding, for this purpose, interests in real property solely in a capacity as a creditor. However, we expect more than 50% of our assets will consist of interests in real property located in the United States.

Still, our common stock nonetheless will not constitute a USRPI if we are a “domestically controlled REIT.” A domestically controlled REIT is a REIT in which, at all times during a specified testing period, less than 50% in value of its outstanding stock is held directly or indirectly by non-U.S. stockholders. We believe we are, and we expect to continue to be, a domestically controlled REIT and, therefore, the sale of our common stock should not be subject to taxation under FIRPTA. Because our stock will be publicly-traded, however, no assurance can be given that we will be a domestically controlled REIT.

In the event that we do not constitute a domestically controlled REIT, a non-U.S. stockholder’s sale of our common stock nonetheless will generally not be subject to tax under FIRPTA as a sale of a USRPI, provided that (1) our common stock owned is of a class that is “regularly traded,” as defined by applicable Treasury Department regulations, on an established securities market, and (2) the selling non-U.S. stockholder owned, actually or constructively, 5% or less of our outstanding stock of that class at all times during a specified testing period.

If gain on the sale of our common stock were subject to taxation under FIRPTA, the non-U.S. stockholder would be subject to the same treatment as a U.S. stockholder with respect to such gain, subject to applicable alternative minimum tax and a special alternative minimum tax in the case of non-resident alien individuals, and the purchaser of the stock could be required to withhold 10% of the purchase price and remit such amount to the IRS.

Gain from the sale of our common stock that would not otherwise be subject to FIRPTA will nonetheless be taxable in the United States to a non-U.S. stockholder in two cases: (1) if the non-U.S. stockholder’s investment in our common stock is effectively connected with a U.S. trade or business conducted by such non-U.S. stockholder, the non-U.S. stockholder will be subject to the same treatment as a U.S. stockholder with respect to such gain, or (2) if the non-U.S. stockholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a “tax home” in the United States, the nonresident alien individual will be subject to a 30% tax on the individual’s capital gain.

Backup Withholding and Information Reporting

We will report to our U.S. stockholders and the IRS the amount of dividends paid during each calendar year and the amount of any tax withheld. Under the backup withholding rules, a U.S. stockholder may be subject to backup withholding with respect to dividends paid unless the holder is a corporation or comes within other exempt categories and, when required, demonstrates this fact or provides a taxpayer identification number or social security number, certifies as to no loss of exemption from backup withholding and otherwise complies with applicable requirements of the backup withholding rules. A U.S. stockholder that does not provide his or her correct taxpayer identification number or social security number may also be subject to penalties imposed by the IRS. Backup withholding is not an additional tax. In addition, we may be required to withhold a portion of capital gain distribution to any U.S. stockholder who fails to certify their non-foreign status.

We must report annually to the IRS and to each non-U.S. stockholder the amount of dividends paid to such holder and the tax withheld with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding may also be made

available to the tax authorities in the country in which the non-U.S. stockholder resides under the provisions of an applicable income tax treaty. A non-U.S. stockholder may be subject to back-up withholding unless applicable certification requirements are met.

Payment of the proceeds of a sale of our common stock within the United States is subject to both backup withholding and information reporting unless the beneficial owner certifies under penalties of perjury that it is a non-U.S. stockholder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person) or the holder otherwise establishes an exemption. Payment of the proceeds of a sale of our common stock conducted through certain United States related financial intermediaries is subject to information reporting (but not backup withholding) unless the financial intermediary has documentary evidence in its records that the beneficial owner is a non-U.S. stockholder and specified conditions are met or an exemption is otherwise established.

Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against such holder's U.S. federal income tax liability provided the required information is furnished to the IRS.

Other Tax Considerations

Legislative or Other Actions Affecting REITs

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. No assurance can be given as to whether, or in what form, the legislative proposals described below (or any other proposals affecting REITs or their stockholders) will be enacted. Changes to the federal tax laws and interpretations of federal tax laws could adversely affect an investment in our common stock.

Recently proposed legislation would modify the tax treatment of capital gain dividends distributed by REITs to non-U.S. stockholders. See "—Taxation of Stockholders—Taxation of Non-U.S. Stockholders—Capital Gain Dividends." The proposed legislation would treat capital gain dividends received by a non-U.S. stockholder in the same manner as ordinary income dividends, provided that (1) the capital gain dividends are received with respect to a class of stock that is regularly traded on an established securities market located in the United States and (2) the non-U.S. stockholder does not own more than 5% of that class of stock at any time during the taxable year in which the capital gain dividends are received. Another proposal would modify the effect of specified types of hedging income on the REIT 95% gross income requirement. See "—Taxation of the Company—Hedging Transactions" and "—Taxation of the Company—Foreign Investments." These proposals would apply to taxable years beginning after the date of enactment.

State, Local and Foreign Taxes

Our company and our subsidiaries and stockholders may be subject to state, local or foreign taxation in various jurisdictions, including those in which it or they transact business, own property or reside. We own interests in properties located in a number of jurisdictions, and may be required to file tax returns in certain of those jurisdictions. The state, local or foreign tax treatment of our company and our stockholders may not conform to the federal income tax treatment discussed above. Any foreign taxes incurred by us would not pass through to stockholders as a credit against their U.S. federal income tax liability. Prospective stockholders should consult their own tax advisors regarding the application and effect of state, local and foreign income and other tax laws on an investment in our company's common stock.

ERISA considerations

GENERAL

The following is a summary of certain material considerations arising under the Employee Retirement Income Securities Act of 1974, as amended, or ERISA, and the prohibited transaction provisions of Section 4975 of the Internal Revenue Code that may be relevant to a prospective purchaser. The following summary may also be relevant to a prospective purchaser that is not an employee benefit plan which is subject to ERISA, but is a tax-qualified retirement plan or an individual retirement account, individual retirement annuity, medical savings account, health savings account or education individual retirement account, which we refer to collectively as an "IRA." This discussion does not address all aspects of ERISA or Section 4975 of the Internal Revenue Code or, to the extent not preempted, state law that may be relevant to particular employee benefit plan stockholders in light of their particular circumstances, including plans subject to Title I of ERISA, other employee benefit plans and IRAs subject to the prohibited transaction provisions of Section 4975 of the Internal Revenue Code, and governmental, church, foreign and other plans that are exempt from ERISA and Section 4975 of the Internal Revenue Code but that may be subject to other U.S. federal, state, local or foreign law requirements.

A fiduciary making the decision to invest in shares of our common stock on behalf of a prospective purchaser which is an ERISA plan, a tax qualified retirement plan, an IRA or other employee benefit plan is advised to consult its legal advisor regarding the specific considerations arising under ERISA, Section 4975 of the Internal Revenue Code, and, to the extent not preempted, state law with respect to the purchase, ownership or sale of shares of our common stock by the plan or IRA.

Plans should also consider the entire discussion under the heading "U.S. federal income tax considerations," as material contained in that section is relevant to any decision by an employee benefit plan, tax-qualified retirement plan or IRA to purchase our common stock.

EMPLOYEE BENEFIT PLANS, TAX-QUALIFIED RETIREMENT PLANS AND IRAS

Each fiduciary of an "ERISA plan," which is an employee benefit plan subject to Title I of ERISA, should carefully consider whether an investment in shares of our common stock is consistent with its fiduciary responsibilities under ERISA. The fiduciary requirements of Part 4 of Title I of ERISA require that, among other things:

- an ERISA plan make investments that are prudent and in the best interests of the ERISA plan, its participants and beneficiaries;
- an ERISA plan make investments that are diversified in order to reduce the risk of large losses, unless it is clearly prudent for the ERISA plan not to do so;
- an ERISA plan's investments are authorized under ERISA and the terms of the governing documents of the ERISA plan; and
- the fiduciary not cause the ERISA plan to enter into transactions prohibited under Section 406 of ERISA (and certain corresponding provisions of the Internal Revenue Code).

In determining whether an investment in shares of our common stock is prudent for ERISA purposes, the appropriate fiduciary of an ERISA plan should consider all of the facts and circumstances, including, without limitation, whether the investment is reasonably designed, as a part of the ERISA plan's portfolio for which the fiduciary has investment responsibility, to meet the objectives of the ERISA plan,

taking into consideration the risk of loss and opportunity for gain or other return from the investment, the diversification, cash flow and funding requirements of the ERISA plan, and the liquidity and current return of the ERISA plan's portfolio. A fiduciary should also take into account, for example, the nature of our business, the length of our operating history and other matters described in the section entitled "Risk Factors."

The fiduciary of an IRA or an employee benefit plan not subject to Title I of ERISA because it is a governmental or church plan (assuming no election has been made under Section 410(d) of the Internal Revenue Code) or because it does not cover common law employees, or because it is otherwise subject to ERISA, should consider whether it may only make investments that are either authorized or not prohibited by the appropriate governing documents, or, in the case of an IRA, not prohibited under Section 4975 of the Internal Revenue Code, or whether the investment is permitted under all applicable U.S. federal, state, local and foreign law.

OUR STATUS UNDER ERISA

In some circumstances where an ERISA plan holds an interest in an entity, the underlying assets of the entity are deemed to be ERISA plan assets. This rule is known to some as the "look-through rule." Under those circumstances, the obligations and other responsibilities of plan sponsors, plan fiduciaries and plan administrators, and of parties in interest and disqualified persons, under Parts 1 and 4 of Subtitle B of Title I of ERISA and Section 4975 of the Internal Revenue Code, as applicable, may be expanded, and there may be an increase in their liability under these and other provisions of ERISA and the Internal Revenue Code. For example, a prohibited transaction may occur if our underlying assets are deemed to be assets of ERISA plans that invest in our common stock and persons who have certain specified relationships to an ERISA plan ("parties in interest" within the meaning of ERISA, and "disqualified persons" within the meaning of the Internal Revenue Code) deal with these assets for their own interests. Further, if our underlying assets are deemed to be assets of investing ERISA plans, any person that exercises authority or control with respect to the management or disposition of our underlying assets may be an ERISA plan fiduciary.

The term "plan assets" is not defined in ERISA or the Internal Revenue Code, but the U.S. Department of Labor has issued regulations that outline the circumstances under which an ERISA plan's interest in an entity will be subject to the look-through rule. The Department of Labor regulations apply to the purchase by an ERISA plan of an "equity interest" in an entity, such as stock of a REIT. However, the Department of Labor regulations provide an exception to the look-through rule for equity interests that are "publicly offered securities."

Under the Department of Labor regulations, a "publicly offered security" is a security that is:

- freely transferable;
- part of a class of securities that is widely held; and
- either part of a class of securities that is registered under section 12(b) or 12(g) of the Exchange Act or sold to an ERISA plan as part of an offering of securities to the public pursuant to an effective registration statement under the Securities Act, and the class of securities of which this security is a part is registered under the Exchange Act within 120 days, or longer if allowed by the SEC, after the end of the fiscal year of the issuer during which the offering of these securities to the public occurred.

Whether a security is considered "freely transferable" is a factual question that depends on the facts and circumstances of each case. Under the Department of Labor regulations, if the security is part of an

offering in which the minimum investment is $10,000 or less, then certain restrictions on or prohibitions against transfer or assignment of the security for the purposes of preventing a termination or reclassification of the entity for federal or state tax purposes will not ordinarily prevent the security from being considered freely transferable. As another example, limitations or restrictions on the transfer or assignment of a security which are created or imposed by persons other than the issuer of the security or persons acting for or on behalf of the issuer will ordinarily not prevent the security from being considered freely transferable.

A class of securities is considered “widely held” if it is a class of securities that is owned by 100 or more investors independent of the issuer and of one another. A security will not fail to be “widely held” because the number of independent investors falls below 100 subsequent to the initial public offering as a result of events beyond the issuer’s control.

We believe the shares of our common stock offered in this prospectus may meet the criteria of the publicly offered securities exception to the look-through rule. First, as to free transferability, the minimum investment will be less than $10,000 and the only restrictions upon its transfer are those generally permitted under the Department of Labor regulations, those required under federal tax laws to maintain our status as a REIT, resale restrictions under applicable federal securities laws with respect to securities not purchased pursuant to this prospectus and those owned by our officers, directors and other affiliates.

Second, we expect (although we cannot confirm) that our common stock will be held by 100 or more investors, and we expect that at least 100 or more of these investors will be independent of us and of one another.

Third, the shares of our common stock will be part of an offering of securities to the public pursuant to an effective registration statement under the Securities Act and the common stock is registered under the Exchange Act.

In addition, the Department of Labor regulations provide exceptions to the look-through rule for equity interests in some types of entities, including any entity which qualifies as either a “real estate operating company” or a “venture capital operating company.”

Under the Department of Labor regulations, a “real estate operating company” is defined as an entity which:

- on testing dates has at least 50% of its assets, other than short-term investments pending long-term commitment or distribution to investors, valued at cost invested in real estate which is managed or developed and with respect to which the entity has the right to substantially participate directly in the management or development activities; and
- in the ordinary course of its business, is engaged directly in real estate management or development activities.

According to those same regulations, a “venture capital operating company” is generally defined as an entity which:

- on testing dates has at least 50% of its assets, other than short-term investments pending long-term commitment or distribution to investors, valued at cost invested in one or more operating companies other than venture capital operating companies and with respect to which the entity has or obtains direct management rights; and

ERISA considerations

- in the ordinary course of its business, actually exercises its management rights with respect to one or more of the operating companies in which it invests.

We have not endeavored to determine whether we will satisfy the “real estate operating company” or “venture capital operating company” exception.

Prior to making an investment in the shares offered in this prospectus, prospective employee benefit plan investors (whether or not subject to ERISA or section 4975 of the Internal Revenue Code) should consult with their legal and other advisors concerning the impact of ERISA and the Internal Revenue Code (and, particularly in the case of non-ERISA plans and arrangements, any additional state, local and foreign law considerations), as applicable, and the potential consequences in their specific circumstances of an investment in such shares.

Underwriting

We are offering the shares of our common stock described in this prospectus through the underwriters named below. UBS Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated are the representatives of the underwriters and the joint book-running managers. We have entered into an underwriting agreement with the representatives. Subject to the terms and conditions of the underwriting agreement, each of the underwriters has severally agreed to purchase the number of shares of common stock listed next to its name in the following table:

Underwriters	Number of Shares
UBS Securities LLC	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
A.G. Edwards & Sons, Inc.	
Banc of America Securities LLC	
Raymond James & Associates, Inc.	
RBC Capital Markets Corporation	
Wells Fargo Securities, LLC	
Total	20,200,000

The underwriting agreement provides that the underwriters must buy all of the shares if they buy any of them. However, the underwriters are not required to take or pay for the shares covered by the underwriters' over-allotment option except as described below.

Our common stock is offered subject to a number of conditions, including:

- receipt and acceptance of our common stock by the underwriters; and
- the underwriters' right to reject orders in whole or in part.

We have been advised by the representatives that the underwriters intend to make a market in our common stock but that they are not obligated to do so and may discontinue making a market at any time without notice.

In connection with the offering, certain of the underwriters or securities dealers may distribute prospectuses electronically.

Sales of shares made outside of the United States may be made by affiliates of the underwriters. Upon the execution of the underwriting agreement, the underwriters will be obligated to purchase the shares at the prices and upon the terms stated therein, and, as a result, will thereafter bear any risk associated with changing the offering price to the public or other selling terms.

OVER-ALLOTMENT OPTION

We have granted the underwriters an option to buy up to an aggregate of 3,030,000 additional shares of our common stock. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering. The underwriters have 30 days from the date of this prospectus to exercise this option. If the underwriters exercise this option, they will each purchase additional shares approximately in proportion to the amounts specified in the table above.

COMMISSIONS AND DISCOUNTS

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be

sold at a discount of up to $ per share from the initial public offering price. Any of these securities dealers may resell any shares purchased from the underwriters to other brokers or dealers at a discount of up to $ per share from the initial public offering price. If all the shares are not sold at the initial public offering price, the representatives may change the offering price and the other selling terms. Sales of shares made outside of the United States may be made by affiliates of the underwriters. Upon execution of the underwriting agreement, the underwriters will be obligated to purchase the shares at the prices and upon the terms stated therein and, as a result, will thereafter bear any risk associated with changing the offering price to the public or other selling terms. The underwriters do not expect to sell more than 5% of the shares in the aggregate to accounts over which they exercise discretionary authority.

The following table shows the per share and total underwriting discounts and commissions payable by us to the underwriters. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional 3,030,000 shares from us.

	No Exercise	Full Exercise
Per Share	$	$
Total	$	$

We estimate that the total expenses of the offering, payable by us, excluding underwriting discounts and commissions and financial advisory fees, will be approximately $5,184,655.

NO SALES OF SIMILAR SECURITIES

We and each of our directors, executive officers and all of our stockholders have entered into lock-up agreements with the underwriters. Under these agreements, subject to certain permitted exceptions, we and each of these persons or entities may not, without the prior written consent of UBS Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, sell, offer to sell, contract or agree to sell, hedge or otherwise dispose of, directly or indirectly, any of our common stock or securities convertible into or exchangeable or exercisable for shares of common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus. UBS Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, in their sole discretion, may permit early release of shares of our common stock subject to the restrictions detailed above prior to the expiration of the 180-day lock up period and without public notice. The 180-day lock up period may be extended for up to 15 calendar days plus three business days under certain circumstances where we announce or pre-announce earnings or material news or a material event within 15 calendar days plus three business days prior to, or approximately 16 days after, the termination of the 180-day period. Even under those circumstances, however, the lock-up period will not be extended if we are actively traded, meaning that we have a public float of at least $150 million and average trading volume at least $1 million per day.

DIRECTED SHARE PROGRAM

At our request, the underwriters have reserved up to 5% of the shares of common stock for sale at the initial public offering price to persons who are directors, officers or employees, or who are otherwise associated with us through a directed share program. The sales will be made by UBS Financial Services Inc., an affiliate of UBS Securities LLC, and Merrill Lynch, Pierce, Fenner & Smith Incorporated through a directed share program. We do not know if these persons will choose to purchase all or any portion of these reserved shares, but any purchases they do make will reduce the number of shares available to the general public. These persons must commit to purchase no later than the close of business on the day following the date of this prospectus. Any employees, strategic partners or other persons purchasing such reserved shares will be prohibited from disposing of or hedging such shares for a period of at least 180 days after the date of this prospectus.

We have agreed to indemnify the underwriters against certain liabilities and expenses, including liabilities under the 1933 Act, in connection with the sales of the directed shares.

NEW YORK STOCK EXCHANGE LISTING

Our shares have been approved for listing subject to official notice of issuance on the New York Stock Exchange under the trading symbol "EXR." In order to meet the requirements for listing on the New York Stock Exchange, the underwriters have undertaken to sell lots of 100 or more shares to a minimum of 2,000 beneficial owners of such lots.

Before the offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations among us and the underwriters. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are:

- the information set forth in this prospectus and otherwise available to representatives;
- our history and prospects, and the history and prospects of the industry in which we compete;
- our past and present financial performance and an assessment of our management;
- our prospects for future earnings, the present state of our development;
- the general condition of the securities markets at the time of the offering;
- the recent market prices of, and demand for, public traded common stock of generally comparable companies; and
- other factors deemed relevant by the underwriters and us.

An active trading market for the shares may not develop. It is also possible that after the offering the shares will not trade in the public market at or above the initial public offering price.

PRICE STABILIZATION AND SHORT POSITIONS

In connection with the offering, the underwriters may engage in activities that stabilize, maintain or otherwise affect the price of our common stock including:

- stabilizing transactions;
- short sales;
- purchases to cover positions created by short sales;
- imposition of penalty bids; and
- syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of our common stock while the offering is in progress. These transactions may also include making short sales of our common stock, which involves the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in the offering. Short sales may be either "covered" shorts, which are short positions in an amount not greater than the underwriters' over-allotment option referred to above, or may be "naked" shorts, which are short positions in excess of that amount.

The underwriters may close out any covered short position by either exercising their over-allotment option, in whole or in part, or by purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option.

Naked short sales are in excess of the over-allotment option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of shares in the open market after pricing that could adversely affect investors who purchase in the offering.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased shares sold by or for the account of that underwriter in stabilizing or short covering transactions.

In addition, in connection with the offering, certain of the underwriters may engage in passive market making transactions in the common stock on the NYSE prior to the pricing and completion of the offering. Passive market making consists of displaying bids on the NYSE no higher than the bid prices of independent market makers and making purchases at prices no higher than these independent bids and effected in response to order flow. Net purchases by a passive market maker on each day are limited to a specified percentage of the passive market maker's average daily trading volume in the common stock during a specified period and must be discontinued when such limit is reached. Passive market making may cause the price of our common stock to be higher than the price that otherwise would exist in the open market in the absence of such transactions. If passive market making is commenced, it may be discontinued at any time.

As a result of these activities, the price of our common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, the underwriters may discontinue them at any time. The underwriters may carry out these transactions on the NYSE, in the over-the-counter market or otherwise.

INDEMNIFICATION AND CONTRIBUTION

We have agreed to indemnify the several underwriters against some liabilities, including liabilities under the Securities Act, as amended, and to contribute to payments that the underwriters may be required to make in respect of these liabilities.

AFFILIATIONS

The underwriters and their affiliates have provided and may provide certain commercial banking, financial advisory and investment banking services for us for which they have received and may receive customary fees. UBS Securities LLC and Merrill Lynch, Pierce, Fenner and Smith Incorporated will receive a financial advisory fee equal to 0.75% of the public offering price in the aggregate.

Wells Fargo, N.A, an affiliate of Wells Fargo Securities, LLC, one of the underwriters in this offering, is the lender under our property credit line and our corporate credit line. We will use a portion of the net proceeds of this offering to repay these lines of credit.

The underwriters and their affiliates may from time to time in the future engage in transactions with us and perform services for us in the ordinary course of their business.

Legal matters

Certain legal matters, including the validity of common stock offered hereby and our qualification as a real estate investment trust, will be passed upon for us by Clifford Chance US LLP, New York, New York, and for the underwriters by Hogan & Hartson L.L.P. Venable LLP will issue an opinion to us regarding certain matters of Maryland law. Certain matters of Massachusetts law may be passed upon by a law firm reasonably acceptable to the underwriters. Clifford Chance US LLP may rely upon the opinion of Venable LLP, Baltimore, Maryland.

Experts

The balance sheet of Extra Space Storage Inc. as of May 5, 2004; the consolidated financial statements of Extra Space Storage LLC and its subsidiaries as of December 31, 2003 and 2002 and for each of the three years in the period ended December 31, 2003; the combined statement of revenues and certain expenses of properties owned by Extra Space West One, LLC and Extra Space East One, LLC for the years ended December 31, 2003, 2002 and 2001; the combined statement of revenues and certain expenses of properties owned by 5255 Sepulveda, LLC and 658 Venice, LTD for the years ended December 31, 2003, 2002 and 2001; the statement of revenues and certain expenses of properties owned by Red Hat Enterprises for the year ended December 31, 2003; the statement of revenues and certain expenses of properties owned by Storage Depot for the year ended December 31, 2003; and the statement of revenues and certain expenses of properties owned by Storage Deluxe for the year ended December 31, 2003 included in this prospectus and the financial statement schedule included in the Registration Statement have been so included in reliance on the reports of PricewaterhouseCoopers LLP, independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The statement of revenues and certain expenses of properties owned by Devon/Boston, LLC for the year ended December 31, 2003 included in this Registration Statement has been so included in reliance on the reports of Timpson Garcia, LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The statement of revenues and certain expenses of properties owned by Storage Spot Properties No. 1, L.P. and Storage Spot Properties No. 4, L.P. for the year ended December 31, 2003 included in this Registration Statement has been so included in reliance on the report of R.J. Gold & Company, P.C., independent accountants, given or the authority of said firm as experts in auditing and accounting.

Where you can find more information

We have filed with the SEC a registration statement on Form S-11, including exhibits and schedules filed with the registration statement of which this prospectus is a part, under the Securities Act with respect to the shares of our common stock to be sold in the offering. This prospectus does not contain all of the information set forth in the registration statement and exhibits and schedules to the registration statement. For further information with respect to our company and the shares of our common stock to be sold in the offering, reference is made to the registration statement, including the exhibits and schedules to the registration statement. Copies of the registration statement, including the exhibits and schedules to the registration statement, may be examined without charge at the public reference room of

the SEC, 450 Fifth Street, N.W. Room 1024, Washington, DC 20549. Information about the operation of the public reference room may be obtained by calling the SEC at 1-800-SEC-0300. Copies of all or a portion of the registration statement can be obtained from the public reference room of the SEC upon payment of prescribed fees. Our SEC filings, including our registration statement, are also available to you on the SEC's website at *www.sec.gov*.

As a result of the offering, we will become subject to the information and reporting requirements of the Exchange Act, and will file periodic reports, proxy statements and will make available to our stockholders annual reports containing audited financial information for each year and quarterly reports for the first three quarters of each fiscal year containing unaudited interim financial information.

INDEX TO FINANCIAL STATEMENTS

	Page
Extra Space Storage Inc.	
Pro Forma	
Unaudited Pro Forma Condensed Consolidated Financial Information	F-2
Unaudited Pro Forma Condensed Consolidated Balance Sheet as of March 31, 2004	F-3
Notes to Unaudited Pro Forma Condensed Consolidated Balance Sheet as of March 31, 2004	F-4
Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Three Months Ended March 31, 2004	F-12
Notes to Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Three Months Ended March 31, 2004	F-13
Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Year Ended December 31, 2003	F-17
Notes to Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Year Ended December 31, 2003	F-18
Historical	
Report of Independent Registered Public Accounting Firm	F-24
Balance Sheet as of May 5, 2004	F-25
Notes to Balance Sheet	F-26
Extra Space Storage LLC	
Report of Independent Registered Public Accounting Firm	F-28
Consolidated Balance Sheets as of March 31, 2004 (Unaudited), December 31, 2003 and December 31, 2002	F-29
Consolidated Statements of Operations for the Years Ended December 31, 2003, 2002 and 2001 and the Three Months Ended March 31, 2004 and 2003 (Unaudited)	F-30
Consolidated Statement of Redeemable Units and Members' Equity (Deficit) for the Years Ended December 31, 2003, 2002 and 2001 and the Three Months Ended March 31, 2004 (Unaudited)	F-31
Consolidated Statements of Cash Flows for the Years Ended December 31, 2003, 2002 and 2001 and the Three Months Ended March 31, 2004 and 2003 (Unaudited)	F-32
Notes to Consolidated Financial Statements	F-33
Schedule III—Real Estate and Related Depreciation	F-53
Extra Space West One, LLC and Extra Space East One, LLC	
Report of Independent Auditors	F-56
Combined Statement of Revenues and Certain Expenses for the Years Ended December 31, 2003, 2002 and 2001 and the Three Months Ended March 31, 2004 and 2003 (Unaudited)	F-57
Notes to Combined Statement of Revenues and Certain Expenses	F-58
5255 Sepulveda, LLC and 658 Venice, LTD	
Report of Independent Auditors	F-59
Combined Statement of Revenues and Certain Expenses for the Years Ended December 31, 2003, 2002 and 2001 and the Three Months Ended March 31, 2004 and 2003 (Unaudited)	F-60
Notes to Combined Statement of Revenues and Certain Expenses	F-61
Red Hat Enterprises	
Report of Independent Auditors	F-62
Statement of Revenues and Certain Expenses for the Year Ended December 31, 2003 and the Three Months Ended March 31, 2004 and 2003 (Unaudited)	F-63
Notes to Statement of Revenues and Certain Expenses	F-64
Storage Depot	
Report of Independent Auditors	F-65
Statement of Revenues and Certain Expenses for the Year Ended December 31, 2003 and the Three Months Ended March 31, 2004 and 2003 (Unaudited)	F-66
Notes to Statement of Revenues and Certain Expenses	F-67
Devon/Boston, LLC	
Report of Independent Accountants	F-68
Statement of Revenues and Certain Expenses for the Year Ended December 31, 2003	F-69
Notes to Statement of Revenues and Certain Expenses	F-70
Storage Deluxe	
Report of Independent Auditors	F-71
Statement of Revenues and Certain Expenses for the Year Ended December 31, 2003 and the Three Months Ended March 31, 2004 and 2003 (Unaudited)	F-72
Notes to Statement of Revenues and Certain Expenses	F-73
Storage Spot	
Report of Independent Auditors	F-74
Combined Statement of Revenues and Certain Expenses for the Year Ended December 31, 2003 and the Three Months Ended March 31, 2004 and 2003 (Unaudited)	F-75
Notes to Combined Statements of Revenues and Certain Expenses	F-76

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated financial information of Extra Space Storage Inc. (formerly known as Extra Space Storage LLC) as of and for the three months ended March 31, 2004 and for the year ended December 31, 2003 has been derived from the historical financial statements of its predecessor, Extra Space Storage LLC (our predecessor or "ESS") included in this prospectus.

Our pro forma condensed consolidated balance sheet reflects adjustments to our predecessor's historical financial data to give effect to the following as if each had occurred on March 31, 2004; (i) the de-consolidation of the assets and liabilities of 13 early-stage development properties that were spun-off as part of the distribution of the equity interests of Extra Space Development LLC ("ESD") on January 1, 2004, but were continued to be consolidated by ESS for financial reporting purposes due to certain financial guarantees, sale and grant of voting and non-voting Class A units to certain employees in April 2004, and the sale of a partnership interest by the predecessor company (collectively, the Reorganization Transactions"), (ii) the acquisition of nine non-consolidated properties currently owned by Extra Space West One, LLC ("ESW"), a joint venture with Prudential in June 2004 and the acquisition of Prudential's interest in Extra Space East One, LLC in May 2004 (collectively, the "Prudential Acquisition"), (iii) certain other property and minority interest acquisitions, (iv) the completion of certain financing transactions (both prior to and concurrent with the Offering) and (v) the effects of the Offering.

Our pro forma condensed consolidated statement of operations reflects adjustments to our predecessor's historical financial data to give effect to the following as if each of the aforementioned transactions had occurred on January 1, 2003; (i) the de-consolidation of the assets and liabilities of 13 early-stage development properties, the distribution of the Centershift note and the acquisition of the common stock of ESMI (collectively, the "Reorganization Transactions"), (ii) the Prudential Acquisition, (iii) certain other property and minority interest acquisitions and (iv) the completion of certain financing transactions (both prior to and concurrent with the Offering) and the effects of the Offering.

We have based our unaudited pro forma adjustments on available information and assumptions that we consider reasonable. Our unaudited pro forma condensed consolidated financial information is not necessarily indicative of what our actual financial position or results of operations would have been as of the date and for the periods indicated, nor does it purport to represent our future financial position or results of operations.

You should read our unaudited pro forma condensed consolidated financial information, together with the notes thereto, in conjunction with the more detailed information contained in the historical financial statements and related notes of ESS's "Management's Discussion and Analysis of Financial Condition and Results of Operations", and the financial statements of certain recently acquired properties included in this prospectus.

Extra Space Storage Inc.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2004 (in thousands)

	Historical Extra Space Storage	Reorganization Transactions	Prudential Acquisition	Other Property Acquisitions	Financing Transactions	Pro Forma Before Offering and Related Transactions	Offering and Related Transactions	Pro Forma
	(1) (Restated)	(2)	(3)	(4)	(5)		(6)	
Assets:								
Real estate assets:								
Net operating real estate assets	$ 365,561	$ —	$ 88,986(a)	$ 219,508	$ —	$ 674,055	$ —	$ 674,055
Real estate under development	74,591	(69,372)	—	—	—	5,219	—	5,219
Net real estate assets	440,152	(69,372)	88,986	219,508	—	679,274	—	679,274
Investments in real estate ventures	8,232	(1,659)	(696)(b)	(196)	—	5,681	—	5,681
Cash	3,582	11,138	(13,438)	(96,227)	5,757(a)	(89,188)	89,564	376
Restricted cash	4,165	(276)	348	—	—	4,237	—	4,237
Receivables from related parties	9,415	(9,415)	—	—	—	—	—	—
Other assets, net	11,099	(43)	139	1,678	777(b)	13,650	1,200	14,850
Total assets	$ 476,645	$ (69,627)	$ 75,339	$ 124,763	$ 6,534	$ 613,654	$ 90,764	$ 704,418
Liabilities and Shareholders/Members' Equity:								
Borrowings	$ 345,507	$ (34,371)	$ 34,659(c)	$ 134,364	$ 32,857(c)(d)	$ 513,016	$ (89,708)	$ 423,308
Short term notes payable	—	—	40,408(d)	—	(22,008)	18,400	(18,400)	—
Accounts payable and accrued expenses	1,133	(1,130)	25	—	—	28	—	28
Payables to related parties	28,671	(20,119)	—	—	(746)	7,806	(7,705)	101
Putable preferred interests in consolidated joint venture, net	34,913	(10,747)	—	(24,166)	—	—	—	—
Other liabilities	5,140	(928)	247	(3)	—	4,456	—	4,456
Total liabilities	415,364	(67,295)	75,339	110,195	10,103	543,706	(115,813)	427,893
Commitments and contingencies								
Redeemable minority interest—Fidelity	18,712	—	—	—		18,712	(18,712)	—
Minority interest in Operating Partnership	—	—	—	14,032		14,032	9,030	23,062
Other minority interests	10,827	(10,827)	—	—		—	—	—
Redeemable Class C Units	29,622	—	—	455		30,077	(30,077)	—
Redeemable Class E Units	14,900	—	—	—		14,900	(14,900)	—
Shareholders' Equity	—	—	—	—		—	—	—
Common stock and additional paid-in-capital	—	—	—	—		—	253,463	253,463
Members' equity:						—		—
Class A Units	10,804	1,265	—	81		12,150	(12,150)	—
Class B Units	50,082	—	—	—		50,082	(50,082)	—
Note Receivable from Centershift	—	—	—	—		—	—	—
Accumulated deficit	(73,666)	7,230	—	—	(3,569)(e)	(70,005)	70,005	—
Total shareholders'/members' equity	(12,780)	8,495	—	81	(3,569)	(7,773)	261,236	253,463
Total liabilities and shareholders/members' equity	$ 476,645	$ (69,627)	$ 75,339	$ 124,763	$ 6,534	$ 613,654	$ 90,764	$ 704,418

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET (in thousands)

(1) The "historical" column reflects the assets, liabilities and members equity of Extra Space Storage LLC (ESS). With respect to contributions of assets from ESS to the Company, such contributions would be accounted for at the Predecessor's historical cost as a transfer of assets between companies under common control.

(2) Represents the following transactions:

- The de-consolidation of 13 properties owned by ESD which results from the release of ESS as guarantor of certain guarantees and repayment of receivables prior to the Offering. The properties will be de-consolidated upon the elimination of the guarantees and repayment of the receivable prior to the completion of Offering, and the Company will not have any variable economic interest in the properties.

  On January 1, 2004, ESS distributed the equity interest of ESD to certain Class A Unitholders. ESD held the assets and liabilities of 13 early stage development properties and two parcels of undeveloped land. For financial reporting purposes, ESS was required to continue to consolidate the 13 properties due to certain financial guarantees provided by ESS on these properties. Subsequent to the distribution, ESS no longer has any equity interest in ESD.
- Sale of ESS partnership interest in Extra Space of Laguna Hills LLC to our former partner effective the date of the Offering. The sale resulted in a gain of $1,815.
- Sale and Grant of Class A units to certain employees by our predecessor subsequent to March 31, 2004.

The Reorganization Transactions adjustments consisted of the following:

	De-consolidation of 13 ESD Properties	Sale of Laguna Hills	Sale and Grant of Class A Units	Total Reorganization Transaction
Assets:				
Real estate assets:				
Net operating real estate assets	$ —	$ —	$ —	$ —
Real estate under development	(69,372)	—	—	(69,372)
Net real estate assets	(69,372)	—	—	(69,372)
Investments in real estate ventures	—	(1,659)	—	(1,659)
Cash	9,604	1,474	60	11,138
Restricted cash	(276)	—	—	(276)
Receivables from related parties	(9,415)	—	—	(9,415)
Other assets, net	(43)	—	—	(43)
Total assets	$ (69,502)	$ (185)	$ 60	$ (69,627)
Liabilities and Members' Equity:				
Borrowings	$ (34,371)	$ —	$ —	$ (34,371)
Accounts payable and accrued expenses	(1,130)	—	—	(1,130)
Payables to related parties	(18,119)	(2,000)	—	(20,119)
Putable preferred interests in consolidated joint venture, net	(10,747)	—	—	(10,747)
Other liabilities	(928)	—	—	(928)
Total liabilities	(65,295)	(2,000)	—	(67,295)
Other minority interests	(10,827)	—	—	(10,827)
Members' equity				
Class A Units	—	—	1,265	1,265
Class B Units	—	—	—	—
Note receivable from Centershift	—	—	—	—
Accumulated deficit	6,620	1,815	(1,205)(a)	7,230
Total liabilities and members' equity	$ (69,502)	$ (185)	$ 60	$ (69,627)

(a) Represents the adjustment to reflect the grant of 2,120,958 of voting class A units, and 1,895,880 of non-voting units to certain employees, which resulted in a non-recurring charge of $1,205.

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET—(Continued)

(3) Represents the adjustments related to the acquisition of nine non-consolidated properties currently owned by ESW and the acquisition of Prudential's interest in ESE (collectively, the "Prudential Acquisition"). **These acquisitions were completed on June 1, 2004 and May 10, 2004, respectively.**

(a) The purchase price of the assets acquired in the Prudential Acquisition is calculated as follows:

Cash paid	$ 13,438
Short term notes payable to Prudential	40,408
Fair value of debt assumed	34,659
Other liabilities assumed	968
	$ 89,473

The allocation of the purchase price to the assets acquired in the Prudential Acquisition is shown as follows:

Purchase price allocated to:	
Net operating real estate assets	$ 87,237
Intangible assets related to tenant relationships	1,749
Net operating real estate assets	88,986
Other operating assets and liabilities, net	487
Total assets acquired	$ 89,473

(b) Represents the elimination of the ESS investment in ESE.

(c) In conjunction with the Prudential Acquisition, we will assume $34,387 of existing fixed and variable rate indebtedness on 18 self storage facilities. This indebtedness is comprised of three mortgages with an average interest rate of 3.03% and an average maturity of 19 months at March 31, 2004. The fair value of the assumed indebtedness is $34,659, which includes $272 in prepayment penalties on debt to be refinanced concurrent with the Offering.

(d) Represents two short term notes aggregating $40,408 bearing interest at 12.5%, executed between Prudential and ESS for the proceeds due to Prudential on the purchase of these properties. These notes will be paid from the proceeds of financing transactions and our Offering at closing as discussed in Note 5(a) and 6(c).

(4) Represents the adjustments related to (i) the acquisition of **five** properties through the purchase of the outside interest in three joint ventures previously accounted for under the equity method by ESS; (ii) the acquisition of 27 properties from third parties and (iii) the acquisition of the outside minority interest of certain consolidated properties. The acquisitions of minority interests have been reflected using the purchase method with a step up in the assets for the excess of the cash purchase price over carrying value of the minority interest. **All of these acquisitions are scheduled to be completed at or around the date of the Offering.**

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET—(Continued)

	Acquisition of Joint Venture Interests	Acquisition of Properties	Acquisition of Equibase Mini Warehouse (a)	Total Other Property Acquisitions
Assets:				
Real estate assets:				
Net operating real estate assets	$ 30,533	$ 174,969	$ 14,006	$ 219,508(b)
Net real estate assets	30,533	174,969	14,006	219,508
Investments in real estate ventures	(196)	—	—	(196)(c)
Cash	(1,202)	(58,302)	(36,723)	(96,227)(d)
Receivables from related parties	—	—	—	—
Other assets	13	1,665	—	1,678
Total assets	$ 29,148	$ 118,332	$ (22,717)	$ 124,763
Liabilities and Members' Equity:				
Borrowings	$ 16,032	$ 118,332	$ —	$ 134,364(e)
Putable preferred interests in consolidated joint venture, net	—	—	(24,166)	(24,166)
Other liabilities	(3)	—	—	(3)
Total liabilities	16,029	118,332	(24,166)	110,195
Minority interest in Operating Partnership	12,583	—	1,449	14,032(f)
Other minority interests	—	—	—	—
Redeemable Class C Units	455	—	—	455
Class A Units	81	—	—	81
Total liabilities and members' equity	$ 29,148	$ 118,332	$ (22,717)	$ 124,763

(a) Represents the purchase of Equibase Mini Warehouse's putable preferred interests in certain consolidated properties for cash of $36,723 using a portion of the proceeds of the Offering and issuance of units in the Operating Partnership valued at $1,449.

(b) The total purchase price of the Other Property Acquisitions is as follows:

Cash paid (inclusive of $1,665 of loan organization costs)	$ 96,227
Value of Operating Partnership Units issued	14,032
Fair value of debt assumed	134,364
Accounts payable and other liabilities assumed	533
	$ 245,156

The allocation of the purchase price to the assets acquired is as follows:

Purchase price allocated to:	
Net operating real estate assets:	
Land and buildings	$ 217,140
Intangible assets related to tenant relationships	2,368
	219,508
Other operating assets and liabilities, net	1,482
Redemption of minority interest	24,166
Total assets acquired	$ 245,156

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET—(Continued)

(c) Represents the elimination of ESS' equity method investments in the joint ventures where ESS purchased the remaining interest of their partner.

(d) Represents the cash from the Offering used to consummate the Other Property Acquisitions.

(e) In conjunction with the Other Property Acquisitions, we will assume $20,462 of existing indebtedness on five facilities and incur $111,000 of new indebtedness that will close concurrently with the offering. The assumed indebtedness is comprised of five mortgages with an average interest rate of 5.31% and an average maturity of 7.3 years at March 31, 2004. The new indebtedness is comprised of a $111,000, interest only 6 year senior mortgage on 26 properties, interest will be fixed at 150 basis points over the 5 year Treasury rate (5.14% as of March 31, 2004) and will be paid monthly, the fair value of the assumed indebtedness $134,364 which includes $2,902 in prepayment penalties on debt to be refinanced concurrent with the Offering.

(f) Represents the dollar value of Operating Partnership Units to be issued to joint venture partners for the purchase of their interests.

(5) Represents financing transactions including issuance of new indebtedness and repayment of certain existing indebtedness.

(a) Amount represents the net cash used in the financing transactions as follows:

Cash from New Senior 4.79% fixed rate mortgage due 2011	$ 68,400
Cash from New Senior LIBOR plus 22 basis points variable rate mortgage due 2009	61,770
Less loan origination fees on new mortgages	(1,959)
Less cash used to pay off certain existing indebtedness	(97,313)
Less cash used to pay down Prudential short term notes	(22,008)
Less cash paid for loan prepayment penalties on existing indebtedness	(2,387)
Less cash paid to related parties	(746)
Net cash provided by financing transactions	$ 5,757

(b) The adjustments represent loan origination costs of $1,959 incurred with the issuance of all new indebtedness contemplated before the Offering, net of the write off of unamortized loan origination costs of $1,182 related to the existing senior fixed and variable rate mortgages, which are being repaid.

(c) As part of completed or contemplated transactions we will repay certain indebtedness:

Senior variable rate mortgage due 2005, LIBOR plus 1.65% per annum (2.90% at March 31, 2004)	$(15,625)
Senior variable rate mortgage due 2005, LIBOR plus 3.00% per annum (4.25% at March 31, 2004)	(22,000)
Senior fixed rate mortgage due 2006, based on a rate of 9.49% per annum (Includes $272 in prepayment penalties)	(1,827)
Senior variable rate mortgage due 2005, LIBOR plus 1.50% per annum (2.75% at March 31, 2004)	(17,207)
Senior fixed rate mortgage due 2011, based on a rate of 8.20% per annum	(6,929)
Senior variable rate mortgage due 2007, LIBOR plus 4.50% per annum with a LIBOR floor of 1.50% (6.00% at March 31, 2004) (Includes $560 in prepayment penalties)	(14,560)
Various individual property senior mortgages and construction loans	(19,122)
Various short term related party notes payable	(43)
Total repaid with financing transactions	$(97,313)

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET—(Continued)

(d) We intend to incur the following new indebtedness:

New Senior 4.79% fixed rate mortgage due 2011, three year interest only.	$ 68,400
New Senior variable rate LIBOR plus 22 basis points mortgage due 2009, five year interest only (1.25% at March 31, 2004)	61,770
Total of debt contemplated before Offering	$ 130,170

(e) Prior to Offering, we will incur $2,387 of loan prepayment penalties to repay certain of our existing senior fixed and variable rate mortgage obligations. We will also write off unamortized loan origination costs of $1,182 related to the existing senior fixed and variable rate mortgages.

(6) Represents the consummation of the Offering, adjustment to minority interest in the Operating Partnership and use of proceeds consisting of the following:

- Redemption of Fidelity minority interest
- Exchange of certain outstanding Class A, Class B, Class C and Class E interest in ESS for common stock and Operating Partnership units.

	Redemption of Fidelity Minority Interest (a)	Exchange (b)	Offering	Minority Interest and Other	Total Offering and Related Transactions
Assets:					
Real estate assets:					
Net operating real estate assets	$ —	$ —	$ —	$ —	$ —
Net real estate assets	—	—	—	—	—
Investments in real estate ventures	—	—	—	—	—
Cash	(22,382)	(26,814)	138,760(c)	—	89,564
Other assets, net	—	—	1,200(d)	—	1,200
Total assets	$ (22,382)	$(26,814)	$ 139,960	—	$ 90,764
Liabilities and Shareholders/Members' Equity:					
Borrowings	$ —	$ —	$(108,708)(e)	—	$ (108,708)
	—	—	19,000(f)	—	19,000
Short term notes payable to Prudential	—	—	(18,400)	—	(18,400)
Accounts payable and accrued expenses	—	—	—	—	—
Payables to related parties	—	—	(7,705)(g)	—	(7,705)
Total liabilities	—	—	(115,813)	—	(115,813)
Redeemable minority interest-Fidelity	(18,712)	—	—	—	(18,712)
Minority interest in operating partnership	—	19,751		(10,721)(j)	9,030
Redeemable Class C Units	—	(30,077)	—	—	(30,077)
Redeemable Class E Units	—	(14,900)	—	—	(14,900)
Common stock and additional paid-in-capital	—	76,569	257,813(h)	(80,919)(k)	253,463
Members' equity					
Class A Units	—	(12,150)	—		(12,150)
Class B Units	—	(50,082)	—		(50,082)
Accumulated Deficit	(3,670)	(15,925)	(2,040)(i)	91,640	70,005
Total liabilities and shareholders'/members' equity	$ (22,382)	$(26,814)	$ 139,960	$ —	$ 90,764

NOTES TO UNAUDITED PRO FORMA
CONDENSED CONSOLIDATED BALANCE SHEET—(Continued)

(a) Represents the redemption of the minority equity interest held by FREAM No. 39 LLC and the Fidelity Pension Fund Real Estate Investment LLC, affiliates of the Fidelity Management Trust Company, in a consolidated subsidiary, Extra Space Properties Four LLC. The redemption price will be $22,382, which includes the return of principal of $15,558 and unpaid preferred return of $3,926 as of March 31, 2004 and a prepayment of unearned guaranteed preferred return of $2,897 through the initial call date of November 26, 2004. This unearned guarantee preferred return amount of $2,897 and net original issue costs of $773 are included in the charge to accumulated deficit.

(b) Exchange of common stock for units of ESS and cash redemption of units of ESS as follows:

Exchange of common stock for class C Units	$ 30,077
Exchange of common stock for class E Units	14,900
Exchange of common stock for class B Units	66,007
Exchange of common stock for class A Units	12,150
Total units available to exchange for common stock	123,134
Units redeemed for cash	(26,814)
Units redeemed for minority interest in Operating Partnership	(19,751)
Total common stock exchanged	$ 76,569

(c) Cash proceeds from the Offering are shown below:

Gross Offering proceeds	$ 282,800
Cash from New Senior variable rate mortgage due 2009	19,000
Use of proceeds:	
Offering costs	(24,987)
Loan origination fees on new mortgages	(1,200)
Cash paid for loan prepayment penalties on existing indebtedness, including $1.1 million of defeasance fee paid on behalf of Mr. Fanticola	(2,040)
Pay down debt (including $3,274 in prepayment penalties)	(108,708)
Pay down related party debt	(7,705)
Payment of Prudential short term note	(18,400)
Net proceeds	$ 138,760

(d) The adjustments represent loan origination costs of $1,200 incurred with the issuance of new debt at the time of the Offering.

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET—(Continued)

(e) As part of the contemplated Offering we will repay certain indebtedness:

Senior fixed rate mortgage due 2009, based on a rate of 8.97% per annum (Includes $384 in prepayment penalties)	$ (1,631)
Senior fixed rate mortgage due 2008, based on a rate of 7.15% per annum (includes $932 in prepayment penalties)	(5,005)
Senior variable rate mortgage due 2007, LIBOR plus 4.50% per annum with a LIBOR floor of 1.50% (6.00% at March 31, 2004) (Includes $1,958 in prepayment penalties)	(54,159)
Various individual property senior mortgages and construction loans	(30,571)
Wells Fargo credit line-property purchase	(5,000)
ESS—line of credit—Wells Fargo	(905)
ESS—line of credit—Zions	(11,437)
Total repaid with Offering	$(108,708)

(f) We intend to incur the following new indebtedness as part of the Offering:

New Senior variable rate mortgage due 2007, based on a spread of 1.75% over one-month LIBOR (3.00% at March 31, 2004)	$ 19,000
Total of debt contemplated at Offering	$ 19,000

(g) Repayment of the following related party payables of $8,133 as follows:

SPF-II	$ 3,674
Anthony and Joann Fanticola	4,031
	$ 7,705

The Company has also agreed to pay $1.1 million in defeasance fees on behalf of Mr. Fanticola to be paid from the Offering.

(h) Represents the consummation of our offering. In our offering we intend to issue 20,200 shares of $0.01 par common stock at $14.00 per share, for $282,800 of gross proceeds, before offering costs of $24,987. The costs of our common stock offering include $19,796 of underwriting discounts and commissions and financial advisory fees on the shares sold by us and $5,191 of other costs payable by us.

Common stock and additional paid-in-capital consist of the following:

Issuance of 20,200 shares of Common Stock at $14.00 per share.	$282,800
Less offering costs	(24,987)
Common stock and paid in capital from the Offering	$257,813

(i) At the time of the Offering we will incur $2,040 of loan prepayment penalties to repay certain of our existing senior fixed rate mortgages and related party payables.

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET—(Continued)

(j) To record minority interest in Operating Partnership as follows:

Pro forma total assets	$704,418
Pro forma total liabilities	427,893
Equity before minority interest	276,525
Minority interest %	8.34%
Minority interest	23,062
Pro forma minority interest before adjustment	(33,783)
Adjustment to minority interest	$ (10,721)

(k) Reclassify accumulated deficit to additional paid-in capital.

Extra Space Storage Inc.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2004
(in thousands, except for per share amounts)

	Historical Extra Space (1) (Restated)	Distribution of ESD (2)	Prudential Acquisition (3)	Other Property Acquisitions (4)	Financing Transactions (5)	Other Adjustments (6)	Pro Forma
Revenues:							
Property rental revenues	$ 9,996	$ 2	$ 2,748	$ 6,889	$ —	$ —	$ 19,635
Management fees	548	—	—	—	—	(274)	274
Acquisition fees and development fees	265	—	—	—	—	—	265
Other income	117	(42)	—	—	—	—	75
	10,926	(40)	2,748	6,889	—	(274)	20,249
Expenses:							
Property operating expenses	4,410	(28)	1,010	2,458	—	—	7,850
Unrecovered development/acquisition costs and support payments	498	—	—	—	—	—	498
Depreciation and amortization	2,677	—	743	1,685	—	306	5,411
General and administrative expense/management fee	2,970	—	169	76	—	(195)	3,020
	10,555	(28)	1,922	4,219	—	111	16,779
Income (loss) before interest expense, minority interests, equity in earnings of real estate ventures and gain (loss) on sale of real estate assets	371	(12)	826	2,670	—	(385)	3,470
Interest expense	(6,367)	1,643	—	—	(198)	—	(4,922)
Minority interest—Fidelity preferred return	(1,096)	—	—	—	—	1,096	—
(Income) loss allocated to minority interests in operating partnership and other	970	258	—	—	—	(1,122)	106
Equity in earnings of real estate ventures	261	—	344	—	—	(250)	355
Loss on sale of real estate assets	(171)	—	—	—	—	—	(171)
Net income (loss)	$ (6,032)	$ 1,889	$ 1,170	$ 2,670	$ (198)	$ (661)	$ (1,162)
Loss per share							
Basic loss per share							$ (0.04)
Diluted loss per share							$ (0.04)
Weighted average common shares outstanding—Basic							28,295
Weighted average common shares outstanding—Diluted							28,295

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2004

(1) The "historical" column reflects the results of operations of ESS.

(2) Represents the de-consolidation of the assets and liabilities of 13 early-stage development properties held by ESD, resulting from the release of certain financial guarantees provided by ESS. The properties will be de-consolidated upon the elimination of the guarantees and repayment of the receivable prior to the completion of Offering, and the Company will not have any variable economic interest in the properties.

(3) Represents the operations related to the acquisition of nine non-consolidated properties currently owned by ESW and the acquisition of Prudential's interest in ESE (collectively, the "Prudential Acquisition"). These acquisitions were completed on June 1, 2004 and May 4, 2004, respectively. The operations of the related properties are shown below:

	Extra Space East One LLC and Extra Space West One LLC	Depreciation and Amortization Adjustment	Total Prudential Acquisition
Revenues:			
Property rental revenues	$ 2,748	$ —	$ 2,748
	2,748	—	2,748
Expenses:			
Property operating expenses	1,010	—	1,010
Management fee	169	—	169
Depreciation and amortization	—	743	743
	1,179	743	1,922
Income (loss) before minority interests, equity in earnings of real estate ventures and gain on sale of real estate assets	1,569	(743)	826
Equity in earnings of real estate ventures	344		344
Net income (loss)	$ 1,913	$ (743)	$ 1,170

Depreciation and amortization expense adjustment of $743 includes depreciation of $451 computed on a straight line basis over the estimated useful life (39 years) on depreciable assets acquired of $69,849, and amortization of $292 computed on a straight line basis over the estimated useful life of 18 months on $1,748 of intangible assets relating to tenant relationships acquired.

In connection with the purchase of properties from ESW, the proceeds were distributed entirely to our joint venture partner in accordance with the distribution priorities contained in the existing joint venture agreement. Accordingly, our joint venture partner's capital balance on which it earns a preferential return will be substantially reduced and the allocation of historical income of the remaining properties in the joint venture has been adjusted to reflect the allocation of income in accordance with the existing terms of the agreement as if such return of capital had occurred on January 1, 2003. This results in an additional participation by ESS of $344 on a pro forma basis in the operations of the property retained in the joint venture.

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2004—(Continued)

(4) Represents the results of operations which will be reflected in the Company as a result of the purchase of four properties through the purchase of the controlling interest in three joint ventures and the acquisition of 39 properties from third parties as shown below (11 acquisitions have been completed and 31 will be completed at the time of the Offering):

	Storage Depot & Devon	Other Properties	Total Completed Acquisitions	Sherman Oaks & Venice	Riverside and Mesa	Storage Deluxe	Storage Spot	Total Proposed Acquisitions	Adjustments	Total Other Property Acquisitions
Number of Properties	9	2		2	2	1	26			42
Revenues:										
Property rental revenues	$ 1,092	$ 228	$ 1,320	$ 824	$ 271	$ 433	$ 4,041	$ 5,569	—	$ 6,889
	1,092	228	1,320	824	271	433	4,041	5,569	—	6,889
Expenses:										
Property operating expenses	605	69	674	130	94	110	1,450	1,824	—	2,458
General and administrative expenses/management fee	45	13	58	49	14	26	242	331	(313)	76
Depreciation and amortization	—	—	—	—	—	—		—	1,685	1,685
	650	82	732	179	108	136	1,692	2,155	1,372	4,219
Income	$ 442	$ 146	$ 588	$ 645	$ 163	$ 297	$ 2,349	$ 3,414	$ (1,372)	$ 2,670

Depreciation and amortization expense adjustment of $1,685 includes depreciation of $1,043 computed on a straight line basis over the estimated useful life (39 years) on depreciable assets acquired of $162,554 and amortization of $642 computed on a straight line basis over the estimated useful life of 18 months on $3,854 of intangibles assets related to tenant relationships acquired.

Management fees of $313 that are eliminated represent fees paid to unaffiliated management companies that will no longer be incurred.

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2004—(Continued)

(5) Represents the consummation of the financing transactions, consisting of the following:

Adjustments to net pro forma interest expense computed as follows:	
Interest expense adjustment:	
Interest expense on new 4.70% senior fixed rate mortgage of $83,100 due 2009	$ 954
Interest expense on new 4.79% senior fixed rate mortgage of $68,400 due 2011	819
Interest expense on new senior variable rate, LIBOR plus 32 basis points, mortgage of $61,770 due 2007 (1.57% at March 31, 2004)	243
Interest expense on new 5.14% senior fixed rate mortgage of $111,000	1,426
Interest expense on new variable rate senior mortgage of $19,000 due 2007, based upon a spread of 1.75% over LIBOR (3.00% at March 31, 2004)	143
Interest expense on assumed 4.90% fixed rate CMBS Mortgage due 2013	89
Interest expense on assumed 5.91% fixed rate CMBS Mortgage due 2013	23
Interest expense on assumed 5.76% fixed rate CMBS Mortgage due 2013	40
Less interest expense on loans repaid in the financing transactions:	
Corporate Credit lines and unsecured debt	(591)
Senior variable rate mortgage due 2004, LIBOR plus 3.00% per annum with a floor of 6.00% (6.00% at March 31, 2004)	(383)
Senior fixed rate mortgage due 2011, based on a rate of 8.20% per annum	(173)
Senior variable rate mortgage due 2005, LIBOR plus 3.50% per annum with a floor of 5.50% (5.50% at March 31, 2004)	(701)
Senior variable rate mortgage due 2005, LIBOR plus 3.00% per annum (4.25% at March 31, 2004)	(228)
Senior fixed rate mortgage due 2008, based on a rate of 7.15% per annum	(110)
Senior variable rate mortgage due 2007, LIBOR plus 4.50% per annum with a LIBOR floor of 1.50% (6.00% at March 31, 2004)	(718)
Various individual property senior mortgages and construction loans	(565)
Net Increase in interest expense	268
Loan origination cost amortization adjustment:	
Loan origination cost amortization on new loans:	
New 4.79% senior fixed rate mortgage of $68,400 due 2011	41
New variable rate LIBOR plus 22 basis points senior mortgage of $61,770 due 2009…	41
New 5.14% senior fixed rate mortgage of $ 111,000	69
New variable rate senior mortgage of $37,000 due 2007	38
New revolving credit facility	38
Less—loan origination cost amortization related to repaid indebtedness	(297)
Net increase in loan origination cost amortization expense, included with interest expense	(70)
Total increase in pro forma interest expense	$ 198

At the completion of the offering we expect to have variable rate debt of $123,786. An increase of 1% in the interest rate will result in an increase in interest expense of $317, due to the fixed floors in certain variable rate debt arrangements. The increase in interest expense would be $329 without the impact of floors.

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2004—(Continued)

(6) Represents the following adjustments to pro forma operations:

- Elimination of $274 intercompany management fees received and $245 of fees paid. The remaining balance in the pro forma represents management fees received on third party managed properties.
- Adjustment to increase payroll cost for proposed employment contracts.
- Elimination of Fidelity preferred return of $1,096 for the quarter ended March 31, 2004 due to redemption of Fidelity Minority Interest.
- Adjustment to ESS' share of equity in earnings of ESW, a joint venture with Prudential, due to ESS' acquisition of nine of the 15 properties in ESW. ESS continues to account for its investment in ESW under the equity method.
- Elimination of loss allocated to minority interest of $1,047 as a result of the redemption of those minority interests, and the depreciation and amortization adjustment resulting from the acquisition of the minority interest. Depreciation and amortization expense adjustment of $306 includes depreciation of $54 computed on a straight line basis over the estimated useful life (39 years) on the step up to depreciable assets of $8,450 and amortization of $252 computed on a straight line basis over the estimated useful life of 18 months on $1,538 in intangible assets relating to tenant relationships acquired.

	Mgmt fee Adjustments	Employment Contracts	Fidelity Preferred	Adj Equity in Earnings and Minority Interest	Purchase of Partnership Interests	Total Other Adjustments
Revenues:						
Management fees	$ (274)	$ —	$ —	$ —	$ —	$ (274)
Acquisition fees and development fees	—	—	—	—	—	—
	(274)	—	—	—	—	(274)
Expenses:						
Unrecovered development and acquisition costs	—	—	—	—	—	—
General and administrative expenses/management fee	(245)	50	—	—	—	(195)
Depreciation and amortization	—	—	—	—	306	306
	(245)	50	—	—	306	111
Income (loss) before interest expense, minority interests, equity in earnings of real estate ventures and loss on sale of real estate assets	(29)	(50)	—	—	(306)	(385)
Minority Interest—Fidelity preferred return	—	—	1,096	—	—	1,096
(Income) loss allocated to minority interest	—	—	—	(75)	(1,047)	(1,122)
Equity in earnings of real estate ventures	—	—	—	(250)	—	(250)
Net income (loss)	$ (29)	$ (50)	$ 1,096	$ (325)	$ (1,353)	$ (661)

(7) To reflect income (loss) allocated to minority interest in the Operating Partnership as follows:

Loss before allocation to minority interest	$1,268
Minority interest %	8.34%
Loss allocated to minority interest	$ 106

Extra Space Storage Inc.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2003 (in thousands, except for per share amounts)

	Historical Extra Space (1)	Reorganization Transactions (2)	Prudential Acquisition (3)	Other Property Acquisitions (4)	Financing Transactions (5)	Other Adjustments (6)	Pro Forma
Revenues:							
Property rental revenues	$ 33,054	$ —	$ 9,872	$ 35,147	$ —	$ (665)	$ 77,408
Management fees	1,935	—	—	—	—	(773)	1,162
Acquisition fees and development fees	654	—	—	—	—	—	654
Other income	618	(511)	—	—	—	—	107
	36,261	(511)	9,872	35,147	—	(1,438)	79,331
Expenses:							
Property operating expenses	14,858	—	3,302	13,120	—	(455)	30,825
Unrecovered development/acquisition costs and support payments	4,937	(3,416)	—	—	—	(1,521)	—
Depreciation and amortization	6,805	252	2,972	9,423	—	1,242	20,694
General and administrative expense/management fee	8,297	(24)	562	335	—	63	9,233
	34,897	(3,188)	6,836	22,878	—	(671)	60,752
Income (loss) before interest expense, minority interests, equity in earnings of real estate ventures and gain on sale of real estate assets	1,364	2,677	3,036	12,269	—	(767)	18,579
Interest expense	(18,746)	4,960	—	—	(4,685)	—	(18,471)
Minority interest—Fidelity preferred return	(4,132)	—	—	—	—	4,132	—
(Income) loss allocated to minority interests in Operating Partnership and other	1,431	768	—	—	—	(2,361)	(162)
Equity in earnings of real estate ventures	1,465	—	621	—	—	(918)	1,168
Gain on sale of real estate assets	672	—	—	—	—	—	672
Net income (loss)	$ (17,946)	$ 8,405	$ 3,657	$ 12,269	$ (4,685)	$ 86	$ 1,786
Income per share:							
Basic income per share							$ 0.06
Diluted income per share							$ 0.06
Weighted average share information:							
Basic shares outstanding							28,295
Diluted shares outstanding							30,870

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2003

(1) The "historical" column reflects the results of operations of ESS.

(2) Represents the Reorganization Transactions that were executed in anticipation of the offering. These transactions consist of the following:

- Ø De-consolidation of ESD, resulting from the release of certain financial guarantees provided by ESS. De-consolidation of the assets and liabilities of 13 early-stage development properties, held by ESD. The properties will be de-consolidated upon the elimination of the guarantees and repayment of the receivable prior to the completion of Offering, and the Company will not have any variable economic interest in the properties.
- Ø Distribution of a convertible note receivable from Centershift, an affiliated software company, to the Class A unit holders. The note was subsequently converted into a 40% interest in Centershift.
- Ø Purchase of the assets and liabilities of ESMI, the management company, contemporaneous with the Offering for its' net book value of $184.

	Distribution of ESD (a)	Centershift Distribution (b)	ESMI Purchase (c)	Total Reorganization Transactions
Revenues:				
Other income	$ (199)	$ (312)	$ —	$ (511)
	(199)	(312)	—	(511)
Expenses:				
Abandoned project costs	(3,416)	—	—	(3,416)
Depreciation and amortization	—	—	252	252
General and administrative/management fee	(24)	—	—	(24)
	(3,440)	—	252	(3,188)
Income (loss) before interest expense and minority interests	3,241	(312)	(252)	2,677
Interest expense	4,979	—	(19)	4,960
Income allocated to minority interests	768	—	—	768
Net income (loss)	$ 8,988	$ (312)	$ (271)	$ 8,405

(a) Represents the historical activity of ESD.

(b) Represents the elimination of interest income recorded by ESS related to the Centershift note receivable.

(c) General and administrative costs of ESMI historically have been charged to ESS as management fees and are included in the ESS historical General and Administration of $8,297.

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2003—(Continued)

(3) Represents the adjustments related to the Prudential Acquisition. The operations of the related properties are shown below:

	Extra Space East One LLC and Extra Space West One LLC	Depreciation and Amortization Adjustment	Elimination of Consolidated NOI Income and Expenses	Total Prudential Acquisition
Revenues:				
Property rental revenues	$ 10,827	$ —	$ (955)	$ 9,872
	10,827	—	(955)	9,872
Expenses:				
Property operating expenses	3,776	—	(474)	3,302
Management fee	667	—	(105)	562
Depreciation and amortization	—	2,972		2,972
	4,443	2,972	(579)	6,836
Income (loss) before interest expense, minority interests, equity in earnings of real estate ventures and gain on sale of real estate assets	6,384	(2,972)	(376)	3,036
Equity in earnings of real estate ventures	621			621
Net income (loss)	$ 7,005	$ (2,972)	$ (376)	$ 3,657

Depreciation and amortization expense adjustment of $2,972 includes depreciation of $1,806 computed on a straight line basis over the estimated useful life (39 years) on depreciable assets acquired of $69,849, and amortization of $1,166 computed on a straight line basis over the estimated useful life of 18 months on $1,748 of intangible assets relating to tenant relationships acquired.

In connection with the purchase of properties from ESW, the proceeds were distributed entirely to our joint venture partner in accordance with the distribution priorities contained in the existing joint venture agreement. Accordingly, our joint venture partner's capital balance on which it earns a preferential return will be substantially reduced and the allocation of historical income of the remaining properties in the joint venture has been adjusted to reflect the allocation of income in accordance with the existing terms of the agreement as if such return of capital had occurred on January 1, 2003. This results in an additional participation by ESS of $621 on a pro forma basis in the operations of the property retained in the joint venture.

Because of certain performance guarantees provided by ESS, the two properties were consolidated into the historical accounts of the Company. Accordingly, the income and expenses are eliminated as part of the pro forma adjustment.

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2003—(Continued)

(4) Represents the results of operations which will be reflected in the Company as a result of the purchase of four properties through the purchase of the controlling interest in three joint ventures and the acquisition of 40 properties from third parties as shown below:

	Storage Depot	Devon	Other Properties	Total Completed Acquisitions	Sherman Oaks & Venice	Riverside and Mesa	Storage Deluxe	Storage Spot	Total Projected Acquisitions	Adjust-ments	Total Other Property Acquisitions
Number of Properties	5	4	4	13	2	2	1	26	31		44
Revenues:											
Property rental revenues	$ 6,640	$ 4,826	$ 1,858	$ 13,324	$ 3,061	$ 1,086	$ 1,719	$ 15,957	$ 21,925	$ —	$ 35,147
	6,640	4,826	1,858	13,324	3,061	1,086	1,719	15,957	21,925	—	35,147
Expenses:											
Property operating expenses	3,510	1,548	636	5,694	551	406	456	6,014	7,530	—	13,120
Depreciation and amortization	—	—	—	—	—	—	—	—	—	9,423	9,423
General and administrative/ management fee	415	191	97	703	184	54	102	957	1,298	(1,666)	335
	3,925	1,739	733	6,397	735	460	558	6,971	8,828	7,757	22,878
Income	$ 2,715	$ 3,087	$ 1,125	$ 6,927	$ 2,326	$ 626	$ 1,161	$ 8,986	$ 13,097	$ (7,757)	$ 12,269

Depreciation and amortization expense adjustment of $9,423 includes depreciation of $5,773 computed on a straight line basis over the estimated useful life (39 years) on depreciable assets acquired of $223,890 and amortization of $3,650 computed on a straight line basis over the estimated useful life of 18 months on $5,476 of intangibles assets related to tenant relationships acquired.

Management fees of $1,666 that are eliminated represent fees paid to unaffiliated management companies that will no longer be incurred.

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2003—(Continued)

(5) Represents the consummation of the financing transactions, consisting of the following:

Adjustments to net pro forma interest expense computed as follows:

Interest expense adjustment:	
Interest expense on new 4.70% senior fixed rate mortgage of $83,100 due 2009	$ 3,906
Interest expense on new 4.79% senior fixed rate mortgage of $68,400 due 2011	3,276
Interest expense on new variable rate LIBOR plus 32 basis points senior mortgage of $61,770 due 2009 (1.44% at December 31, 2003)	890
Interest expense on new variable rate senior mortgage of $19,000 due 2007, based upon a spread of 1.75% over LIBOR (2.87% at December 31, 2003)	546
Interest expense on assumed 4.90% fixed rate CMBS Mortgage due 2013	312
Interest expense on assumed 5.91% fixed rate CMBS Mortgage due 2013	92
Interest expense on assumed 5.76% fixed rate CMBS Mortgage due 2013	160
Interest expense on new 5.14 % senior fixed rate mortgage of $111,000 due 2010	5,705
Less interest expense on loans repaid in the financing transactions:	
Corporate Credit lines and unsecured debt	(2,067)
Senior variable rate mortgage due 2004, LIBOR plus 3.00% per annum with a floor of 6.00% (6.00% at December 31, 2003)	(1,741)
Senior fixed rate mortgage due 2011, based on a rate of 8.20% per annum	(580)
Senior variable rate mortgage due 2005, LIBOR plus 3.50% per annum with a floor of 5.50% (5.50% at December 31, 2003)	(2,878)
Senior variable rate mortgage due 2005, LIBOR plus 3.00% per annum (4.12% at December 31, 2003)	(939)
Senior fixed rate mortgage due 2008, based on a rate of 7.15% per annum	(414)
Various individual property senior mortgages and construction loans	(1,780)
Net increase in interest expense	4,488
Loan origination cost amortization adjustment:	
Loan origination cost amortization on new loans:	
New 4.70% senior fixed rate mortgage of $83,100 due 2009…	331
New 4.79% senior fixed rate mortgage of $68,400 due 2011	164
New variable rate LIBOR plus 22 basis points senior mortgage of $61,770 due 2009…	163
New variable rate senior mortgage of $19,000 due 2007	150
New revolving credit facility	150
New 5.14% senior fixed rate mortgage of $111,000 due 2010	333
Less loan origination cost amortization related to repaid indebtedness	(1,094)
Net increase in loan origination cost amortization expense, included with interest expense	197
Total increase in pro forma interest expense	$ 4,685

At the completion of the offering we expect to have variable rate debt of $123,780. An increase of 1% in the interest rate will result in an increase in interest expense of $1,191 due to the fixed floors in certain variable rate debt arrangements. The increase in interest expense would be $1,238 for the period without the impact of floors.

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2003—(Continued)

(6) Represents the following adjustments to pro forma operations:

- Elimination of $773 intercompany management fees received and $897 of fees paid. The remaining balance in the pro forma represents management fees received on third party managed properties.
- Elimination of certain non-recurring guarantee payments made to joint venture partners of $1,521, relating to joint venture interests that were acquired by ESS.
- Adjustment to increase general and administrative expenses for costs of being a public company.
- Adjustment to increase payroll costs of the proposed employment contracts.
- Elimination of Fidelity preferred return of $4,132 for the year ended December 31, 2003 due to redemption of Fidelity Minority Interest.
- Elimination of equity in earnings of $918 resulting from the acquisition by ESS of joint venture partners' interests in certain real estate joint ventures.
- To reflect income allocated to minority interest on the Operating Partnership as follows:

Income before allocation to minority interest	$1,948
Minority interest %	8.34%
Income allocated to minority interest	$ 162

- Elimination of income and expenses on three properties that were sold and will not be part of the ongoing company.
- Elimination of loss allocated to minority interest of $2,199 as a result of the redemption of those minority interests, and the depreciation and amortization adjustment resulting from the acquisition of the minority interest. Depreciation and amortization expense adjustment of $1,242 includes depreciation of $216 computed on a straight line basis over the estimated useful life (39 years) on the step up to depreciable assets of $8,450 and amortization of $1,025 computed on a straight line basis over the estimated useful life of 18 months on $1,538 in intangible assets relating to tenant relationships acquired.

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2003—(Continued)

	Mgmt fee & Devel fee Adjustments	One time Payments to JV Partners	Public Company Costs	Employment Contracts	Fidelity Preferred	Adj Equity in Earnings and Minority Interest	Elimination of Income and Expenses on Sold Properties	Purchase of Partnership Interests	Total Other Adjustments
Revenues:									
Rental Income	$ —	$ —	$ —	—	$ —	$ —	$ (665)	$ —	$ (665)
Management fees	(773)	—	—	—	—	—	—	—	(773)
Acquisition fees and development fees	—	—	—	—	—	—	—	—	—
Other Income	—	—	—	—	—	—	—	—	—
	(773)	—	—		—	—	(665)	—	(1,438)
Expenses:									
Property operating expenses	—	—	—	—	—	—	(455)	—	(455)
Unrecovered development and acquisition costs	—	(1,521)	—	—	—	—	—	—	(1,521)
Depreciation and amortization	—	—	—	—	—	—	—	1,242	1,242
General and administrative/ management fee	(897)	—	700	300	—	—	(40)	—	63
	(897)	(1,521)	700	300	—	—	(495)	1,242	(671)
Income (loss) before interest expense, minority interests, equity in earnings of real estate ventures and gain on sale of real estate assets	124	1,521	(700)	(300)	—	—	(170)	(1,242)	(767)
Minority Interest—Fidelity preferred return	—	—	—	—	4,132	—	—	—	4,132
Income allocated to minority interest	—	—	—	—	—	(162)	—	(2,199)	(2,361)
Equity in earnings of real estate ventures	—	—	—	—	—	(918)	—	—	(918)
Net income (loss)	$ 124	$ 1,521	$ (700)	$ (300)	$ 4,132	$ (1,080)	$ (170)	$ (3,441)	$ 86

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholder
of Extra Space Storage Inc.:

In our opinion, the accompanying balance sheet presents fairly, in all material respects, the financial position of Extra Space Storage Inc. (the “Company”) at May 5, 2004 in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Company’s management; our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement in accordance with the standards of the Public Company Accounting Oversight Board (United States), which require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet, assessing the accounting principles used and significant estimates made by management, and evaluating the overall balance sheet presentation. We believe that our audit of the balance sheet provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Salt Lake City, Utah
May 6, 2004

Table of Contents

BALANCE SHEET
May 5, 2004

ASSETS	
Cash	$ 1,000
Total assets	$ 1,000
LIABILITIES AND STOCKHOLDERS' EQUITY	
Liabilities	$ —
Stockholder's equity	
Common stock, $.01 par value, 1,000 shares authorized, 1,000 shares issued and outstanding	10
Additional paid-in capital	990
Total stockholders' equity	1,000
Total liabilities and stockholders' equity	$ 1,000

The accompanying notes are an integral part of this balance sheet.

NOTES TO BALANCE SHEET

(1) Organization and Description of Business

Extra Space Storage Inc. (the Company) was incorporated in Maryland on April 30, 2004. The Company has filed a Registration Statement on Form S-11 with the Securities and Exchange Commission with respect to a proposed public offering (the Offering) of common stock. The Company is the indirect majority owner and, through a wholly owned subsidiary, sole general partner of Extra Space Storage LP (the Operating Partnership), which was formed on May 5, 2004 in anticipation of the Offering. The Company and the Operating Partnership were formed to continue to operate and expand the business of Extra Space Storage LLC (the Predecessor). The Predecessor is engaged in the business of acquiring, owning, managing, developing and selling self-storage facilities across the United States. From inception through May 5, 2004, neither the Company nor the Operating Partnership has had any operations. The operations are planned to commence upon completion of the Formation Transactions and Offering.

Concurrent with the Offering, the Company and the Operating Partnership, together with the partners and members of the affiliated partnerships and limited liability companies of the Predecessor and other parties which hold direct or indirect ownership interests in the properties (collectively, the Participants), will engage in certain formation transactions (the Formation Transactions). The Formation Transactions are designed to (i) continue the operations of the Predecessor, (ii) enable the Company to raise the necessary capital to acquire interests in certain of the properties, repay mortgage debt relating thereto and pay other indebtedness, (iii) fund costs, capital expenditures and working capital, (iv) provide a vehicle for future acquisitions, (v) enable the Company to comply with requirements under the federal income tax laws and regulations relating to real estate investment trusts and (vi) preserve tax advantages for certain Participants.

The operations of the Company will be carried on primarily through the Operating Partnership. It is the intent of the Company to elect the status of and qualify as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended. Pursuant to contribution agreements among the owners of the Predecessor and the Operating Partnership, which were executed in 2004, the Operating Partnership will receive a contribution of direct and indirect interests in certain of the properties, as well as certain assets of the management, leasing and real estate development operations of the Predecessor, in exchange for units. The Operating Partnership will acquire additional interests in certain properties, to be paid in cash. In connection with the Formation Transactions the Operating Partnership will assume debt and other obligations. The value of the units that the Operating Partnership will give for contributed property interests and other assets will increase or decrease based on the initial public offering price of the Company’s common stock.

The initial public offering price of the Company’s common stock will be determined in consultation with the underwriters. Among the factors that will be considered are the Predecessor’s record of operations, the Company’s management, estimated net income, estimated funds from operations, estimated cash available for distribution, anticipated dividend yield, growth prospects, the current market valuations, financial performance and dividend yields of publicly traded companies considered by the Company and the underwriters to be comparable to the Company and the current state of the commercial real estate industry and the economy as a whole. The initial public offering price does not necessarily bear any relationship to book value or the value of the assets. The Company has not obtained any recent third-party appraisals of the properties and other assets to be contributed to the Operating Partnership or purchased by the Operating Partnership for cash. As a result, the consideration to be given in exchange for the properties and other assets, may exceed the fair market value of these properties and assets. The Company will be fully integrated, self-administered, and self-managed.

NOTES TO BALANCE SHEET—(Continued)

(2) Income Taxes

As a REIT, the Company will be permitted to deduct distributions paid to its stockholders, eliminating the federal taxation of income represented by such distributions at the Company level. REITs are subject to a number of organizational and operational requirements. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate tax rates.

(3) Offering Costs

In connection with the Offering, affiliates have or will incur legal, accounting, and related costs, which will be reimbursed by the Company upon the consummation of the Offering. Such costs will be deducted from the gross proceeds of the Offering.

Report of Independent Registered Public Accounting Firm

To the Members of
Extra Space Storage LLC

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of redeemable units and members' equity (deficit) and of cash flows present fairly, in all material respects, the financial position of Extra Space Storage LLC and its subsidiaries (the "Company") at December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). These 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Salt Lake City, Utah
July 29, 2004

Table of Contents

CONSOLIDATED BALANCE SHEETS
(in thousands)

	March 31,	December 31,	
	2004 (Unaudited) (Restated)	2003	2002
Assets:			
Real estate assets:			
Net operating real estate assets	$ 365,561	$ 274,434	$ 234,648
Real estate under development	74,591	79,940	71,767
Net real estate assets	440,152	354,374	306,415
Investments in real estate ventures	8,232	8,438	9,096
Cash	3,582	11,746	6,461
Restricted cash	4,165	1,558	1,055
Receivables from related parties	9,415	2,066	3,802
Other assets, net	11,099	5,569	5,461
Total assets	$ 476,645	$ 383,751	$ 332,290
Liabilities, Minority Interests, Redeemable Units and Members' Equity (Deficit):			
Liabilities:			
Borrowings	$ 345,507	$ 273,808	$ 231,025
Accounts payable	1,133	2,318	3,770
Payables to related parties	28,671	24,824	19,532
Putable preferred interests in consolidated joint ventures, net	34,913	33,434	22,606
Other liabilities	5,140	5,276	5,576
Total liabilities	415,364	339,660	282,509
Commitments and contingencies (Note 14)			
Redeemable minority interest—Fidelity	18,712	17,966	16,134
Other minority interests	10,827	4,424	6,131
Redeemable Class C Units (liquidation preference of $29,622 at March 31, 2004 and $11,208 at December 31, 2003)	29,622	11,208	3,644
Redeemable Class E Units (liquidation preference of $14,900 at March 31, 2004 and December 31, 2004)	14,900	14,900	14,900
Members' equity (deficit):			
Class A Units	10,804	5,226	1,735
Class B Units (liquidation preference of $66,949 at March 31, 2004 and $64,198 at December 31, 2003)	50,082	48,274	43,639
Note receivable from Centershift	—	(4,493)	(2,385)
Accumulated deficit	(73,666)	(53,414)	(34,017)
Total members' equity (deficit)	(12,780)	(4,407)	8,972
Total liabilities, minority interests, redeemable units and members' equity (deficit)	$ 476,645	$ 383,751	$ 332,290

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

Extra Space Storage LLC

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands)

	Three months ending March 31,		For the years ending December 31,		
	2004	2003	2003	2002	2001
	(Unaudited) (Restated)				
Revenues:					
Property rental revenues	$ 9,996	$ 7,481	$ 33,054	$ 28,811	$ 19,375
Management fees	548	483	1,935	2,018	2,179
Acquisition fees and development fees	265	252	654	922	834
Other income	117	114	618	635	611
Total Revenues:	10,926	8,330	36,261	32,386	22,999
Operating Expenses:					
Property operating expenses	4,410	3,638	14,858	11,640	8,152
Unrecovered development/acquisition costs and support payments	498	275	4,937	1,938	2,227
General and administrative expenses	2,970	1,990	8,297	5,916	6,750
Depreciation and amortization	2,677	1,432	6,805	5,652	3,105
Total Operating Expenses:	10,555	7,335	34,897	25,146	20,234
Income before interest expense, minority interest, equity in earnings of real estate ventures and gain (loss) on sale of real estate assets	371	995	1,364	7,240	2,765
Interest expense	(6,367)	(4,430)	(18,746)	(13,894)	(11,477)
Minority interest—Fidelity preferred return	(1,096)	(999)	(4,132)	(3,759)	(322)
(Income) loss allocated to other minority interests	970	414	1,431	(100)	(672)
Equity in earnings of real estate ventures	261	401	1,465	971	105
Gain (loss) on sale of real estate assets	(171)	—	672	—	4,677
Net loss	$ (6,032)	$ (3,619)	$ (17,946)	$ (9,542)	$ (4,924)

The accompanying notes are an integral part of these consolidated financial statements.

Extra Space Storage LLC

CONSOLIDATED STATEMENT OF REDEEMABLE UNITS AND MEMBERS' EQUITY (DEFICIT)

(dollars in thousands)

	Redeemable Units				Members' Equity						
	Class C		Class E		Class A		Class B				
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Note Receivable from Centershift	Accumulated Deficit (Restated)	Total Members' Equity (Restated)
Balance at December 31, 2000	3,072,858	$ 3,073	—	$ —	35,507,336	$ 4	40,030,803	$ 40,031	$ —	$ (17,506)	$ 22,529
Member units issued in acquisition of self storage facilities	1,109,030	1,109	14,900,000	14,900	400,000	100	—	—	—	—	100
Member contributions	—	—	—	—	350,000	679	993,000	993	—	—	1,672
Redemption of units	(10,000)	(10)	—	—	(1,957)	—	(2,707,235)	(2,707)	—	—	(2,707)
Return paid on Class C and Class E Units	—	—	—	—	—	—	—	—	—	(277)	(277)
Net loss	—	—	—	—	—	—	—	—	—	(4,924)	(4,924)
Balance at December 31, 2001	4,171,888	4,172	14,900,000	14,900	36,255,379	783	38,316,568	38,317	—	(22,707)	16,393
Member units issued in acquisition of a self storage facility	—	—	—	—	259,425	52	294,014	294	—	—	346
Advances to Centershift	—	—	—	—	—	—	—	—	(2,259)	—	(2,259)
Accrued interest on advances to Centershift	—	—	—	—	—	—	—	—	(126)	—	(126)
Member contributions	—	—	—	—	4,763,526	900	5,100,000	5,100	—	—	6,000
Redemption of units	(527,680)	(528)	—	—	—	—	(71,542)	(72)	—	—	(72)
Non-cash distribution of assets	—	—	—	—	—	—	—	—	—	(699)	(699)
Return paid on Class C and Class E Units	—	—	—	—	—	—	—	—	—	(1,069)	(1,069)
Net loss	—	—	—	—	—	—	—	—	—	(9,542)	(9,542)
Balance at December 31, 2002	3,644,208	3,644	14,900,000	14,900	41,278,330	1,735	43,639,040	43,639	(2,385)	(34,017)	8,972
Member units issued in acquisition of a self storage facility	1,021,024	1,021	—	—	900,905	180	—	—	—	—	180
Advances to Centershift	—	—	—	—	—	—	—	—	(1,798)	—	(1,798)
Accrued interest on advances to Centershift	—	—	—	—	—	—	—	—	(310)	—	(310)
Member contributions	6,867,514	6,868	—	—	16,218,769	3,341	6,505,986	6,506	—	—	9,847
Redemption of units	(324,585)	(325)	—	—	(100,263)	(30)	(1,870,943)	(1,871)	—	—	(1,901)
Return paid on Class C and Class E Units	—	—	—	—	—	—	—	—	—	(1,451)	(1,451)
Net loss	—	—	—	—	—	—	—	—	—	(17,946)	(17,946)
Balance at December 31, 2003	11,208,161	11,208	14,900,000	14,900	58,297,741	5,226	48,274,083	48,274	(4,493)	(53,414)	(4,407)
Member units issued in acquisition of self storage facilities (unaudited)	2,012,646	2,013	—	—	1,325,977	398	241,513	242	—	—	640
Member units issued in exchange for receivable (unaudited)	944,370	944	—	—	6,666,667	2,000	—	—	—	—	2,000
Member units issued to repay borrowings and related party payables (unaudited)	1,466,250	1,466	—	—	862,500	258	—	—	—	—	258
Member contributions (unaudited)	14,858,000	14,858	—	—	9,740,000	2,922	1,700,000	1,700	—	—	4,622
Redemption of units (unaudited)	(20,835)	(21)	—	—	—	—	(133,500)	(134)	—	—	(134)
Redemption of units in exchange for land (unaudited)	(846,396)	(846)	—	—	—	—	—	—	—	—	—
Distribution of equity ownership in Extra Space Development (unaudited)	—	—	—	—	—	—	—	—	—	(9,000)	(9,000)
Distribution of notes receivable from Centershift (unaudited)	—	—	—	—	—	—	—	—	4,493	(4,493)	—
Return paid on Class C and Class E Units (unaudited)	—	—	—	—	—	—	—	—	—	(727)	(727)
Net loss (unaudited)	—	—	—	—	—	—	—	—	—	(6,032)	(6,032)
Balance at March 31, 2004 (unaudited)	29,622,196	$ 29,622	14,900,000	$ 14,900	76,892,885	$ 10,804	50,082,096	$ 50,082	$ —	$ (73,666)	$ (12,780)

The accompanying notes are an integral part of these consolidated financial statements.

Extra Space Storage LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the three months ending March 31,		For the year ending December 31,		
	2004	2003	2003	2002	2001
	(Unaudited) (Restated)				
Cash flows from operating activities:					
Net loss	$ (6,032)	$ (3,619)	$ (17,946)	$ (9,542)	$ (4,924)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:					
Minority interest—Fidelity preferred return	1,096	999	4,132	3,759	322
Income (loss) allocated to other minority interests	(970)	(414)	(1,431)	100	672
Depreciation and amortization	2,677	1,432	6,805	5,652	3,105
Amortization of discount on putable preferred interests in consolidated joint ventures	538	249	1,311	554	54
(Gain) loss on sale of real estate assets	171	—	(672)	—	(4,677)
Equity in (earnings) losses of real estate ventures in excess of distributions	—	(91)	21	202	399
Accrued interest on advances to Centershift	—	(56)	(310)	(126)	—
Increase (decrease) in cash due to changes in:					
Receivables from related parties	41	1,459	1,068	(4,227)	(4,143)
Payable to related parties	(83)	(336)	174	300	2,427
Other assets	(710)	(186)	927	1,903	(78)
Accounts payable	233	351	(1,312)	(2,199)	3,144
Other liabilities	68	(893)	(2,074)	3,554	(1,265)
Net cash provided by (used in) operating activities	(2,971)	(1,105)	(9,307)	(70)	(4,964)
Cash flows from investing activities:					
Investment in real estate assets	(85,785)	(15,954)	(62,632)	(65,433)	(47,792)
Proceeds from sale of real estate assets	6,406	—	6,241	—	37,205
Investments in real estate ventures	(89)	(2)	(144)	(2,973)	(865)
Distributions from real estate ventures in excess of earnings	194	—	781	1,683	504
Net proceeds from repayment of loans to related parties	—	271	668	1,900	1,995
Advances to Centershift and Extra Space Development	(2,884)	(175)	(1,798)	(2,259)	—
Purchase of equipment	(456)	(176)	(798)	(158)	(181)
Increase in cash resulting from de-consolidation of real estate assets and distribution of equity ownership in Extra Space Development	471	—	428	1,263	—
Change in restricted cash	(2,722)	(339)	(503)	311	250
Net cash used in investing activities	(84,865)	(16,375)	(57,757)	(65,666)	(8,884)
Cash flows from financing activities:					
Proceeds from borrowings	188,512	25,652	106,323	86,567	31,296
Payments on borrowings	(123,143)	(16,010)	(61,613)	(38,749)	(27,623)
Deferred financing costs	(5,009)	(382)	(420)	(1,194)	(661)
Payments on other liabilities	(7)	(39)	(113)	(172)	(173)
Net advances from (payments to) related parties and putable preferred interests in consolidated joint ventures	(1,283)	(407)	14,960	23,005	3,915
Member contributions	19,480	3,000	16,715	6,000	1,672
Return paid on Class C and Class E units	(727)	(684)	(1,451)	(1,069)	(277)
Redemption of units	(155)	(177)	(2,226)	(600)	(2,717)
Minority interest investments	2,962	1,314	3,040	6,536	1,195
Minority interest distributions	(608)	(131)	(566)	(13,967)	(1,128)
Minority interest investment by Fidelity	—	—	—	709	13,947
Preferred return paid to Fidelity	(350)	(346)	(2,300)	(2,103)	—
Net cash provided by financing activities	79,672	11,790	72,349	64,963	19,446
Net increase (decrease) in cash	(8,164)	(5,690)	5,285	(773)	5,598
Cash, beginning of period	11,746	6,461	6,461	7,234	1,636
Cash, end of period	$ 3,582	$ 771	$ 11,746	$ 6,461	$ 7,234

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands)

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

Extra Space Storage LLC ("ESS" or the "Company"), a limited liability company, was formed September 14, 1998. ESS is involved in the business of acquiring, owning, managing, developing and selling self-storage facilities across the United States.

ESS invests in self-storage facilities by acquiring or developing wholly-owned facilities or by acquiring an interest in entities which own facilities. The Company owns interests in various self-storage properties located throughout the United States. No single tenant accounts for more than 5% of rental income.

Basis of presentation

The consolidated financial statements include the accounts of ESS and its wholly or majority owned subsidiaries. All intercompany balances and transactions have been eliminated.

The Company operates in two distinct segments, the Property Management and Development segment and the Rental Operations segment. The Company's Property Management and Development activities include acquiring, managing, developing and selling self-storage facilities. The Rental Operations include rental operations of self-storage facilities (Note 12).

Unaudited Interim Consolidated Financial Information

The consolidated financial statements as of March 31, 2004 and for the three months ended March 31, 2004 and 2003 are unaudited. In the opinion of management, such financial statements reflect all adjustments necessary for a fair presentation of the results of the respective interim periods. All such adjustments are of a normal recurring nature.

Restatement

To correct a computational error, the unaudited financial statements as of and for the three month period ended March 31, 2004 have been restated to increase Loss Allocated to Other Minority Interests by $760 and to decrease Net Loss by $760.

Real estate assets

Real estate assets are stated at cost less accumulated depreciation. Costs directly related to the acquisition and development of real estate assets are capitalized once the due diligence process has been completed and the project has been approved by management. Interest and real estate taxes incurred during the development and construction periods are also capitalized. Once real estate assets are placed in service, depreciation is provided on a straight-line basis over 39 years for buildings.

Expenditures for maintenance and repairs are charged to operations as incurred. Major replacements and betterments that improve or extend the life of the asset are capitalized and depreciated over their estimated useful lives.

The Company evaluates long-lived assets which are held for use for impairment when events and circumstances indicate that there may be an impairment. The Company compares the carrying value of these 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. No impairment charges have been recognized through December 31, 2003 and March 31, 2004 (unaudited).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(dollars in thousands)

When real estate assets are identified by management as held for sale, the Company discontinues depreciating the assets and estimates the fair value, net of selling costs, of such assets. If, the estimated fair value, net of selling costs, of the assets which have been identified for sale is less than the net carrying value of the assets, a valuation allowance is established.

In connection with the Company's acquisition of properties, the purchase price is allocated to the tangible and intangible assets and liabilities acquired based on their estimated fair values. 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 tenant relationships, are recorded at their fair values.

Because the Company's leases are month-to-month, no value is assigned to acquired in-place leases other than the tenant relationship. The Company measures the value of tenant relationships based on the Company's historical experience with turnover in its facilities. The Company amortizes the tenant relationships on a straight-line basis over the estimated life that a tenant utilizes the facility (18 months).

Fair value of financial instruments

The fair value of financial instruments, including cash, receivables, payables and borrowings, approximates their respective book values at March 31, 2004, December 31, 2003 and 2002.

Investments in Unconsolidated Real Estate Ventures

The Company accounts for its investments in unconsolidated real estate ventures under the equity method of accounting as the Company exercises significant influence, but does not control these entities under the provisions of the entities' governing agreements. These investments are recorded initially at cost, as investments in real estate ventures, and subsequently adjusted for equity in earnings and cash contributions and distributions.

Annually, management assesses whether there are any indicators that the value of the Company's investments in unconsolidated real estate ventures may be impaired. An investment is impaired only if management's estimate of the fair value of the investment is less than the carrying value of the investment. To the extent impairment has occurred, and it 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. No impairment charges have been recognized through December 31, 2003 and March 31, 2004 (unaudited).

Cash and restricted cash

The Company's cash is deposited with financial institutions located throughout the United States of America and at times may exceed federally insured limits. Restricted cash is comprised of escrowed funds deposited with financial institutions located in various states relating to earnest money deposits on potential acquisitions and real estate taxes. As of March 31, 2004 and December 31, 2003, the Company has debt agreements that require the Company to have unrestricted cash of $1,500 available at all times. The Company considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Other assets

Other assets consist primarily of equipment and fixtures, accounts receivable, deferred financing costs and capitalized advertising costs (Note 4). Depreciation of equipment and fixtures is computed on a straight-line basis over three to seven years. Deferred financing costs are amortized using the effective interest method over the terms of the respective debt agreements. Capitalized direct response advertising costs are amortized to property operating expenses over a thirty-month period on a straight-line basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(dollars in thousands)

Revenue and expense recognition

Rental revenues are recognized monthly 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 lease.

The Company charges a management fee to third party and investee properties to manage ongoing operations. Management fee revenue is recorded monthly when earned, and is based on 6% of cash collected. The Company also charges a development fee to develop properties for third party and investee entities. Such fees are generally based on a percentage of costs incurred. Development fee revenue is recorded as development costs are incurred.
Equity in earnings of real estate entities is recognized based on the Company's ownership interest in the earnings of each of the unconsolidated real estate entities.

The Company evaluates real estate sales for both sale recognition and profit recognition in accordance with the provisions of SFAS 66, *Accounting for Sales of Real Estate*. 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.
The Company has periodically sold existing properties into real estate joint ventures or identified properties for acquisition by newly formed joint ventures in which it retains an interest. In connection with certain of these transactions, the Company and/or a significant unitholder provided certain financial guarantees to the lender; or to support a put right on a portion of the joint venture partner's interest that effectively provides for a return on and of their investment (Note 9). These arrangements preclude sale accounting under SFAS 66 and, accordingly, the Company has reflected these transactions using the financing method set forth in SFAS 66. Under this method, the putable portions of these joint ventures partners' interests are reflected as liabilities; the initial fair value of the joint venture partners' non-putable residual interests are reflected as minority interests with offsetting discounts attributed to the liabilities associated with the putable interests, "putable preferred interests in consolidated joint ventures." These discounts are amortized using the effective interest method over the period until the relevant put first becomes exercisable (generally a period of three to five years depending on the terms of the individual transaction). The preferred return on the putable interest liabilities, plus the amortization of the discounts are reflected as interest expense in the consolidated statement of operations. The joint venture partners are allocated their proportionate share of any profits, except that losses may not be allocated in excess of the originally ascribed basis.

Income taxes

The Company has elected to be treated as a partnership for tax purposes. The tax effects of the Company's operations are passed directly to the members. Therefore, no provision for income taxes has been recorded in the consolidated financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(dollars in thousands)

the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently issued accounting standards

In December 2003, the FASB issued FASB Interpretation No. 46R (FIN 46R), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51 (revised December 2003)." FIN 46R addresses consolidation by business enterprises of variable interest entities ("VIEs"), as defined. For entities created after December 31, 2003, the Company will be required to apply FIN 46R as of the date it first becomes involved with the entity. FIN 46R is effective for the Company for entities created before December 31, 2003, effective for quarter ended March 31, 2004. As of March 31, 2004 the Company has evaluated its investments in joint ventures and economic interests in Extra Space Development (ESD) with regards to FIN 46R, and has determined the joint ventures and ESD are VIEs. The Company is not consolidating ESD and the ventures as the Company is not the primary beneficiary. See Note 3 for a description of these joint ventures and Note 7 for a description of the ESD transaction. With respect to ESD's investees, the Company has determined that certain of these entities are VIEs and the Company is the primary beneficiary and accordingly has consolidated these entities in the financial statement.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". This statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. Under SFAS No. 150, an issuer is required to classify financial instruments issued in the form of shares that are mandatorily redeemable, financial instruments that, at inception, embody an obligation to repurchase the issuer's equity shares and financial instruments that embody an unconditional obligation, as liabilities. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and was effective for the Company for the year ended December 31, 2003. On November 7, 2003, the FASB indefinitely deferred the classification and measurement provisions of SFAS No. 150 as they apply to certain mandatorily redeemable non-controlling interests. This deferral is expected to remain in effect while these provisions are further evaluated by the FASB. The adoption of SFAS No. 150 had no impact on the Company's financial position, results of operations or cash flows.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(dollars in thousands)

2. REAL ESTATE ASSETS

The following summarizes the real estate assets of the Company (in thousands):

	March 31, 2004 (Unaudited)	December 31, 2003	December 31, 2002
Land	$ 97,720	$ 75,020	$ 64,159
Buildings and improvements	275,824	210,708	176,649
Intangible lease rights	3,356	—	—
Intangible assets—tenant relationships	2,655	990	990
	379,555	286,718	241,798
Less: accumulated depreciation and amortization	(13,994)	(12,284)	(7,150)
Net operating real estate assets	365,561	274,434	234,648
Real estate under development	74,591	79,940	71,767
Net real estate assets	$ 440,152	$ 354,374	$ 306,415

In January 2004, the Company acquired its joint venture partner’s interest in a self-storage facility in Manteca, California for $3,436 (unaudited). The Company issued 778,102 $1 par Class C units and 457,706 Class A units valued at $137, assumed existing debt of $2,453 and other liabilities of $68 associated with the property (unaudited). The Company also purchased an office park from members in Worcester, Massachusetts for $2,800 (unaudited). The Company issued 510,000 $1 par Class C units and 300,000 Class A units valued at $90, assumed $2,081 of existing debt and issued notes payable of $119 (unaudited).

In February, 2004, the Company purchased five self-storage facilities located in Massachusetts. The properties were purchased for cash totaling $34,150 (unaudited). Also in February, 2004, the Company purchased four self-storage facilities located in Maryland, New Jersey and Pennsylvania. The properties were purchased for cash totaling $45,100 (unaudited). All nine facilities were purchased from third parties.

In March 2004, the Company purchased a self-storage facility in Marshfield, Massachusetts from members and third parties for $5,278 (unaudited). The Company issued 724,544 $1 par Class C units, 241,513 $1 par Class B units, and 568,271 Class A units, valued at $171. The Company assumed debt of $3,705 and issued notes payable of $436 (unaudited).

The following table reflects the unaudited results of the Company’s operations on a pro forma basis as if the acquisitions referred to in the preceding paragraphs had been completed on January 1, 2003. The pro forma financial information is not necessarily indicative of the operating results that would have occurred had the acquisitions been consummated on January 1, 2003, nor is it necessarily indicative of future operating results.

	Pro Forma Three Months Ending March 31,	
	2004	2003
Revenues	$ 12,155	$ 11,433
Expenses	18,394	15,303
Net loss	(6,239)	(3,871)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(dollars in thousands)

3. INVESTMENTS IN REAL ESTATE VENTURES

At March 31, 2004, December 31, 2003 and 2002, the Company held minority investments in Extra Space East One LLC (ESE) and Extra Space West One LLC (ESW), which own self-storage facilities in California, Florida, Massachusetts, New Jersey, Pennsylvania and Utah.

During November and December 2002, the Company purchased a minority investment in Extra Space Northern Properties Six, LLC (ESNPS), which owns self-storage facilities located in New Jersey, New York, New Hampshire and California.

In addition to the Company's investments in ESE, ESW and ESNPS, the Company also holds 25-40% investments in other entities which own self-storage facilities.

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

To the extent that properties were sold/transferred into these ventures that did not qualify for sales treatment, those properties are reflected as being owned by Company in the consolidated financial statements with the joint venture partners' interest in these properties reflected as minority interest (Note 1).

Investments in real estate ventures consist of the following:

			March 31,	December 31,	
	Excess Profit Participation %	Equity Ownership %	2004	2003	2002
			(Unaudited)		
ESE	40%	5%	$ 696	$ 714	$ 979
ESW	40%	5%	2,371	2,369	2,557
ESPNS	35%	10%	2,281	2,424	1,331
Other minority owned properties	25-50%	20-50%	2,884	2,931	4,229
			$ 8,232	$ 8,438	$ 9,096

Equity in earnings of real estate ventures consists of the following:

	For the three months ended		For the years ended December 31,		
	March 31, 2004	March 31, 2004	2003	2002	2001
	(Unaudited)				
Equity in earnings (losses) of ESE	$ 14	$ 36	$ —	$ (13)	$ 53
Equity in earnings of ESW	178	165	787	661	283
Equity in earnings of ESPNS	(93)	16	151	4	—
Equity in earnings (losses) of other properties	162	184	527	319	(231)
	$ 261	$ 401	$ 1,465	$ 971	$ 105

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(dollars in thousands)

Combined, condensed financial information of ESE and ESW, which have the same controlling joint venture investor, follows:

Extra Space East One and West One

BALANCE SHEETS	December 31, 2003	December 31, 2002
Assets:		
Net real estate assets	$ 84,900	$ 107,287
Other	2,134	3,341
	$ 87,034	$ 110,628
Liabilities and members’ equity:		
Borrowings	$ 46,138	$ 57,359
Other liabilities	1,343	1,725
Members’ equity	39,553	51,544
	$ 87,034	$ 110,628

STATEMENTS OF OPERATIONS	Years ended December 31, 2003	2002	2001
Rents and other income	$ 17,026	$ 16,963	$ 16,576
Expenses	12,279	12,602	10,799
Net income	$ 4,747	$ 4,361	$ 5,777

Condensed financial information of ESNPS follows:

Extra Space Northern Properties Six

BALANCE SHEETS	December 31, 2003	December 31, 2002
Assets:		
Net real estate assets	$ 54,645	$ 29,698
Other	6,767	6,594
	$ 61,412	$ 36,292
Liabilities and members’ equity:		
Borrowings	$ 33,117	$ 18,140
Other liabilities	4,941	4,851
Members’ equity	23,354	13,301
	$ 61,412	$ 36,292

STATEMENTS OF OPERATIONS	Years ended December 31, 2003	2002
Rents and other income	$ 5,961	$ 300
Expenses	5,712	262
Net income (loss)	$ 249	$ 38

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(dollars in thousands)

Information related to the real estate ventures' debt at December 31, 2003 is set forth below:

	Loan Amount	Current Interest Rate	Debt Maturity
ESE—Fixed rate	1,566	9.49%	Oct 2006
ESE—Variable rate	15,625	2.77%	May 2005
ESW—Variable rate	2,947	2.62%	Jan 2005
ESNPS—Variable rate	33,117	2.87-3.32%	May 2004-June 2006
Other—Fixed rate	13,646	4.90-7.65%	Mar 2003-Aug 2016
Other—Variable rate	13,862	4.50-4.75%	Jul 2004-Dec 2011

Variable interest rates are generally based on 30 day LIBOR plus a spread and are reset monthly.

4. OTHER ASSETS

The following summarizes other assets of the Company:

	March 31, 2004	December 31,	
		2003	2002
	(Unaudited)		
Equipment and fixtures	$ 4,155	$ 3,443	$ 2,530
Less: accumulated depreciation	(1,975)	(1,817)	(1,101)
Deferred financing costs, net	6,095	1,696	1,554
Capitalized advertising costs, net	783	976	621
Other	2,041	1,271	1,857
Total	$ 11,099	$ 5,569	$ 5,461

5. OTHER LIABILITIES

The following summarizes accrued liabilities of the Company:

	March 31, 2004	December 31,	
		2003	2002
	(Unaudited)		
Deferred rental income	$ 2,478	$ 1,959	$ 1,895
Accrued interest	291	675	619
Other accrued liabilities	692	512	518
Other liabilities	1,679	2,130	2,544
Total	$ 5,140	$ 5,276	$ 5,576

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(dollars in thousands)

6. Borrowings

The following summarizes the borrowings of the Company:

	March 31, 2004	December 31,	
		2003	2002
	(Unaudited)		
Revolving lines of credit of $19,000 bearing interest at Prime (4.00%, 4.00% and 4.25% at March 31, 2004, December 31, 2003 and 2002, respectively). The outstanding principal balance of the lines of credit is due between April 1 and July 31, 2004. The lines of credit are collateralized by accounts receivable, equipment and personal guarantees of a member of the Company.	$ 17,343	$ 18,921	$ 18,955
Mortgage and construction loans with banks bearing interest at fixed rates between 6.25% and 12%. Loans are collateralized by mortgages on real estate assets and the assignment of rents, personal guarantees of a member of the Company, and a $2,400 letter of credit, which is supported by a $2,400 deposit made by a member. The Company pays interest to the member related to this deposit. During the three months ended March 31, 2004 and the years ended December 31, 2003, 2002 and 2001, the Company paid the member interest of $63 (unaudited), $330, $257 and $0, respectively. Principal and interest payments are made monthly with all outstanding principal and interest due between December 31, 2004 and January 1, 2011.	24,909	24,989	24,148
Mortgage and construction loans with banks bearing interest rates based on 30 day LIBOR and Prime. Interest rates based on 30 day LIBOR are between 20 day LIBOR plus 2.25% (3.34%, 3.37% and 3.63% at March 31, 2004, December 31, 2003 and 2002, respectively) and LIBOR plus 3.5% (4.59%, 4.62% and 4.88% at March 31, 2004, December 31, 2003 and 2002, respectively). Interest rates based on Prime are between Prime (4.00%, 4.00% and 4.25% at March 31, 2004, December 31, 2003 and 2002, respectively) and Prime plus 4.0% (8.00%, 8.00% and 8.25% at March 31, 2004, December 31, 2003 and 2002, respectively). Loans are collateralized by mortgages on real estate assets and the assignment of rents, personal guarantees of a member of the Company, and a $2,400 letter of credit, which is supported by a $2,400 deposit made by a member. The Company pays interest to the member related to this deposit. During the three months ended March 31, 2004 and the years ended December 31, 2003, 2002 and 2001, the Company paid the member interest of $63 (unaudited), $330, $257 and $0, respectively. Principal and interest payments are made monthly with all outstanding principal and interest due between February 1, 2004 and August 10, 2007.	303,212	229,395	186,474
Promissory notes bearing interest between 9% and 12%. Principal and interest are paid monthly with principal due on demand. These promisorry notes are collateralized by personal guarantees of a member of the Company.	43	503	1,448
	$ 345,507	$ 273,808	$ 231,025

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(dollars in thousands)

The following summarizes the scheduled maturities of borrowings at December 31:

Year	Total
2004	$ 160,141
2005	70,225
2006	18,226
2007	5,854
2008	8,092
Thereafter	11,270
	$ 273,808

Substantially all of the Company's net real estate assets are pledged as collateral for the borrowings detailed above.

During the three months ended March 31, 2004, the Company refinanced approximately $82 million of borrowings. Associated with this refinancing, approximately $400 of unamortized deferred financing costs associated with the loans that were repaid were written off. This amount is included in interest expense on the statements of operation.

Subsequent to March 31, 2004, the Company obtained additional funds through equity contributions and new borrowings. All debt that was due in the second quarter of 2004, which totaled approximately $61,356 has either been extended six months or has been repaid through these financing transactions. Management believes that the remainder of the borrowings due in 2004 will be refinanced with existing or alternative financial institutions under similar terms.

7. RELATED PARTY TRANSACTIONS

The Company's management agreements provide for management fees of 6% of gross rental revenues for the management of operations at the self-storage facilities. The Company earns interest income during the development period equal to 10% of the Company's net investment in the development property. The Company earns development fees of 4-5% of budgeted costs on developmental projects and acquisition fees of 1% of the gross purchase price or the completed costs of development of acquired properties.

During the years ended December 31, 2003, 2002 and 2001, the Company recognized management fee revenues of $1,038, $1,077 and $844, respectively, relating to ESE and ESW. During the three months ended March 31, 2004 and 2003, the Company recognized management fee revenues of $246 and $285 (unaudited), respectively relating to ESE and ESW. During the year ended December 31, 2003, the Company also recognized development fee revenues of $577 relating to ESE and ESW. During the three months ended March 31, 2004 and 2003, the Company recognized $91 and $252 (unaudited) of development fee revenues relating to ESE and ESW.

During the year ended December 31, 2003, the Company recognized management fee revenue of $353 and acquisition fee revenue of $40 relating to ESNPS. During the three months ended March 31, 2004 and 2003, the Company recognized $84 and $45 (unaudited) of management fee income relating to ESNPS.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(dollars in thousands)

The Company recognizes revenue on various transactions with properties partially owned by the Company or by members of the Company. These transactions are in addition to revenues recognized from ESE, ESW and ESNPS and are summarized below:

	For the Three Months Ended March 31,		Years ended December 31,		
	2004	2003	2003	2002	2001
	(Unaudited)				
Management fees	$ 91	$ 67	$ 95	$ 456	$ 343
Development fees	227	—	—	716	609
Acquisition fees	90	—	37	205	225
Interest inc. from development properties	12	25	113	194	186
	$ 420	$ 92	$ 245	$ 1,571	$ 1,363

At December 31, 2003 and 2002, $438 and $1,122 of related party revenues, respectively, are included in receivables from related parties. As of March 31, 2004, $311 (unaudited) of related party revenues are included in receivables from related parties.

During the years ended December 31, 2003, 2002 and 2001, management fee expense of $7,933, $5,272 and $6,430, respectively, was recorded for services provided to support the Company's self-storage facilities by Extra Space Management, Inc. (ESMI), a corporation that shares common ownership with the Company, including shareholders who are officers of the Company. During the three months ended March 31, 2004 and 2003, management fee expense of $2,802 and $1,933 (unaudited) was recorded relating to services provided by ESMI. Under this agreement, ESMI provides employees who support the operations of existing self-storage facilities and the acquisition and development of new self-storage facilities by the Company.

On March 31, 2004, the Company purchased all of the outstanding common stock of ESMI from members for its net book value of $184 (unaudited), which is included in other related party payables as of March 31, 2004. ESMI has equipment and fixtures of $256, other assets of $736 and liabilities of $808 (unaudited).

At December 31, 2003 and 2002, $334 and $544, respectively, were included in payables to related parties for these expenses. Real estate under development includes capitalized development costs paid by ESMI on behalf of the Company of $1,797 and $3,788 during the years ended December 31, 2003 and 2002, respectively.

The following summarizes the related party balances at:

	March 31, 2004	December 31, 2003	December 31, 2002
	(Unaudited)		
Receivables:			
Loans to properties	$ —	$ 955	$ 1,622
Receivable from ESD	9,096	—	—
Development and management fees receivable	311	781	1,998
Other related party receivables	8	330	182
Totals	$ 9,415	$ 2,066	$ 3,802
Payables:			
Advances from members	4,349	8,369	5,545
Advances from joint venture partner	15,508	15,508	13,214
Other related party payables	8,814	947	773
Totals	$ 28,671	$ 24,824	$ 19,532

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(dollars in thousands)

Receivables from related parties consist of loans to properties in which the Company has no equity interest and development and management fee receivables. Payables to related parties consist primarily of amounts advanced by members of the Company; in addition, a joint venture partner has made advances to the Company in the form of mortgage loans used to purchase land. These related party receivables and payables bear interest at 9-12% and are due upon demand.

As discussed in Note 6, two members of the Company have guaranteed certain borrowings of the Company. The Company did not pay any fees for these guarantees.

During 2002, the Company distributed software with a net book value of $699 to the Class A unitholders. Those members contributed the software to a newly formed company, Centershift. During 2003 and 2002, the Company advanced Centershift $1,798 and $2,257 under the terms of a convertible note which bears interest at 9%. The note receivable from Centershift was classified as a reduction of members' equity at December 31, 2003 and December 31, 2002. On January 1, 2004, the Company distributed the $4,493 note receivable from Centershift to the class A members.

On January 1, 2004, the Company distributed its equity ownership in Extra Space Development (ESD), a consolidated subsidiary, to the Class A members. ESD owned 13 early-stage development properties, two parcels of undeveloped land, and a note receivable. The Company was required to continue consolidating 13 of the properties due to certain financial guarantees. These properties had a net book value of $7,264 (unaudited), debt of $55,362 (unaudited) and minority interest of $22,037 (unaudited). The net book value of the distributed properties was approximately $15,000 (unaudited) with debt of approximately $4,000 (unaudited). The Company retained a receivable of $6,212 (unaudited) from ESD and recorded a net distribution of $9,000 (unaudited). This receivable will be repaid by ESD using funds obtained through new loans on unencumbered properties. During the three months ended March 31, 2004, the Company advanced ESD an additional $2.9 million (unaudited).

8. Putable Preferred Interests in Consolidated Joint Ventures and Other Minority Interests

At March 31, 2004, the Company owns a 50.5% interest in Extra Space Properties Three, LLC. During 2001, the Company sold a 49.5% minority interest in this entity to Equibase Mini Warehouse for $7,900. This arrangement provides for a preferred return of 12% on certain capital provided by both the Company and the joint venture partner, and thereafter returns are split based upon percentage residual interests.

The Company has also entered into joint venture agreements with other entities controlled by Equibase Mini Warehouse. Cash proceeds of $13,050, $15,600 and $3,000 were contributed by this minority investor in the years ended December 31, 2003, 2002 and 2001, respectively. During the three months ended March 31, 2004 and 2003, cash proceeds of $899 and $5,028 were contributed by this minority investor. These arrangements provide for a preferred return of either 10 or 12%, depending on the specific agreement, on certain capital provided by the joint venture partner and thereafter returns are split based on the indicated percentage interests (generally 40% to the Company and 60% to the investors).

In connection with certain of these transactions with Equibase Mini Warehouse and its affiliates, the Company and/or a significant unitholder provided certain financial guarantees to the secured lender (generally providing for performance under the loan including principal and interest payments), or to

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(dollars in thousands)

support a put right on a portion of the joint venture partner’s interest after a fixed period (generally either three or five years), that effectively provide for a return on and of the preferred portion of their investment. In addition, after a fixed period (generally either three or five years) the joint venture has the right to redeem the preferred capital at an amount equal to its unreturned contribution plus any accrued preferred return. Even upon exercise of the put or call on the preferred portion of their investment, the joint venture investors would continue to hold their residual equity interests. As a result of the put rights and guarantees, the Company will continue to consolidate the properties and related debt until the put rights and guarantees have been satisfied or have expired. At March 31, 2004 and December 31, 2003 and 2002, all the joint venture properties were consolidated and are accounted for as financing arrangements described in Note 1. The financial guarantees to the secured lender would generally expire upon satisfaction of the related loan at maturity or refinancing. The put rights and related guarantees have no stated maturity and would only expire upon exercise or through redemption of the preferred interests through a capital event.

During the years ended December 31, 2003, 2002 and 2001, the Company reflected interest expense on the putable preferred interests of $4,951, $2,634 and $294 including amortization of discounts ascribed at issuance for the periods of $1,311, $554 and $51, respectively. During the three month periods ended March 31, 2004 and 2003, the Company reflected interest expense on the putable preferred interests of $1,643 (unaudited) and $1,059 (unaudited) including amortization of discounts ascribed at issuance for the periods of $538 (unaudited) and $249 (unaudited), respectively.

During the formation of ESE and ESW, the Company agreed to guarantee the financial performance of certain properties which were acquired on behalf of those entities. As a result of these guarantees, the Company has consolidated these properties until these performance guarantees have been satisfied or have expired. During 2003 and 2002, the guarantees related to two and two properties, respectively, were either satisfied or expired (Note 13). During the years ended December 31, 2003, 2002 and 2001, the Company recognized $1,283, $395 and $0, respectively, of expense related to these guarantees. These amounts are classified as a component of unrecovered development/acquisition costs and support payments. At March 31, 2004 and December 31, 2003, there are no active guarantees related to these properties.

The following table summarizes the putable preferred interests in consolidated joint ventures and other minority interests as of:

	March 31, 2004	December 31, 2003	December 31, 2002
Putable Preferred Interests	(Unaudited) (Restated)		
Extra Space Properties Three, LLC	$ 7,959	$ 7,880	$ 7,880
Equibase Mini Warehouse joint ventures	31,150	29,963	17,406
Less discount	(4,196)	(4,409)	(2,680)
Total	$ 34,913	$ 33,434	$ 22,606
Other Minority Interests			
Extra Space Properties Three, LLC	$ 502	$ 977	$ 884
Equibase Mini Warehouse joint ventures	2,594	3,060	1,483
Extra Space Development	7,385	—	—
ESE and ESW	—	—	3,168
Other	346	387	596
Total	$ 10,827	$ 4,424	$ 6,131

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(dollars in thousands)

9. Redeemable minority interest—Fidelity

Through March 31, 2004, the Company, through a consolidated subsidiary, Extra Space Properties Four, LLC, had received net cash proceeds of $14,156 (net of transaction costs of $1,403) from FREAM No. 39, LLC and Fidelity Pension Fund Real Estate Investments (collectively, Fidelity). The Company is accreting the discount related to the transaction costs over the five year period ending November 25, 2006, the first date the investment is redeemable by Fidelity.

This investment earns a 22% preferred return, of which, 9% is payable quarterly with the remainder payable upon redemption. The earliest date at which the investment may be repaid is November 25, 2004, at the option of the Company. The investment is redeemable November 25, 2006 at the option of Fidelity. As of December 31, 2003 and 2002, the Company owed Fidelity $3,810 and $1,978, respectively in unpaid preferred return which has been accrued and is included in the redeemable minority interest—Fidelity. At March 31, 2004, the Company owed Fidelity $4,556 (unaudited) in unpaid preferred return.

10. MEMBERS' EQUITY

Members' profits, losses and distributions are allocated in accordance with the terms of the operating agreement, as amended. Current membership unit holders include members of management. Member interests are divided into four classes of units.

Class A units are common units with voting rights and no par value. These units may not be redeemed at the option of the Company or the holder. There are also non-voting Class A units held by certain employees.

Class B units are preferred units with a par value of $1.00. These units are non-convertible, non-voting and earn a 9% preferred return (non-compounding) with no current dividend paid. The 9% preferred return is paid based upon available funds, including upon liquidation or termination. These units may not be redeemed at the option of the Company or the holder. Unpaid dividends at March 31, 2004 and December 31, 2003 totaled $16,867 (unaudited) and 15,924, respectively.

Class C units are preferred units with a par value of $1.00. These units are non-convertible, non-voting and earn a 9% preferred return with current dividends paid quarterly. These units may be redeemed after August 7, 2004 at the option of the holder.

Class E units are preferred units with a par value of $1.00. These units are non-convertible, non-voting and earn a 7% preferred return with current dividends paid quarterly. These units may be redeemed after July 1, 2004 at the option of the holder. These units may be redeemed after January 1, 2005 at the option of the Company.

Class B, C and E units do not participate in the distribution of profits after payment of the preferred return.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(dollars in thousands)

11. GAIN (LOSS) ON SALE OF ASSETS

During 2003, the Company sold a self-storage facility in Kings Park, New York for $6,241 to ESE. The Company recognized a gain on the sale of $672.

During 2001, the Company sold property that was under development in El Segundo, California to a third party for $7,900 in cash. The Company recognized a gain of $2,351 relating to this sale. In addition, during 2001, the Company sold four self-storage facilities located in Brentwood, New York, Port Washington, New York, and Green Brook, New Jersey to ESE for $29,306. The Company recognized a gain on the sale of $2,326.

During the three months ended March 31, 2004, the Company sold a self-storage facility in Walnut, California for $6,406 (unaudited) to ESW. The Company recognized a loss on the sale of $171 (unaudited).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(dollars in thousands)

12. SEGMENT INFORMATION

The Company operates in two distinct segments, Property Management and Development and the Rental Operations. The accounting policies for our segments are the same as those described in Note 1. Financial information for the Company's business segments is set forth below:

	For the three months ending March 31		For the Years Ending December 31,		
	2004	2003	2003	2002	2001
	(Unaudited)				
Total revenues					
Property management and development	$ 931	$ 849	$ 3,207	$ 3,575	$ 3,624
Rental operations	9,995	7,481	33,054	28,811	19,375
	$10,926	$ 8,330	$ 36,261	$32,386	$22,999
Operating expenses, including depreciation and amortization					
Property management and development	$ 3,527	$ 2,271	$ 13,262	$ 7,881	$ 9,265
Rental operations	7,028	5,064	21,635	17,265	10,969
	$10,555	$ 7,335	$ 34,897	$25,146	$20,234
Gain (loss) on sale of real estate ventures					
Property management and development	$ (171)	$ —	$ 672	$ —	$ 4,677
Equity in earnings of real estate ventures					
Rental operations	$ 261	$ 401	$ 1,465	$ 971	$ 105
Income (loss) before minority interest					
Property management and development	$ (2,826)	$ (1,484)	$ (9,566)	$ (4,306)	$ (1,192)
Rental operations	(3,080)	(1,550)	(5,679)	(1,377)	(2,738)
	$ (5,906)	$ (3,034)	$ (15,245)	$ (5,683)	$ (3,930)
Depreciation and amortization expense					
Property management and development	$ 59	$ 7	$ 27	$ 26	$ 287
Rental operations	2,618	1,425	6,778	5,626	2,818
	$ 2,677	$ 1,432	$ 6,805	$ 5,652	$ 3,105
Interest expense					
Property management and development	$ 59	$ 62	$ 183	$ 68	$ 228
Rental operations	6,308	4,368	18,563	13,826	11,249
	$ 6,367	$ 4,430	$ 18,746	$13,894	$11,477
Investment in real estate assets					
Property management and development	$81,780	$15,954	$ 62,632	$65,433	$47,792

	March 31,	December 31,	
	2004	2003	2002
	(Unaudited)		
Investment in real estate ventures			
Rental operations	$ 8,232	$ 8,438	$ 9,096
Total Assets			
Operating company	$ 29,461	$ 82,483	$ 70,940
Property operations	447,184	301,268	261,350
	$ 476,645	$ 383,751	$ 332,290

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(dollars in thousands)

13. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

The Company paid interest of $17,453, $13,192 and $11,252 (net of capitalized interest of $2,593, $2,071 and $2,466, respectively) during the years ended December 31, 2003, 2002 and 2001, respectively. The Company paid interest of $5,118 and $4,254 (net of capitalized interest of $217 and $650) (unaudited) during the three months ended March 31, 2004 and 2003, respectively.

In January 2004, the Company acquired its joint venture partner’s interest in a self-storage facility in Manteca, California for $3,436. The Company issued 778,102 $1 par Class C units and 457,706 Class A units valued at $137, assumed existing debt of $2,453 and other liabilities of $68 associated with the property (unaudited). The Company also purchased an office park from members in Worcester, Massachusetts for $2,800 (unaudited). The Company issued 510,000 $1 par Class C units and 300, 000 Class A units valued at $90, assumed $2,081 of existing debt and issued notes payable of $119 (unaudited).

During January 2004, the Company exchanged one parcel of undeveloped land for 846,396 Class C units valued at $846 (unaudited).

On January 1, 2004, a member contributed a $2,944 receivable in exchange for additional equity. The Company issued 6,666,667 Class A units valued at $2,000 and 944,370 Class C member units valued at $944 (unaudited). This receivable was contributed to ESD prior to the distribution of the Company’s equity ownership in ESD

In March 2004, the Company purchased a self-storage facility in Marshfield, Massachusetts from members and third parties for $5,278 (unaudited). The Company issued 724,544 $1 par Class C units, 241,513 $1 par Class B units, and 568,271 Class A units, valued at $171. The Company assumed debt of $3,705 and issued notes payable of $436 (unaudited)

On March 31, 2004, the Company purchased all of the outstanding common stock of ESMI from members for its net book value of $184 (unaudited), which is included in other related party payables as of March 31, 2004. ESMI has equipment and fixtures of $256, other assets of $736 and liabilities of $808 (unaudited).

On January 1, 2004, the Company distributed its equity ownership in Extra Space Development (ESD), a consolidated subsidiary, to the Class A members. ESD owned 13 early-stage development properties, two parcels of undeveloped land, and a note receivable. The Company was required to continue consolidating 13 of the properties due to certain financial guarantees. These properties had a net book value of $7,264 (unaudited), debt of $55,362 (unaudited) and minority interest of $22,037 (unaudited). The net book value of the distributed properties was approximately $15,000 (unaudited) with debt of approximately $4,000 (unaudited). The Company retained a receivable of $6,212 (unaudited) from ESD and recorded a net distribution of $9,000 (unaudited). This receivable will be repaid by ESD using funds obtained through new loans on unencumbered properties. During the three months ended March 31, 2004, the Company advanced ESD an additional $2.9 million (unaudited).

During the three months ended March 31, 2004, the Company issued 862,500 Class A units valued at $259 and 1,466,250 Class C units valued at $1,466 to members and third parties in full payment of $1,725 of borrowings and related party payables.

During 2003, the Company acquired one self-storage facility in Bronx, New York for $5,253. An existing member of the Company owned the facility. The Company issued 1,021,024 Class C member units valued at $1,021 and 900,905 Class A member units valued at $180 to the seller. The Company assumed $2,500 in debt and $1,552 in other liabilities associated with the property.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(dollars in thousands)

As a result of the satisfaction or expiration of certain guarantees, the Company de-consolidated two properties in 2003 and two properties in 2002. As a result, the following assets and liabilities were removed from the Company's accounts:

	December 31, 2003	December 31, 2002
Cash	$ (428)	$ (1,263)
Other assets	7,735	8,997
Liabilities	(4,557)	(4,221)
Minority interest	(2,750)	(3,513)

During 2002, the Company acquired one self-storage facility in Somerville, Massachusetts for $8,327. An existing member of the Company owned the facility. The Company issued 294,014 Class B member units and 51,885 Class A member units to the seller valued at $346. The Company assumed $7,981 in debt associated with the property.

During 2002, an affiliated company acquired one self-storage property in California. During 2001, an affiliated company acquired two self-storage properties in New Jersey. The Company agreed to guarantee the financial performance of these properties. As a result, the Company consolidated these properties as follows:

	2002	2001
Cash	$ 4,814	$ 10,220
Liabilities	(3,787)	(7,220)
Minority interest	(1,027)	(3,000)

During 2001, the Company acquired six self-storage facilities in New Jersey for $50,798. The Company assumed $35,798 in debt associated with the properties and issued the seller 14,900,000 Class E member units and 400,000 Class A member units with an aggregate value of $15,000. In a separate transaction, the Company acquired one self-storage facility in California for $4,600. Existing members of the Company owned the facility. The Company issued 1,109,030 Class C member units to sellers valued at $1,109. The Company paid an additional $70 in cash, and the remainder of the purchase was financed with debt.

14. COMMITMENTS AND CONTINGENCIES

The Company currently owns three self-storage facilities that are subject to ground leases. At December 31, 2003, future minimum rental payments under these non-cancelable operating leases are as follows:

Year	Total
2004	$ 372
2005	375
2006	381
2007	390
2008	393
Thereafter	14,460
	$ 16,371

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(dollars in thousands)

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 $277, $206 and $106 related to these leases in the years ended December 31, 2003, 2002 and 2001, respectively, and $42 (unaudited) in the three months ended March 31, 2004, all of which related to minimum lease payments.

The Company has guaranteed four mortgage loans held by joint ventures in which the Company has a non-controlling ownership interest. In addition, a member of the Company has personally guaranteed these loans. These guarantees were entered into prior to January 1, 2003. At December 31, 2003, the total amount of mortgage debt relating to these joint ventures that the Company had guaranteed was $15,228. These mortgage loans mature between May 20, 2004 and September 21, 2005. If the joint ventures defaulted on the loans, the Company may be forced to repay the loans. The Company could be reimbursed by repossessing and/or selling the self-storage facility and land that collateralizes the loan. The estimated fair market value of the encumbered assets at December 31, 2003 is $28,873. The Company has recorded no liability in relation to these guarantees as of December 31, 2003. To date none of these joint ventures has defaulted on its mortgage debt. The Company believes the risk of the Company having to perform on the guarantee is remote.

The Company is not presently involved in any material litigation nor, to its knowledge, is any material litigation threatened against the Company or its properties. The Company is involved in routine litigation arising in the ordinary course of business, none of which is believed to be material.

15. RISK MANAGEMENT AND USE OF FINANCIAL INSTRUMENTS

Risk management

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 valuation of properties held by the Company.

Use of derivative financial instruments

The Company held no significant derivative financial instruments at March 31, 2004, December 31, 2003 or 2002.

16. SUBSEQUENT EVENTS (Unaudited)

Subsequent to March 31, 2004, the Company acquired an interest in a self-storage facility located in Tracy, California from members and third parties. The Company assumed the existing debt, paid cash and issued additional units to the members for total consideration of $2,878.

Subsequent to March 31, 2004, the Company issued 2,120,958 voting Class A units and 1,895,880 non-voting Class A units, valued at $0.30/unit, to certain employees.

On May 4, 2004, the Company acquired its joint venture partner’s interest in ESE. The Company paid cash of $9,888 and issued a note for $8,400 to its joint venture partner for total consideration of $18,288.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(dollars in thousands)

On June 1, 2004, the Company acquired nine self-storage facilities from ESW located in Claremont, California, San Bernadino, California, Torrance, California, Livermore, California, Richmond, California, Hawthorne, California, Glendale, California, North Miami, Florida and Kearns, Utah, an aggregate purchase price of $52,390.

On July 2, 2004, the Company filed a registration statement with the Securities and Exchange Commission related to an initial public offering of shares of Extra Space Storage Inc. (the “Offering”).

Effective May 28, 2004, the Company entered into a purchase and sale agreement for the acquisition of 26 self-storage properties for an aggregate of $147,000 in cash. In addition, the seller may be entitled up to an additional $5,000 based on the performance of the properties for the year ended December 31, 2005. The seller shall be entitled to the additional $5,000 upon the occurrence of certain other conditions, including change of control of the purchaser or a third-party sale of any of the 26 properties. The Company deposited $3,000 in escrow to secure its obligations under the agreement. The transaction, which is subject to the completion of the Offering, is expected to close concurrent with the completion of the Offering and to be funded with the net proceeds of the Offering.

Table of Contents

SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
(dollars in thousands)

Description	Encumbrances	Initial cost		Costs subsequent to acquisition	Gross carrying amount at December 31, 2003			Accumulated Depreciation	Date acquired or development completed
		Land	Building and improvements		Land	Building and improvements	Total		
Oxford, MA	$ 1,870	$ 482	$ 1,762	$ 103	$ 482	$ 1,865	$ 2,347	$ 205	Oct-99
Oakland, CA	4,314	—	3,777	137	—	3,914	3,914	374	Apr-00
Casitas, CA	4,468	1,431	3,046	12	1,431	3,058	4,489	293	Mar-00
Lamont St., NV	726	251	717	66	251	783	1,034	76	Feb-00
Halls Ferry, MO	2,101	631	2,159	105	631	2,264	2,895	213	Jun-00
Forest Park, MO	1,327	156	1,313	102	156	1,415	1,571	139	Jun-00
Banksville, PA	2,456	991	1,990	195	991	2,185	3,176	188	Aug-00
N. Lauderdale, FL	2,733	428	3,516	119	428	3,635	4,063	331	Aug-00
Forest Hill, FL	2,446	1,164	2,511	67	1,164	2,578	3,742	234	Aug-00
Fountainbleau, FL	4,827	1,325	4,395	136	1,325	4,531	5,856	416	Aug-00
Kendall, FL	7,864	5,315	4,305	65	5,315	4,370	9,685	390	Aug-00
Margate, FL	3,166	430	3,139	62	430	3,201	3,631	289	Aug-00
Military Trail, FL	2,709	1,312	2,511	85	1,312	2,596	3,908	238	Aug-00
Inglewood, CA	4,306	1,379	3,343	122	1,379	3,465	4,844	319	Aug-00
Burbank, CA	8,225	3,199	5,082	97	3,199	5,179	8,378	460	Aug-00
Pico Rivera, CA	3,500	1,150	3,450	1	1,150	3,451	4,601	185	Aug-00
Northborough, MA	1,497	280	2,715	87	280	2,802	3,082	214	Feb-01
Ashland, MA	2,835	474	3,324	—	474	3,324	3,798	64	Jun-03
Hoboken, NJ	6,230	2,687	6,092	21	2,687	6,113	8,800	234	Jul-02
Plainview, NY	7,323	4,287	3,710	70	4,287	3,780	8,067	297	Dec-00
Metuchen, NJ	4,700	1,153	4,462	42	1,153	4,504	5,657	230	Dec-01
Nanuet, NY	5,200	2,072	4,644	15	2,072	4,659	6,731	219	Feb-02
Dedham, MA	4,322	2,127	3,041	41	2,127	3,082	5,209	153	Mar-02
Whittier, CA	2,481	—	2,985	—	—	2,985	2,985	115	Jun-02
Kingston, MA	2,450	555	2,491	—	555	2,491	3,046	69	Oct-02
Mt. Vernon, NY	6,913	1,926	7,622	—	1,926	7,622	9,548	169	Nov-02
North Bergen, MA	5,629	2,100	6,606	—	2,100	6,606	8,706	85	Jul-03
Saugus, MA	5,134	1,725	5,514	7	1,725	5,521	7,246	81	Jun-03
Stockton, CA	3,016	649	3,272	13	649	3,285	3,934	141	May-02
Wethersfield, CT	3,620	709	4,205	14	709	4,219	4,928	144	Aug-02
Milton, MA	4,690	2,838	3,979	—	2,838	3,979	6,817	94	Nov-02
Weymouth, MA	4,515	2,806	3,103	1	2,806	3,104	5,910	281	Sep-00
Lynn, MA	4,675	1,703	3,237	27	1,703	3,264	4,967	210	Jun-01
Edison, NJ	7,309	2,519	8,547	107	2,519	8,654	11,173	450	Dec-01

Extra Space Storage LLC

SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION—(Continued)
(dollars in thousands)

Description	Encumbrances	Initial cost		Costs subsequent to acquisition	Gross carrying amount at December 31, 2003			Accumulated Depreciation	Date acquired or development completed
		Land	Building and improvements		Land	Building and improvements	Total		
Egg Harbor, NJ	$ 5,294	$ 1,724	$ 5,001	$ 193	$ 1,724	$ 5,194	$ 6,918	$ 267	Dec-01
Hazlet, NJ	9,305	1,362	10,262	154	1,362	10,416	11,778	540	Dec-01
Howell, NJ	4,217	2,440	3,407	90	2,440	3,497	5,937	184	Dec-01
Old Bridge, NJ	5,129	2,758	6,450	153	2,758	6,603	9,361	357	Dec-01
Woodbridge, NJ	4,190	505	4,524	134	505	4,658	5,163	257	Dec-01
Norwood, MA	4,550	2,160	2,336	1,035	2,160	3,371	5,531	122	Aug-99
Somerville, MA	4,187	1,728	6,570	38	1,728	6,608	8,336	326	Jun-01
Doylestown, PA	3,553	220	3,442	38	220	3,480	3,700	113	Nov-99
Raynham, MA	2,741	588	2,270	32	588	2,302	2,890	85	May-00
Fontana II, CA	3,453	1,246	3,356	11	1,246	3,367	4,613	18	Oct-03
South Holland, IL	2,782	839	2,879	29	839	2,908	3,747	99	Oct-02
Glen Rock, NJ	2,817	1,109	2,401	22	1,109	2,423	3,532	81	Mar-01
Lyndhurst, NJ	5,857	2,679	4,644	34	2,679	4,678	7,357	154	Mar-01
Fontana, CA	3,787	961	3,846	13	961	3,859	4,820	125	Sep-02
Merrimack, NH	3,245	754	3,299	15	754	3,314	4,068	108	Apr-99
Arvada, CO	1,158	286	1,521	154	286	1,675	1,961	159	Sep-00
Denver, CO	2,120	602	2,052	81	602	2,133	2,735	193	Sep-00
Westminster, CO	1,676	212	2,044	191	212	2,235	2,447	202	Sep-00
Thornton, CO	1,236	291	1,586	111	291	1,697	1,988	153	Sep-00
Crest Hill, IL	2,763	847	2,946	7	847	2,953	3,800	38	Jul-03
Tracy, CA	2,401	778	2,638	13	778	2,651	3,429	34	Jul-03
Miscellaneous other	—	677	2,202	—	677	2,202	2,879	79	
Construction in Progress	48,180	—	—	79,940	—	79,940	79,940	—	
Intangible assets-tenant relationships	—	—	990	—	—	990	990	990	
Total	$ 264,218	$ 75,020	$ 207,231	$ 84,407	$ 75,020	$ 291,638	$ 366,658	$ 12,284	

Extra Space Storage LLC

SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
(dollars in thousands)

Activity in real estate facilities during 2003, 2002 and 2001 is as follows:

	2003	2002	2001
Operating facilities:			
Balance at beginning of year	$ 241,798	$ 191,237	$ 130,876
Acquisitions	—	8,327	70,079
Improvements and equipment purchases	472	1,487	2,532
Transfers from construction in progress	52,753	40,747	12,526
Dispositions and other	(8,305)	—	(24,776)
Balance at end of year	286,718	241,798	191,237
Accumulated depreciation:			
Balance at beginning of year	7,150	3,435	967
Depreciation expense	5,837	4,569	2,468
Dispositions and other	(703)	(854)	—
Balance at end of year	12,284	7,150	3,435
Construction in progress:			
Balance at beginning of year	71,767	54,284	34,239
Current development	65,440	58,230	38,904
Transfers to operating facilities	(52,753)	(40,747)	(12,526)
Dispositions and other	(4,514)	—	(6,333)
Balance at end of year	79,940	71,767	54,284
Net real estate assets	$ 354,374	$ 306,415	$ 242,086

The aggregate cost of real estate for U.S. federal income tax purposes is $286,718.

REPORT OF INDEPENDENT AUDITORS

To the Members of
Extra Space Storage LLC

We have audited the accompanying combined statement of revenues and certain expenses of the properties owned by **Extra Space West One, LLC and Extra Space East One, LLC** (the Properties) for the years ended December 31, 2003, 2002 and 2001 (the Statement). This Statement is the responsibility of the management of Extra Space Storage LLC. Our responsibility is to express an opinion on the Statement based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement. We believe that our audits provide a reasonable basis for our opinion.

The accompanying Statement has been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the Registration Statement on Form S-11 of Extra Space Storage Inc. Material amounts, as described in note 1 to the Statement, that would not be comparable to those resulting from the proposed future operations of the Properties are excluded and the Statement is not intended to be a complete presentation of the revenues and expenses of the Properties.

In our opinion, the Statement referred to above presents fairly, in all material respects, the revenues and certain expenses of the Properties for the years ended December 31, 2003, 2002 and 2001, in conformity with accounting principles generally accepted in the United States of America.

/s/ PricewaterhouseCoopers LLP

Salt Lake City, Utah
February 29, 2004

Table of Contents

Extra Space West One, LLC and Extra Space East One, LLC

COMBINED STATEMENT OF REVENUES AND CERTAIN EXPENSES
(dollars in thousands)

	For the Three Months Ended March 31,		For the Years Ended December 31,		
	2004	2003	2003	2002	2001
	(unaudited)				
Revenues:					
Rents	$ 2,577	$ 2,621	$ 10,384	$ 10,589	$ 10,767
Other	171	174	443	997	738
Total	2,748	2,795	10,827	11,586	11,505
Certain expenses:					
Property operating expenses	1,009	990	3,776	3,678	3,688
Management fees	169	169	667	684	695
Total	1,178	1,159	4,443	4,362	4,383
Revenues in excess of certain expenses	$ 1,570	$ 1,636	$ 6,384	$ 7,224	$ 7,122

The accompanying notes are an integral part of this statement.

NOTES TO STATEMENTS OF REVENUES AND CERTAIN EXPENSES

1. ACQUISITION OF PROPERTIES, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Acquisition of Properties

In conjunction with the formation of Extra Space Storage Inc. (the REIT), the REIT intends to acquire certain properties owned by **Extra Space West One, LLC** (West) and the controlling interest in **Extra Space East One, LLC** (East). Extra Space Storage LLC, the predecessor to the REIT, holds an equity interest in West and East. The controlling interests in West and East are held by a single entity. The principal assets of West and East consist of land and self-storage facilities located in California, Florida, Massachusetts, New Jersey, New York, Pennsylvania and Utah (collectively, the Properties).

Basis of presentation

The accompanying combined statement of revenues and certain expenses have been prepared for the purpose of complying with certain rules and regulations of the Securities and Exchange Commission and are not intended to be a complete presentation of the actual operations of the Properties for the periods presented. Certain items may not be comparable to the future operations of the Properties. Excluded items consist of interest expense, depreciation and amortization, and other costs not directly related to the future operations of the Properties.

"The statement of revenues and certain expenses for the three months ended March 31, 2004 and 2003 are unaudited. In the opinion of management, such financial statements reflect all necessary adjustments for a presentation of the revenues and certain expenses of the respective interim periods. All such adjustments are of a normal recurring nature."

Revenue recognition

The Properties recognize rental revenue over the terms of the respective leases. Generally, leases are on month-to-month terms. The Properties also recognize revenue for merchandise sales, late fees and other miscellaneous items that are included in other revenue as earned.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

2. OPERATING LEASES

Operating revenue is principally obtained from tenant rentals under month-to-month operating leases.

REPORT OF INDEPENDENT AUDITORS

To the Members of
Extra Space Storage LLC

We have audited the accompanying combined statement of revenues and certain expenses of the properties owned by **5255 Sepulveda, LLC and 658 Venice, LTD** (the Properties) for the years ended December 31, 2003, 2002 and 2001 (the Statement). This Statement is the responsibility of the management of Extra Space Storage, LLC. Our responsibility is to express an opinion on the Statement based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement. We believe that our audits provide a reasonable basis for our opinion.

The accompanying Statement has been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the Registration Statement on Form S-11 of Extra Space Storage Inc. Material amounts, as described in note 1 to the Statement, that would not be comparable to those resulting from the proposed future operations of the Properties are excluded and the Statement is not intended to be a complete presentation of the revenues and expenses of the Properties.

In our opinion, the Statement referred to above presents fairly, in all material respects, the revenues and certain expenses of the Properties for the years ended December 31, 2003, 2002 and 2001, in conformity with accounting principles generally accepted in the United States of America.

/s/ PricewaterhouseCoopers LLP

Salt Lake City, Utah
February 29, 2004

Table of Contents

5255 Sepulveda, LLC and 658 Venice, LTD (Sherman Oaks and Venice)

COMBINED STATEMENT OF REVENUES AND CERTAIN EXPENSES
(dollars in thousands)

	For the Three Months Ended March 31,		For the Years Ended December 31,		
	2004	2003	2003	2002	2001
	(unaudited)				
Revenues:					
Rents	$ 802	$ 733	$ 2,974	$ 2,869	$ 2,726
Other	22	24	87	72	63
Total	824	757	3,061	2,941	2,789
Certain expenses:					
Property operating expenses	130	132	551	502	468
Management fees	49	45	184	176	167
Total	179	177	735	678	635
Revenues in excess of certain expenses	$645	$580	$ 2,326	$ 2,263	$ 2,154

NOTES TO COMBINED STATEMENT OF REVENUES AND CERTAIN EXPENSES

1. ACQUISITION OF PROPERTIES, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Acquisition of Properties

In conjunction with the formation of Extra Space Storage Inc. (the REIT), the REIT intends to acquire certain properties owned by **5255 Sepulveda, LLC** (Sherman Oaks) and **658 Venice, LTD** (Venice). Extra Space Storage LLC, the predecessor to the REIT, holds an equity and/or profits interest in Sherman Oaks and Venice. The controlling interests in Sherman Oaks and Venice are held by a single entity. The principal assets of Sherman Oaks and Venice consist of land and self-storage facilities located in California (the Properties).

Basis of presentation

The accompanying combined statement of revenues and certain expenses have been prepared for the purpose of complying with certain rules and regulations of the Securities and Exchange Commission and are not intended to be a complete presentation of the actual operations of the Properties for the periods presented. Certain items may not be comparable to the future operations of the Properties. Excluded items consist of interest expense, depreciation and amortization, and other costs not directly related to the future operations of the Properties.

The statement of revenues and certain expenses for the three months ended March 31, 2004 and 2003 are unaudited. In the opinion of management, such financial statements reflect all necessary adjustments for a presentation of the revenues and certain expenses of the respective interim periods. All such adjustments are of a normal recurring nature.

Revenue recognition

The Properties recognize rental revenue over the terms of the respective leases. Generally, leases are on month-to-month terms. The Properties also recognize revenue for merchandise sales, late fees and other miscellaneous items that are included in other revenue as earned.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

2. OPERATING LEASES

Operating revenue is principally obtained from tenant rentals under month-to-month operating leases.

REPORT OF INDEPENDENT AUDITORS

To the Members of
Extra Space Storage LLC

We have audited the accompanying statement of revenues and certain expenses of the properties owned by **Red Hat Enterprises** (the Properties) for the year ended December 31, 2003 (the Statement). This Statement is the responsibility of the management of Extra Space Storage LLC. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement has been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the Registration Statement on Form S-11 of Extra Space Storage Inc. Material amounts, as described in note 1 to the Statement, that would not be comparable to those resulting from the proposed future operations of the Properties are excluded and the Statement is not intended to be a complete presentation of the revenues and expenses of the Properties.

In our opinion, the Statement referred to above presents fairly, in all material respects, the revenues and certain expenses of the Properties for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

/s/ PricewaterhouseCoopers LLP

Salt Lake City, Utah
February 29, 2004

Table of Contents

Red Hat Enterprises (Riverside and Mesa)

STATEMENT OF REVENUES AND CERTAIN EXPENSES
(dollars in thousands)

	For the Three Months Ended March 31,		For the Year ended December 31, 2003
	2004	2003	
	(unaudited)		
Revenues:			
Rents	$ 247	$ 227	$ 997
Other	24	20	89
Total	271	$ 247	1,086
Certain expenses:			
Property operating expenses	94	94	406
Management fees	14	12	54
Total	108	106	460
Revenues in excess of certain expenses	$ 163	$ 141	$ 626

The accompanying notes are an integral part of this statement.

NOTES TO STATEMENTS OF REVENUES AND CERTAIN EXPENSES

1. ACQUISITION OF PROPERTIES, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Acquisition of Properties

In conjunction with the formation of Extra Space Storage Inc. (the REIT), the REIT intends to acquire certain properties owned by **Red Hat Enterprises** (Red Hat). Extra Space Storage LLC, the predecessor to the REIT, does not hold any interest in the Properties. The controlling interests in the Properties are held by a single entity. The principal assets of Red Hat consist of land and self-storage facilities located in California and Arizona (the Properties).

Basis of presentation

The accompanying statement of revenues and certain expenses have been prepared for the purpose of complying with certain rules and regulations of the Securities and Exchange Commission and are not intended to be a complete presentation of the actual operations of the Properties for the period presented. Certain items may not be comparable to the future operations of the Properties. Excluded items consist of interest expense, depreciation and amortization, and other costs not directly related to the future operations of the Properties.

The statement of revenues and certain expenses for the three months ended March 31, 2004 and 2003 are unaudited. In the opinion of management, such financial statements reflect all necessary adjustments for a presentation of the revenues and certain expenses of the respective interim periods. All such adjustments are of a normal recurring nature.

Revenue recognition

The Properties recognize rental revenue over the terms of the respective leases. Generally, leases are on month-to-month terms. The Properties also recognize revenue for merchandise sales, late fees and other miscellaneous items that are included in other revenue as earned.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

2. OPERATING LEASES

Operating revenue is principally obtained from tenant rentals under month-to-month operating leases.

REPORT OF INDEPENDENT AUDITORS

To the Members of
Extra Space Storage LLC

We have audited the accompanying statement of revenues and certain expenses of the properties owned by **Storage Depot** (the Properties) for the year ended December 31, 2003 (the Statement). This Statement is the responsibility of the management of Extra Space Storage LLC. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement has been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the Registration Statement on Form S-11 of Extra Space Storage Inc. Material amounts, as described in note 1 to the Statement, that would not be comparable to those resulting from the proposed future operations of the Properties are excluded and the Statement is not intended to be a complete presentation of the revenues and expenses of the Properties.

In our opinion, the Statement referred to above presents fairly, in all material respects, the revenues and certain expenses of the Properties for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

/s/ PricewaterhouseCoopers LLP

Salt Lake City, Utah
February 29, 2004

Table of Contents

Storage Depot

STATEMENT OF REVENUES AND CERTAIN EXPENSES
(dollars in thousands)

	For the Three Months Ended March 31,		For the Year ended December 31,
	2004	2003	2003
	(unaudited)		
Revenues:			
Rents	$ 1,233	$ 1,306	$ 5,317
Other	43	102	500
Total	1,276	1,408	5,817
Certain expenses:			
Property operating expenses	661	747	2,687
Management Fees	82	88	415
Total	743	835	3,102
Revenues in excess of certain expenses	$ 533	$ 573	$ 2,715

The accompanying notes are an integral part of this statement.

NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES

1. ACQUISITION OF PROPERTIES, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Acquisition of Properties

In conjunction with the formation of Extra Space Storage Inc. (the REIT), the REIT intends to acquire certain properties owned by **Storage Depot**. Extra Space Storage LLC, the predecessor to the REIT, does not hold any interest in Storage Depot. The controlling interests in Storage Depot are held by a single entity. The principal assets of Storage Depot consist of land and self-storage facilities located in Massachusetts (the Properties).

Basis of presentation

The accompanying statement of revenues and certain expenses have been prepared for the purpose of complying with certain rules and regulations of the Securities and Exchange Commission and are not intended to be a complete presentation of the actual operations of the Properties for the period presented. Certain items may not be comparable to the future operations of the Properties. Excluded items consist of interest expense, depreciation and amortization, and other costs not directly related to the future operations of the Properties.

The statement of revenues and certain expenses for the three months ended March 31, 2004 and 2003 are unaudited. In the opinion of management, such financial statements reflect all necessary adjustments for a presentation of the revenues and certain expenses of the respective interim periods. All such adjustments are of a normal recurring nature.

Revenue recognition

The Properties recognize rental revenue over the terms of the respective leases. Generally, leases are on month-to-month terms. The Properties also recognize revenue for merchandise sales, late fees and other miscellaneous items that are included in other revenue as earned.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Reclassifications

Certain amounts from the prior year have been reclassified to conform with the current year presentation. The reclassifications had no impact on total revenues in excess of certain expenses.

2. OPERATING LEASES

Operating revenue is principally obtained from tenant rentals under month-to-month operating leases.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Members of
Extra Space Storage LLC

We have audited the accompanying statement of revenues and certain expenses of the properties owned by **Devon/Boston, LLC** (the Properties) for the year ended December 31, 2003 (the Statement). This Statement is the responsibility of the management of Extra Space Storage LLC. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement has been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the Registration Statement on Form S-11 of Extra Space Storage Inc. Material amounts, as described in Note 1 to the Statement, that would not be comparable to those resulting from the proposed future operations of the Properties are excluded and the Statement is not intended to be a complete presentation of the revenues and expenses of the Properties.

In our opinion, the Statement referred to above presents fairly, in all material respects, the revenues and certain expenses of the Properties for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

/s/ Timpson Garcia, LLP

Oakland, California
February 20, 2004

Devon/Boston, LLC

STATEMENT OF REVENUES AND CERTAIN EXPENSES
(dollars in thousands)

	For the Year ended December 31, 2003
Revenues:	
Rents	$ 4,763
Other	63
Total	4,826
Certain expenses:	
Property operating expenses	1,548
Management fees	191
Total	1,739
Revenues in excess of certain expenses	$ 3,087

The accompanying notes are an integral part of this statement.

NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES

NOTE 1. ACQUISITION OF PROPERTIES, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Acquisition of Properties

In conjunction with the formation of Extra Space Storage Inc. (the REIT), the REIT intends to acquire certain properties owned by **Devon/Boston, LLC** (Devon). Extra Space Storage LLC, the predecessor to the REIT, does not hold any interest in Devon. The principal assets of Devon consist of land and self-storage facilities located in Maryland, New Jersey and Pennsylvania (the Properties).

Basis of presentation

The accompanying statement of revenues and certain expenses have been prepared for the purpose of complying with certain rules and regulations of the Securities and Exchange Commission and are not intended to be a complete presentation of the actual operations of the Properties for the period presented. Certain items may not be comparable to the future operations of the Properties. Excluded items consist of interest expense, depreciation and amortization, and other costs not directly related to the future operations of the Properties.

Revenue recognition

The Properties recognize rental revenue over the terms of the respective leases. Generally, leases are on month-to-month terms. The Properties also recognize revenue for merchandise sales, late fees and other miscellaneous items that are included in other revenue as earned.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. OPERATING LEASES

Operating revenue is principally obtained from tenant rentals under month-to-month operating leases.

REPORT OF INDEPENDENT AUDITORS

To the Members of
Extra Space Storage LLC

We have audited the accompanying statement of revenues and certain expenses of the properties owned by **Storage Deluxe** (the Property) for the year ended December 31, 2003 (the Statement). This Statement is the responsibility of the management of Extra Space Storage LLC. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement has been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the Registration Statement on Form S-11 of Extra Space Storage Inc. Material amounts, as described in note 1 to the Statement, that would not be comparable to those resulting from the proposed future operations of the Property are excluded and the Statement is not intended to be a complete presentation of the revenues and expenses of the Property.

In our opinion, the Statement referred to above presents fairly, in all material respects, the revenues and certain expenses of the Property for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

/s/ PricewaterhouseCoopers LLP

Salt Lake City, Utah
February 29, 2004

Table of Contents

Storage Deluxe (Bronx)

STATEMENT OF REVENUES AND CERTAIN EXPENSES
(dollars in thousands)

	For the Three Months Ended March 31, 2004	For the Three Months Ended March 31, 2003	For the Year ended December 31, 2003
	(unaudited)	(unaudited)	
Revenues:			
Rents	$ 406	$ 404	$ 1,595
Other	27	34	124
Total	433	438	1,719
Certain expenses:			
Operating and administrative	110	98	455
Management fees	26	22	103
Total	136	120	558
Revenues in excess of certain expenses	$ 297	$ 318	$ 1,161

The accompanying notes are an integral part of this statement.

NOTES TO STATEMENT OF REVENUES AND CERTAIN EXPENSES

1. ACQUISITION OF PROPERTIES, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Acquisition of Property

In conjunction with the formation of Extra Space Storage Inc. (the REIT), the REIT intends to acquire a property owned by **Storage Deluxe**. Extra Space Storage LLC, the predecessor to the REIT, does not hold any interest in Storage Deluxe. The controlling interest in Storage Deluxe is held by a single entity. The principal assets of Storage Deluxe consist of land and a self-storage facility located in New York (the Property).

Basis of presentation

The accompanying statement of revenues and certain expenses have been prepared for the purpose of complying with certain rules and regulations of the Securities and Exchange Commission and are not intended to be a complete presentation of the actual operations of the Property for the period presented. Certain items may not be comparable to the future operations of the Property. Excluded items consist of interest expense, depreciation and amortization, and other costs not directly related to the future operations of the Property.

“The statement of revenues and certain expenses for the three months ended March 31, 2004 and 2003 are unaudited. In the opinion of management, such financial statements reflect all necessary adjustments for a presentation of the revenues and certain expenses of the respective interim periods. All such adjustments are of a normal recurring nature.”

Revenue recognition

The Property recognizes rental revenue over the terms of the respective leases. Generally, leases are on month-to-month terms. The Property also recognizes revenue for merchandise sales, late fees and other miscellaneous items that are included in other revenue as earned.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

2. OPERATING LEASES

Operating revenue is principally obtained from tenant rentals under month-to-month operating leases.

STORAGE SPOT PROPERTIES NO. 1, L.P. and STORAGE SPOT PROPERTIES NO. 4, L.P.

INDEPENDENT AUDITORS' REPORT

To the Partners of
Storage Spot Properties No. 1, L.P. and
Storage Spot Properties No. 4, L.P.

We have audited the accompanying combined statement of revenues and certain expenses of the storage facilities owned by Storage Spot Properties No. 1, L.P. and Storage Spot Properties No. 4, L.P. (the Facilities) for the year ended December 31, 2003 (the Statement). This Statement is the responsibility of the management of Storage Spot Properties No. 1, L.P. and Storage Spot Properties No. 4, L.P. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards requires that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement has been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the Registration Statement on Form S-l1 of Extra Space Storage, Inc. Material amounts, as described in Note A to the Statement, that would not be comparable to those resulting from the proposed future operations of the Facilities are excluded and the Statement is not intended to be a complete presentation of the revenues and expenses of the Facilities.

In our opinion, the Statement referred to above presents fairly, in all material respects, the revenues and certain expenses of the Facilities for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

/s/ R.J. Gold & Company, P.C.
June 10, 2004
Waltham, Massachusetts

Table of Contents

STORAGE SPOT PROPERTIES NO. 1, L.P. and STORAGE SPOT PROPERTIES NO. 4, L.P.

COMBINED STATEMENTS OF REVENUES AND CERTAIN EXPENSES
(dollars in thousands)

	Three Months Ended March 31,		Year Ended December 31,
	2004	2003	2003
	(Unaudited)		
Revenues			
Rental income (Notes A and C)	$ 3,820	$ 3,565	$ 14,967
Other income (Note D)	221	264	990
Total Revenues	4,041	3,829	15,957
Certain Expenses			
Property operating expense (Note B)	1,451	1,371	6,014
Management fee (Note B)	242	228	957
Total Certain Expenses	1,693	1,599	6,971
Revenues in Excess of Certain Expenses	$ 2,348	$ 2,230	$ 8,986

See Notes to the Combined Statements of Revenues and Certain Expenses

NOTES TO COMBINED STATEMENTS OF REVENUES AND CERTAIN EXPENSES

For the Three Months Ended March 31, 2004 and 2003 and the Year Ended December 31, 2003

NOTE A—ACQUISITION OF FACILITIES, BASIS OF PRESENTATION, AND SIGNIFICANT ACCOUNTING POLICIES

Acquisition of facilities

In conjunction with the formation of Extra Space Storage, Inc. (the "REIT"), the REIT intends to acquire twenty-six storage facilities located in the south central and southeastern United States owned by Storage Spot Properties No. 1, L.P. and Storage Spot Properties No. 4, L.P. (the Partnerships). The Partnerships are owned 99% directly and 1% indirectly by StorageWorld, L.P. (SWLP).

Basis of presentation

The accompanying combined statements of revenues and certain expenses have been prepared for the purpose of complying with certain rules and regulations of the Securities and Exchange Commission and are not intended to be a complete presentation of the actual operations of the Facilities for the periods presented. Certain items may not be comparable to the future operations of the Facilities. Excluded items consist of interest expenses, depreciation and amortization, and other costs not related to the future operations of the Facilities.

The combined statements of revenues and certain expenses for the three months ended March 31, 2004 and 2003 are unaudited, however, in the opinion of management, all adjustments (consisting solely of normal recurring adjustments) necessary for the fair presentation of these statements of revenues and certain expenses for the interim periods, on the basis described above, have been included. The results of such interim periods are not necessarily indicative of the results for an entire year.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Leasing policy

The self-storage units are leased on a month-to-month basis. All leases are accounted for as operating leases and any rents received in advance are deferred until earned. Rental income from retail and billboard operating leases is recognized on a straight-line basis over the life of the lease agreements.

NOTES TO COMBINED STATEMENTS OF REVENUES AND CERTAIN EXPENSES—(Continued)
For the Three Months Ended March 31, 2004 and 2003 and the Year Ended December 31, 2003

NOTE B—RELATED PARTY TRANSACTIONS

The Facilities are managed by SWLP who, directly and indirectly, owns 100% of the Partnerships. The management agreement states that SWLP is to receive a management fee of 6% of all revenue (as defined in the agreement) actually collected. This amounted to $956,989 for the year ended December 31, 2003 and $242,481 and $228,189 for the three months ended March 31, 2004 and 2003, respectively.

The Facilities reimburse SWLP for payroll and related payroll costs associated with employees working at the storage facilities. Such costs are included in property operating expenses and amounted to $1,619,881 for the year ended December 31, 2003 and $427,098 and $416,194 for the three months ended March 31, 2004 and 2003, respectively.

NOTE C—LEASING ARRANGEMENTS

The Facilities lease retail and billboard space under non-cancelable operating leases that expire at various times through December 31, 2006. The lease arrangements typically provide for a specific monthly payment plus reimbursement of certain operating costs, insurance, and real estate taxes. The following is a summary of the future minimum rentals under the leases:

Year Ended December 31,	Amount
2004	$ 168,590
2005	141,936
2006	56,930
	$ 367,456

NOTE D—OTHER INCOME

Other income consists principally of administration and late fees, profit on the sale of packaging supplies and insurance referral fees.

EXTRA SPACE
STORAGE
EST. 1977

Part II
Information not required in prospectus

Item 31. Other Expenses of Issuance and Distribution.

The following table itemizes the expenses incurred by us in connection with the issuance and registration of the securities being registered hereunder. All amounts shown are estimates except the Securities and Exchange Commission registration fee.

Securities and Exchange Commission registration fee	$ 44,155
NASD filing fee	30,500
NYSE listing fee	250,000
Printing and engraving fees	500,000
Legal fees and expenses	3,000,000
Accounting fees and expenses	1,000,000
Blue sky fees and expenses	10,000
Transfer agent and registrar fees	100,000
Federal and state taxes	*
Miscellaneous expenses	250,000
Total	$ 5,184,655

* To be filed by amendment.

Item 32. Sales to Special Parties.

At our request, the underwriters have reserved up to 5% of the common stock being offered by this prospectus for sale to our directors, employees, business associates and related persons at the public offering price. The sales will be made by the underwriters through a directed share program. We do not know if these persons will choose to purchase all or any portion of this reserved common stock, but any purchases they do make will reduce the number of shares available to the general public. To the extent the allotted shares are not purchased in the directed share program, we will offer these shares to the public. These persons must commit to purchase no later than the close of business on the day following the date of this prospectus. Any directors, employees or other persons purchasing such reserved common stock will be prohibited from selling such stock for a period of 180 days after the date of this prospectus. The common stock issued in connection with the directed share program will be issued as part of the underwritten offer.

Item 33. Recent Sales of Unregistered Securities.

Prior to or concurrently with the closing of the offering:

- The existing holders of Class A, Class B, Class C and Class E membership interests in Extra Space Storage LLC will, pursuant to contribution and related agreements, contribute these membership interests to our company and/or our operating partnership in exchange for an aggregate of 8,095,003 shares of common stock, 1,573,557 OP units, 3,437,564 contingent conversion shares issued by us (which we refer to as “CCSs”) and/or 213,230 contingent conversion units issued by our operating partnership (which we refer to as “CCUs”).

- Our operating partnership will acquire the joint venture interests held by Equibase Mini Warehouse and its affiliates in seven joint ventures, which currently own an aggregate of 28 properties, in part, for an aggregate of 898,825 OP units.
- Our operating partnership will acquire the joint venture interests held by affiliates of the Moss Group in two joint ventures, which currently own an aggregate of two properties, in part, for an aggregate of 102,615 OP units.

The common stock, OP units, CCSs and CCUs described above will be issued in a private placement that is exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 4(2) thereof and Regulation D promulgated thereunder.

Item 34. Indemnification of Directors and Officers.

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (1) actual receipt of an improper benefit or profit in money, property or services or (2) active and deliberate dishonesty established by a final judgment and which is material to the cause of action. Our charter contains such a provision which eliminates our directors' and officers' liability to the maximum extent permitted by Maryland law.

Our charter authorizes us, to the maximum extent permitted by Maryland law, to obligate us to indemnify any present or former director or officer or any individual who, while a director or officer of the company and at the request of the company, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee, from and against any claim or liability to which that individual may become subject or which that individual may incur by reason of his or her status as a present or former director or officer of the company and to pay or reimburse his or her reasonable expenses in advance of final disposition of a proceeding. Our bylaws obligate us, to the maximum extent permitted by Maryland law, to indemnify any present or former director or officer or any individual who, while a director or officer of the company and at the request of the company, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee and who is made a party to the proceeding by reason of his or her service in that capacity from and against any claim or liability to which that individual may become subject or which that individual may incur by reason of his or her status as a present or former director or officer of the company and to pay or reimburse his or her reasonable expenses in advance of final disposition of a proceeding. The charter and bylaws also permit the company to indemnify and advance expenses to any individual who served a predecessor of the company in any of the capacities described above and any employee or agent of the company or a predecessor of the company.

Maryland law requires us (unless our charter provides otherwise, which it does not) to indemnify a director or officer who has been successful in the defense of any proceeding to which he or she is made a party by reason of his or her service in that capacity. Maryland law permits us to indemnify our present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service in those or other capacities unless it is established that (1) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (A) was committed in bad faith or (B) was the result of active and deliberate dishonesty, (2) the director or officer actually received an improper personal benefit in money, property or services or (3) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was

unlawful. However, under Maryland law, we may not indemnify for an adverse judgment in a suit by or in the right of the company or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. In addition, Maryland law permits us to advance reasonable expenses to a director or officer upon our receipt of (1) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (2) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

Furthermore, our officers and directors are indemnified against specified liabilities by the underwriters, and the underwriters are indemnified against certain liabilities by us, under the underwriting agreement relating to the offering. See "Underwriting."

In addition, certain persons, including trustees of ESS Holdings Business Trust I, directors of our company, officers or employees of the operating partnership, ESS Holdings Business Trust I and our company, and other persons that ESS Holdings Business Trust I designates from time to time, are indemnified for specified liabilities and expenses pursuant to the partnership agreement of Extra Space Storage LP, the partnership in which we serve as a general partner through a wholly owned Massachusetts business trust.

Item 35. Treatment of Proceeds from Stock Being Registered.

None.

Item 36. Financial Statements and Exhibits.

(a) Financial Statements.

Extra Space Storage Inc.
Pro Forma
Unaudited Pro Forma Financial Information
Unaudited Pro Forma Consolidated Balance Sheet as of March 31, 2004
Notes to Unaudited Pro Forma Consolidated Balance Sheet as of March 31, 2004
Unaudited Pro Forma Consolidated Statement of Operations for the Three Months Ended March 31, 2004
Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Year Ended December 31, 2003
Notes to Unaudited Pro Forma Consolidated Statement of Operations for the Three Months Ended March 31, 2004
Notes to Unaudited Pro Forma Consolidated Statement of Operations for the Year Ended December 31, 2003
Historical
Report of Independent Registered Public Accounting Firm
Balance Sheet as of May 5, 2004
Notes to Balance Sheet
Extra Space Storage LLC
Report of Independent Registered Public Accounting Firm

PART II

Consolidated Balance Sheets as of March 31, 2004 (Unaudited), December 31, 2003 and December 31, 2002
Consolidated Statements of Operations for the Years Ended December 31, 2003, 2002 and 2001 and the Three Months Ended March 31, 2004 and 2003 (Unaudited)
Consolidated Statement of Redeemable Units and Members' Equity (Deficit) for the Years Ended December 31, 2003, 2002 and 2001 and the Three Months Ended March 31, 2004 (Unaudited)
Consolidated Statements of Cash Flows for the Years Ended December 31, 2003, 2002 and 2001 and the Three Months Ended March 31, 2004 and 2003 (Unaudited)
Notes to Consolidated Financial Statements
Schedule III—Real Estate and Related Depreciation

Extra Space West One, LLC and Extra Space East One, LLC
Report of Independent Auditors
Combined Statement of Revenues and Certain Expenses for the Years Ended December 31, 2003, 2002 and 2001 and the Three Months Ended March 31, 2004 and 2003 (Unaudited)
Notes to Combined Statement of Revenues and Certain Expenses

5255 Sepulveda, LLC and 658 Venice, LTD
Report of Independent Auditors
Combined Statement of Revenues and Certain Expenses for the Years Ended December 31, 2003, 2002 and 2001 and the Three Months Ended March 31, 2004 and 2003 (Unaudited)
Notes to Combined Statement of Revenues and Certain Expenses

Red Hat Enterprises
Report of Independent Auditors
Statement of Revenues and Certain Expenses for the Year Ended December 31, 2003 and the Three Months Ended March 31, 2004 and 2003 (Unaudited)
Notes to Statement of Revenues and Certain Expenses

Storage Depot
Report of Independent Auditors
Statement of Revenues and Certain Expenses for the Year Ended December 31, 2003 and the Three Months Ended March 31, 2004 and 2003 (Unaudited)
Notes to Statement of Revenues and Certain Expenses

Devon/Boston, LLC
Report of Independent Accountants
Statement of Revenues and Certain Expenses for the Year Ended December 31, 2003
Notes to Statement of Revenues and Certain Expenses

Storage Deluxe
Report of Independent Auditors
Statement of Revenues and Certain Expenses for the Year Ended December 31, 2003 and the Three Months Ended March 31, 2004 and 2003 (Unaudited)
Notes to Statement of Revenues and Certain Expenses

Storage Spot
Report of Independent Auditors
Statement of Revenues and Certain Expenses for the Year Ended December 31, 2003 and the Three Months Ended March 31, 2004 and 2003 (Unaudited)
Notes to Statement of Revenues and Certain Expenses

PART II

(b) Exhibits. The following is a complete list of exhibits filed as part of the registration statement, which are incorporated herein:

Exhibit	
1.1***	Underwriting Agreement by and among Extra Space Storage Inc., Extra Space Storage LP, UBS Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated
3.1***	Amended and Restated Articles of Incorporation of Extra Space Storage Inc.
3.2***	Bylaws of Extra Space Storage Inc.
3.3***	Amended and Restated Agreement of Limited Partnership of Extra Space Storage LP
3.4**	Declaration of Trust of ESS Holdings Business Trust I
3.5**	Declaration of Trust of ESS Holdings Business Trust II
5.1**	Opinion of Clifford Chance US LLP
8.1**	Tax Opinion of Clifford Chance US LLP
10.1***	Registration Rights Agreement, by and among Extra Space Storage Inc. and the parties listed on Schedule I thereto
10.2**	License between Centershift Inc. and Extra Space Storage LP
10.3**	Loan Agreement, dated as of March 8, 2004, by and between General Electric Capital Corporation and Extra Space Properties Eight LLC
10.4**	Loan Agreement, dated as of March 8, 2004, by and between General Electric Capital Corporation and Extra Space Properties Three LLC
10.5**	Loan Agreement, dated as of March 8, 2004, by and between General Electric Capital Corporation and Extra Space of New Jersey, L.L.C.
10.6**	Loan Agreement, dated as of May 4, 2004, by and between Extra Space of Northborough LLC, Extra Space of Whittier LLC, Extra Space of Stockton LLC, Extra Space of Weymouth LLC, and Extra Space of Lynn LLC, and Bank of America, N.A.
10.7**	Loan Agreement, dated as of May 4, 2004, by and between Extra Space Properties Ten LLC and Bank of America, N.A.
10.8**	Loan Agreement, dated as of May 4, 2004, by and between Extra Space of Raynham LLC, Extra Space of Doylestown LLC, Extra Space of Glen Rock LLC, Extra Space of Fontana One LLC, and Extra Space of Merrimack LLC, and Bank of America, N.A.
10.9***	2004 Long-Term Compensation Incentive Plan
10.10**	Extra Space Storage Performance Bonus Plan
10.11**	Employment Agreement, dated July 27, 2004, by and between Extra Space Storage Inc. and Kenneth M. Woolley
10.12**	Employment Agreement, dated July 27, 2004, by and between Extra Space Storage Inc. and Kent W. Christensen
10.13**	Employment Agreement, dated July 27, 2004, by and between Extra Space Storage Inc. and Charles L. Allen
10.14**	Joint Venture Agreement, dated June 1, 2004, by and between Extra Space Storage LLC and Prudential Financial, Inc.
10.15***	Purchase Agreement, by and between Extra Space Storage LLC and Fidelity Management Trust Company
10.16**	Membership Interest Purchase Agreement, dated April 27, 2004, by and between Extra Space Storage LLC and Strategic Performance Fund-II, Inc.
10.17**	Promissory Note dated April 28, 2004 from Extra Space Storage payable to Strategic Performance Fund-II, Inc.
10.18**	Purchase and Sale Agreement, by and between Extra Space Storage LLC and Extra Space West One LLC

PART II

10.19**	Promissory Note dated June 1, 2004 from Extra Space Storage LLC payable to Strategic Performance Fund-II, Inc.
10.20**	Purchase Agreement, by and between Extra Space Storage LLC and Fordham Road Storage Partners, LLC
10.21**	Master Membership Interest Contribution Agreement, by and between Extra Space Storage LP, David Husman and Michael Husman
10.22**	Membership Interest Purchase Agreement, by and between Extra Space V LLC and Equibase Mini Warehouse LLC, relating to the purchase of Equibase Mini Warehouse LLC's interest in Extra Space Properties Five LLC
10.23**	Membership Interest Purchase Agreement, by and between Extra Space V LLC and Equibase Mini Warehouse LLC, relating to the purchase of Equibase Mini Warehouse LLC's interest in Extra Space of Fontana Two LLC
10.24**	Membership Interest Purchase Agreement, by and between Extra Space V LLC and Equibase Mini Warehouse LLC, relating to the purchase of Equibase Mini Warehouse LLC's interest in Extra Space of South Holland LLC
10.25**	Contribution Agreement, dated May 10, 2004, by and between Extra Space Storage LP and the parties listed on Schedule A thereto, relating to the acquisition of interests in 5255 Sepulveda Associates, LLC
10.26**	Contribution Agreement, dated May 10, 2004, by and between Extra Space Storage LP and the parties listed on Schedule A thereto, relating to the acquisition of interests in 658 Venice, Ltd.
10.27**	Membership Interest Purchase Agreement, by and between Extra Space Storage LLC and Husman Mini Warehouse LLC
10.28**	Form of Irrevocable Exchange and Subscription Agreement by and between Extra Space Storage Inc. and certain members of Extra Space Storage LLC
10.30**	Purchase and Sale Agreement by and among Storage Spot Properties No. 1, L.P. and Storage Spot Properties No. 4, L.P. and Extra Space Storage LLC, dated May 28, 2004.
10.31*	Extra Space Storage Non-Employee Director Plan.
21.1**	List of Subsidiaries of Extra Space Storage Inc.
23.1***	Consent of PricewaterhouseCoopers LLP
23.2***	Consent of Timpson Garcia, LLP
23.3***	Consent of R.J. Gold & Company, P.C.
23.4**	Consent of Clifford Chance US LLP (included in Exhibit 5.1)
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99.7**	Consent of Hugh Horne to being named as a director.

* To be filed by amendment.
** Previously filed.
*** Filed herewith.

PART II

Item 37. Undertakings.

(a) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreements certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to directors, officers or controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933, as amended, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933, as amended, and will be governed by the final adjudication of such issue.

(c) The undersigned Registrant hereby further undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, as amended, the information omitted from the form of prospectus filed as part of this registration statement in reliance under Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4), or 497(h) under the Securities Act shall be deemed to part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, as amended, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Signatures

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that the registrant meets all of the requirements for filing on Form S-11 and has duly caused this Amendment No. 5 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Salt Lake City, in the State of Utah, on this 10th day of August, 2004.

EXTRA SPACE STORAGE INC.

By: /S/ KENNETH M. WOOLLEY

Name: Kenneth M. Woolley
Title: Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 5 to the Registration Statement has been signed by the following persons in the capacities and on the dates as indicated.

Name	Title	Date:
/S/ KENNETH M. WOOLLEY Kenneth M. Woolley	Chairman and Chief Executive Officer (Principal Executive Officer)	August 10, 2004
/S/ KENT W. CHRISTENSEN Kent W. Christensen	Chief Financial Officer (Principal Financial Officer)	August 10, 2004
/S/ SCOTT STUBBS Scott Stubbs	Senior Vice President of Accounting (Principal Accounting Officer)	August 10, 2004
* Spencer F. Kirk	Director	August 10, 2004

*

By: Kenneth M. Woolley
as attorney-in-fact

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* To be filed by amendment.

** Previously filed.

*** Filed herewith.

Exhibit 1.1

EXTRA SPACE STORAGE INC.

20,200,000 Shares

Common Stock
($.01 Par Value)

UNDERWRITING AGREEMENT

August , 2004

UNDERWRITING AGREEMENT

August **[ ]**, 2004

UBS Securities LLC
Merrill Lynch, Pierce, Fenner & Smith
Incorporated,
as Managing Underwriters
c/o UBS Securities LLC
299 Park Avenue
New York, New York 10171

Ladies and Gentlemen:

Extra Space Storage Inc., a Maryland corporation (the “Company”), and Extra Space Storage LP, a Delaware limited partnership, the indirect general partner and majority limited partner of which is the Company (the “Operating Partnership” and, together with the Company, the “Transaction Entities”), propose to issue and sell to the underwriters named in Schedule A annexed hereto (the “Underwriters”), for whom you are acting as representatives, an aggregate of 20,200,000 shares (the “Firm Shares”) of Common Stock, $.01 par value per share (the “Common Stock”), of the Company. In addition, solely for the purpose of covering over-allotments, the Transaction Entities propose to grant to the Underwriters the option to purchase from the Company up to an additional 3,030,000 shares of Common Stock (the “Additional Shares”). The Firm Shares and the Additional Shares are hereinafter collectively sometimes referred to as the “Shares.” The Shares are described in the Prospectus which is referred to below.

The Company hereby acknowledges that in connection with the proposed offering of the Shares, it has requested UBS Financial Services Inc. (“UBS FinSvc”) and Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill Lynch”) to administer a directed share program (the “Directed Share Program”) under which up to 1,010,000 Firm Shares, or 5% of the Firm Shares to be purchased by the Underwriters (the “Reserved Shares”), shall be reserved for sale by UBS FinSvc and Merrill Lynch at the initial public offering price to the Company’s officers, directors, employees and consultants and other persons having a relationship with the Company, designated by the Company (the “Directed Share Participants”), as part of the distribution of the Shares by the Underwriters, subject to the terms of this Agreement, the applicable rules, regulations and interpretations of the National Association of Securities Dealers (the “NASD”) and all other applicable laws, rules and regulations. The number of Shares available for sale to the general public will be reduced to the extent that Directed Share Participants purchase Reserved Shares. The Underwriters may offer any Reserved Shares not purchased by Directed Share Participants to the general public on the same basis as the other Shares being issued and sold hereunder. The Company has supplied UBS FinSvc and Merrill Lynch with names, addresses and telephone numbers of the individuals or other entities which the Company has designated to be participants in the Directed Share Program. It is understood that any number of those designated to participate in the Directed Share Program may decline to do so. The terms by which Merrill Lynch shall administer the Directed Share Program are governed by a letter agreement, dated August , 2004, between the Company and Merrill Lynch.

The Company has filed, in accordance with the provisions of the Securities Act of 1933, as amended, and the rules and regulations thereunder (collectively, the “Act”), with the Securities and

Exchange Commission (the "Commission") a registration statement on Form S-11 (File No. 333-115436) including a prospectus, relating to the Shares. The Company has furnished to you, for use by the Underwriters and by dealers, copies of one or more preliminary prospectuses (each thereof being herein called a "Preliminary Prospectus") relating to the Shares. Except where the context otherwise requires, the registration statement, as amended when it becomes effective, including all documents filed as a part thereof, and including any information contained in a prospectus subsequently filed with the Commission pursuant to Rule 424(b) under the Act and deemed to be part of the registration statement at the time of effectiveness pursuant to Rule 430(A) under the Act and also including any registration statement filed pursuant to Rule 462(b) under the Act, is herein called the "Registration Statement," and the prospectus, in the form filed by the Company with the Commission pursuant to Rule 424(b) under the Act on or before the second business day after the date hereof (or such earlier time as may be required under the Act) or, if no such filing is required, the form of final prospectus included in the Registration Statement at the time it became effective, is herein called the "Prospectus." As used herein, "business day" shall mean a day on which the New York Stock Exchange is open for trading. The Transaction Entities and Extra Space Storage LLC have engaged in a series of transactions described in the Registration Statement and the Prospectus, including (i) contribution by holders of membership interests in Extra Space Storage LLC of their membership interests in exchange for shares of Common Stock, OP Units (as defined herein), contingent conversion shares issued by the Company and/or contingent conversion units issued by the Operating Partnership ("CCUs"), and contribution by the Company of such membership interests to the Operating Partnership in exchange for OP Units and CCUs; (ii) acquisition by the Operating Partnership of equity interests of partners in certain of Extra Space Storage LLC's joint ventures; (iii) acquisition of Extra Space Management, Inc. by Extra Space Storage LLC from certain of its executive officers; (iv) execution of management and development agreements by Extra Space Management, Inc. and Extra Space Development LLC following a distribution by Extra Space Storage LLC to certain of its holders of 100% of the membership interests in Extra Space Development LLC; (v) execution of a license agreement by the Operating Partnership and Centershift, Inc.; (vi) acquisitions of certain self-storage properties from unrelated third parties; and (vii) refinancing of certain indebtedness (collectively, the "Formation Transactions"). All of the agreements entered into in connection with the Formation Transactions are herein referred to as the "Formation Transaction Agreements."

The Transaction Entities and the Underwriters agree as follows:

1. Sale and Purchase. Upon the basis of the representations and warranties and subject to the terms and conditions herein set forth, the Company agrees to issue and sell to the respective Underwriters and each of the Underwriters, severally and not jointly, agrees to purchase from the Company the respective number of Firm Shares (subject to such adjustment as you may determine to avoid fractional shares) which bears the same proportion to the number of Firm Shares to be sold by the Company as the number of Firm Shares set forth opposite the name of such Underwriter in Schedule A attached hereto, subject to adjustment in accordance with Section 8 hereof, in each case at a purchase price of $ per Share. The Transaction Entities are advised by you that the Underwriters intend (i) to make a public offering of their respective portions of the Firm Shares as soon after the effective date of the Registration Statement as in your judgment is advisable and (ii) initially to offer the Firm Shares upon the terms set forth in the Prospectus. You may from time to time increase or decrease the public offering price after the initial public offering to such extent as you may determine.

In addition, the Company hereby grants to the several Underwriters the option to purchase, and upon the basis of the representations and warranties and subject to the terms and conditions herein set forth, the Underwriters shall have the right to purchase, severally and not jointly, from the Company, ratably in accordance with the number of Firm Shares to be purchased by each of them, all or a portion of the Additional Shares as may be necessary to cover over-allotments made in connection with the offering of the Firm Shares, at the same purchase price per share to be paid by the Underwriters to the Company for the Firm Shares. This option may be exercised by you on behalf of the several Underwriters at any time and from time to time on or before the thirtieth day following the date hereof, by written notice to the Company. Such notice shall set forth the aggregate number of Additional Shares as to which the option is being exercised, and the date and time when the Additional Shares are to be delivered (such date and time being herein referred to as the "additional time of purchase"); provided, however, that the additional time of purchase shall not be earlier than the time of purchase (as defined below) nor earlier than the second business day after the date on which the option shall have been exercised nor later than the tenth business day after the date on which the option shall have been exercised. The number of Additional Shares to be sold to each Underwriter shall be the number which bears the same proportion to the aggregate number of Additional Shares being purchased as the number of Firm Shares set forth opposite the name of such Underwriter on Schedule A hereto bears to the total number of Firm Shares (subject, in each case, to such adjustment as you may determine to eliminate fractional shares), subject to adjustment in accordance with Section 10 hereof.

2. Payment and Delivery. Payment of the purchase price for the Firm Shares shall be made to the Company by Federal Funds wire transfer, against delivery of the certificates for the Firm Shares to you through the facilities of The Depository Trust Company (DTC) for the respective accounts of the Underwriters. Such payment and delivery shall be made at 10:00 A.M., New York City time, on   , 2004 (unless another time shall be agreed to by you and the Company or unless postponed in accordance with the provisions of Section 10 hereof). The time at which such payment and delivery are to be made is hereinafter sometimes called "the time of purchase." Electronic transfer of the Firm Shares shall be made to you at the time of purchase in such names and in such denominations as you shall specify.

Payment of the purchase price for the Additional Shares shall be made at the additional time of purchase in the same manner and at the same office as the payment for the Firm Shares. Electronic transfer of the Additional Shares shall be made to you at the additional time of purchase in such names and in such denominations as you shall specify.

Deliveries of the documents described in Section 8 hereof with respect to the purchase of the Shares shall be made at the offices of Hogan & Hartson L.L.P., 875 Third Avenue, New York, New York 10022, at 9:00 A.M., New York City time, on the date of the closing of the purchase of the Firm Shares or the Additional Shares, as the case may be.

3. Representations and Warranties of the Transaction Entities. Each of the Transaction Entities jointly and severally represents and warrants to and agrees with each of the Underwriters that:

(a) The Registration Statement has been declared effective under the Act; no stop order of the Commission preventing or suspending the use of any Preliminary Prospectus or the effectiveness of the Registration Statement has been issued and no

proceedings for such purpose have been instituted or, to the knowledge of any of the Transaction Entities, are contemplated by the Commission; each Preliminary Prospectus, at the time of filing thereof, complied in all material respects to the requirements of the Act and the last Preliminary Prospectus distributed in connection with the offering of the Shares did not, as of its date, and does not contain 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, in light of the circumstances under which they were made, not misleading; the Registration Statement complied when it became effective, complies and will comply, at the time of purchase and any additional time of purchase, in all material respects with the requirements of the Act and the Prospectus will comply, as of its date and at the time of purchase and any additional times of purchase, in all material respects with the requirements of the Act and any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement have been and will be so described or filed; the conditions to the use of Form S-11 have been satisfied; the Registration Statement did not when it became effective, does not and will not, at the time of purchase and any additional time of purchase, contain 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 and the Prospectus will not, as of its date and at the time of purchase and any additional time of purchase, contain 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, in light of the circumstances under which they were made, not misleading; provided, however, that the Transaction Entities make no warranty or representation with respect to any statement contained in the Preliminary Prospectus, the Registration Statement or the Prospectus in reliance upon and in conformity with information concerning an Underwriter and furnished in writing by or on behalf of such Underwriter through you to the Company expressly for use in the Preliminary Prospectus, the Registration Statement or the Prospectus; and the Company has not distributed and will not distribute any offering material in connection with the offering or sale of the Shares other than the Registration Statement, the Preliminary Prospectus and the Prospectus;

(b) as of the date of this Agreement, the Company has an authorized and outstanding capitalization as set forth under the heading "Historical Combined" in the section of the Registration Statement and the Prospectus entitled "Capitalization" and, as of the time of purchase and the additional time of purchase, as the case may be, the Company shall have an authorized and outstanding capitalization as set forth under the heading "Pro forma Consolidated" in the section of the Registration Statement and the Prospectus entitled "Capitalization"; all of the issued and outstanding shares of capital stock, including the Common Stock, of the Company have been duly authorized and validly issued and are fully paid and non-assessable, have been issued in compliance with all federal and state securities laws and were not issued in violation of any preemptive right, resale right, right of first refusal or similar right;

(c) the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Maryland, with full corporate

power and authority to own, lease and operate its properties and conduct its business as described in the Registration Statement and the Prospectus, to execute and deliver this Agreement and to issue, sell and deliver the Shares as contemplated herein;

(d) the Company is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified and in good standing would not, individually or in the aggregate, have a material adverse effect on the business, properties, financial condition, results of operation or prospects of the Company and the Subsidiaries (as hereinafter defined) taken as a whole (a "Material Adverse Effect");

(e) the Company has no subsidiaries (as defined in Exchange Act of 1934, as amended, and the rules and regulations thereunder (collectively, the "Exchange Act")) other than the subsidiaries set forth in Annex A hereto (each, a "Subsidiary" and collectively, the "Subsidiaries"); the Company, through two wholly-owned Subsidiaries, owns approximately 91.7% of the outstanding units of limited partnership interest in the Operating Partnership; complete and correct copies of the articles of incorporation and the by-laws of the Company and the Subsidiaries (or comparable organizational documents) and all amendments thereto have been delivered to you, and except as set forth in the exhibits to the Registration Statement no changes therein will be made subsequent to the date hereof and prior to the time of purchase or, if later, the additional time of purchase; each subsidiary of the Company set forth in Annex B hereto (each, a "Significant Subsidiary" and collectively, the "Significant Subsidiaries") has been duly organized and is validly existing as a corporation, limited liability company, limited partnership or trust, as applicable, in good standing under the laws of the jurisdiction of its organization, with full power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement and the Prospectus; each Significant Subsidiary is duly qualified to do business as a foreign corporation, limited liability company, limited partnership or trust, as applicable, and is in good standing in each jurisdiction where the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified and in good standing would not, individually or in the aggregate, have a Material Adverse Effect; the Operating Partnership has full power and authority to execute and deliver this Agreement and to perform its obligations as contemplated herein; all of the outstanding shares of capital stock or other equity interests of each of the Subsidiaries have been duly authorized and validly issued, are fully paid and non-assessable, as applicable, and, with respect to such securities, are owned directly or indirectly by the Company subject to no security interest, other encumbrance or adverse claims; and no options, warrants or other rights to purchase, agreements or other obligations to issue or other rights to convert any obligation into shares of capital stock or ownership interests in the Subsidiaries are outstanding;

(f) the Shares have been duly and validly authorized and, when issued and delivered against payment therefor as provided herein, will be duly and validly issued,

fully paid and non-assessable and free of statutory and contractual preemptive rights, resale rights, rights of first refusal and similar rights;

(g) the shares of Common Stock and the equity interests in the Operating Partnership ("OP Units") issued in connection with the Formation Transactions have been duly authorized for issuance by the Company and, as applicable, the Operating Partnership and have been validly issued and, in the case of the Company, are fully paid and non-assessable; the issuance and sale by the Company of the shares of Common Stock and by the Operating Partnership of OP Units in connection with the Formation Transactions are exempt from the registration requirements of the Securities Act and applicable state securities and blue sky laws;

(h) the capital stock of the Company, including the Shares, conforms in all material respects to the description thereof contained in the Registration Statement and the Prospectus and the certificates for the Shares are in due and proper form and the holders of the Shares will not be subject to personal liability by reason of being such holders;

(i) this Agreement has been duly authorized, executed and delivered by each of the Transaction Entities;

(j) each of the Formation Transaction Agreements has been duly authorized, executed and delivered by each of the Company, the Operating Partnership or Extra Space Storage LLC, as applicable, and constitutes a valid and binding obligation of the Company, the Operating Partnership or Extra Space Storage LLC, as applicable, enforceable against the Company, the Operating Partnership or Extra Space Storage LLC, as applicable, in accordance with its terms, subject to the effect of: (a) bankruptcy, insolvency, reorganization, receivership, moratorium and other laws affecting creditors' rights (including, without limitation, the effect of statutory and other law regarding fraudulent conveyances, fraudulent transfers and preferential transfers), (b) the exercise of judicial discretion and the application of principles of equity, good faith, fair dealing, reasonableness, conscionability and materiality (regardless of whether the Formation Transaction Agreements are considered in a proceeding in equity or at law), and (c) the unenforceability under certain circumstances under law or court decisions of provisions providing for the indemnification of or contribution to a party with respect to a liability where such indemnification or contribution is contrary to public policy;

(k) neither the Company nor any of the Subsidiaries is in breach or violation of or in default under (nor has any event occurred which with notice, lapse of time or both would result in any breach of, constitute a default under or give the holder of any indebtedness (or a person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a part of such indebtedness under) (A) its respective charter, by-laws, limited liability company agreement or partnership agreement, or (B) any indenture, mortgage, deed of trust, bank loan or credit agreement or other evidence of indebtedness, or any license, lease, contract or other agreement or instrument to which the Company or any of the Subsidiaries is a party or by which any of

them or any of their properties may be bound or affected, except, in case of (B), as would not have a Material Adverse Effect, and the execution, delivery and performance of this Agreement, the issuance and sale of the Shares and the consummation of the transactions contemplated hereby will not conflict with, result in any breach or violation of or constitute a default under (nor constitute any event which with notice, lapse of time or both would result in any breach of or constitute a default under) (A) the charter or by-laws of the Company or any of the Subsidiaries, or (B) any indenture, mortgage, deed of trust, bank loan or credit agreement or other evidence of indebtedness, or any license, lease, contract or other agreement or instrument to which the Company or any of the Subsidiaries is a party or by which any of them or any of their respective properties may be bound or affected, or any federal, state, local or foreign law, regulation or rule or any decree, judgment or order applicable to the Company or any of the Subsidiaries, except, in case of (B), as would not, individually or in the aggregate, have a Material Adverse Effect;

(l) no approval, authorization, consent or order of or filing with any federal, state, local or foreign governmental or regulatory commission, board, body, authority or agency is required in connection the issuance and sale of the Shares or the consummation by the Company of the transactions contemplated hereby, including the Formation Transactions, other than registration of the Shares under the Act, which has been or will be effected, and any necessary qualification under the securities or blue sky laws of the various jurisdictions in which the Shares are being offered by the Underwriters or under the rules and regulations of the NASD;

(m) except as set forth in the Registration Statement and the Prospectus, (i) no person has the right, contractual or otherwise, to cause the Company to issue or sell to it any shares of Common Stock or shares of any other capital stock or other equity interests of the Company, (ii) no person has any preemptive rights, resale rights, rights of first refusal or other rights to purchase any shares of Common Stock or shares of any other capital stock or other equity interests of the Company, and (iii) no person has the right to act as an underwriter or as a financial advisor to the Company in connection with the offer and sale of the Shares, in the case of each of the foregoing clauses (i), (ii) and (iii), whether as a result of the filing or effectiveness of the Registration Statement or the sale of the Shares as contemplated thereby or otherwise; no person has the right, contractual or otherwise, to cause the Company to register under the Act any shares of Common Stock or shares of any other capital stock or other equity interests of the Company, or to include any such shares or interests in the Registration Statement or the offering contemplated thereby, whether as a result of the filing or effectiveness of the Registration Statement or the sale of the Shares as contemplated thereby or otherwise;

(n) each of the Company and the Subsidiaries has all necessary licenses, authorizations, consents and approvals and has made all necessary filings required under any federal, state, local or foreign law, regulation or rule, and has obtained all necessary authorizations, consents and approvals from other persons, in order to conduct its respective business, except as would not have a Material Adverse Effect; neither the Company nor any of the Subsidiaries is in violation of, or in default under, or has

received notice of any proceedings relating to revocation or modification of, any such license, authorization, consent or approval or any federal, state, local or foreign law, regulation or rule or any decree, order or judgment applicable to the Company or any of the Subsidiaries, except where such violation, default, revocation or modification would not, individually or in the aggregate, have a Material Adverse Effect;

(o) all legal or governmental proceedings, affiliate transactions, off-balance sheet transactions, contracts, licenses, agreements, leases or documents of a character required to be described in the Registration Statement or the Prospectus or to be filed as an exhibit to the Registration Statement have been so described or filed as required;

(p) there are no actions, suits, claims, investigations or proceedings pending or threatened or, to the knowledge of any of the Transaction Entities, contemplated to which the Company or any of the Subsidiaries or any of their respective directors or officers is a party or of which any of their respective properties is subject at law or in equity, before or by any federal, state, local or foreign governmental or regulatory commission, board, body, authority or agency, except any such action, suit, claim, investigation or proceeding which would not result in a judgment, decree or order having, individually or in the aggregate, a Material Adverse Effect or preventing consummation of the transactions contemplated hereby;

(q) PricewaterhouseCoopers LLP, whose report on the consolidated financial statements of the Company and the Subsidiaries is filed with the Commission as part of the Registration Statement and the Prospectus, are independent public accountants as required by the Act;

(r) the audited financial statements included in the Registration Statement and the Prospectus, together with the related notes and schedules, present fairly the consolidated financial position of the Company and the Subsidiaries as of the dates indicated and the consolidated results of operations and cash flows of the Company and the Subsidiaries for the periods specified and have been prepared in compliance with the requirements of the Act and in conformity with generally accepted accounting principles applied on a consistent basis during the periods involved; any pro forma financial statements or data included in the Registration Statement and the Prospectus comply with the requirements of Regulation S-X of the Act and the assumptions used in the preparation of such pro forma financial statements and data are reasonable, the pro forma adjustments used therein are appropriate to give effect to the transactions or circumstances described therein and the pro forma adjustments have been properly applied to the historical amounts in the compilation of those statements and data; the other financial and statistical data set forth in the Registration Statement and the Prospectus are accurately presented and prepared on a basis consistent with the financial statements and books and records of the Company; there are no financial statements (historical or pro forma) that are required to be included in the Registration Statement and the Prospectus that are not included as required; and; the Company and the Subsidiaries do not have any material liabilities or obligations, direct or contingent (including any off-balance sheet obligations), not disclosed in the Registration Statement

and the Prospectus; and all disclosures contained in the Registration Statement or the Prospectus regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission) comply with Regulation G of the Securities and Exchange Act and Item 10 of Regulation S-K under the Act, to the extent applicable;

(s) subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus, there has not been (i) any material adverse change, or any development involving a prospective material adverse change, in the business, properties, management, financial condition or results of operations of the Company and the Subsidiaries taken as a whole, (ii) any transaction which is material to the Company and the Subsidiaries taken as a whole, (iii) any obligation, direct or contingent (including any off-balance sheet obligations), incurred by the Company or the Subsidiaries, which is material to the Company and the Subsidiaries taken as a whole (iv) any change in the capital stock or outstanding indebtedness of the Company or the Subsidiaries or (v) any dividend or distribution of any kind declared, paid or made on the capital stock of the Company;

(t) the Company has obtained for the benefit of the Underwriters the agreement (a "Lock-Up Agreement"), in the form set forth as Exhibit A hereto, of each of its directors and officers and each of its stockholders identified in Annex C hereto;

(u) the Company is not and, after giving effect to the offering and sale of the Shares and the Formation Transactions, will not be an "investment company" or an entity "controlled" by an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended (the "Investment Company Act");

(v) except as described in the Registration Statement and the Prospectus, the Company and each of the Subsidiaries has good and marketable title to all property (real and personal) described the Registration Statement and in the Prospectus as being owned by each of them, free and clear of all liens, claims, security interests or other encumbrances; except as described in the Registration Statement and the Prospectus, all the property described in the Registration Statement and the Prospectus as being held under lease by the Company or a Subsidiary is held thereby under valid, subsisting and enforceable leases;

(w) except as described in the Registration Statement and the Prospectus, the Company and the Subsidiaries own, or have obtained valid and enforceable licenses for, or other rights to use, the inventions, patent applications, patents, trademarks (both registered and unregistered), tradenames, copyrights, trade secrets and other proprietary information described in the Registration Statement and the Prospectus as being owned or licensed by them or which are necessary for the conduct of their respective businesses, except where the failure to own, license or have such rights would not, individually or in the aggregate, have a Material Adverse Effect (collectively, "Intellectual Property"); (i) there are no third parties who have or, to the knowledge of any of the Transaction Entities, will be able to establish rights to any Intellectual Property, except for the ownership rights of the owners of the Intellectual Property which is licensed to the

Company; (ii) neither the Company nor any of the Subsidiaries has received written notice of any infringement by third parties of any Intellectual Property; (iii) there is no pending or, to the knowledge of the Transaction Entities, threatened action, suit, proceeding or claim by others challenging the Company's rights in or to any Intellectual Property, and the Company is unaware of any facts which could form a reasonable basis for any such claim; (iv) there is no pending or, to the knowledge of the Transaction Entities, threatened action, suit, proceeding or claim by others challenging the validity or scope of any Intellectual Property, and the Company is unaware of any facts which could form a reasonable basis for any such claim; (v) there is no pending or, to the knowledge of the Transaction Entities, threatened action, suit, proceeding or claim by others that the Company infringes or otherwise violates any patent, trademark, copyright, trade secret or other proprietary rights of others, and the Company is unaware of any facts which could form a reasonable basis for any such claim; (vi) there is no patent or patent application that contains claims that interfere with the issued or pending claims of any of the Intellectual Property; and (vii) neither the Company nor any of the Subsidiaries is aware of any prior art that may render any patent application owned by the Company of the Intellectual Property unpatentable that has not been disclosed to the U.S. Patent and Trademark Office;

(x) neither the Company nor any of the Subsidiaries is engaged in any unfair labor practice; except for matters which would not, individually or in the aggregate, have a Material Adverse Effect, (i) there is (A) no unfair labor practice complaint pending or, to the knowledge of any of the Transaction Entities, threatened against the Company or any of the Subsidiaries before the National Labor Relations Board, and no grievance or arbitration proceeding arising out of or under collective bargaining agreements is pending or threatened, (B) no strike, labor dispute, slowdown or stoppage pending or, to the knowledge of any of the Transaction Entities, threatened against the Company or any of the Subsidiaries and (C) no union representation dispute currently existing concerning the employees of the Company or any of the Subsidiaries, and (ii) to the knowledge of any of the Transaction Entities, (A) no union organizing activities are currently taking place concerning the employees of the Company or any of the Subsidiaries and (B) there has been no violation of any federal, state, local or foreign law relating to discrimination in the hiring, promotion or pay of employees, any applicable wage or hour laws or any provision of the Employee Retirement Income Security Act of 1974 ("ERISA") or the rules and regulations promulgated thereunder concerning the employees of the Company or any of the Subsidiaries;

(y) (i) the Company and the Subsidiaries and their properties, assets and operations are in compliance with, and hold all permits, authorizations and approvals required under, Environmental Laws (as defined below), except to the extent that failure to so comply or to hold such permits, authorizations or approvals would not, individually or in the aggregate, have a Material Adverse Effect; (ii) there are no past, present or, to the knowledge of any of the Transaction Entities, reasonably anticipated future events, conditions, circumstances, activities, practices, actions, omissions or plans that could reasonably be expected to give rise to any material costs or liabilities to the Company or the Subsidiaries under, or to interfere with or prevent compliance by the Company or the

Subsidiaries with, Environmental Laws; (iii) except as would not, individually or in the aggregate, have a Material Adverse Effect, neither the Company nor any of the Subsidiaries (A) is the subject of any investigation, (B) has received any notice or claim, (C) is a party to or affected by any pending or threatened action, suit or proceeding, (D) is bound by any judgment, decree or order or (E) has entered into any agreement, in each case relating to any alleged violation of any Environmental Law or any actual or alleged liability or release or threatened release or cleanup at any location of any Hazardous Materials (as defined below) (as used herein, "Environmental Law" means any federal, state, local or foreign law, statute, ordinance, rule, regulation, order, decree, judgment, injunction, permit, license, authorization or other binding requirement, or common law, relating to health, safety or the protection, cleanup or restoration of the environment or natural resources, including those relating to the distribution, processing, generation, treatment, storage, disposal, transportation, other handling or release or threatened release of Hazardous Materials, and "Hazardous Materials" means any material (including, without limitation, pollutants, contaminants, hazardous or toxic substances or wastes) that is regulated by or may give rise to liability under any Environmental Law);

(z) in the ordinary course of its business, the Company conducts a periodic review of the effect of the Environmental Laws on the business, operations and properties of the Company and each of its Subsidiaries, in the course of which it identifies and evaluates associated costs and liabilities (including, without limitation, any capital or operating expenditures required for cleanup, closure of properties or compliance with the Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties);

(aa) all tax returns required to be filed by the Company and each of the Subsidiaries have been filed, and all taxes and other assessments of a similar nature (whether imposed directly or through withholding) including any interest, additions to tax or penalties applicable thereto due or claimed to be due from such entities have been paid, other than those being contested in good faith and for which adequate reserves have been provided; the Company has no knowledge, of any tax deficiency that has been asserted or threatened against the Company or any Subsidiary or of any current audit of any tax return of the Company or a Subsidiary by a federal, state or local taxing authority or agency;

(bb) the Company has been organized in conformity with the requirements for qualification as a real estate investment trust pursuant to Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"), and the proposed method of operation of the Company and the Subsidiaries as described in the Registration Statement and the Prospectus will enable the Company to meet the requirements for qualification and taxation as a real estate investment trust ("REIT") under the Code for the taxable year ending December 31, 2004 and thereafter;

(cc) the description of the Company's organization and current and proposed method of operation set forth in the Prospectus under the heading "U.S. Federal Income Tax Considerations" is an accurate and fair summary of the matters referred to therein;

(dd) the Company and each of the Subsidiaries maintains insurance covering its properties, operations, personnel and businesses as the Company deems adequate; such insurance insures against such losses and risks to an extent which is adequate in accordance with customary industry practice to protect the Company and the Subsidiaries and their businesses; such insurance as the Company deems adequate and that insures against losses and risks to an extent which is adequate in accordance with customary industry practice is fully in force on the date hereof and will be fully in force at the time of purchase and any additional time of purchase;

(ee) neither the Company nor any of the Subsidiaries has sustained since the date of the last audited financial statements included in the Registration Statement and the Prospectus any loss or interference with its respective business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, except as would not have a Material Adverse Effect;

(ff) the Company has not sent or received any communication regarding termination of, or intent not to renew, any of the contracts or agreements referred to or described in, or filed as an exhibit to, the Registration Statement, and no such termination or non-renewal has been threatened by the Company or, to the knowledge of any of the Transaction Entities, any other party to any such contract or agreement;

(gg) except as described in the Registration Statement and the Prospectus, the Company and each of the consolidated Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management’s general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management’s general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences;

(hh) the Company has established and maintains disclosure controls and procedures sufficient to enable its management to ensure that material information relating to the Company, including its consolidated Subsidiaries, is made known to the Company’s Chief Executive Officer and its Chief Financial Officer by others within those entities, and such disclosure controls and procedures are effective to perform the functions for which they were established; the Company’s auditors and the Audit Committee of the Board of Directors, or if the Audit Committee has not been established as of the date hereof, the Board of Directors, have been advised of: (i) any significant deficiencies in the design or operation of internal controls which could adversely affect the Company’s ability to record, process, summarize, and report financial data; and (ii) any fraud, whether or not material, that involves management or other employees who have a role in the Company’s internal controls; any material weaknesses in internal controls have been identified for the Company’s auditors; and since the date of the most

recent evaluation of such disclosure controls and procedures, there have been no significant changes in internal controls or in other factors that could significantly affect internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses;

(ii) the Company has taken all necessary actions to ensure that, upon and at all times after the effectiveness of the Registration Statement, the Company and the Subsidiaries and any of the officers and directors of the Company and any of its consolidated Subsidiaries, in their capacities as such, will be in compliance in all material respects with the provisions of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated thereunder, to the extent required;

(jj) the Company has provided you true, correct, and complete copies of all documentation pertaining to any extension of credit in the form of a personal loan made, directly or indirectly, by the Company to any director or executive officer of the Company, or to any family member or affiliate of any director or executive officer of the Company; and since July 30, 2002, the Company has not, directly or indirectly, including through any Subsidiary: (i) extended credit, arranged to extend credit, or renewed any extension of credit, in the form of a personal loan, to or for any director or executive officer of the Company, or to or for any family member or affiliate of any director or executive officer of the Company; or (ii) since July 30, 2002, made any material modification, including any renewal thereof, to any term of any personal loan to any director or executive officer of the Company, or any family member or affiliate of any director or executive officer, which loan was outstanding on July 30, 2002;

(kk) any statistical and market-related data included in the Registration Statement and the Prospectus are based on or derived from sources that the Company believes to be reliable and accurate, and the Company has obtained the written consent to the use of such data from such sources to the extent required;

(ll) neither the Company nor any of the Subsidiaries nor, to the knowledge of any of the Transaction Entities, any employee or agent of the Company or the Subsidiaries has made any payment of funds of the Company or the Subsidiaries or received or retained any funds in violation of any law, rule or regulation, which payment, receipt or retention of funds is of a character required to be disclosed in the Registration Statement or the Prospectus;

(mm) neither the Company nor any of the Subsidiaries nor any of their respective directors, officers, affiliates or controlling persons has taken, directly or indirectly, any action designed, or which has constituted or might reasonably be expected to cause or result in, under the Exchange Act or otherwise, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares;

(nn) to the knowledge of any of the Transaction Entities, there are no affiliations or associations between any member of the NASD and any of the Company's

officers, directors or 5% or greater securityholders, except as set forth in the Registration Statement and the Prospectus;

(oo) the Preliminary Prospectus was, and the Prospectus delivered to the Underwriters for use in connection with this offering will be, identical to the versions of the Preliminary Prospectus and Prospectus transmitted to the Commission for filing via the Electronic Data Gathering Analysis and Retrieval System ("EDGAR"), except to the extent permitted by Regulation S-T;

(pp) the Transaction Entities have not relied upon you or legal counsel for the Underwriters for any legal, tax or accounting advice in connection with the offering and sale of the Shares, other than with respect to applicable requirements of state securities or "blue sky" laws or similar laws of foreign jurisdictions;

(qq) all securities issued by the Company or any of the Subsidiaries have been issued and sold in compliance with all applicable federal and state securities laws;

(rr) neither the Company nor any Subsidiary knows of any violation of any municipal, state or federal law, rule or regulation (including those pertaining to environmental matters) concerning any real property owned in fee simple or leased by the Company or the Subsidiaries as of the date of this Agreement (collectively, for purposes of this subsection only, the "Properties") or any part thereof which could have a Material Adverse Effect; the Company has disclosed in the Prospectus with an adequate amount of detail all options and rights of first refusal to purchase all or part of any Property or any interest therein; each of the Properties complies with all applicable zoning laws, ordinances, regulations and deed restrictions or other covenants in all material respects and, if and to the extent there is a failure to comply, such failure does not materially impair the value of any of the Properties and will not result in a forfeiture or reversion of title; neither the Company nor any Subsidiary has received from any governmental authority any written notice of any condemnation of or zoning change affecting the Properties or any part thereof, and neither the Company nor any Subsidiary knows of any such condemnation or zoning change which is threatened and which if consummated could have a Material Adverse Effect; all liens, charges, encumbrances, claims, or restrictions on or affecting the properties and assets (including the Properties) of any of the Subsidiaries that are required to be described in the Prospectus (or, the most recent Preliminary Prospectus) are disclosed therein; no tenant of any of the Properties is in default under any of the leases pursuant to which any property is leased (and the Transaction Entities do not know of any event which, but for the passage of time or the giving of notice, or both, would constitute a default under any of such leases) other than such defaults that, individually or taken as a whole, would not have a Material Adverse Effect;

(ss) the mortgages and deeds of trust encumbering the properties and assets described in general in the Prospectus are not convertible and are not cross-defaulted or cross-collateralized to any property not owned by the Company or any Subsidiaries,

except as disclosed in the Prospectus; and none of the Company or any Subsidiaries hold participating interests in such mortgages and deeds of trust;

(tt) in connection with this offering, the Company has not offered and will not offer any shares of its Common Stock or any other securities convertible into or exchangeable or exercisable for shares of its Common Stock in a manner in violation of the Securities Act;

(uu) the Transaction Entities are in compliance in all material respects with all presently applicable provisions of ERISA; no “reportable event” (as defined in ERISA) has occurred with respect to any “pension plan” (as defined in ERISA) for which the Transaction Entities would have any liability; the Transaction Entities have not incurred and do not expect to incur liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any “pension plan” or (ii) Sections 412 or 4971 of the Code including the regulations and published interpretations thereunder; and each “pension plan” for which the Transaction Entities would have any liability that is intended to be qualified under Section 401(a) of the Code is so qualified in all material respects and nothing has occurred, whether by action or by failure to act, which would cause the loss of such qualification, except for such noncompliance, reportable events, liabilities, or failures to qualify that would not result in a Material Adverse Effect;

(vv) the assets of the Transaction Entities do not constitute “plan assets” of an ERISA regulated employee benefit plan;

(ww) the Transaction Entities have complied and will comply with all the provisions of Florida Statutes, Section 517.075 (Chapter 92-198, Laws of Florida); neither the Company nor any of the Subsidiaries or affiliates does business with the government of Cuba or any person or affiliate located in Cuba;

(xx) the Registration Statement, the Prospectus and any preliminary prospectus comply, and any further amendments or supplements thereto will comply, with any applicable laws or regulations of any foreign jurisdiction in which the Prospectus or any preliminary prospectus is distributed in connection with the Directed Share Program; and no approval, authorization, consent or order of or filing with any governmental or regulatory commission, board, body, authority or agency, other than those obtained, is required in connection with the offering of the Reserved Shares in any jurisdiction where the Reserved Shares are being offered;

(yy) the Company has not offered, or caused the Underwriters to offer, Shares to any person pursuant to the Directed Share Program with the intent to influence unlawfully (i) a customer or supplier of the Company or any of the Subsidiaries to alter the customer’s or supplier’s level or type of business with the Company or any of the Subsidiaries, or (ii) a trade journalist or publication to write or publish favorable information about the Company or any of the Subsidiaries or any of their respective products or services; and

(zz) Any advertising, sales literature or other promotional material (including "prospectus wrappers", "broker kits," "road show slides" and "road show scripts" and "electronic road show presentations") authorized in writing by or prepared by the Company used in connection with the public offering of the Shares (collectively, "sales material") does not contain 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. Moreover, all sales material complied and will comply in all material respects with the applicable requirements of the Act and the rules and interpretations of the NASD.

In addition, any certificate signed by any officer of the Company or any of the Subsidiaries and delivered to the Underwriters or counsel for the Underwriters in connection with the offering of the Shares shall be deemed to be a representation and warranty by the Company or Subsidiary, as the case may be, as to matters covered thereby, to each Underwriter.

4. Certain Covenants of the Transaction Entities. Each of the Transaction Entities hereby agrees:

(a) to furnish such information as may be required and otherwise to cooperate in qualifying the Shares for offering and sale under the securities or blue sky laws of such states or other jurisdictions as you may designate and to maintain such qualifications in effect so long as you may request for the distribution of the Shares; provided that the Company shall not be required to qualify as a foreign corporation or to consent to the service of process under the laws of any such jurisdiction (except service of process with respect to the offering and sale of the Shares); and to promptly advise you of the receipt by the Company of any notification with respect to the suspension of the qualification of the Shares for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(b) to make available to the Underwriters in New York City, as soon as practicable after the Registration Statement becomes effective, and thereafter from time to time to furnish to the Underwriters, as many copies of the Prospectus (or of the Prospectus as amended or supplemented if the Company shall have made any amendments or supplements thereto after the effective date of the Registration Statement) as the Underwriters may request for the purposes contemplated by the Act; in case any Underwriter is required to deliver a prospectus after the nine-month period referred to in Section 10(a)(3) of the Act in connection with the sale of the Shares, the Company will prepare, at its expense, promptly upon request such amendment or amendments to the Registration Statement and the Prospectus as may be necessary to permit compliance with the requirements of Section 10(a)(3) of the Act;

(c) if, at the time this Agreement is executed and delivered, it is necessary for the Registration Statement or any post-effective amendment thereto to be declared effective before the offering of the Shares may commence, the Company will endeavor to cause the Registration Statement or such post-effective amendment to become effective as soon as possible and the Company will advise you promptly and, if requested by you,

will confirm such advice in writing, (i) when the Registration Statement and any such post-effective amendment thereto has become effective, and (ii) if Rule 430A under the Act is used, when the Prospectus is filed with the Commission pursuant to Rule 424(b) under the Act (which the Company agrees to file in a timely manner under such Rule);

(d) to advise you promptly, confirming such advice in writing, of any request by the Commission for amendments or supplements to the Registration Statement or the Prospectus or for additional information with respect thereto, or of notice of institution of proceedings for, or the entry of a stop order, suspending the effectiveness of the Registration Statement and, if the Commission should enter a stop order suspending the effectiveness of the Registration Statement, to use its best efforts to obtain the lifting or removal of such order as soon as possible; to advise you promptly of any proposal to amend or supplement the Registration Statement or the Prospectus and to provide you and Underwriters' counsel copies of any such documents for review and comment a reasonable amount of time prior to any proposed filing and to file no such amendment or supplement to which you shall object in writing;

(e) subject to Section 4(d) hereof, to file promptly all reports and any definitive proxy or information statement required to be filed by the Company with the Commission in order to comply with the Exchange Act subsequent to the date of the Prospectus and for so long as the delivery of a prospectus is required in connection with the offering or sale of the Shares; to provide you with a copy of such reports and statements and other documents to be filed by the Company pursuant to Section 13, 14 or 15(d) of the Exchange Act during such period a reasonable amount of time prior to any proposed filing, and to promptly notify you of such filing;

(f) if necessary or appropriate, to file a registration statement pursuant to Rule 462(b) under the Act;

(g) to advise the Underwriters promptly of the happening of any event within the time during which a prospectus relating to the Shares is required to be delivered under the Act which could require the making of any change in the Prospectus then being used so that the Prospectus would not include an untrue statement of material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading, and, during such time, subject to Section 4(d) hereof, to prepare and furnish, at the Company's expense, to the Underwriters promptly such amendments or supplements to such Prospectus as may be necessary to reflect any such change;

(h) to make generally available to its security holders, and to deliver to you, an earnings statement of the Company (which will satisfy the provisions of Section 11(a) of the Act) covering a period of twelve months beginning after the effective date of the Registration Statement (as defined in Rule 158(c) of the Act) as soon as is reasonably practicable after the termination of such twelve-month period but not later than October 11, 2005;

(i) to furnish to its shareholders as soon as practicable after the end of each fiscal year an annual report (including a consolidated balance sheet and statements of income, shareholders' equity and cash flow of the Company and the Subsidiaries for such fiscal year, accompanied by a copy of the certificate or report thereon of nationally recognized independent certified public accountants);

(j) to furnish to you three copies of the Registration Statement, as initially filed with the Commission, and of all amendments thereto (including all exhibits thereto) and sufficient copies of the foregoing (other than exhibits) for distribution of a copy to each of the other Underwriters;

(k) to furnish promptly to you and, upon request, to each of the other Underwriters for a period of five years from the date of this Agreement (to the extent not otherwise available on EDGAR) (i) copies of any reports or other communications which the Company shall send to its stockholders or shall from time to time publish or publicly disseminate, (ii) copies of all annual, quarterly and current reports filed with the Commission on Forms 10-K, 10-Q and 8-K, or such other similar forms as may be designated by the Commission, (iii) copies of documents or reports filed with any national securities exchange on which any class of securities of the Company is listed, and (iv) such other information as you may reasonably request regarding the Company or the Subsidiaries;

(l) to furnish to you as early as practicable prior to the time of purchase and any additional time of purchase, as the case may be, but not later than two business days prior thereto, a copy of the latest available unaudited interim and monthly consolidated financial statements, if any, of the Company and the Subsidiaries which have been read by the Company's independent certified public accountants, as stated in their letter to be furnished pursuant to Section 8(b) hereof;

(m) to apply the net proceeds from the sale of the Shares in the manner set forth under the caption "Use of Proceeds" in the Prospectus;

(n) to pay all costs, expenses, fees and taxes in connection with (i) the preparation and filing of the Registration Statement, each Preliminary Prospectus, the Prospectus, and any amendments or supplements thereto, and the printing and furnishing of copies of each thereof to the Underwriters and to dealers (including costs of mailing and shipment), (ii) the registration, issue, sale and delivery of the Shares including any stock or transfer taxes and stamp or similar duties payable upon the sale, issuance or delivery of the Shares to the Underwriters, (iii) the producing, word processing and/or printing of this Agreement, any Agreement Among Underwriters, any dealer agreements, any Powers of Attorney and any closing documents (including compilations thereof) and the reproduction and/or printing and furnishing of copies of each thereof to the Underwriters and (except closing documents) to dealers (including costs of mailing and shipment), (iv) the qualification of the Shares for offering and sale under state or foreign laws and the determination of their eligibility for investment under state or foreign law as aforesaid (including the legal fees and filing fees and other disbursements of counsel for the Underwriters) and the printing and furnishing of copies of any blue sky surveys or

legal investment surveys to the Underwriters and to dealers, (v) any listing of the Shares on any securities exchange or qualification of the Shares for quotation on NASDAQ and any registration thereof under the Exchange Act, (vi) any filing for review of the public offering of the Shares by the NASD, including the legal fees and filing fees and other disbursements of counsel to the Underwriters, (vii) the fees and disbursements of any transfer agent or registrar for the Shares, (viii) the costs and expenses of the Company relating to presentations or meetings undertaken in connection with the marketing of the offering and sale of the Shares to prospective investors and the Underwriters' sales forces, including, without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations, travel, lodging and other expenses incurred by the officers of the Company and any such consultants, and 50% of the cost of any aircraft chartered in connection with the road show, (ix) the offer and sale of the Reserved Shares, including all costs and expenses of UBS FinSvc and the Underwriters, including the fees and disbursement of counsel for the Underwriters, and (x) the performance of the Company's other obligations hereunder; provided that, except as contemplated by Sections 4, 5 and 9 hereof, the Underwriters shall pay their own costs and expenses, including the costs and expenses of their counsel, travel, lodging and other expenses incurred by any Underwriter's personnel involved in the road show and 50% of the cost of any aircraft chartered in connection with the road show;

(o) not to sell, offer to sell, contract or agree to sell, hypothecate, pledge, grant any option to purchase or otherwise dispose of or agree to dispose of, directly or indirectly, any Common Stock or securities convertible into or exchangeable or exercisable for Common Stock or warrants or other rights to purchase Common Stock or any other securities of the Company that are substantially similar to Common Stock, or file or cause to be declared effective a registration statement under the Act relating to the offer and sale of any shares of Common Stock or securities convertible into or exercisable or exchangeable for Common Stock or other rights to purchase Common Stock or any other securities of the Company that are substantially similar to Common Stock, or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or warrants or other rights to purchase Common Stock, whether such transaction is to be settled by delivery of Common Stock or such other securities, in cash or otherwise, for a period of 180 days after the date hereof (the "Lock-Up Period"), without your prior written consent, except for (i) the registration of the Shares and the sales to the Underwriters pursuant to this Agreement, (ii) issuances of Common Stock upon the exercise of options or warrants disclosed as outstanding in the Registration Statement and the Prospectus, (iii) the issuance of employee stock options not exercisable during the Lock-Up Period pursuant to stock option plans described in the Registration Statement and the Prospectus, (iv) in connection with the Formation Transactions; or (v) in connection with an acquisition of any equity securities of another company or any joint venture, provided that with respect to (v), the aggregate number of securities issued in connection with such sales or dispositions shall be no more than 10% of the Company's outstanding common stock immediately after the offering and the recipients of such securities shall agree to be bound by the terms of this Section 4(o)

for the duration of the Lock-Up Period and shall execute an agreement substantially in the form set forth in Exhibit A hereto; providedthat if (x) during the period that begins on the date that is 15 calendar days plus three business days before the last day of the Lock-Up Period, the Company issues an earnings release or material news or a material event relating to the Company occurs, or (y) prior to the expiration of the Lock-Up Period, the Company announces that it will release earnings results during the 16-day period beginning on the last day of the Lock-Up Period, the restrictions imposed by this section shall continue to apply until the expiration of the date that is 15 calendar days plus three business days after the date on which the issuance of the earnings release or the material news or material event occurs;

(p) to use its best efforts to cause the Common Stock to be listed on the New York Stock Exchange;

(q) to maintain a transfer agent and, if necessary under the jurisdiction of incorporation of the Company, a registrar for the Common Stock;

(r) to ensure that the Directed Shares will be restricted to the extent required by the NASD and its rules from sale, transfer, assignment, pledge or hypothecation for a period of three months following the date of the effectiveness of the Registration Statement; and to comply with all applicable securities and other applicable laws, rules and regulations in each jurisdiction in which the Reserved Shares are offered in connection with the Directed Share Program; and

(s) to use its best efforts to ensure that the Company meets the requirements for qualification as a REIT under the Code for its taxable year ending December 31, 2004 and thereafter.

5. Reimbursement of Underwriters' Expenses. If the Shares are not delivered for any reason other than the termination of this Agreement pursuant to the fifth paragraph of Section 8 hereof or the default by one or more of the Underwriters in its or their respective obligations hereunder, the Company shall, in addition to paying the amounts described in Section 4(n) hereof, reimburse the Underwriters for all of their out-of-pocket expenses, including the fees and disbursements of their counsel.

6. Conditions of Underwriters' Obligations. The several obligations of the Underwriters hereunder are subject to the accuracy of the representations and warranties on the part of the Company on the date hereof, at the time of purchase and, if applicable, at the additional time of purchase, the performance by the Company of its obligations hereunder and to the following additional conditions precedent:

(a) The Company shall furnish to you at the time of purchase and, if applicable, at the additional time of purchase, an opinion of Clifford Chance US LLP, counsel for the Company, addressed to the Underwriters, and dated the time of purchase or the additional time of purchase, as the case may be, with reproduced copies for each of the other Underwriters and in form and substance satisfactory to Hogan & Hartson L.L.P., counsel for the Underwriters, stating that:

(i) each of the Transaction Entities, ESS Holdings Business Trust I and ESS Holdings Business Trust II has been duly organized and is validly existing as a corporation, limited partnership or Massachusetts business trust, as applicable, in good standing under the laws of its jurisdiction of organization, with full power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement and the Prospectus;

(ii) the Company and each of the Significant Subsidiaries are duly qualified to do business as a foreign corporation, limited liability company, limited partnership or Massachusetts business trust, as applicable, and are in good standing in each jurisdiction set forth on Schedule A thereto;

(iii) the Company and the Operating Partnership have the requisite power to execute and deliver this Agreement and perform their obligations as contemplated herein;

(iv) this Agreement has been duly authorized, executed and delivered by each of the Transaction Entities;

(v) each of the Formation Transaction Agreements has been duly authorized, executed and delivered by each of the Company, the Operating Partnership or Extra Space Storage LLC, as applicable;

(vi) the Shares have been duly authorized and, when issued and paid for in accordance with the provisions of this Agreement, the Shares will be validly issued, fully paid and non-assessable;

(vii) the Company has an authorized and outstanding capitalization as set forth in the Registration Statement and the Prospectus under the caption “Capitalization”; all of the issued and outstanding shares of capital stock of the Company have been duly authorized and validly issued, are fully paid and non-assessable and are free of preemptive rights arising under the Maryland General Corporation Law or the Company’s charter or by-laws and, to such counsel’s knowledge, contractual preemptive rights, resale rights, rights of first refusal and similar rights; the Shares will be free of preemptive rights arising under the Maryland General Corporation Law or the Company’s charter or by-laws and, to such counsel’s knowledge, contractual preemptive rights, resale rights, rights of first refusal and similar rights; the certificates for the Shares comply with the provisions of the Maryland General Corporation Law and the holders of the Shares will not be subject to personal liability solely by reason of being such holders;

(viii) all of the outstanding shares of capital stock of each of the Transaction Entities, ESS Holdings Business Trust I, ESS Holdings Business Trust II and Extra Space Storage LLC has been duly authorized and validly issued, are fully paid and non-assessable and, except as otherwise stated in the

Registration Statement and the Prospectus, to such counsel's knowledge, are owned by the Company, in each case subject to no security interest, other encumbrance or adverse claim; and to such counsel's knowledge, no options, warrants or other rights to purchase, agreements or other obligations to issue or other rights to convert any obligation into shares of capital stock or ownership interests in such entities are outstanding;

(ix) the capital stock of the Company, including the Shares, conforms in all material respects to the description thereof contained in the Registration Statement and the Prospectus under the caption "Description of stock";

(x) the Registration Statement and the Prospectus (except as to the financial statements and schedules and other financial data contained therein or excluded therefrom, as to which such counsel need express no opinion) comply as to form in all material respects with the requirements of the Act;

(xi) the Registration Statement has become effective under the Act and, to such counsel's knowledge, no stop order proceedings with respect thereto are pending or threatened under the Act and any required filing of the Prospectus and any supplement thereto pursuant to Rule 424 under the Act has been made in the manner and within the time period required by such Rule 424;

(xii) the shares of Common Stock and the OP Units issued in connection with the Formation Transactions have been duly authorized for issuance by the Company and, as applicable, the Operating Partnership and have been validly issued and, in the case of the shares of Common Stock, are fully paid and non-assessable; the issuance and sale by the Company of the shares of Common Stock and by the Operating Partnership of OP Units in connection with the Formation Transactions are exempt from the registration requirements of the Securities Act and applicable state securities and blue sky laws;

(xiii) no approval, authorization, consent or order of or filing with any federal or Maryland state governmental or regulatory commission, board, body, authority or agency is required in connection with the issuance and sale of the Shares and consummation by the Company of the transactions contemplated hereby, including the Formation Transactions, other than registration of the Shares under the Act (except such counsel need express no opinion as to any necessary qualification under the state securities, foreign securities or blue sky laws of the various jurisdictions in which the Shares are being offered by the Underwriters or under the rules and regulations of the NASD);

(xiv) the execution, delivery and performance of this Agreement by the Transaction Entities, the issuance and sale of the Shares by the Company and the consummation by the Company of the transactions contemplated hereby, including the Formation Transactions, do not and will not conflict with, result in

any breach or violation of or constitute a default under (nor constitute any event which with notice, lapse of time or both would result in any breach of or constitute a default under) the charter or by-laws of the Company or the organizational documents of any of the Significant Subsidiaries, or any indenture, mortgage, deed of trust, bank loan or credit agreement or other evidence of indebtedness, or any license, lease, contract or other agreement or instrument to which the Company or any of the Subsidiaries is a party or by which any of them or any of their respective properties may be bound or affected and which have been filed as exhibits to the Registration Statement, or any federal, state or local law, regulation or rule or any decree, judgment or order applicable to the Company or any of the Subsidiaries;

(xv) to such counsel's knowledge, neither the Company nor any of the Subsidiaries is in breach or violation of or in default under (nor has any event occurred which with notice, lapse of time, or both would result in any breach of, or constitute a default under or give the holder of any indebtedness (or a person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a part of such indebtedness under) its respective charter, by-laws, limited liability company agreement, declaration of trust or partnership agreement or any indenture, mortgage, deed of trust, bank loan or credit agreement or other evidence of indebtedness, or any license, lease, contract or other agreement or instrument which has been filed as an exhibit to the Registration Statement;

(xvi) to such counsel's knowledge, there are no actions, suits, claims, investigations or proceedings pending, threatened or contemplated to which the Company or any of the Subsidiaries or any of their respective directors or officers is a party or to which any of their respective properties is subject at law or in equity, before or by any federal, state, local or foreign governmental or regulatory commission, board, body, authority or agency which are required to be described in the Registration Statement or the Prospectus but are not so described;

(xvii) the Company is not and will not become, as a result of the transactions contemplated by this Agreement and application of the net proceeds therefrom as described in the Prospectus and as a result of the Formation Transactions, required to register as an "investment company", nor shall the Company become an entity "controlled" by an "investment company" under the Investment Company Act;

(xviii) the information in the Registration Statement and the Prospectus under the headings "Risk Factors—Risks Relating to Organization and Structure," "Business and Properties—Legal Proceedings," "Management—Material U.S. Federal Income Tax Consequences," "Certain provisions of Maryland law and of our charter and bylaws," "Extra Space Storage LP partnership agreement" and "Shares eligible for future resale" and in Item 34 of

Part II of the Registration Statement, insofar as such statements purport to summarize or describe matters of law or legal conclusions, have been reviewed by such counsel, and are correct in all material respects;

(xix) the Shares have been approved for listing by the New York Stock Exchange;

(xx) the statements in the Registration Statement and the Prospectus under the headings “U.S. federal income tax considerations,” to the extent they describe applicable U.S. federal income tax law, are correct in all material respects;

(xxi) the Operating Partnership will be treated for U.S. federal income tax purposes as a partnership and not an association taxable as a corporation; and

(xxii) the Company has been organized in conformity with the requirements for qualification and taxation as a REIT under the Code, and the Company’s proposed method of operation (as described in the Registration Statement and the Prospectus and as represented by the Transaction Entities) will enable it to meet the requirements for qualification and taxation as a REIT under the Code for its taxable year ending December 31, 2004 and thereafter.

In addition, such counsel shall state that such counsel has participated in conferences with officers and other representatives of the Company, representatives of the independent public accountants of the Company and representatives of the Underwriters at which the contents of the Registration Statement and the Prospectus were discussed and, although such counsel is not passing upon and does not assume responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectus (except as and to the extent stated in subparagraphs (vii), (ix) and (xviii) above), on the basis of the foregoing nothing has come to the attention of such counsel that causes them to believe that the Registration Statement or any amendment thereto at the time such Registration Statement or amendment became effective contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus or any supplement thereto at the date of such Prospectus or such supplement, and at the time of purchase or the additional time of purchase, as the case may be, contained an untrue statement of a material fact or omitted to state 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 (it being understood that such counsel need express no opinion with respect to the financial statements and schedules and other financial data included in the Registration Statement or the Prospectus).

(b) The Company shall furnish to you at the time of purchase and, if applicable, at the additional time of purchase, an opinion of Charles L. Allen, Senior Vice President and Senior Legal Counsel of the Company, addressed to the Underwriters, and dated the time of purchase or the additional time of purchase, as the case may be, with reproduced copies for each of the other Underwriters and in form and substance satisfactory to Hogan & Hartson L.L.P., counsel for the Underwriters, stating that:

(i) each of the Significant Subsidiaries has been duly organized and is validly existing as a corporation, limited partnership, trust or limited liability company, as applicable, in good standing under the laws of its jurisdiction of organization, with full power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement and the Prospectus; and

(ii) all of the outstanding shares of capital stock of each of the Significant Subsidiaries has been duly authorized and validly issued, are fully paid and non assessable and, except as otherwise stated in the Registration Statement and the Prospectus, to such counsel's knowledge, are owned by the Company, in each case subject to no security interest, other encumbrance or adverse claim; and to such counsel's knowledge, no options, warrants or other rights to purchase, agreements or other obligations to issue or other rights to convert any obligation into shares of capital stock or ownership interests in the Significant Subsidiaries are outstanding.

(c) (c) The opinions stated above shall be limited as follows: (i) with respect to the opinions stated in Section 6(a), to federal laws of the United States of America and the laws of the States of New York and Maryland and the Delaware Revised Uniform Limited Partnership Act, as amended, the Delaware Limited Liability Company Act, as amended, and, with respect to the opinions stated in Section 6(a)(i) and (viii), the laws of the Commonwealth of Massachusetts, and (ii) with respect to the opinions stated in Section 6(b), the laws of the States of Utah, Delaware and New Jersey and the Delaware Revised Uniform Limited Partnership Act, as amended, and the Delaware Limited Liability Company Act, as amended. With regard to matters of Maryland and Massachusetts law, Clifford Chance US LLP may rely on opinions of local counsel reasonably satisfactory to the Underwriters and Hogan & Hartson L.L.P or opinions of such local counsel may be furnished to you in lieu of an opinion of Clifford Chance US LLP.

(d) You shall have received from PricewaterhouseCoopers LLP, Timpson Garcia, LLP and R.J. Gold & Company, P.C. letters dated, respectively, the date of this Agreement, the time of purchase and, if applicable, the additional time of purchase, and addressed to the Underwriters (with reproduced copies for each of the Underwriters) in the forms heretofore approved by you.

(e) You shall have received at the time of purchase and, if applicable, at the additional time of purchase, the favorable opinion of Hogan & Hartson L.L.P., counsel for the Underwriters, dated the time of purchase or the additional time of purchase, as the case may be, as to the matters referred to in subparagraphs (iv), (vi), (ix) (with respect to the Shares only), (x), (xi) and the last subparagraph of paragraph (a) of this Section 6.

(f) No Prospectus or amendment or supplement to the Registration Statement or the Prospectus shall have been filed to which you object in writing.

(g) The Registration Statement shall have become effective not later than 5:30 P.M. New York City time on the date of this Agreement and, if Rule 430A under the Act is used, the Prospectus shall have been filed with the Commission pursuant to Rule 424(b) under the Act at or before 5:30 P.M., New York City time, on the second full business day after the date of this Agreement.

(h) Prior to the time of purchase, and, if applicable, the additional time of purchase, (i) no stop order with respect to the effectiveness of the Registration Statement shall have been issued under the Act or proceedings initiated under Section 8(d) or 8(e) of the Act; (ii) the Registration Statement and all amendments thereto shall not contain 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; and (iii) the Prospectus and all amendments or supplements thereto shall not contain 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, in the light of the circumstances under which they are made, not misleading.

(i) Between the time of execution of this Agreement and the time of purchase or the additional time of purchase, as the case may be, no material adverse change or any development involving a prospective material adverse change in the business, properties, management, financial condition or results of operations of the Company and the Subsidiaries taken as a whole shall occur or become known.

(j) The Company will, at the time of purchase and, if applicable, at the additional time of purchase, deliver to you a certificate of its Chief Executive Officer and its Chief Financial Officer in the form attached as Exhibit B hereto.

(k) You shall have received signed Lock-up Agreements from each of the persons referred to in Section 3(r) hereof.

(l) The Company shall have furnished to you such other documents and certificates as to the accuracy and completeness of any statement in the Registration Statement and the Prospectus as of the time of purchase and, if applicable, the additional time of purchase, as you may reasonably request.

(m) The Shares shall have been approved for listing on the New York Stock Exchange, subject only to official notice of issuance at or prior to the time of purchase or the additional time of purchase, as the case may be.

7. Effective Date of Agreement; Termination. This Agreement shall become effective (i) if Rule 430A under the Act is not used, when you shall have received notification of the effectiveness of the Registration Statement, or (ii) if Rule 430A under the Act is used, when the parties hereto have executed and delivered this Agreement.

The obligations of the several Underwriters hereunder shall be subject to termination in the absolute discretion of UBS and Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill Lynch”) if (x) since the time of execution of this Agreement or the earlier respective dates as of which information is given in the Registration Statement and the Prospectus, there has been any material adverse change or any development involving a prospective material adverse change in the business,

properties, management, financial condition or results of operation of the Company and the Subsidiaries taken as a whole, which would, in UBS and Merrill Lynch's judgment, make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares on the terms and in the manner contemplated in the Registration Statement and the Prospectus, or (y) there shall have occurred: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange, the American Stock Exchange or the NASDAQ; (ii) a suspension or material limitation in trading in the Company's securities on the New York Stock Exchange; (iii) a general moratorium on commercial banking activities declared by either federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (iv) an outbreak or escalation of hostilities or acts of terrorism involving the United States or a declaration by the United States of a national emergency or war; or (v) any other calamity or crisis or any change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (iv) or (v) in UBS and Merrill Lynch's judgment makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares on the terms and in the manner contemplated in the Registration Statement and the Prospectus.

If UBS and Merrill Lynch elect to terminate this Agreement as provided in this Section 7, the Company and each other Underwriter shall be notified promptly in writing.

If the sale to the Underwriters of the Shares, as contemplated by this Agreement, is not carried out by the Underwriters for any reason permitted under this Agreement or if such sale is not carried out because the Company shall be unable to comply with any of the terms of this Agreement, the Company shall not be under any obligation or liability under this Agreement (except to the extent provided in Sections 4(n), 5 and 9 hereof), and the Underwriters shall be under no obligation or liability to the Company under this Agreement (except to the extent provided in Section 7 hereof) or to one another hereunder.

8. Increase in Underwriters' Commitments. Subject to Sections 6 and 7 hereof, if any Underwriter shall default in its obligation to take up and pay for the Firm Shares to be purchased by it hereunder (otherwise than for a failure of a condition set forth in Section 6 hereof or a reason sufficient to justify the termination of this Agreement under the provisions of Section 7 hereof) and if the number of Firm Shares which all Underwriters so defaulting shall have agreed but failed to take up and pay for does not exceed 10% of the total number of Firm Shares, the non-defaulting Underwriters shall take up and pay for (in addition to the aggregate number of Firm Shares they are obligated to purchase pursuant to Section 1 hereof) the number of Firm Shares agreed to be purchased by all such defaulting Underwriters, as hereinafter provided. Such Shares shall be taken up and paid for by such non-defaulting Underwriters in such amount or amounts as you may designate with the consent of each Underwriter so designated or, in the event no such designation is made, such Shares shall be taken up and paid for by all non-defaulting Underwriters pro rata in proportion to the aggregate number of Firm Shares set opposite the names of such non-defaulting Underwriters in Schedule A.

Without relieving any defaulting Underwriter from its obligations hereunder, the Company agrees with the non-defaulting Underwriters that it will not sell any Firm Shares hereunder unless all of the Firm Shares are purchased by the Underwriters (or by substituted Underwriters selected by you with the approval of the Company or selected by the Company with your approval).

If a new Underwriter or Underwriters are substituted by the Underwriters or by the Company for a defaulting Underwriter or Underwriters in accordance with the foregoing provision, the Company or you shall have the right to postpone the time of purchase for a period not exceeding five business days in order that any necessary changes in the Registration Statement and the Prospectus and other documents may be effected.

The term Underwriter as used in this Agreement shall refer to and include any Underwriter substituted under this Section 8 with like effect as if such substituted Underwriter had originally been named in Schedule A.

If the aggregate number of Firm Shares which the defaulting Underwriter or Underwriters agreed to purchase exceeds 10% of the total number of Firm Shares which all Underwriters agreed to purchase hereunder, and if neither the non-defaulting Underwriters nor the Company shall make arrangements within the five business day period stated above for the purchase of all the Firm Shares which the defaulting Underwriter or Underwriters agreed to purchase hereunder, this Agreement shall terminate without further act or deed and without any liability on the part of the Company to any non-defaulting Underwriter and without any liability on the part of any non-defaulting Underwriter to the Company. Nothing in this paragraph, and no action taken hereunder, shall relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

9. Indemnity and Contribution.

(a) The Transaction Entities jointly and severally agree to indemnify, defend and hold harmless each Underwriter, its partners, directors and officers, and any person who controls any Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, and the successors and assigns of all of the foregoing persons, from and against any loss, damage, expense, liability or claim (including the reasonable cost of investigation) which, jointly or severally, any such Underwriter or any such person may incur under the Act, the Exchange Act, the common law or otherwise, insofar as such loss, damage, expense, liability or claim arises out of or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or in the Registration Statement as amended by any post-effective amendment thereof by the Company) or in a Prospectus (the term Prospectus for the purpose of this Section 9 being deemed to include any Preliminary Prospectus, the Prospectus and the Prospectus as amended or supplemented by the Company), or arises out of or is based upon any omission or alleged omission to state a material fact required to be stated in either such Registration Statement or such Prospectus or necessary to make the statements made therein not misleading, except insofar as any such loss, damage, expense, liability or claim arises out of or is based upon any untrue statement or alleged untrue statement of a material fact contained in and in conformity with information concerning such Underwriter furnished in writing by or on behalf of such Underwriter through you to the Company expressly for use in such Registration Statement or such Prospectus or arises out of or is based upon any omission or alleged omission to state a material fact in connection with such information required to be stated in such Registration Statement or such Prospectus or necessary to make such information not misleading, (ii) any untrue statement or alleged untrue statement made by the Company in Section 3 hereof or the failure by the Company to perform when and as required any agreement or covenant contained herein, (iii) any untrue statement or alleged untrue statement of any material fact contained in

any audio or visual materials provided by the Company or based upon written information furnished by or on behalf of the Company including, without limitation, slides, videos, films or tape recordings used in connection with the marketing of the Shares, or (iv) the Directed Share Program, provided that the Transaction Entities shall not be responsible under this clause (iv) for any loss, damage, expense, liability or claim that is finally judicially determined to have resulted from the gross negligence or willful misconduct of the Underwriters in conducting the Directed Share Program.

If any action, suit or proceeding (each, a "Proceeding") is brought against an Underwriter or any such person in respect of which indemnity may be sought against the Transaction Entities pursuant to the foregoing paragraph, such Underwriter or such person shall promptly notify the Transaction Entities in writing of the institution of such Proceeding and the Transaction Entities shall assume the defense of such Proceeding, including the employment of counsel reasonably satisfactory to such indemnified party and payment of all fees and expenses; provided, however, that the omission to so notify the Transaction Entities shall not relieve the Transaction Entities from any liability which the Transaction Entities may have to any Underwriter or any such person or otherwise, except to the extent the Transaction Entities' legal defenses have been substantially and materially prejudiced by such omission. Such Underwriter or such person shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such Underwriter or of such person unless the employment of such counsel shall have been authorized in writing by the Transaction Entities in connection with the defense of such Proceeding or the Transaction Entities shall not have, within a reasonable period of time in light of the circumstances, employed counsel to have charge of the defense of such Proceeding or such indemnified party or parties shall have reasonably concluded that there may be defenses available to it or them which are different from, additional to or in conflict with those available to the Transaction Entities (in which case the Transaction Entities shall not have the right to direct the defense of such Proceeding on behalf of the indemnified party or parties), in any of which events such fees and expenses shall be borne by the Transaction Entities and paid as incurred (it being understood, however, that the Transaction Entities shall not be liable for the expenses of more than one separate counsel (in addition to any local counsel) in any one Proceeding or series of related Proceedings in the same jurisdiction representing the indemnified parties who are parties to such Proceeding). The Transaction Entities shall not be liable for any settlement of any Proceeding effected without its written consent but if settled with the written consent of the Transaction Entities, the Transaction Entities agree to indemnify and hold harmless any Underwriter and any such person from and against any loss or liability by reason of such settlement. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second sentence of this paragraph, then the indemnifying party agrees that it shall be liable for any settlement of any Proceeding effected without its written consent if (i) such settlement is entered into more than 60 business days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall not have fully reimbursed the indemnified party in accordance with such request prior to the date of such settlement and (iii) such indemnified party shall have given the indemnifying party at least 30 days' prior notice of its intention to settle. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened Proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been

sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such Proceeding and does not include an admission of fault, culpability or a failure to act, by or on behalf of such indemnified party.

The Transaction Entities jointly and severally agree to indemnify, defend and hold harmless UBS FinSvc and its partners, directors and officers, and any person who controls UBS FinSvc within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, and the successors and assigns of all of the foregoing persons, from and against any loss, damage, expense, liability or claim (including the reasonable cost of investigation) which, jointly or severally, UBS FinSvc or any such person may incur under the Act, the Exchange Act, the common law or otherwise, insofar as such loss, damage, expense, liability or claim (i) arises out of or is based upon (a) any of the matters referred to in clauses (i) through (iii) of the first paragraph of this Section 9(a), or (b) any untrue statement or alleged untrue statement of a material fact contained in any material prepared by or with the consent of the Company for distribution to Directed Share Participants in connection with the Directed Share Program or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; (ii) is caused by the failure of any Directed Share Participant to pay for and accept delivery of Reserved Shares that the Directed Share Participant has agreed to purchase; or (iii) otherwise arises out of or is based upon the Directed Share Program, provided that the Transaction Entities shall not be responsible under this clause (iii) for any loss, damage, expense, liability or claim that is finally judicially determined to have resulted from the gross negligence or willful misconduct of UBS FinSvc in conducting the Directed Share Program. The second paragraph of this Section 9(a) shall apply equally to any Proceeding brought against UBS FinSvc or any such person in respect of which indemnity may be sought against the Transaction Entities pursuant to the foregoing sentence; except that the Transaction Entities shall be liable for the expenses of one separate counsel (in addition to any local counsel) for UBS FinSvc and any such person, separate and in addition to counsel for the Underwriters, in any such Proceeding.

(b) Each Underwriter severally agrees to indemnify, defend and hold harmless each of the Transaction Entities, their directors and officers, and any person who controls the Transaction Entities within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, and the successors and assigns of all of the foregoing persons, from and against any loss, damage, expense, liability or claim (including the reasonable cost of investigation) which, jointly or severally, the Transaction Entities, or any such person may incur under the Act, the Exchange Act, the common law or otherwise, insofar as such loss, damage, expense, liability or claim arises out of or is based upon any untrue statement or alleged untrue statement of a material fact contained in and in conformity with information concerning such Underwriter furnished in writing by or on behalf of such Underwriter to the Company expressly for use in the Registration Statement as set forth in Section 10 (or in the Registration Statement as amended by any post-effective amendment thereof by the Company) or in a Prospectus, or arises out of or is based upon any omission or alleged omission to state a material fact in connection with such information required to be stated in such Registration Statement or such Prospectus or necessary to make such information not misleading.

If any Proceeding is brought against the Transaction Entities or any such person in respect of which indemnity may be sought against any Underwriter pursuant to the foregoing paragraph, the Transaction Entities or such person shall promptly notify such Underwriter in writing of the institution of such Proceeding and such Underwriter shall assume the defense of such Proceeding, including the employment of counsel reasonably satisfactory to such indemnified party and payment of all fees and expenses; provided, however, that the omission to so notify such Underwriter shall not relieve such Underwriter from any liability which such Underwriter may have to the Transaction Entities or any such person or otherwise, except to the extent such Underwriter's legal defenses have been substantially and materially prejudiced by such omission. Each of the Transaction Entities or such person shall have the right to employ its own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of the Transaction Entities or such person unless the employment of such counsel shall have been authorized in writing by such Underwriter in connection with the defense of such Proceeding or such Underwriter shall not have, within a reasonable period of time in light of the circumstances, employed counsel to defend such Proceeding or such indemnified party or parties shall have reasonably concluded that there may be defenses available to it or them which are different from or additional to or in conflict with those available to such Underwriter (in which case such Underwriter shall not have the right to direct the defense of such Proceeding on behalf of the indemnified party or parties, but such Underwriter may employ counsel and participate in the defense thereof but the fees and expenses of such counsel shall be at the expense of such Underwriter), in any of which events such fees and expenses shall be borne by such Underwriter and paid as incurred (it being understood, however, that such Underwriter shall not be liable for the expenses of more than one separate counsel (in addition to any local counsel) in any one Proceeding or series of related Proceedings in the same jurisdiction representing the indemnified parties who are parties to such Proceeding). No Underwriter shall be liable for any settlement of any such Proceeding effected without the written consent of such Underwriter but if settled with the written consent of such Underwriter, such Underwriter agrees to indemnify and hold harmless the Transaction Entities and any such person from and against any loss or liability by reason of such settlement. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second sentence of this paragraph, then the indemnifying party agrees that it shall be liable for any settlement of any Proceeding effected without its written consent if (i) such settlement is entered into more than 60 business days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement and (iii) such indemnified party shall have given the indemnifying party at least 30 days' prior notice of its intention to settle. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened Proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such Proceeding.

(c) If the indemnification provided for in this Section 9 is unavailable to an indemnified party under subsections (a) and (b) of this Section 9 or insufficient to hold an indemnified party harmless in respect of any losses, damages, expenses, liabilities or claims referred to therein, then each applicable indemnifying party shall contribute to the amount paid or payable

by such indemnified party as a result of such losses, damages, expenses, liabilities or claims (i) in such proportion as is appropriate to reflect the relative benefits received by the Transaction Entities on the one hand and the Underwriters on the other hand from the offering of the Shares or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Transaction Entities on the one hand and of the Underwriters on the other in connection with the statements or omissions which resulted in such losses, damages, expenses, liabilities or claims, as well as any other relevant equitable considerations. The relative benefits received by the Transaction Entities on the one hand and the Underwriters on the other shall be deemed to be in the same respective proportions as the total proceeds from the offering (net of underwriting discounts and commissions but before deducting expenses) received by the Transaction Entities and the total underwriting discounts and commissions received by the Underwriters, bear to the aggregate public offering price of the Shares. The relative fault of the Transaction Entities on the one hand and of the Underwriters on the other shall be determined by reference to, among other things, whether the untrue statement or alleged untrue statement of a material fact or omission or alleged omission relates to information supplied by the Transaction Entities or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, damages, expenses, liabilities and claims referred to in this subsection shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with investigating, preparing to defend or defending against any Proceeding.

(d) The Transaction Entities and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 9 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in subsection (c) above. Notwithstanding the provisions of this Section 9, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by such Underwriter and distributed to the public were offered to the public exceeds the amount of any damage which such Underwriter has otherwise been required to pay by reason of such untrue statement or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to this Section 9 are several in proportion to their respective underwriting commitments and not joint.

(e) The indemnity and contribution agreements contained in this Section 9 and the covenants, warranties and representations of the Transaction Entities contained in this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of any Underwriter, its partners, directors or officers or any person (including each partner, officer or director of such person) who controls any Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, or by or on behalf of the Company, its directors or officers, or any person who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, and shall survive any termination of this Agreement or the issuance and delivery of the Shares. The Transaction Entities and each Underwriter agree promptly

to notify each other of the commencement of any Proceeding against it and, in the case of the Transaction Entities, against any of the officers or directors of the Transaction Entities, as the case may be, in connection with the issuance and sale of the Shares, or in connection with the Registration Statement or the Prospectus.

10. Information Furnished by the Underwriters. The statements set forth in the last paragraph on the cover page of the Prospectus and the statements set forth in the third sentence of the first paragraph under the caption "Underwriting—Commissions and Discounts" and in the first and second paragraphs under the caption "Underwriting—Price Stabilization, Short Positions and Penalty Bids" in the Prospectus constitute the only information furnished by or on behalf of the Underwriters as such information is referred to in Sections 3 and 9 hereof.

11. Notices. Except as otherwise herein provided, all statements, requests, notices and agreements shall be in writing or by telegram and, if to the Underwriters, shall be sufficient in all respects if delivered or sent to UBS Securities LLC, 299 Park Avenue, New York, N.Y. 10171-0026, Attention: Syndicate Department; to Merrill Lynch, Pierce, Fenner & Smith Incorporated, North Tower, World Financial Center, New York, New York 10281-1201, Attention: Scott Eisen, and if to the Transaction Entities, shall be sufficient in all respects if delivered or sent to the Company at the offices set forth in the Registration Statement, Attention: Kenneth M. Woolley, with a copy to Clifford Chance US LLP, 31 West 52nd Street, New York, New York 10019, Attention: Jay L. Bernstein, Esq.

12. Governing Law; Construction. This Agreement and any claim, counterclaim or dispute of any kind or nature whatsoever arising out of or in any way relating to this Agreement ("Claim"), directly or indirectly, shall be governed by, and construed in accordance with, the laws of the State of New York. The Section headings in this Agreement have been inserted as a matter of convenience of reference and are not a part of this Agreement.

13. Submission to Jurisdiction. Except as set forth below, no Claim may be commenced, prosecuted or continued in any court other than the courts of the State of New York located in the City and County of New York or in the United States District Court for the Southern District of New York, which courts shall have jurisdiction over the adjudication of such matters, and the Transaction Entities consent to the jurisdiction of such courts and personal service with respect thereto. The Transaction Entities hereby consent to personal jurisdiction, service and venue in any court in which any Claim arising out of or in any way relating to this Agreement is brought by any third party against UBS, Merrill Lynch or any indemnified party. Each of UBS, Merrill Lynch and the Transaction Entities (on their behalf and, to the extent permitted by applicable law, on behalf of their stockholders and affiliates) waives all right to trial by jury in any action, proceeding or counterclaim (whether based upon contract, tort or otherwise) in any way arising out of or relating to this Agreement. The Transaction Entities agree that a final judgment in any such action, proceeding or counterclaim brought in any such court shall be conclusive and binding upon the Transaction Entities and may be enforced in any other courts to the jurisdiction of which the Transaction Entities are or may be subject, by suit upon such judgment.

14. Parties at Interest. The Agreement herein set forth has been and is made solely for the benefit of the Underwriters, the Transaction Entities and, to the extent provided in Section 9 hereof, the controlling persons, directors and officers referred to in such section, and their respective successors, assigns, heirs, personal representatives and executors and administrators. No other person, partnership, association or corporation (including a purchaser, as such purchaser, from any of the Underwriters) shall acquire or have any right under or by virtue of this Agreement.

15. Counterparts. This Agreement may be signed by the parties in one or more counterparts which together shall constitute one and the same agreement among the parties.

16. Successors and Assigns. This Agreement shall be binding upon the Underwriters and the Transaction Entities and their successors and assigns and any successor or assign of any substantial portion of the Transaction Entities' and any of the Underwriters' respective businesses and/or assets.

17. Miscellaneous. UBS, an indirect, wholly owned subsidiary of UBS AG, is not a bank and is separate from any affiliated bank, including any U.S. branch or agency of UBS AG. Because UBS is a separately incorporated entity, it is solely responsible for its own contractual obligations and commitments, including obligations with respect to sales and purchases of securities. Securities sold, offered or recommended by UBS are not deposits, are not insured by the Federal Deposit Insurance Corporation, are not guaranteed by a branch or agency, and are not otherwise an obligation or responsibility of a branch or agency.

A lending affiliate of UBS may have lending relationships with issuers of securities underwritten or privately placed by UBS. To the extent required under the securities laws, prospectuses and other disclosure documents for securities underwritten or privately placed by UBS will disclose the existence of any such lending relationships and whether the proceeds of the issue will be used to repay debts owed to affiliates of UBS.

If the foregoing correctly sets forth the understanding among the Transaction Entities and the Underwriters, please so indicate in the space provided below for the purpose, whereupon this agreement and your acceptance shall constitute a binding agreement among the Transaction Entities and the Underwriters, severally.

Very truly yours,

EXTRA SPACE STORAGE INC.

By: ______________________________
Name:______________________________
Title:______________________________

EXTRA SPACE STORAGE LP

By: ______________________________
Name:______________________________
Title:______________________________

Accepted and agreed to as of the
date first above written, on
behalf of themselves
and the other several Underwriters
named in Schedule A

UBS SECURITIES LLC

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

By: ______________________________
Name:
Title:

SCHEDULE A

Underwriter	Number of Firm Shares
UBS SECURITIES LLC	
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED	
A.G. EDWARDS & SONS, INC.	
BANC OF AMERICA SECURITIES LLC	
RAYMOND JAMES & ASSOCIATES, INC.	
RBC CAPITAL MARKETS CORPORATION	
WELLS FARGO SECURITIES, LLC	
Total	

Exhibit 3.1

EXTRA SPACE STORAGE INC.

ARTICLES OF AMENDMENT AND RESTATEMENT

FIRST: Extra Space Storage Inc., a Maryland corporation (the "Corporation"), desires to amend and restate its charter as currently in effect and as hereinafter amended.

SECOND: The following provisions are all the provisions of the charter currently in effect and as hereinafter amended:

ARTICLE I
NAME

The name of the Corporation is:

Extra Space Storage Inc.

ARTICLE II
PURPOSE

The purposes for which the Corporation is formed are to engage in any lawful act or activity (including, without limitation or obligation, engaging in business as a real estate investment trust under the Internal Revenue Code of 1986, as amended, or any successor statute (the "Code")) for which corporations may be organized under the general laws of the State of Maryland as now or hereafter in force. For purposes of these Articles of Amendment and Restatement, "REIT" means a real estate investment trust under Sections 856 through 860 of the Code.

ARTICLE III
PRINCIPAL OFFICE IN STATE AND RESIDENT AGENT

The address of the principal office of the Corporation in the State of Maryland is c/o National Registered Agents, Inc. of MD, 11 E. Chase Street, Baltimore, Maryland 21202. The name of the resident agent of the Corporation in the State of Maryland is National Registered Agents, Inc. of MD, 11 E. Chase Street, Baltimore, Maryland 21202. The resident agent is a corporation of and resident of the State of Maryland.

ARTICLE IV

PROVISIONS FOR DEFINING, LIMITING AND REGULATING CERTAIN POWERS OF THE COMPANY AND OF THE STOCKHOLDERS AND DIRECTORS

Section 4.1 Number of Directors. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors. The number of directors of the Corporation initially shall be seven (7), which number may be increased or decreased pursuant to the Bylaws, but shall never be less than the minimum number required by the Maryland General Corporation Law (the "MGCL") nor more than fifteen (15). The names of the directors who shall serve until the first annual meeting of stockholders and until their successors are duly elected and qualify are:

Kenneth M. Woolley

Spencer F. Kirk

Anthony Fanticola

Dean Jernigan

Roger B. Porter

Hugh Horne

K. Fred Skousen

These directors may increase the number of directors and may fill any vacancy, whether resulting from an increase in the number of directors or otherwise, on the Board of Directors occurring before the first annual meeting of stockholders in the manner provided in the Bylaws.

The Corporation elects, at such time as it becomes eligible to make the election provided for under Section 3-802(b) of the MGCL, that, except as may be provided by the Board of Directors in setting the terms of any class or series of stock, any and all vacancies on the Board of Directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which such vacancy occurred.

Section 4.2 Extraordinary Actions. Except as specifically provided in Section 4.8 (relating to removal of directors) and in Article VII (relating to amendments), notwithstanding any provision of law permitting or requiring any action to be taken or approved by the affirmative vote of the holders of shares entitled to cast a greater number of votes, any such action shall be effective and valid if declared advisable by the Board of Directors and taken or approved by the affirmative vote of holders of shares entitled to cast a majority of all the votes entitled to be cast on the matter.

Section 4.3 Authorization by Board of Stock Issuance. The Board of Directors may authorize the issuance from time to time of shares of stock of the Corporation of any class or series, whether now or hereafter authorized, or securities or rights convertible into shares of its stock of any class or series, whether now or hereafter authorized, for such consideration as the Board of Directors may deem advisable (or without consideration in the case of stock split or stock dividend), subject to such restrictions or limitations, if any, as may be set forth in the charter (the “Charter”) or the Bylaws (the “Bylaws”) of the Corporation.

Section 4.4 Preemptive Rights. Except as may be provided by the Board of Directors in setting the terms of classified or reclassified shares of stock pursuant to Section 5.5 or as may otherwise be provided by contract, no holder of shares of stock of the Corporation shall, as such holder, have any preemptive right to purchase or subscribe for any additional shares of stock of the Corporation or any other security of the Corporation which it may issue or sell.

Section 4.5 Indemnification. The Corporation shall have the power, to the maximum extent permitted by Maryland law in effect from time to time, to obligate itself to indemnify, and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to, (a) any individual who is a present or former director or officer of the Corporation or (b) any individual who, while a director of the Corporation and at the request of the Corporation, serves or has served as director, officer, partner or trustee of another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or any other enterprise from and against any claim liability to which such person may become subject or which such person may incur by reason of his or her service in such capacity. The

Corporation shall have the power, with the approval of the Board of Directors, to provide such indemnification and advancement of expenses to any person who served a predecessor of the Corporation in any of the capacities described in (a) or (b) above and to any employee or agent of the Corporation or a predecessor of the Corporation.

Section 4.6 Determinations by Board. The determination as to any of the following matters, made in good faith by or pursuant to the direction of the Board of Directors consistent with the Charter, shall be final and conclusive and shall be binding upon the Corporation and every holder of shares of its stock: the amount of the net income of the Corporation for any period and the amount of assets at any time legally available for the payment of dividends, redemption of its stock or the payment of other distributions on its stock; the amount of paid-in surplus, net assets, other surplus, annual or other cash flow, funds from operations, net profit, net assets in excess of capital, undivided profits or excess of profits over losses on sales of assets; the amount, purpose, time of creation, increase or decrease, alteration or cancellation of any reserves or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged); any interpretation of the terms, preferences, conversion or other rights, restrictions, limitations as to dividends or distributions, qualifications or terms or conditions of redemption of any class or series of stock of the Corporation; the fair value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by the Corporation or of any shares of stock of the Corporation; the number of shares of stock of any class of the Corporation; any matter relating to the acquisition, holding and disposition of any assets by the Corporation; or any other matter relating to the business and affairs of the Corporation or required or permitted by applicable law, the Charter or Bylaws or otherwise to be determined by the Board of Directors.

Section 4.7 REIT Qualification. The Board of Directors shall have the authority to cause the Corporation to elect to qualify for federal income tax treatment as a REIT. Following such election, if the Board of Directors determines that it is no longer in the best interests of the Corporation to continue to be qualified as a REIT, the Board of Directors may revoke or otherwise terminate the Corporation’s REIT election pursuant to Section 856(g) of the Code.

Section 4.8 Removal of Directors. Subject to the rights of holders of one or more classes or series of Preferred Stock to elect or remove one or more directors, any director, or the entire Board of Directors, may be removed from office at any time, but only for cause and then only by the affirmative vote of at least two-thirds of the votes of stockholders entitled to be cast generally in the election of directors. For the purpose of this paragraph, “cause” shall mean, with respect to any particular director, conviction of a felony or a final judgment of a court of competent jurisdiction holding that such director caused demonstrable, material harm to the Corporation through bad faith or active and deliberate dishonesty.

ARTICLE V

STOCK

Section 5.1 Authorized Shares. The Corporation has authority to issue 254,100,000 shares of stock, initially consisting of 200,000,000 shares of common stock, $.01 par value per share (“Common Stock”), 4,100,000 shares of non-voting stock, $.01 par value per share (“Contingent Conversion Shares” or “CCSs”), and 50,000,000 shares of preferred stock, $.01 par value per share (“Preferred Stock”). The aggregate par value of all authorized shares of stock having par value is $0.01. If shares of one class of stock are classified or reclassified into shares of another class of stock pursuant to this Article V, the number of authorized shares of the former class shall be automatically decreased and the number of shares of the latter class shall be automatically increased, in each case by the number of shares so classified or reclassified, so that the aggregate number of shares of stock of all classes that the Corporation has authority to issue shall not be more than the total number of shares of stock set forth in the first sentence of this paragraph. The Board of Directors, with the approval of a majority of the Board and without any action by the stockholders of the Corporation, may amend the Charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that the Corporation has authority to issue.

Section 5.2 Common Stock.

5.2.1 Subject to the provisions of Article VI and except as may be otherwise specified in the terms of any class or series of Common Stock, each share of Common Stock shall entitle the holder thereof to one vote.

5.2.2 The holders of shares of Common Stock shall be entitled to receive dividends when and as authorized by the Board of Directors, but only out of funds legally available therefor.

5.2.3 In the event of any voluntary or involuntary liquidation, dissolution or winding up of, or any distribution of the assets of, the Corporation, each holder of shares of Common Stock shall be entitled (after payment or provision for payment of the debts and other liabilities of the Corporation and to holders of any class of stock hereafter classified or reclassified having a preference as to distributions in the liquidation, dissolution or winding up of the Corporation) to share ratably in the remaining net assets of the Corporation, together with the holders of any other class of stock hereafter classified or reclassified not having a preference as to distributions in the liquidation, dissolution or winding up of the Corporation.

5.2.4 The Board of Directors may reclassify any unissued shares of Common Stock from time to time in one or more classes or series of stock.

Section 5.3 Contingent Conversion Shares.

5.3.1 Except as expressly provided in the next sentence herein, the holders of CCSs shall not have any voting rights. So long as any CCSs are outstanding, the Corporation shall not, without the affirmative vote of at least two-thirds of the CCSs outstanding at the time, given in person or by proxy, either in writing or at a meeting, amend, alter or repeal the provisions of the Charter, whether by merger, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the CCSs; *provided*, *however*, that with respect to the occurrence of any event set forth above, so long as the CCSs remain outstanding with the terms thereof materially unchanged, the occurrence of any such event shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the CCSs.

5.3.2 The holders of CCSs shall not be entitled to receive any dividends or distributions in respect of their CCSs.

5.3.3 CCSs shall be issued by the Corporation without certificates. The Corporation shall maintain in book entry format a stock ledger to record the names and addresses of the holders of record of the CCSs. At the time of issuance or transfer of the CCSs, the Corporation shall send to the holder thereof the information required by Section 2-211 of the MGCL.

5.3.4 Within 30 days after the end of each quarter beginning with the quarter ending March 30, 2006 and ending with the quarter ending December 31, 2008, the Corporation shall calculate the Lease-Up NOI (as defined herein) over the 12-month period ending in such quarter (each such 12-month period being referred to as a "Measurement Period") and the applicable Conversion Percentage (as herein defined). For purposes hereof, (i) the "Lease-Up NOI" for any Measurement Period shall equal the total revenues less the property related expenses achieved from such early stage lease-up properties listed on Schedule A hereto, subject to adjustment to take into account sales of any of the lease-up properties that occur on or prior to December 31, 2008, and (ii) the "Conversion Percentage" shall be an amount not less than zero nor more than 100% equal to (A) a fraction, the numerator of which shall be an amount not less than zero equal to the Lease-Up NOI achieved during the Measurement Period less $5,100,000 and the denominator of which is equal to $4,600,000 less (B) the sum of all Conversion Percentages determined for all prior Measurement Periods. By way of example, if the Lease-Up NOI is $6,000,000 for the first Measurement Period and $7,000,000 for the second Measurement Period, the Conversion Percentage shall equal approximately 20% for the first Measurement Period ($6,000,000 minus $5,100,000 with the remainder divided by$4,600,000) and shall equal approximately 21% for the second Measurement Period ($7,000,000 minus $5,100,000 with the remainder divided by $4,600,000 and 20% subtracted from the result 41%). All calculations described above shall be performed by the Corporation and shall be verified by the Corporation's independent accountants and reviewed and approved by a majority of the Corporation's independent directors whose decision shall be final and binding absent manifest error or fraud.

Within five days after the Lease-Up NOI and the Conversion Percentage have been determined for any Measurement Period in which the Conversion Percentage is greater than zero, the Corporation shall send to each holder of record of CCSs to the address shown on the stock record books of the Corporation a notice (each a “Mandatory Conversion Notice”) setting forth the calculation of Lease-Up NOI, the Conversion Percentage in respect of such Measurement Period and the date (the “Conversion Date”) that CCSs will be converted into shares of Common Stock (which date shall be the date of the Mandatory Conversion Notice). Effective as of the Conversion Date, the number of CCSs held by such holder multiplied by the Conversion Percentage shall convert into shares of Common Stock. Each converted CCS shall be converted into shares of Common Stock at the conversion rate of one share of Common Stock for each converted CCS, subject to adjustment as determined in good faith by the Board of Directors to prevent dilution or enlargement of the conversion rights of the holders of the CCS in the event that the Corporation (A) pays a dividend or makes a distribution on its Common Stock in shares of its Common Stock, (B) subdivides its outstanding Common Stock into a greater number of shares, or (C) combines its outstanding Common Stock into a smaller number of shares. Any such adjustment made pursuant to the preceding sentence will become effective immediately after the record date in the case of a dividend or distribution, and will become effective immediately after the effective date in the case of a subdivision or combination. If such dividend or distribution is declared but is not paid or made, the conversion rate then in effect will be appropriately readjusted; however, a readjustment will not affect any conversion which takes place before the readjustment. Whenever the conversion rate for the CCSs is adjusted, the Corporation will promptly send each holder of record of CCSs a notice of the adjustment setting forth the adjusted conversion rate and the date on which the adjustment becomes effective and containing a brief description of the events which caused the adjustment.

For purposes of this calculation, in the event that any property on Schedule A hereto is sold on or prior to December 31, 2008, in lieu of the actual net operating income derived from such property for the 12-month period ended on the measurement date immediately preceding such sale and in each subsequent 12-month measurement period, the Lease-Up NOI from such property for each period shall be equal to

the sale price for such property multiplied by 8% and additional CCSs shall be immediately converted into Common Shares to give effect to such recalculation to give effect to such provision. The sale of any property set forth on Schedule A hereto while any CCSs remain outstanding shall be approved by a majority of the Corporation's independent directors.

5.3.5 If there is a reclassification or change of outstanding shares of Common Stock (other than a change in par value, or as a result of a subdivision or combination), or a merger or consolidation of the Corporation with any other entity that results in a reclassification, change, conversion, exchange or cancellation of outstanding shares of Common Stock, or a sale or transfer of all or substantially all of the assets of the Corporation, upon any subsequent conversion of CCSs each holder of CCSs will be entitled to receive the kind and amount of securities, cash and other property which the holder would have received if the CCSs had been converted into Common Stock immediately before the first of those events and had retained all the securities, cash and other assets received as a result of all those events.

5.3.6 Effective on each Conversion Date, the Corporation shall revise the stock ledger it maintains in book entry format for the CCSs to reflect the conversion of CCSs being converted on such Conversion Date and shall, as soon thereafter as is practicable, send, or cause to be sent, to each holder (at the address reflected for such holder on the Corporation's records) of converted CCSs a certificate representing the number of shares of Common Stock to which such holder is entitled in connection with such conversion. The person in whose name a certificate for shares of Common Stock (or other securities) is to be issued upon a conversion will be deemed to have become the holder of record of the shares of Common Stock (or other securities) represented by that certificate effective on the Conversion Date. All shares of Common Stock (or other securities) delivered upon conversion of CCSs will upon delivery be duly and validly issued and fully paid and nonassessable shares of Common Stock, not subject to any liens and charges created by the Corporation nor subject to any preemptive rights. Effective on the Conversion Date, the converted CCSs will no longer be deemed to be outstanding and all rights of the holder with respect to those shares will immediately terminate, except the right to receive the Common Stock or other securities, cash or other assets to be issued or distributed as a result of the conversion.

5.3.7 The Corporation will at all times reserve and keep available, free from preemptive rights, out of the authorized but unissued shares of Common Stock for the purpose of effecting conversion of the CCSs, the maximum number of shares of Common Stock which the Corporation would be required to deliver upon the conversion of all CCSs then remaining outstanding. For the purposes of this Section 5.3.7, the number of shares of Common Stock which the Corporation would be required to deliver upon the conversion of all the outstanding CCSs will be computed as if at the time of the computation all the outstanding CCSs were held by a single holder. Upon any such conversion, no fractional shares of Common Stock shall be issued and instead the number of shares of Common Stock shall be rounded upward to the next whole share amount. Similarly, no holder of CCSs shall receive fractional shares of Common Stock upon conversion of a CCS and instead shall receive a cash payment in lieu of such fractional share.

5.3.8 All CCSs converted, purchased, exchanged, redeemed or otherwise acquired by the Corporation shall be restored to the status of authorized but unissued shares of Common Stock. All remaining outstanding CCSs not converted in respect of the Measurement Period ended on December 31, 2008, will be cancelled and restored to the status of authorized but unissued shares of Common Stock.

5.3.9 Except as otherwise expressly provided in this Section 5.3, whenever a notice or other communication is required or permitted to be given to holders of CCSs, the notice or other communication will be deemed properly given if deposited in the United States mail, postage prepaid, addressed to the persons shown on the books of the Corporation as the holders of the shares at the addresses as they appear in the books of the Corporation, as of a record date or dates determined in accordance with the Charter, the Bylaws, and applicable law, as in effect from time to time.

5.3.10 The holders of the CCSs will not have any preemptive right, in their capacity as such, to subscribe for or purchase any shares or any other securities which may be issued by the Corporation.

5.3.11 From and after the initial issuance of CCSs, no additional CCSs (or shares of Preferred Stock) shall be issued or sold by the Corporation, except on a pro rata basis to the holders of record of the CCSs immediately prior to such issuance or sale.

5.3.12 The CCSs may only be transferred by a holder of CCSs in connection with a concurrent transfer of Common Stock to the same transferee.

Section 5.4 Preferred Stock. The Board of Directors may classify any unissued shares of Preferred Stock and reclassify any previously classified but unissued shares of Preferred Stock of any series from time to time, in one or more classes or series of stock.

Section 5.5 Classified or Reclassified Shares. Prior to issuance of classified or reclassified shares of any class or series, the Board of Directors by resolution shall (a) designate that class or series to distinguish it from all other classes and series of stock of the Corporation, (b) specify the number of shares to be included in the class series; (c) set or change, subject to the provisions of Article VI and subject to the express terms of any class or series of stock of the Corporation outstanding at the time, the preferences, conversion or other rights, voting powers, restrictions, including, without limitation, restrictions on transferability, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or series; and (d) cause the Corporation to file articles supplementary with the State Department of Assessments and Taxation of Maryland ("SDAT"). Any of the terms of any class or series of stock set or changed pursuant to clause (c) of this Section 5.5 may be made dependent upon facts or events ascertainable outside the Charter (including determinations by the Board of Directors or other facts or events within the control of the Corporation) and may vary among holders thereof, provided that the manner in which such facts, events or variations shall operate upon the terms of such class or series of stock is clearly and expressly set forth in the articles supplementary or other charter document.

Section 5.6 Charter and Bylaws. All persons who shall acquire stock in the Corporation shall acquire the same subject to the provisions of the Charter and the Bylaws.

Section 5.7 Reservation of Stock Issuable Upon Conversion. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the CCSs, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding CCSs; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding CCSs, in addition to such other remedies as shall be available to the holder of such CCSs, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes.

ARTICLE VI

RESTRICTION ON TRANSFER AND OWNERSHIP

Section 6.1 Definitions. For the purposes of Article VI, the following terms shall have the following meanings:

"Beneficial Ownership" shall mean ownership of Capital Stock by a Person whether the interest in Capital Stock is held directly or indirectly (including by a nominee) and shall include interests that would be treated as owned through the application of Section 544 of the Code, as modified by Sections 856(h)(1)(B) and 856(h)(3) of the Code. The terms "Beneficial Owner," "Beneficially Own," "Beneficially Owns" and "Beneficially Owned" shall have the correlative meanings.

"CCSs" shall mean that non-voting Common Stock that may be issued pursuant to Article V of these Articles of Amendment and Restatement.

"Capital Stock" shall mean the Common Stock, CCSs and Preferred Stock that may be issued pursuant to Article V of these Articles of Amendment and Restatement.

"Capital Stock Ownership Limit" shall mean 7.0 % (by value or by number of shares, whichever is more restrictive) of the outstanding Capital Stock of the Corporation, excluding any such outstanding Capital Stock which is not treated as outstanding stock for federal income tax purposes. For purposes of applying the Capital Stock Ownership Limit (1) with respect to a Person holding CCSs, such Person shall

be treated as holding the number of shares of Common Stock into which the CCSs held by such Person are convertible at such time, and (2) with respect to all Persons, CCSs held by Persons other than such Person shall not be treated as held by such other Persons.

"Charitable Beneficiary" shall mean one or more beneficiaries of a Trust, as determined pursuant to Section 6.3.6 of this Article VI.

"Code" shall mean the Internal Revenue Code of 1986, amended. All section references to the Code shall include any successor provisions thereof as may be adopted from time to time.

"Common Stock" shall mean that Common Stock that may be issued pursuant to Article V of these Articles of Amendment and Restatement.

"Common Stock Ownership Limit" shall mean 7.0% (by value or by number of shares, whichever is more restrictive) of the outstanding Common Stock of the Corporation. For purposes of applying the Common Stock Ownership Limit with respect to a Person holding CCSs, such Person shall be treated as holding the number of shares of Common Stock into which the CCSs held by such Person are convertible at such time.

"Constructive Ownership" shall mean ownership of any Capital Stock by a Person who is or would be treated as an owner of such Capital Stock either actually or constructively through the application of Section 318 of the Code, as modified by Section 856(d)(5) of the Code. The terms "Constructive Owner," "Constructively Own," "Constructively Owns" and "Constructively Owned" shall have the correlative meanings.

"Corporation" shall have the meaning set forth in the preamble to these Articles of Amendment and Restatement.

"Designated Investment Entity" shall mean either (i) a pension trust that qualifies for look-through treatment under Section 856(h) of the Code, (ii) an entity that qualifies as a regulated investment company under Section 851 of the Code, or (iii) a Qualified Investment Manager; provided that each beneficial owner of such entity would satisfy the Ownership Limit if such beneficial owner owned directly its proportionate share of the Common Stock that is held by such Designated Investment Entity.

“Designated Investment Entity Limit” shall mean (i) with respect to the Common Stock, 9.8% (in value or number of shares, whichever is more restrictive) of the outstanding Common Stock of the Corporation and (ii) with respect to the Capital Stock, 9.8% (in value or number of share, whichever is more restrictive) of the outstanding Capital Stock of the Corporation.

“Excepted Holder” shall mean the Kirk Family, the Wooley Family and other Person for whom an Excepted Holder Ownership Limit is created by these Articles of Amendment and Restatement or by the Board of Directors pursuant to Section 6.9.1 hereof.

“Excepted Holder Ownership Limit” shall mean, provided that the affected Excepted Holder agrees to comply with the requirements established by the Board of Directors pursuant to Section 6.9.1 hereof, and subject to adjustment pursuant to Section 6.9.4 hereof, the percentage limit established by the Board of Directors pursuant to Section 6.9.1 hereof.

“Initial Date” means the date upon which these Articles of Amendment and Restatement containing this Article VI are filed with the State Department of Assessments and Taxation of Maryland.

“IRS” means the United States Internal Revenue Service.

“Kirk Family” *shall* mean Spencer F. Kirk and each of his parents, brothers, sisters, spouses and children, any lineal descendants of any of the foregoing, any estates of any of the foregoing and any trusts now or hereafter established for the benefit of any of the foregoing.

“Kirk Family Excepted Holder Limit” shall mean, subject to adjustment pursuant to Section 6.9.4 and this Section 6.1, 13.4% of the Common Stock outstanding or 13.4% of the Capital Stock outstanding. For purposes of determining the Kirk Family Excepted Holder Limit, the Kirk Family shall be treated as owning the number of shares of Common Stock to which the CCSs held by the Kirk Family are convertible at such time.

“Market Price” means the last reported sales price reported on the New York Stock Exchange of the Capital Stock on the trading day immediately preceding the relevant date, or if the Capital Stock is not then traded on the New York Stock Exchange, the last reported sales price of the Capital Stock on the trading day immediately preceding the relevant date as reported on any exchange or quotation system

over which the Capital Stock may be traded, or if the Capital Stock is not then traded over any exchange or quotation system, then the market price of the Capital Stock on the relevant date as determined in good faith by the Board of Directors of the Corporation.

"Person" shall mean an individual, corporation, partnership, limited liability company, estate, trust (including trust qualified under Section 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity; but does not include an underwriter acting in a capacity as such in a public offering of shares of Capital Stock provided that the ownership of such shares of Capital Stock by such underwriter would not result in the Corporation being "closely held" within the meaning of Section 856(h) of the Code, or otherwise result in the Corporation failing to qualify as a REIT and also includes a "group" as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and a group to which an Excepted Holder Limit applies.

"Preferred Stock" shall mean that Preferred Stock that may be issued pursuant to Article V of these Articles of Amendment and Restatement.

"Purported Beneficial Transferee" shall mean, with respect to any purported Transfer (or other event) which results in a transfer to Trust, as provided in Section 6.2.2 of this Article VI, the Purported Record Transferee, unless the Purported Record Transferee would have acquired or owned shares of Capital Stock for another Person who is the beneficial transferee or owner of such shares, in which case the Purported Beneficial Transferee shall be such Person.

"Purported Record Transferee" shall mean, with respect to any purported Transfer (or other event) which results in a transfer to Trust, as provided in Section 6.2.2 of this Article VI, the record holder of the shares of Capital Stock if such Transfer had been valid under Section 6.2.1 of this Article VI.

"Qualified Investment Manager" shall mean an entity (i) who for compensation engages in the business of advising others as to the value of securities or as to the advisability of investing in,

purchasing, or selling securities; (ii) who purchases securities in the ordinary course of its business and not with the purpose or effect of changing or influencing control of the Corporation, nor in connection with or as a participant in any transaction having such purpose or effect, including any transaction subject to Rule 13d-3(b) under the Exchange Act; and (iii) who has or shares voting power and investment power within the meaning of Rule 13d-3(a) under the Exchange Act. A Qualified Investment Manager shall be deemed to beneficially own all Common Stock beneficially owned by its affiliates, after application of the beneficial ownership rules under Section 13(d)(3) of the Exchange Act.

"REIT" shall mean a real estate investment trust under Sections 856 through 860 of the Code.

"Restriction Termination Date" shall mean the first day on which the Board of Directors of the Corporation determines that it is no longer in the best interests of the Corporation to attempt to, or continue to, qualify as a REIT.

"Transfer" shall mean any issuance, sale, transfer, gift, assignment, devise, other disposition of Capital Stock as well as any other event that causes any Person to Beneficially Own or Constructively Own Capital Stock, including (i) the granting of any option or entering into any agreement for the sale, transfer or other disposition of Capital Stock or (ii) the sale, transfer, assignment or other disposition of any securities (or rights convertible into or exchangeable for Capital Stock), whether voluntary or involuntary, whether such transfer has occurred of record or beneficially or Beneficially or Constructively (including but not limited to transfers of interests in other entities which result in changes in Beneficial or Constructive Ownership of Capital Stock), and whether such transfer has occurred by operation of law or otherwise.

"Trust" shall mean each of the trusts provided for in Section 6.3 of this Article VI.

"Trustee" shall mean any Person unaffiliated with the Corporation, or a Purported Beneficial Transferee, or a Purported Record Transferee, that is appointed by the Corporation to serve as trustee of a Trust.

"Woolley Family" *shall* mean Kenneth M. Woolley and each of his parents, brothers, sisters, spouses and children, any lineal descendants of any of the foregoing, any estates of any of the foregoing and any trusts now or hereafter established for the benefit of any of the foregoing.

"Woolley Family Excepted Holder Limit" shall mean, subject to adjustment pursuant to Section 6.9.4 and this Section 6.1, 15.5% of the Common Stock outstanding or 15.5% of the Capital Stock outstanding. For purposes of determining the Woolley Family Excepted Holder Limit, the Woolley Family shall be treated as owning the number of shares of common stock to which the CCSs held by the Woolley Family are convertible at such time.

Section 6.2 Restriction on Ownership and Transfers.

6.2.1 From the Initial Date and prior to the Restriction Termination Date:

(a) Except as provided in Section 6.9 of this Article VI, no Person, other than an Excepted Holder or a Designated Investment Entity, shall Beneficially or Constructively Own shares of Common Stock or Capital Stock in excess of the Common Stock Ownership Limit or the Capital Stock Ownership Limit, no Excepted Holder shall Beneficially or Constructively Own shares of Common Stock or Capital Stock in excess of the Excepted Holder Limit for such Excepted Holder and no Designated Investment Entity shall Beneficially or Constructively Own shares of Common Stock or Capital Stock in excess of the Designated Investment Entity Limit.

(b) No Person shall Beneficially or Constructively Own Capital Stock to the extent that such Beneficial or Constructive Ownership would result in the Corporation being "closely held" within the meaning of Section 856(h) of the Code or otherwise fail to qualify as a REIT (including but not limited to ownership that would result in the Corporation owning (actually or Constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by the Corporation (either directly or indirectly through one or more partnerships or limited liability companies) from such tenant would cause the Corporation to fail to satisfy any of the gross income requirements of Section 856(c) of the Code).

6.2.2 If, during the period commencing on the Initial Date and prior to the Restriction Termination Date, any Transfer or other event occurs that, if effective, would result in any Person Beneficially or Constructively Owning Capital Stock in violation of Section 6.2.1 of this Article VI, (i) then that number of shares of Capital Stock that otherwise would cause such Person to violate Section 6.2.1 of this Article VI (rounded up to the nearest whole share) shall be automatically transferred to a trust for the benefit of a Charitable Beneficiary, as described in Section 6.3, effective as of the close of business on the business day prior to the date of such Transfer or other event, and such Purported Beneficial Transferee shall thereafter have no rights in such shares or (ii) if, for any reason, the transfer to the Trust described in clause (i) of this sentence is not automatically effective as provided therein to prevent any Person from Beneficially or Constructively Owning Capital Stock violation of Section 6.2.1 of this Article VI, then the Transfer of that number of shares of Capital Stock that otherwise would cause any Person to violate Section 6.2.1 shall, subject to Section 6.12, be void *ab initio*, and the Purported Beneficial Transferee shall have no rights in such shares.

6.2.3 Subject to Section 6.12 of this Article VI and notwithstanding any other provisions contained herein, during the period commencing on the Initial Date and prior to the Restriction Termination Date, any Transfer of Common Stock that, if effective, would result in the Common Stock of the Corporation being beneficially owned by less than 100 Persons (determined without reference to any rules of attribution) shall be void *ab initio*, and the intended transferee shall acquire no rights in such Common Stock.

Section 6.3 Transfers of Common Stock in Trust.

6.3.1 Upon any purported Transfer or other event described in Section 6.2.2 of this Article VI, such Capital Stock shall be deemed to have been transferred to the Trustee in his capacity as trustee of a Trust for the exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the business day prior to the purported Transfer or other event that results in transfer to the Trust pursuant to Section 6.2.2. The Trustee shall be appointed by the Corporation and shall be a Person unaffiliated with the Corporation, any Purported Beneficial Transferee, and any Purported Record Transferee. Each Charitable Beneficiary shall be designated by the Corporation as provided in Section 6.3.6 of this Article VI.

6.3.2 Capital Stock held by the Trustee shall be issued and outstanding Capital Stock of the Corporation. The Purported Beneficial Transferee or Purported Record Transferee shall have rights in the shares of Capital Stock held by the Trustee. The Purported Beneficial Transferee Purported Record Transferee shall not benefit economically from ownership of any shares held in trust by the Trustee, shall have no rights to dividends or other distributions and shall not possess any rights to vote or other rights attributable to the shares of Capital Stock held in the Trust.

6.3.3 The Trustee shall have all voting rights and rights to dividends or other distributions with respect to Capital Stock held in the Trust, which rights shall be exercised for the exclusive benefit of the Charitable Beneficiary. Any dividend or other distribution paid prior to the discovery by the Corporation that shares of Capital Stock have been transferred to the Trustee shall be paid by the recipient of such dividend or other distribution to the Trustee upon demand, and any dividend or other distribution authorized but unpaid shall be paid when due to the Trustee. Any dividends or distribution so paid to the Trustee shall be held in trust for the Charitable Beneficiary. The Purported Record Transferee and Purported Beneficial Transferee shall have no voting rights with respect to the Capital Stock held in the Trust and, subject to Maryland law, effective as of the date the Capital Stock has been transferred to the Trustee, the Trustee shall have the authority (at the Trustee's sole discretion) (i) to rescind as void any vote cast by a Purported Record Transferee with respect to such Capital Stock prior to the discovery by the Corporation that the Common Stock has been transferred to the Trustee and (ii) to recast such vote in accordance with the desires of the Trustee acting for the benefit of the Charitable Beneficiary; *provided*, *however*, that if the Corporation has already taken irreversible corporate action, then the Trustee shall not have the authority to rescind and recast such vote. Notwithstanding the provisions of this Article VI, until the Corporation has received notification that the Capital Stock has been transferred into a Trust, the Corporation shall be entitled to rely on its share transfer and other stockholder records for purposes of preparing lists of stockholders entitled to vote at meetings, determining the validity and authority of proxies and otherwise conducting votes of Stockholders.

6.3.4 Within 20 days of receiving notice from the Corporation that shares of Capital Stock have been transferred to the Trust, the Trustee of the Trust shall sell the shares of Capital Stock held in the Trust to a person, designated by the Trustee, whose ownership of the shares of Capital Stock will not violate the ownership limitations set forth in Section 6.2.1. Upon such sale, the interest of the Charitable Beneficiary in the shares of Capital Stock sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Purported Record Transferee and to the Charitable Beneficiary as provided in this Section 6.3.4. The Purported Record Transferee shall receive the lesser of (i) the price paid by the Purported Record Transferee for the shares of Capital Stock in the transaction that resulted in such transfer to the Trust (or, if the event which resulted in the transfer to the Trust did not involve a purchase of such shares of Capital Stock at Market Price, the Market Price of such shares of Capital Stock on the day of the event which resulted in the transfer of such shares of Capital Stock to the Trust) and (ii) the price per share received by the Trustee (net of any commissions and other expenses of sale) from the sale or other disposition of the shares of Capital Stock held in the Trust. The Trustee may reduce the amount payable to the Purported Record Transferees by the amount of dividends and other distributions, which have been paid to the Purported Record Transferee and are owed by the Purported Record Transferee to the Trustee pursuant to Section 6.3.3. Any net sales proceeds in excess of the amount payable to the Purported Record Transferee shall be immediately paid to the Charitable Beneficiary. If, prior to the discovery by the Corporation that shares of such Capital Stock have been transferred to the Trustee, such shares of Capital Stock are sold by a Purported Record Transferee then (x) such shares of Capital Stock shall be deemed to have been sold on behalf of the Trust and (y) to the extent that the Purported Record Transferee received an amount for such shares of Capital Stock that exceeds the amount that such Purported Record Transferee was entitled to receive pursuant to this Section 6.3.4, such excess shall be paid to the Trustee upon demand.

6.3.5 Capital Stock transferred to the Trustee shall be deemed to have been offered for sale to the Corporation, or its designee, at price per share equal to the lesser of (i) the price per share paid by the Purported Record Transferee for the shares of Capital Stock in the transaction that resulted in such transfer to the Trust (or, if the event which resulted in the Transfer to the Trust did not involve a purchase of such shares of Capital Stock at Market Price, the Market Price of such shares of Capital Stock on the day of the event which resulted in the transfer of such shares of Capital Stock to the Trust) and (ii) the Market Price on the date the Corporation, or its designee, accepts such offer. The Company may reduce the amount payable to the Purported Record Transferee by the amount of dividends and other distributions which have been paid to the Purported Record Transferee and are owed by the Purported Record Transferee to the Trustee pursuant to Section 6.3.3. The Company may pay the amount of such reduction to the Trustee for the benefit of the Charitable Beneficiary. The Corporation shall have the right to accept such offer until the Trustee has sold the shares of Capital Stock held in the Trust pursuant to Section 6.3.4. Upon such a sale to the Corporation, the interest of the Charitable Beneficiary in the shares of Capital Stock sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Purported Record Transferee.

6.3.6 By written notice to the Trustee, the Corporation shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Trust such that (i) the shares of Capital Stock held in the Trust would not violate the restrictions set forth in Section 6.2.1 in the hands of such Charitable Beneficiary and (ii) each Charitable Beneficiary is an organization described in Sections 170(b)(l)(A), 170(c)(2) and 501(c)(3) of the Code.

Section 6.4 Remedies For Breach. If the Board of Directors or a committee thereof or other designees if permitted by the MGCL shall at any time determine in good faith that a Transfer or other event has taken place in violation of Section 6.2 of this Article VI or that a Person intends to acquire, has attempted to acquire or may acquire beneficial ownership (determined without reference to any rules of attribution), Beneficial Ownership or Constructive Ownership of any shares of the Corporation in violation of Section 6.2 of this Article VI, the Board of Directors or a committee thereof or other

designees if permitted by the MGCL shall take such action as it deems or they deem advisable to refuse to give effect to prevent such Transfer, including, but not limited to, causing the Corporation to redeem shares of Capital Stock, refusing to give effect to such Transfer or other event on the books of the Corporation or instituting proceedings to enjoin such Transfer or other event; *provided*, *however*, that any Transfers or attempted Transfers or other events in violation of Section 6.2.1 of this Article VI, shall automatically result in the transfer to a Trust as described in Section 6.2.2 and any Transfer in violation of Section 6.2.3 shall, subject to Section 6.12, automatically be void *ab initio* irrespective of any action (or non-action) by the Board of Directors.

Section 6.5 Notice of Restricted Transfer. Any Person who acquires or attempts to acquire shares in violation of Section 6.2 of this Article VI, or any Person who is a Purported Beneficial Transferee such that an automatic transfer to a Trust results under Section 6.2.2 of this Article VI, shall immediately give written notice to the Corporation of such event and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer or attempted Transfer on the Corporation’s status as REIT.

Section 6.6 Owners Required to Provide Information. From the Initial Date and prior to the Restriction Termination Date, each Person who is an owner of shares of Capital Stock and each Person (including the stockholder of record) who is holding shares of Capital Stock for a beneficial owner or Beneficial Owner or Constructive Owner shall, within 30 days after the end of each taxable year, provide to the Corporation a completed questionnaire containing the information regarding its ownership of such shares, as set forth in the regulations (as in effect from time to time) of the U.S. Department of Treasury under the Code. In addition, each Person who is a Beneficial Owner or Constructive Owner of shares of Capital Stock and each Person (including the stockholder of record) who is holding shares of Capital Stock for a Beneficial Owner or Constructive Owner shall, on demand, be required to disclose to the Corporation in writing such information as the Corporation may request in order to determine the effect, if any, of such stockholder’s actual and constructive ownership of shares of Capital Stock on the Corporation’s status as REIT and to ensure compliance with the Common Stock Ownership Limit, the Capital Stock Ownership Limit, an Excepted Holder Ownership Limit or the Designated Investment Entity Limit, or as otherwise permitted by the Board of Directors.

Section 6.7 Remedies Not Limited. Nothing contained in this Article VI (but subject to Section 6.12 of this Article VI) shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable to protect the Corporation and the interests of its stockholders by preservation of the Corporation's status as a REIT.

Section 6.8 Ambiguity. In the case of an ambiguity in the application of any of the provisions of this Article VI, including any definition contained in Section 6.1, the Board of Directors shall have the power to determine the application of the provisions of this Article VI with respect to any situation based on the facts known to it (subject, however, to the provisions of Section 6.12 of this Article VI). In the event Article VI requires an action by the Board of Directors and these Articles of Amendment and Restatement fail to provide specific guidance with respect to such action, the Board of Directors shall have the power to determine the action to be taken so long as such action is not contrary to the provisions of this Article VI. Absent a decision to the contrary by the Board of Directors (which the Board may make in its sole and absolute discretion), if a Person would have (but for the remedies set forth in Section 6.2.2) acquired Beneficial or Constructive Ownership of Capital Stock in violation of Section 6.2.1, such remedies (as applicable) shall apply first to the shares of Capital Stock which, but for such remedies, would have been actually owned by such Person, and second to shares of Capital Stock which, but for such remedies, would have been Beneficially Owned or Constructively Owned (but not actually owned) by such Person, pro rata among the Persons who actually own such shares of Capital Stock based upon the relative number of the shares of Capital Stock held by each such Person.

Section 6.9 Exceptions.

6.9.1 Subject to 6.2.1(b) hereof, the Board of Directors of the Corporation, in its sole discretion, may exempt (prospectively or retroactively) a Person from the Common Stock Ownership Limit, the Capital Stock Ownership Limit or the Designated Investment Entity Limit, and may establish or increase an Excepted Holder Ownership Limit for such Person, if:

(a) the Board of Directors obtains such representations and undertakings from such Person as are reasonably necessary to ascertain that no Person's Beneficial or Constructive Ownership of such Shares will violate Section 6.2.1.(b) hereof;

(b) such Person does not and represents that it will not own, actually or Constructively, an interest in a tenant of the Corporation (or a tenant of any entity owned or controlled by the Corporation) that would cause the Corporation to own, actually or Constructively, more than a 9.9% interest (as set forth in Section 856(d)(2)(B) of the Code) in such tenant and the Board of Directors obtains such representations and undertakings from such Person as are reasonably necessary to ascertain this fact (for this purpose, a tenant shall not be treated as a tenant of the Corporation if the Corporation (or an entity owned or controlled by the Corporation) derives (and is expected to continue to derive) a sufficiently small amount of revenue from the tenant such that, in the opinion of the Board of Directors of the Corporation, the Corporation's ability to qualify as a REIT is not impaired); and

(c) such Person agrees that any violation or attempted violation of such representations or undertakings (or other action which is contrary to the restrictions contained in this Article VI) will result in such Shares being automatically transferred to a Charitable Trust in accordance with this Article VI.

6.9.2 Prior to granting any exception pursuant to Section 6.9.1 hereof, the Board of Directors of the Corporation may (but is not obligated to) require a ruling from the Internal Revenue Service, or an opinion of counsel, in either case in form and substance satisfactory to the Board of

Directors in its sole discretion, as it may deem necessary or advisable in order to determine or ensure the Corporation's status as a REIT. Notwithstanding the receipt of any ruling or opinion, the Board of Directors may impose such conditions or restrictions as it deems appropriate in connection with granting such exception.

6.9.3 The Board of Directors may only reduce the Excepted Holder Ownership Limit for an Excepted Holder: (i) with the written consent of such Excepted Holder at any time, or (ii) pursuant to the terms and conditions of the agreements and undertakings entered into with such Excepted Holder in connection with the establishment of the Excepted Holder Ownership Limit for that Excepted Holder. No Excepted Holder Ownership Limit with respect to a Person other than a Designated Investment Entity shall be reduced to a percentage that is less than the Common Stock Ownership Limit or the Capital Stock Ownership Limit. No Excepted Holder Limit with respect to a Designated Investment Entity shall be reduced to a percentage that is less than the Designated Investment Entity Limit.

6.9.4 The Board of Directors may from time to time increase or decrease the Common Stock Ownership Limit, the Capital Stock Ownership Limit or the Designated Investment Entity Limit; *provided*, *however*, that:

(a) Any decrease may be made only prospectively as to subsequent holders (other than a decrease as a result of a retroactive change in existing law, in which case such decrease shall be effective immediately);

(b) The Common Stock Ownership Limit, the Capital Stock Ownership Limit or the Designated Investment Entity Limit may not be increased if, after giving effect to such increase, five Persons who are considered individuals pursuant to Section 542 of the Code as modified by Section 856(h)(3) of the Code (taking into account all Excepted Holders) could Beneficially Own or Constructively Own, in the aggregate, more than 49.9% in value of the shares of Capital Stock then outstanding; and

(c) Prior to the modification of any of the ownership limitations, the Board of Directors of the Corporation may, in its sole and absolute discretion, require such opinions of counsel, affidavits, undertakings or agreements as it may deem necessary or advisable in order to determine or ensure the Corporation's status as a REIT.

Section 6.10 Legends. Each certificate for Capital Stock shall bear substantially the following legend:

Restriction on Ownership and Transfer

THE SHARES OF CAPITAL STOCK REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON BENEFICIAL AND CONSTRUCTIVE OWNERSHIP AND TRANSFER FOR THE PURPOSE OF THE COMPANY'S MAINTENANCE OF ITS STATUS AS A REAL ESTATE INVESTMENT TRUST UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"). SUBJECT TO CERTAIN FURTHER RESTRICTIONS AND EXCEPT AS EXPRESSLY PROVIDED IN THE COMPANY'S ARTICLES OF AMENDMENT AND RESTATEMENT, (1) NO PERSON (OTHER THAN AN EXCEPTED HOLDER OR A DESIGNATED INVESTMENT ENTITY) MAY BENEFICIALLY OR CONSTRUCTIVELY OWN (i) SHARES OF THE COMPANY'S COMMON STOCK IN EXCESS OF 7.0% (BY VALUE OR BY NUMBER OF SHARES, WHICHEVER IS MORE RESTRICTIVE) OF THE OUTSTANDING COMMON STOCK OF THE COMPANY OR (ii) SHARES OF THE COMPANY'S CAPITAL STOCK IN EXCESS OF 7.0% (BY VALUE OR BY NUMBER OF SHARES, WHICHEVER IS MORE RESTRICTIVE) OF THE OUTSTANDING CAPITAL STOCK OF THE COMPANY AND (2) NO DESIGNATED INVESTMENT ENTITY MAY (i) BENEFICIALLY OR CONSTRUCTIVELY OWN SHARES OF COMMON STOCK IN EXCESS OF 9.8% (BY VALUE OR BY NUMBER OF SHARES, WHICHEVER IS MORE RESTRICTIVE) OF THE OUTSTANDING COMMON STOCK OF THE COMPANY OR (ii) SHARES OF THE COMPANY'S CAPITAL STOCK IN EXCESS OF 9.8% (BY VALUE OR NUMBER OF SHARES, WHICHEVER IS MORE RESTRICTIVE) OF THE OUTSTANDING CAPITAL STOCK OF THE COMPANY; (3) NO PERSON MAY BENEFICIALLY OR CONSTRUCTIVELY OWN SHARES OF CAPITAL STOCK THAT WOULD RESULT IN THE COMPANY BEING "CLOSELY HELD" UNDER SECTION 856(h) OF THE CODE OR OTHERWISE CAUSE THE COMPANY TO FAIL TO QUALIFY AS A REIT; AND (4) NO PERSON MAY TRANSFER SHARES OF COMMON STOCK IF SUCH TRANSFER WOULD RESULT IN THE COMMON STOCK OF THE COMPANY BEING OWNED BY FEWER THAN 100 PERSONS. AN "EXCEPTED HOLDER" MEANS A PERSON FOR WHOM AN EXCEPTED HOLDER OWNERSHIP LIMIT HAS BEEN CREATED BY THE COMPANY'S ARTICLES OF AMENDMENT AND RESTATEMENT OR BY THE BOARD OF DIRECTORS. ANY PERSON WHO BENEFICIALLY OR CONSTRUCTIVELY OWNS OR ATTEMPTS TO BENEFICIALLY OR CONSTRUCTIVELY OWN SHARES OF CAPITAL STOCK IN VIOLATION OF THE ABOVE LIMITATIONS MUST IMMEDIATELY NOTIFY THE COMPANY. IF ANY OF THE RESTRICTIONS ON TRANSFER OR OWNERSHIP IS VIOLATED, THE SHARES OF CAPITAL STOCK REPRESENTED HEREBY WILL BE AUTOMATICALLY TRANSFERRED TO THE TRUSTEE OF A TRUST FOR THE BENEFIT OF ONE OR MORE CHARITABLE BENEFICIARIES. IN ADDITION, THE COMPANY MAY REDEEM SHARES UPON THE TERMS AND CONDITIONS SPECIFIED BY THE BOARD OF DIRECTORS IN ITS SOLE DISCRETION IF THE BOARD OF DIRECTORS DETERMINES THAT OWNERSHIP OR A TRANSFER OR OTHER EVENT MAY VIOLATE THE RESTRICTIONS

DESCRIBED ABOVE. FURTHERMORE, UPON THE OCCURRENCE OF CERTAIN EVENTS, ATTEMPTED TRANSFERS IN VIOLATION OF THE RESTRICTIONS DESCRIBED ABOVE MAY BE VOID AB INITIO. ALL TERMS IN THIS LEGEND THAT ARE DEFINED IN THE ARTICLES OF AMENDMENT AND RESTATEMENT OF THE COMPANY SHALL HAVE THE MEANINGS ASCRIBED TO THEM IN THE ARTICLES OF AMENDMENT AND RESTATEMENT OF THE COMPANY, AS THE SAME MAY BE AMENDED FROM TIME TO TIME, A COPY OF WHICH, INCLUDING THE RESTRICTIONS ON TRANSFER AND OWNERSHIP, WILL BE FURNISHED TO EACH HOLDER OF SHARES OF CAPITAL STOCK ON REQUEST AND WITHOUT CHARGE. REQUESTS FOR SUCH A COPY MAY BE DIRECTED TO THE SECRETARY OF THE COMPANY AT ITS PRINCIPAL OFFICE.

Section 6.11 Severability. If any provision of this Article VI or any application of any such provision is determined to be invalid by any federal or state court having jurisdiction over the issues, the validity of the remaining provisions shall not be affected and other applications of such provisions shall be affected only to the extent necessary to comply with the determination of such court.

Section 6.12 NYSE Transactions. Nothing in this Article VI shall preclude the settlement of any transaction entered into through the facilities of the New York Stock Exchange. The shares of Capital Stock that are the subject of such a transaction shall continue to be subject to the provisions of this Article VI after such settlement.

Section 6.13 Enforcement. The Corporation is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this Article VI.

Section 6.14 Non-Waiver. No delay or failure on the part of the Corporation or the Board of Directors in exercising any right hereunder shall operate a waiver of any right of the Corporation or the Board of Directors, as the case may be, except to the extent specifically waived in writing.

ARTICLE VII
AMENDMENTS

The Corporation reserves the right from time to time to make any amendment to the Charter, now or hereafter authorized by law, including any amendment altering the terms or contract rights, as expressly set forth in the Charter, of any shares of outstanding stock. All rights and powers conferred by the Charter on stockholders, directors and officers are granted subject to this reservation. Any amendment to the Charter shall be valid only if declared advisable by the Board of Directors and

approved by the affirmative vote of not less than a majority of all the votes entitled to be cast on the matter. Notwithstanding the foregoing, the Corporation shall not (i) amend Section 4.8 hereof or this clause (i) unless approved by the affirmative vote of the holders of not less than two-thirds of all of the votes entitled to be cast on the matter, (ii) amend Section 5.3 hereof or this clause (ii) unless approved by the affirmative vote of the holders of not less than two-thirds of all CCSs and not less than a majority of all outstanding shares of Common Stock and (iii) amend Article VI hereof or this clause (iii) unless approved by the affirmative vote of the holders of not less than two-thirds of all votes entitled to be cast on the matter.

ARTICLE VIII

LIMITATION OF LIABILITY

To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of directors and officers of a corporation, no director or officer of the Corporation shall be liable to the Corporation or its stockholders for money damages. Neither the amendment nor repeal of this Article VIII, nor the adoption or amendment of any other provision of the Charter or Bylaws inconsistent with this Article VIII, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

THIRD: The amendment to and restatement of the charter as hereinabove set forth have been duly advised by the Board of Directors and approved by the stockholders of the Corporation as required by law. The total number of shares of stock which the Corporation had authority to issue immediately prior to this amendment and restatement was 1,000 shares, consisting of 1,000 shares of Common Stock, $.01 par value per share. The aggregate par value of all shares of stock having par value was $10.00. The total number of shares of stock which the Corporation has authority to issue pursuant to the foregoing amendment and restatement of the charter is 254,100,000 shares of stock, initially consisting of 200,000,000 shares of Common Stock, $.01 par value per share, 4,100,000 CCSs, $.01 par value per share, and 50,000,000 shares of Preferred Stock, $.01 par value per share. The aggregate par value of all authorized shares of stock having par value is $2,541,000.

FOURTH: The current address of the principal office of the Corporation is as set forth in Article III of the foregoing amendment and restatement of the charter.

FIFTH: The name and address of the Corporation's current resident agent is as set forth in Article III of the foregoing amendment and restatement of the charter.

SIXTH: The number of directors of the Corporation and the names of those currently in office are as set forth in Article IV of the foregoing amendment and restatement of the charter.

SEVENTH: The undersigned Chairman and Chief Executive Officer acknowledges these Articles of Amendment and Restatement to be the corporate act of the Corporation and as to all matters or facts required to be verified under oath, the undersigned Chairman and Chief Executive Officer acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment and Restatement to be signed in its name and on its behalf by its _______________ and attested to by its Secretary on this __ day of August, 2004.

ATTEST:	EXTRA SPACE STORAGE INC.
______________________________	By: ______________________________

SCHEDULE A

List of storage facilities to be accounted for in Section 5.3.4

Tracy II, California
Valley Boulevard, Fontana, California
Groton, Connecticut
Wethersfield, Connecticut
Crest Hill, Illinois
Ashland, Massachusetts
Dedham, Massachusetts
Milton, Massachusetts
Saugus, Massachusetts
Hoboken, New Jersey
North Bergen, New Jersey
Mt. Vernon, New York
Nanuet, New York
Plainview, New York

EXHIBIT 3.2

EXTRA SPACE STORAGE INC.

BYLAWS

ARTICLE I

OFFICES

Section 1. PRINCIPAL OFFICE. The principal office of the Corporation in the State of Maryland shall be located at such place as the Board of Directors may designate.

Section 2. ADDITIONAL OFFICES. The Corporation may have additional offices, including a principal executive office, at such place or places as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. PLACE. All meetings of stockholders shall be held at the principal executive office of the Corporation or at such other place as shall be set by the Board of Directors and stated in the notice of the meeting.

Section 2. ANNUAL MEETING. An annual meeting of the stockholders for the election of directors and the transaction of any business within the powers of the Corporation shall be held on a date and at the time set by the Board of Directors during the month of May in each year.

Section 3. SPECIAL MEETINGS.

(a) General. The chairman of the board, chief executive officer, president or Board of Directors may call a special meeting of the stockholders. Subject to subsection (b) of this Section 3, a special meeting of stockholders shall also be called by the secretary of the Corporation upon the written request of the stockholders entitled to cast not less than a majority of all the votes entitled to be cast at such meeting.

(b) Stockholder Requested Special Meetings.

(1) Any stockholder of record seeking to have stockholders request a special meeting shall, by sending written notice to the secretary (the “Record Date Request Notice”) by registered mail, return receipt requested, request the Board of Directors to fix a record date to determine the stockholders entitled to request a special meeting (the “Request Record Date”). The Record Date Request Notice shall set forth the purpose of the meeting and the matters proposed to be acted on at it, shall be signed by one or more stockholders of record as of the date of signature (or their agents duly authorized in a writing accompanying the Record Date Request Notice), shall bear the date of signature of each such stockholder (or such agent) and shall set forth all information relating to each such stockholder that must be disclosed in solicitations of proxies for election of directors in an election contest (even if an election contest is not involved), or is otherwise required, in each case pursuant to Regulation 14A (or any successor provision) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Upon receiving the Record Date Request Notice, the Board of Directors may fix a Request

Record Date. The Request Record Date shall not precede and shall not be more than ten days after the close of business on the date on which the resolution fixing the Request Record Date is adopted by the Board of Directors. If the Board of Directors, within ten days after the date on which a valid Record Date Request Notice is received, fails to adopt a resolution fixing the Request Record Date, the Request Record Date shall be the close of business on the tenth day after the first date on which the Record Date Request Notice is received by the secretary.

(2) In order for any stockholder to request a special meeting, one or more written requests for a special meeting signed by stockholders of record (or their agents duly authorized in a writing accompanying the request) as of the Request Record Date entitled to cast not less than a majority (the "Special Meeting Percentage") of all of the votes entitled to be cast at such meeting (the "Special Meeting Request") shall be delivered to the secretary. In addition, the Special Meeting Request shall set forth the purpose of the meeting and the matters proposed to be acted on at it (which shall be limited to those lawful matters set forth in the Record Date Request Notice received by the secretary), (b) shall bear the date of signature of each such stockholder (or such agent) signing the Special Meeting Request, (c) shall set forth the name and address, as they appear in the Corporation's books, of each stockholder signing such request (or on whose behalf the Special Meeting Request is signed), the class, series and number of all shares of stock of the Corporation which are owned by each such stockholder, and the nominee holder for, and number of, shares owned by such stockholder beneficially but not of record, (d) shall be sent to the secretary by registered mail, return receipt requested, and (e) shall be received by the secretary within 60 days after the Request Record Date. Any requesting stockholder (or agent duly authorized in a writing accompanying the revocation or the Special Meeting Request) may revoke his, her or its request for a special meeting at any time by written revocation delivered to the secretary.

(3) The secretary shall inform the requesting stockholders of the reasonably estimated cost of preparing and mailing the notice of meeting (including the Corporation's proxy materials). The secretary shall not be required to call a special meeting upon stockholder request and such meeting shall not be held unless, in addition to the documents required by paragraph (2) of this Section 3(b), the secretary receives payment of such reasonably estimated cost prior to the mailing of any notice of the meeting.

(4) Except as provided in the next sentence, any special meeting shall be held at such place, date and time as may be designated by the chairman of the board, chief executive officer, president or Board of Directors, whoever has called the meeting. In the case of any special meeting called by the secretary upon the request of stockholders (a "Stockholder Requested Meeting"), such meeting shall be held at such place, date and time as may be designated by the Board of Directors; provided, however, that the date of any Stockholder Requested Meeting shall be not more than 90 days after the record date for such meeting (the "Meeting Record Date"); and provided, further that if the Board of Directors fails to designate, within ten days after the date that a valid Special Meeting Request is actually received by the secretary (the "Delivery Date"), a date and time for a Stockholder Requested Meeting, then such meeting shall be held at 2:00 p.m. local time on the 90th day after the Meeting Record Date or, if such 90th day is not a Business Day (as defined below), on the first preceding Business Day; and provided, further that in the event that the Board of Directors fails to designate a place for a Stockholder Requested Meeting within ten days after the Delivery Date, then such meeting shall be held at the principal executive office of the Corporation. In fixing a date for any special meeting, the chairman of the board, chief executive officer, president or Board of Directors may consider such factors as he, she or it deems relevant within the good faith exercise of business judgment, including, without limitation, the nature of the matters to be considered, the facts and

circumstances surrounding any request for the meeting and any plan of the Board of Directors to call an annual meeting or a special meeting. In the case of any Stockholder Requested Meeting, if the Board of Directors fails to fix a Meeting Record Date that is a date within 30 days after the Delivery Date, then the close of business on the 30th day after the Delivery Date shall be the Meeting Record Date. The Board of Directors may revoke the notice for any Stockholder Requested Meeting in the event that the requesting stockholders fail to comply with the provisions of paragraph (3) of this Section 3(b).

(5) If written revocations of requests for the special meeting have been delivered to the secretary and the result is that stockholders of record (or their agents duly authorized in writing), as of the Request Record Date, entitled to cast less than the Special Meeting Percentage have delivered, and not revoked, requests for a special meeting to the secretary, the secretary shall: (i) if the notice of meeting has not already been mailed, refrain from mailing the notice of the meeting and send to all requesting stockholders who have not revoked such requests written notice of any revocation of a request for the special meeting, or (ii) if the notice of meeting has been mailed and if the secretary first sends to all requesting stockholders who have not revoked requests for a special meeting written notice of any revocation of a request for the special meeting and written notice of the secretary's intention to revoke the notice of the meeting, revoke the notice of the meeting at any time before ten days before the commencement of the meeting. Any request for a special meeting received after a revocation by the secretary of a notice of a meeting shall be considered a request for a new special meeting.

(6) The chairman of the board, chief executive officer, president or Board of Directors may appoint regionally or nationally recognized independent inspectors of elections to act as the agent of the Corporation for the purpose of promptly performing a ministerial review of the validity of any purported Special Meeting Request received by the secretary. For the purpose of permitting the inspectors to perform such review, no such purported request shall be deemed to have been delivered to the secretary until the earlier of (i) ten Business Days after receipt by the secretary of such purported request and (ii) such date as the independent inspectors certify to the Corporation that the valid requests received by the secretary represent at least a majority of the issued and outstanding shares of stock that would be entitled to vote at such meeting. Nothing contained in this paragraph (6) shall in any way be construed to suggest or imply that the Corporation or any stockholder shall not be entitled to contest the validity of any request, whether during or after such ten Business Day period, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

(7) For purposes of these Bylaws, "Business Day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of Maryland are authorized or obligated by law or executive order to close.

Section 4. NOTICE. Not less than ten nor more than 90 days before each meeting of stockholders, the secretary shall give to each stockholder entitled to vote at such meeting and to each stockholder not entitled to vote who is entitled to notice of the meeting written or printed notice stating the time and place of the meeting and, in the case of a special meeting or as otherwise may be required by any statute, the purpose for which the meeting is called, either by mail, by presenting it to such stockholder personally, by leaving it at the stockholder's residence or usual place of business or by any other means permitted by Maryland law. If mailed, such notice shall be deemed to be given when deposited in the U.S. mail addressed

to the stockholder at the stockholder's address as it appears on the records of the Corporation, with postage thereon prepaid.

Section 5. SCOPE OF NOTICE. Subject to Section 12(a) of this Article II, any business of the Corporation may be transacted at an annual meeting of stockholders without being specifically designated in the notice, except such business as is required by any statute to be stated in such notice. No business shall be transacted at a special meeting of stockholders except as specifically designated in the notice.

Section 6. ORGANIZATION AND CONDUCT. Every meeting of stockholders shall be conducted by an individual appointed by the Board of Directors to be chairman of the meeting or, in the absence of such appointment, by the chairman of the board or, in the case of a vacancy in the office or absence of the chairman of the board, by one of the following officers present at the meeting in the order stated: the vice chairman of the board, if there be one, the chief executive officer, the president, the vice presidents in their order of rank and seniority, or, in the absence of such officers, a chairman chosen by the stockholders by the vote of a majority of the votes cast by stockholders present in person or by proxy. The secretary, or, in the secretary's absence, an assistant secretary, or in the absence of both the secretary and assistant secretaries, an individual appointed by the Board of Directors or, in the absence of such appointment, an individual appointed by the chairman of the meeting shall act as secretary. In the event that the secretary presides at a meeting of the stockholders, an assistant secretary, or in the absence of assistant secretaries, an individual appointed by the Board of Directors or the chairman of the meeting, shall record the minutes of the meeting. The order of business and all other matters of procedure at any meeting of stockholders shall be determined by the chairman of the meeting. The chairman of the meeting may prescribe such rules, regulations and procedures and take such action as, in the discretion of such chairman, are appropriate for the proper conduct of the meeting, including, without limitation, (a) restricting admission to the time set for the commencement of the meeting; (b) limiting attendance at the meeting to stockholders of record of the Corporation, their duly authorized proxies and other such individuals as the chairman of the meeting may determine; (c) limiting participation at the meeting on any matter to stockholders of record of the Corporation entitled to vote on such matter, their duly authorized proxies and other such individuals as the chairman of the meeting may determine; (d) limiting the time allotted to questions or comments by participants; (e) maintaining order and security at the meeting; (f) determining when the polls should be open and closed; (g) removing any stockholder or any other individual who refuses to comply with meeting procedures, rules or guidelines as set forth by the chairman of the meeting; and (h) concluding a meeting or recessing or adjourning the meeting to a later date and time and at a place announced at the meeting. Unless otherwise determined by the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 7. QUORUM; ADJOURNMENTS. At any meeting of stockholders, the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting shall constitute a quorum; but this section shall not affect any requirement under any statute or the charter of the Corporation for the vote necessary for the adoption of any measure. If, however, such quorum shall not be present at any meeting of the stockholders, the chairman of the meeting shall have the power to adjourn the meeting from time to time to a date not more than 120 days after the original record date without notice other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

The stockholders present either in person or by proxy, at a meeting which has been duly called and convened, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

Section 8. VOTING. A plurality of all the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to elect a director. Each share may be voted for as many individuals as there are directors to be elected and for whose election the share is entitled to be voted. A majority of the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to approve any other matter which may properly come before the meeting, unless more than a majority of the votes cast is required by statute or by the charter of the Corporation. Unless otherwise provided by the statute or by the charter, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders. Voting on any questions or in any election may be viva voce unless the chairman of the meeting shall order that voting be by ballot.

Section 9. PROXIES. A stockholder may cast the votes entitled to be cast by the shares of stock owned of record by the stockholder in person or by proxy executed by the stockholder or by the stockholder’s duly authorized agent in any manner permitted by law. Such proxy or evidence of authorization of such proxy shall be filed with the secretary of the Corporation before or at the meeting. No proxy shall be valid more than eleven months after its date unless otherwise provided in the proxy.

Section 10. VOTING OF STOCK BY CERTAIN HOLDERS. Stock of the Corporation registered in the name of a corporation, partnership, trust or other entity, if entitled to be voted, may be voted by the president or a vice president, a general partner or trustee thereof, as the case may be, or a proxy appointed by any of the foregoing individuals, unless some other person who has been appointed to vote such stock pursuant to a bylaw or a resolution of the governing body of such corporation or other entity or agreement of the partners of a partnership presents a certified copy of such bylaw, resolution or agreement, in which case such person may vote such stock. Any director or other fiduciary may vote stock registered in his or her name as such fiduciary, either in person or by proxy.

Shares of stock of the Corporation directly or indirectly owned by it shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares entitled to be voted at any given time, unless they are held by it in a fiduciary capacity, in which case they may be voted and shall be counted in determining the total number of outstanding shares at any given time.

The Board of Directors may adopt by resolution a procedure by which a stockholder may certify in writing to the Corporation that any shares of stock registered in the name of the stockholder are held for the account of a specified person other than the stockholder. The resolution shall set forth the class of stockholders who may make the certification, the purpose for which the certification may be made, the form of certification and the information to be contained in it; if the certification is with respect to a record date or closing of the stock transfer books, the time after the record date or closing of the stock transfer books within which the certification must be received by the Corporation; and any other provisions with respect to the procedure which the Board of Directors considers necessary or desirable. On receipt of such certification, the person specified in the certification shall be regarded as, for the purposes set forth in the certification, the stockholder of record of the specified stock in place of the stockholder who makes the certification.

Section 11. INSPECTORS. The Board of Directors, in advance of any meeting, may, but need not, appoint one or more individual inspectors or one or more entities that designate individuals as inspectors to act at the meeting or any adjournment thereof. If an inspector or inspectors are not appointed, the person presiding at the meeting may, but need not, appoint one or more inspectors. In case any person who may be appointed as an inspector fails to appear or act, the vacancy may be filled by appointment made by the Board of Directors in advance of the meeting or at the meeting by the chairman of the meeting. The inspectors, if any, shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. Each such report shall be in writing and signed by him or her or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on the number of shares represented at the meeting and the results of the voting shall be *prima facie* evidence thereof.

Section 12. ADVANCE NOTICE OF STOCKHOLDER NOMINEES FOR DIRECTOR AND OTHER STOCKHOLDER PROPOSALS.

(a) Annual Meetings of Stockholders.

(1) Nominations of individuals for election to the Board of Directors and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who was a stockholder of record both at the time of giving of notice by the shareholders as provided for in this Section 12(a) and at the time of the annual meeting, who is entitled to vote at the meeting and who has complied with this Section 12(a).

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of paragraph (a)(1) of this Section 12, the stockholder must have given timely notice thereof in writing to the secretary of the Corporation and such other business must otherwise be a proper matter for action by the stockholders. To be timely, a stockholder's notice shall set forth all information required under this Section 12 and shall be delivered to the secretary at the principal executive offices of the Corporation not earlier than the 150th day and not later than 5:00 p.m., Mountain time, on the 120th day prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting (for purposes of the Corporation's 2005 annual meeting, notice of the prior year's annual meeting shall be deemed to have been mailed on March 31, 2004); provided, however that in the event that the date of the annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not earlier than the 150th day prior to the date of mailing of the notice for such annual meeting and not later than 5:00 p.m., Mountain time, on the later of the 120th day prior to the date of such annual meeting or the tenth day following the day on which disclosure of the date of such meeting is first made. The public announcement of a postponement or adjournment of an annual meeting shall not commence a new time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth (i) as to each individual whom the stockholder proposes to nominate for election or reelection as a director, (A) the name, age, business address and residence address of such individual, (B) the class, series

and number of any shares of stock of the Corporation that are beneficially owned by such individual, (C) the date such shares were acquired and the investment intent of such acquisition, and (D) all other information relating to such individual that is required to be disclosed in solicitations of proxies for election of directors in an election contest (even if an election contest is not involved), or is otherwise required, in each case pursuant to Regulation 14A (or any successor provision) under the Exchange Act and the rules thereunder (including such individual's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (ii) as to any other business that the stockholder proposes to bring before the meeting, a description of such business, the reasons for proposing such business at the meeting and any material interest in such business of such stockholder and any Stockholder Associated Person (as defined below) individually or in the aggregate, (including any anticipated benefit to the stockholder and the Stockholder Associated Person therefrom); (iii) as to the stockholder giving the notice and any Stockholder Associated Person, the class, series and number of all shares of stock of the Corporation which are owned by such stockholder and by such Stockholder Associated Person, if any, and the nominee holder for, and number of, shares owned beneficially but not of record by such stockholder and by any such Stockholder Associated Person; (iv) as to the stockholder giving the notice and any Stockholder Associated Person covered by clauses (ii) or (iii) of this paragraph 2 of this Section 12(a), the name and address of such stockholder, as they appear on the Corporation's stock ledger and current name and address, if different, and of such stockholder Associated Person and (v) to the extent known by the stockholder giving the notice, the name and address of any other stockholder supporting the nominee for election or reelection as a director or the proposal of other business on the date of such stockholder's notice

(3) Notwithstanding anything in this subsection (a) of this Section 12 to the contrary, in the event the Board of Directors increases or decreases the maximum or minimum number of directors in accordance with Article III, Section 2 of these Bylaws, and there is no public announcement of such action at least 130 days prior to the first anniversary of the date of mailing of the notice of the preceding year's annual meeting, a stockholder's notice required by this Section 12(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the secretary at the principal executive office of the Corporation not later than 5:00 p.m., Mountain time, on the tenth day following the day on which such public announcement is first made by the Corporation.

(4) For purposes of this Section 12, "Stockholder Associated Person" of any stockholder shall mean (i) any person controlling, directly or indirectly, or acting in concert with, such stockholder, (ii) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder and (iii) any person controlling, controlled by or under common control with such Stockholder Associated Person.

(b) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of individuals for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) provided that the Board of Directors has determined that directors shall be elected at such special meeting, by any stockholder of the Corporation who is a stockholder of record both at the time of giving of notice provided for in this Section 12 and at the time of the special meeting, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 12. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more individuals to the Board of Directors, any such stockholder may nominate an individual or individuals (as the case may be) for election as a

director as specified in the Corporation's notice of meeting, if the stockholder's notice required by paragraph (2) of Section 12(a) shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the 150th day prior to such special meeting and not later than 5:00 p.m., Mountain time, on the later of the 120th day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. The public announcement of a postponement or adjournment of a special meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

(c) General.

(1) Upon written request by the secretary or the Board of Directors or any committee thereof, any stockholder proposing a nominee for election as a director or any proposal for other business at a meeting of stockholders shall provide, within five Business Days of delivery of such request (or such other period as may be specified in such request), written verification, satisfactory, in the discretion of the Board of Directors or any committee thereof or any authorized officer of the Corporation, to demonstrate the accuracy of any information submitted by the stockholder pursuant to this Section 12. If a stockholder fails to provide such written verification within such period, the information as to which written verification was requested may be deemed not to have been provided in accordance with this Section 12.

(2) Only such individuals who are nominated in accordance with this Section 12 shall be eligible for election by stockholders as directors, and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with this Section 12. The chairman of the meeting shall have the power to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with this Section 12.

(3) For purposes of this Section 12, (a) the "date of mailing of the notice" shall mean the date of the proxy statement for the solicitation of proxies for election of directors and (b) "public announcement" shall mean disclosure (i) in a press release reported by the Dow Jones News Service, Associated Press, Business Wire, PR Newswire or comparable news service or (ii) in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to the Exchange Act.

(4) Notwithstanding the foregoing provisions of this Section 12, a stockholder shall also comply with all applicable requirements of state law and of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 12. Nothing in this Section 12 shall be deemed to affect any right of a stockholder to request inclusion of a proposal in, nor the right of the Corporation to omit a proposal from, the Corporation's proxy statement pursuant to Rule 14a-8 (or any successor provision) under the Exchange Act.

Section 13. MEETING BY CONFERENCE TELEPHONE. The Board of Directors or chairman of the meeting may permit stockholders to participate in a meeting by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means constitutes presence in person at a meeting.

Section 14. CONTROL SHARE ACQUISITION ACT. Notwithstanding any other provision of the charter of the Corporation or these Bylaws, Title 3, Subtitle 7 of the

Maryland General Corporation Law (or any successor statute) shall not apply to any acquisition by any person of shares of stock of the Corporation. This section may be repealed, in whole or in part, at any time, whether before or after an acquisition of control shares and, upon such repeal, may, to the extent provided by any successor bylaw, apply to any prior or subsequent control share acquisition.

ARTICLE III

DIRECTORS

Section 1. GENERAL POWERS. The business and affairs of the Corporation shall be managed under the direction of its Board of Directors.

Section 2. NUMBER, TENURE AND QUALIFICATIONS. At any regular meeting or at any special meeting called for that purpose, a majority of the entire Board of Directors may establish, increase or decrease the number of directors, provided, that the number thereof shall never be less than the minimum number required by the Maryland General Corporation Law, nor more than 15, and further provided that the tenure of office of a director shall not be affected by any decrease in the number of directors.

Section 3. ANNUAL AND REGULAR MEETINGS. An annual meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting of stockholders, no notice other than this Bylaw being necessary. In the event such meeting is not so held, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors. A regular meeting of the Board of Directors shall be held at least once every fiscal quarter at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors. A regular meeting need not be held in the fiscal quarter in which the annual meeting is held.

Section 4. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the chairman of the board, the chief executive officer, the president or by a majority of the directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix any place as the place for holding any special meeting of the Board of Directors called by them. The Board of Directors may provide, by resolution, the time and place for the holding of special meetings of the Board of Directors without other notice than such resolution.

Section 5. NOTICE. Notice of any special meeting of the Board of Directors shall be delivered personally or by telephone, electronic mail, facsimile transmission, U.S. mail or courier to each director at his or her business or residence address. Notice by personal delivery, telephone, electronic mail or facsimile transmission shall be given at least 24 hours prior to the meeting. Notice by U.S. mail shall be given at least three Business Days prior to the meeting. Notice by courier shall be given at least two Business Days prior to the meeting. Telephone notice shall be deemed to be given when the director or his or her agent is personally given such notice in a telephone call to which the director or his or her agent is a party. Electronic mail notice shall be deemed to be given upon transmission of the message to the electronic mail address given to the Corporation by the director. Facsimile transmission notice shall be deemed to be given upon completion of the transmission of the message to the number given to the Corporation by the director and receipt of a completed answer-back indicating receipt. Notice by U.S. mail shall be deemed to be given when deposited in the U.S. mail properly addressed, with

postage thereon prepaid. Notice by courier shall be deemed to be given when deposited with or delivered to a courier properly addressed. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Board of Directors need be stated in the notice, unless specifically required by statute or these Bylaws.

Section 6. QUORUM. A majority of the directors shall constitute a quorum for transaction of business at any meeting of the Board of Directors, provided that, if less than a majority of such directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice, and provided, further that if, pursuant to applicable law, the charter of the Corporation or these Bylaws, the vote of a majority of a particular group of directors is required for action, a quorum must also include a majority of such group.

The directors present at a meeting which has been duly called and convened may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

Section 7. VOTING. The action of the majority of the directors present at a meeting at which a quorum is present shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable law, the charter or these Bylaws. If enough directors have withdrawn from a meeting to leave less than a quorum but the meeting is not adjourned, the action of the majority of the directors necessary to constitute a quorum at such meeting shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable law, the charter or these Bylaws.

Section 8. ORGANIZATION. At each meeting of the Board of Directors, the chairman of the board or, in the absence of the chairman, the vice chairman of the board, if any, shall act as chairman. In the absence of both the chairman and vice chairman of the board, the chief executive officer or in the absence of the chief executive officer, the president or in the absence of the president, a director chosen by a majority of the directors present, shall act as chairman. The secretary or, in his or her absence, an assistant secretary of the Corporation, or in the absence of the secretary and all assistant secretaries, a person appointed by the chairman, shall act as Secretary of the meeting.

Section 9. TELEPHONE MEETINGS. Directors may participate in a meeting by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 10. CONSENT BY DIRECTORS. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if a consent in writing or by electronic transmission to such action is given by each director and is filed with the minutes of proceedings of the Board of Directors.

Section 11. VACANCIES. If for any reason any or all the directors cease to be directors, such event shall not terminate the Corporation or affect these Bylaws or the powers of the remaining directors hereunder (even if fewer than three directors remain). Except as may be provided by the Board of Directors in setting the terms of any class or series of preferred stock, any vacancy on the Board of Directors may be filled only by a majority of the remaining directors, even if the remaining directors do not constitute a quorum. Any director elected to fill

a vacancy shall serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is elected and qualifies.

Section 12. COMPENSATION. Directors shall not receive any stated salary for their services as directors but, by resolution of the Board of Directors, may receive compensation per year and/or per meeting and/or per visit to real property or other facilities owned, leased or to be acquired by the Corporation and for any service or activity they performed or engaged in as directors. Directors may be reimbursed for expenses of attendance, if any, at each annual, regular or special meeting of the Board of Directors or of any committee thereof and for their expenses, if any, in connection with each property visit and any other service or activity they performed or engaged in as directors; but nothing herein contained shall be construed to preclude any directors from serving the Corporation in any other capacity and receiving compensation therefor.

Section 13. LOSS OF DEPOSITS. No director shall be liable for any loss which may occur by reason of the failure of the bank, trust company, savings and loan association or other institution with whom moneys or stock have been deposited.

Section 14. SURETY BONDS. Unless required by law, no director shall be obligated to give any bond or surety or other security for the performance of any of his or her duties.

Section 15. RELIANCE. Each director, officer, employee and agent of the Corporation shall, in the performance of his or her duties with respect to the Corporation, be fully justified and protected with regard to any act or failure to act in reliance in good faith upon the books of account or other records of the Corporation, upon an opinion of counsel or upon reports made to the Corporation by any of its officers or employees or by the adviser, accountants, appraisers or other experts or consultants selected by the Board of Directors or officers of the Corporation, regardless of whether such counsel or expert may also be a director.

Section 16. CERTAIN RIGHTS OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS. The directors shall have no responsibility to devote their full time to the affairs of the Corporation. Any director or officer, employee or agent of the Corporation, in his or her personal capacity or in a capacity as an affiliate, employee, or agent of any other person, or otherwise, may have business interests and engage in business activities similar to or in addition to or in competition with those of or relating to the Corporation.

ARTICLE IV

COMMITTEES

Section 1. NUMBER, TENURE AND QUALIFICATIONS. The Board of Directors shall appoint from among its members a Nominating and Corporate Governance Committee, an Audit Committee and a Compensation Committee and may appoint such other committees as it deems appropriate to serve at the pleasure of the Board of Directors. All committees shall be composed of one or more directors; provided, however that the exact composition of each committee, including the total number of directors and the number of Independent Directors on each such committee, shall at all times comply with the listing requirements and rules and regulations of the New York Stock Exchange, as modified or amended from time to time, and the rules and regulations of the Securities and Exchange Commission, as modified or amended from time to time. For purposes of this Section 1, “Independent Director” shall have the definition set forth in Section 303A.02 of the New York

Stock Exchange Listed Company Manual, as amended from time to time, or such superseding definition as is hereafter promulgated by the New York Stock Exchange.

Section 2. POWERS. The Board of Directors may delegate to committees appointed under Section 1 of this Article any of the powers of the Board of Directors, except as prohibited by law.

Section 3. MEETINGS. Notice of committee meetings shall be given in the same manner as notice for special meetings of the Board of Directors. A majority of the members of the committee shall constitute a quorum for the transaction of business at any meeting of the committee. The act of a majority of the committee members present at a meeting shall be the act of such committee. The Board of Directors may designate a chairman of any committee, and such chairman or, in the absence of a chairman, any two members of any committee (if there are at least two members of the Committee) may fix the time and place of its meeting unless the Board of Directors shall otherwise provide. In the absence of any member of any such committee, the members thereof present at any meeting, whether or not they constitute a quorum, may appoint another director to act in the place of such absent member. Each committee shall keep minutes of its proceedings.

Section 4. TELEPHONE MEETINGS. Members of a committee of the Board of Directors may participate in a meeting by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 5. CONSENT BY COMMITTEES. Any action required or permitted to be taken at any meeting of a committee of the Board of Directors may be taken without a meeting, if a consent in writing or by electronic transmission to such action is given by each member of the committee and is filed with the minutes of proceedings of such committee.

Section 6. VACANCIES. Subject to the provisions hereof, the Board of Directors shall have the power at any time to change the membership of any committee, to fill all vacancies, to designate alternate members to replace any absent or disqualified member or to dissolve any such committee.

ARTICLE V

OFFICERS

Section 1. GENERAL PROVISIONS. The officers of the Corporation shall include a president, a secretary and a treasurer and may include a chairman of the board, vice chairman of the board, a chief executive officer, one or more vice presidents, a chief operating officer, a chief financial officer, one or more assistant secretaries and one or more assistant treasurers. In addition, the Board of Directors may from time to time elect such other officers with such powers and duties as they shall deem necessary or desirable. The officers of the Corporation shall be elected annually by the Board of Directors, except that the chief executive officer or president may from time to time appoint one or more vice presidents, assistant secretaries and assistant treasurers or other officers. Each officer shall hold office until his or her successor is elected and qualifies or until his or her death, or his or her resignation or removal in the manner hereinafter provided. In its discretion, the Board of Directors may leave unfilled any office except that of chief executive officer, president, treasurer and secretary. Any two or more

offices except chief executive officer and vice president may be held by the same person. Election of an officer or agent shall not of itself create contract rights between the Corporation and such officer or agent.

Section 2. REMOVAL AND RESIGNATION. Any officer or agent of the Corporation may be removed, with or without cause, by the Board of Directors if in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer of the Corporation may resign at any time by giving written notice of his or her resignation to the Board of Directors, the chairman of the board, the president or the secretary. Any resignation shall take effect immediately upon its receipt or at such later time specified in the notice of resignation. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation. Such resignation shall be without prejudice to the contract rights, if any, of the Corporation.

Section 3. VACANCIES. A vacancy in any office may be filled by the Board of Directors for the balance of the term.

Section 4. CHIEF EXECUTIVE OFFICER. The Board of Directors shall designate a chief executive officer. In the absence of such designation, the chairman of the board shall be the chief executive officer of the Corporation. The chief executive officer shall have general responsibility for implementation of the policies of the Corporation, as determined by the Board of Directors, and for the management of the business and affairs of the Corporation. He or she may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of chief executive officer and such other duties as may be prescribed by the Board of Directors from time to time.

Section 5. CHIEF OPERATING OFFICER. The Board of Directors may designate a chief operating officer. The chief operating officer shall have the responsibilities and duties as set forth by the Board of Directors or the chief executive officer.

Section 6. CHIEF FINANCIAL OFFICER. The Board of Directors may designate a chief financial officer. The chief financial officer shall have the responsibilities and duties as set forth by the Board of Directors or the chief executive officer.

Section 7. CHAIRMAN OF THE BOARD. The Board of Directors shall designate a chairman of the board. The chairman of the board shall preside over the meetings of the Board of Directors and of the stockholders at which he shall be present. The chairman of the board shall perform such other duties as may be assigned to him or her by the Board of Directors.

Section 8. PRESIDENT. In the absence of a chief executive officer, the president shall in general supervise and control all of the business and affairs of the Corporation. In the absence of a designation of a chief operating officer by the Board of Directors, the president shall be the chief operating officer. He or she may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

Section 9. VICE PRESIDENTS. In the absence of the president or in the event of a vacancy in such office, the vice president (or in the event there be more than one vice president, the vice presidents in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall perform the duties of the president and when so acting shall have all the powers of and be subject to all the restrictions upon the president; and shall perform such other duties as from time to time may be assigned to such vice president by the president or by the Board of Directors. The Board of Directors may designate one or more vice presidents as executive vice president or as vice president for particular areas of responsibility.

Section 10. SECRETARY. The secretary shall (a) keep the minutes of the proceedings of the stockholders, the Board of Directors and committees of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Corporation; (d) keep a register of the post office address of each stockholder which shall be furnished to the secretary by such stockholder; (e) have general charge of the stock transfer books of the Corporation; and (f) in general perform such other duties as from time to time may be assigned to him by the chief executive officer, the president or by the Board of Directors.

Section 11. TREASURER. The treasurer shall have the custody of the funds and securities of the Corporation and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. In the absence of a designation of a chief financial officer by the Board of Directors, the treasurer shall be the chief financial officer of the Corporation.

The treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the president and Board of Directors, at the regular meetings of the Board of Directors or whenever it may so require, an account of all his or her transactions as treasurer and of the financial condition of the Corporation.

If required by the Board of Directors, the treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his or her office and for the restoration to the Corporation, in case of his or her death, resignation, retirement or removal from office, of all books, papers, vouchers, moneys and other property of whatever kind in his or her possession or under his or her control belonging to the Corporation.

Section 12. ASSISTANT SECRETARIES AND ASSISTANT TREASURERS. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or treasurer, respectively, or by the president or the Board of Directors. The assistant treasurers shall, if required by the Board of Directors, give bonds for the faithful performance of their duties in such sums and with such surety or sureties as shall be satisfactory to the Board of Directors.

Section 13. SALARIES. The salaries and other compensation of the officers shall be fixed from time to time by the Board of Directors and no officer shall be prevented from receiving such salary or other compensation by reason of the fact that he is also a director.

ARTICLE VI

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. CONTRACTS. The Board of Directors may authorize any officer or agent to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances. Any agreement, deed, mortgage, lease or other document shall be valid and binding upon the Corporation when authorized or ratified by action of the Board of Directors and executed by an authorized person.

Section 2. CHECKS AND DRAFTS. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or agent of the Corporation in such manner as shall from time to time be determined by the Board of Directors.

Section 3. DEPOSITS. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may designate.

ARTICLE VII

STOCK

Section 1. CERTIFICATES. Except as otherwise provided in these Bylaws, this Section1 shall not be interpreted to limit the authority of the Board of Directors to issue some or all of the shares of any or all of the Corporation’s classes or series without certificates. Each stockholder, upon written request to the secretary of the Corporation, shall be entitled to a certificate or certificates which shall represent and certify the number of shares of each class of stock held by him in the Corporation. Each certificate shall be signed by the chairman of the board, the president or a vice president and countersigned by the secretary or an assistant secretary or the treasurer or an assistant treasurer and may be sealed with the seal, if any, of the Corporation or a facsimile thereof. The signatures may be either manual or facsimile. Certificates shall be consecutively numbered; and if the Corporation shall, from time to time, issue several classes of stock, each class may have its own number series. A certificate is valid and may be issued whether or not an officer who signed it is still an officer when it is issued. Each certificate representing shares which are restricted as to their transferability or voting powers, which are preferred or limited as to their dividends or as to their allocable portion of the assets upon liquidation or which are redeemable at the option of the Corporation, shall have a statement of such restriction, limitation, preference or redemption provision, or a summary thereof, plainly stated on the certificate. If the Corporation has authority to issue stock of more than one class, the certificate shall contain on the face or back a full statement or summary of the designations and any preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of each class of stock and, if the Corporation is authorized to issue any preferred or special class in series, the differences in the relative rights and preferences between the shares of each series to the extent they have been set and the authority of the Board of Directors to set the relative rights and preferences of subsequent series. In lieu of such statement or summary, the certificate may state that the Corporation will furnish a full statement of such information to any stockholder upon request and without charge. If any class of stock is restricted by the Corporation as to transferability, the certificate shall contain a full statement of the restriction or

state that the Corporation will furnish information about the restrictions to the stockholder on request and without charge.

Section 2. TRANSFERS. Upon surrender to the Corporation or the transfer agent of the Corporation of a stock certificate duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, the Corporation shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

The Corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Maryland.

Notwithstanding the foregoing, transfers of shares of any class of stock will be subject in all respects to the charter of the Corporation and all of the terms and conditions contained therein.

Section 3. REPLACEMENT CERTIFICATE. Any officer designated by the Board of Directors may direct a new certificate to be issued in place of any certificate previously issued by the Corporation alleged to have been lost, stolen or destroyed upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing the issuance of a new certificate, an officer designated by the Board of Directors may, in his or her discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or the owner's legal representative to advertise the same in such manner as he shall require and/or to give bond, with sufficient surety, to the Corporation to indemnify it against any loss or claim which may arise as a result of the issuance of a new certificate.

Section 4. CLOSING OF TRANSFER BOOKS OR FIXING OF RECORD DATE. The Board of Directors may set, in advance, a record date for the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or determining stockholders entitled to receive payment of any dividend or the allotment of any other rights, or in order to make a determination of stockholders for any other proper purpose. Such date, in any case, shall not be prior to 5:00 p.m., Mountain time, on the day the record date is fixed and shall be not more than 90 days and, in the case of a meeting of stockholders, not less than ten days, before the date on which the meeting or particular action requiring such determination of stockholders of record is to be held or taken.

In lieu of fixing a record date, the Board of Directors may provide that the stock transfer books shall be closed for a stated period but not longer than 20 days. If the stock transfer books are closed for the purpose of determining stockholders entitled to notice of or to vote at a meeting of stockholders, such books shall be closed for at least ten days before the date of such meeting.

If no record date is fixed and the stock transfer books are not closed for the determination of stockholders, (a) the record date for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders shall be at 5:00 p.m., Mountain time, on the day on which the notice of meeting is mailed or the 30th day before the meeting, whichever is the closer date to the meeting and (b) the record date for the determination of stockholders entitled to receive payment of a dividend or an allotment of any other rights shall be 5:00 p.m., Mountain

time, on the day on which the resolution of the directors, declaring the dividend or allotment of rights, is adopted.

When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided in this Section 4, such determination shall apply to any adjournment thereof, except when (a) the determination has been made through the closing of the transfer books and the stated period of closing has expired or (b) the meeting is adjourned to a date more than 120 days after the record date fixed for the original meeting, in either of which case a new record date shall be determined as set forth herein.

Section 5. STOCK LEDGER. The Corporation shall maintain at its principal office or at the office of its counsel, accountants or transfer agent, an original or duplicate share ledger containing the name and address of each stockholder and the number of shares of each class held by such stockholder.

Section 6. FRACTIONAL STOCK; ISSUANCE OF UNITS. The Board of Directors may issue fractional stock or provide for the issuance of scrip, all on such terms and under such conditions as they may determine. Notwithstanding any other provision of the charter or these Bylaws, the Board of Directors may issue units consisting of different securities of the Corporation. Any security issued in a unit shall have the same characteristics as any identical securities issued by the Corporation, except that the Board of Directors may provide that for a specified period securities of the Corporation issued in such unit may be transferred on the books of the Corporation only in such unit.

ARTICLE VIII

ACCOUNTING YEAR

The Board of Directors shall have the power, from time to time, to fix the fiscal year of the Corporation by a duly adopted resolution.

ARTICLE IX

DISTRIBUTIONS

Section 1. AUTHORIZATION. Dividends and other distributions upon the stock of the Corporation may be authorized by the Board of Directors, subject to the provisions of law and the charter of the Corporation. Dividends and other distributions may be paid in cash, property or stock of the Corporation, subject to the provisions of law and the charter.

Section 2. CONTINGENCIES. Before payment of any dividends or other distributions, there may be set aside out of any assets of the Corporation available for dividends or other distributions such sum or sums as the Board of Directors may from time to time, in its absolute discretion, think proper as a reserve fund for contingencies, for equalizing dividends or other distributions, for repairing or maintaining any property of the Corporation or for such other purpose as the Board of Directors shall determine to be in the best interest of the Corporation, and the Board of Directors may modify or abolish any such reserve.

ARTICLE X

INVESTMENT POLICY

Subject to the provisions of the charter of the Corporation, the Board of Directors may from time to time adopt, amend, revise or terminate any policy or policies with respect to investments by the Corporation as it shall deem appropriate in its sole discretion.

ARTICLE XI

SEAL

Section 1. SEAL. The Board of Directors may authorize the adoption of a seal by the Corporation. The seal shall contain the name of the Corporation and the year of its incorporation and the words “Incorporated Maryland.” The Board of Directors may authorize one or more duplicate seals and provide for the custody thereof.

Section 2. AFFIXING SEAL. Whenever the Corporation is permitted or required to affix its seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a seal to place the word “(SEAL)” adjacent to the signature of the person authorized to execute the document on behalf of the Corporation.

ARTICLE XII

INDEMNIFICATION AND ADVANCE OF EXPENSES

To the maximum extent permitted by Maryland law in effect from time to time, the Corporation shall indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, shall pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (a) any individual who is a present or former director or officer of the Corporation and who is made or threatened to be made a party to the proceeding by reason of his or her service in that capacity or (b) any individual who, while a director or officer of the Corporation and at the request of the Corporation, serves or has served as a director, officer, partner or trustee of such corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise and who is made or threatened to be made a party to the proceeding by reason of his or her service in that capacity. The Corporation may, with the approval of its Board of Directors or any duly authorized committee thereof, provide such indemnification and advance for expenses to a person who served a predecessor of the Corporation in any of the capacities described in (a) or (b) above and to any employee or agent of the Corporation or a predecessor of the Corporation. The indemnification and payment of expenses provided in these Bylaws shall not be deemed exclusive of or limit in any way other rights to which any person seeking indemnification or payment of expenses may be or may become entitled under any bylaw, regulation, insurance, agreement or otherwise.

Neither the amendment nor repeal of this Article, nor the adoption or amendment of any other provision of the Bylaws or charter of the Corporation inconsistent with this Article, shall apply to or affect in any respect the applicability of the preceding paragraph with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

ARTICLE XIII

WAIVER OF NOTICE

Whenever any notice is required to be given pursuant to the charter of the Corporation or these Bylaws or pursuant to applicable law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of any meeting need be set forth in the waiver of notice, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE XIV

AMENDMENT OF BYLAWS

The Board of Directors shall have the exclusive power to adopt, alter or repeal any provision of these Bylaws and to make new Bylaws.

ARTICLE XV

MISCELLANEOUS

Section 1. BOOKS AND RECORDS. The Corporation shall keep correct and complete books and records of its accounts and transactions and minutes of the proceedings of its stockholders and Board of Directors and of an executive or other committee when exercising any of the powers of the Board of Directors. The books and records of the Corporation may be in written form or in any other form which can be converted within a reasonable time into written form for visual inspection. Minutes shall be recorded in written form but may be maintained in the form of a reproduction. The original or a certified copy of these Bylaws shall be kept at the principal office of the Corporation.

Section 2. VOTING STOCK IN OTHER COMPANIES. Stock of other corporations or associations, registered in the name of the Corporation, may be voted by the chief executive officer, president, a vice-president, or a proxy appointed by any of them. The Board of Directors, however, may by resolution appoint some other person to vote such shares, in which case such person shall be entitled to vote such shares upon the production of a certified copy of such resolution.

FIRST AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF
EXTRA SPACE STORAGE LP

a Delaware limited partnership

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION, UNLESS THE TRANSFEROR DELIVERS T O THE PARTNERSHIP AN OPINION OF COUNSEL SATISFACTORY TO THE PARTNERSHIP, IN FORM AND SUBSTANCE SATISFACTORY TO THE PARTNERSHIP, TO THE EFFECT THAT THE PROPOSED SALE, TRANSFER OR OTHER DISPOSITION MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES OR “BLUE SKY” LAWS.

AMENDED AND RESTATED AS OF AUGUST [ ], 2004

TABLE OF CONTENTS

		Page
ARTICLE I	DEFINED TERMS	1
ARTICLE II	ORGANIZATIONAL MATTERS	14
Section 2.1.	Organization	14
Section 2.2.	Name	14
Section 2.3.	Registered Office and Agent; Principal Office	14
Section 2.4.	Power of Attorney	14
Section 2.5.	Term	15
ARTICLE III	PURPOSE	15
Section 3.1.	Purpose and Business	15
Section 3.2.	Powers	16
Section 3.3.	Partnership Only for Partnership Purposes Specified	16
Section 3.4.	Representations and Warranties by the Parties	16
ARTICLE IV	CAPITAL CONTRIBUTIONS	17
Section 4.1.	Capital Contributions of the Partners	17
Section 4.2.	Classes of Partnership Units	18
Section 4.3.	Issuances of Additional Partnership Interests	18
Section 4.4.	Additional Funds and Capital Contributions	19
Section 4.5.	Stock Option Plan	20
Section 4.6.	No Interest; No Return	21
Section 4.7.	Conversion or Redemption of Contingent Conversion Units	21
Section 4.8.	Other Contribution Provisions	23
Section 4.9.	Not Publicly Traded	23
ARTICLE V	DISTRIBUTIONS	23
Section 5.1.	Requirement and Characterization of Distributions	23
Section 5.2.	Distributions In-Kind	24
Section 5.3.	Amounts Withheld	24
Section 5.4.	Distributions Upon Liquidation	24
Section 5.5.	Distributions to Reflect Issuance of Additional Partnership Units	24
Section 5.6.	Restricted Distributions	24
ARTICLE VI	ALLOCATIONS	24
Section 6.1.	Timing and Amount of Allocations of Net Income and Net Loss	24
Section 6.2.	General Allocations	25

TABLE OF CONTENTS
(continued)

		Page
Section 6.3.	Additional Allocation Provisions	27
Section 6.4.	Tax Allocations	28
ARTICLE VII	MANAGEMENT AND OPERATIONS OF BUSINESS	29
Section 7.1.	Management	29
Section 7.2.	Certificate of Limited Partnership	32
Section 7.3.	Restrictions on General Partner’s Authority	33
Section 7.4.	Reimbursement of the General Partner and Parent	34
Section 7.5.	Outside Activities of the General Partner	35
Section 7.6.	Contracts with Affiliates	35
Section 7.7.	Indemnification	36
Section 7.8.	Liability of the General Partner	37
Section 7.9.	Other Matters Concerning the General Partner and the Parent	39
Section 7.10.	Title to Partnership Assets	39
Section 7.11.	Reliance by Third Parties	39
ARTICLE VIII	RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS	40
Section 8.1.	Limitation of Liability	40
Section 8.2.	Management of Business	40
Section 8.3.	Outside Activities of Limited Partners	40
Section 8.4.	Return of Capital	40
Section 8.5.	Adjustment Factor	41
Section 8.6.	Redemption Rights	41
ARTICLE IX	BOOKS, RECORDS, ACCOUNTING AND REPORTS	43
Section 9.1.	Records and Accounting	43
Section 9.2.	Partnership Year	43
Section 9.3.	Reports	44
ARTICLE X	TAX MATTERS	44
Section 10.1.	Preparation of Tax Returns	44
Section 10.2.	Tax Elections	44
Section 10.3.	Tax Matters Partner	44
Section 10.4.	Withholding	45
Section 10.5.	Organizational Expenses	46
ARTICLE XI	TRANSFERS AND WITHDRAWALS	46

TABLE OF CONTENTS
(continued)

		Page
Section 11.1.	Transfer	46
Section 11.2.	Transfer of General Partner's Partnership Interest	47
Section 11.3.	Transfer of Limited Partners' Partnership Interests	47
Section 11.4.	Substituted Limited Partners	49
Section 11.5.	Assignees	49
Section 11.6.	General Provisions	49
ARTICLE XII	ADMISSION OF PARTNERS	51
Section 12.1.	Admission of Successor General Partner	51
Section 12.2.	Admission of Additional Limited Partners	51
Section 12.3.	Amendment of Agreement and Certificate of Limited Partnership	52
Section 12.4.	Limit on Number of Partners	52
ARTICLE XIII	DISSOLUTION, LIQUIDATION AND TERMINATION	52
Section 13.1.	Dissolution	52
Section 13.2.	Winding Up	53
Section 13.3.	Deemed Distribution and Recontribution	55
Section 13.4.	Rights of Limited Partners	55
Section 13.5.	Notice of Dissolution	55
Section 13.6.	Cancellation of Certificate of Limited Partnership	55
Section 13.7.	Reasonable Time for Winding-Up	55
ARTICLE XIV	PROCEDURES FOR ACTIONS AND CONSENTS OF PARTNERS; AMENDMENTS; MEETINGS	56
Section 14.1.	Procedures for Actions and Consents of Partners	56
Section 14.2.	Amendments	56
Section 14.3.	Meetings of the Partners	56
ARTICLE XV	GENERAL PROVISIONS	57
Section 15.1.	Addresses and Notice	57
Section 15.2.	Titles and Captions	57
Section 15.3.	Pronouns and Plurals	57
Section 15.4.	Further Action	57
Section 15.5.	Binding Effect	57
Section 15.6.	Waiver	58
Section 15.7.	Counterparts	58
Section 15.8.	Applicable Law	58

TABLE OF CONTENTS
(continued)

		Page
Section 15.9.	Entire Agreement	58
Section 15.10.	Invalidity of Provisions	58
Section 15.11.	Limitation to Preserve REIT Status	58
Section 15.12.	No Partition	59
Section 15.13.	No Third-Party Rights Created Hereby	59
Section 15.14.	No Rights as Shareholders of General Partner or Stockholders of Parent	59
Section 15.15.	Creditors	59
EXHIBIT A PARTNERS AND PARTNERSHIPS UNITS		A-1
EXHIBIT B NOTICE OF REDEMPTION		B-1
EXHIBIT C OBLIGATED PARTNERS AND PROTECTED AMOUNTS		C-1
EXHIBIT D LIST OF WHOLLY OWNED EARLY STAGE LEASE-UP STORAGE FACILITIES		D-1

FIRST AMENDED AND RESTATED AGREEMENT OF LIMITED
PARTNERSHIP OF EXTRA SPACE STORAGE LP

THIS FIRST AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF EXTRA SPACE STORAGE LP, dated as of [ ], 2004 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 (each a "Limited Partner").

WHEREAS, the General Partner and the Parent Limited Partner entered into an Agreement of Limited Partnership of Extra Space Storage LP dated as of April [ ], 2004, pursuant to which the Partnership was formed (the "Original Agreement");

WHEREAS, the General Partner and the Parent Limited Partner desire to amend and restate the Original Agreement in its entirety by entering into this First Amended and Restated Agreement of Limited Partnership;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINED TERMS

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

"Act" means the Delaware Revised Uniform Limited Partnership Act (6 Del. C. § 17-101 *et seq.*), as it may be amended from time to time, and any successor to such statute.

"Actions" has the meaning set forth in Section 7.7 hereof.

"Additional Funds" has the meaning set forth in Section 4.4.A hereof.

"Additional Limited Partner" means a Person who is admitted to the Partnership as a Limited Partner pursuant to Section 4.3 and Section 12.2 hereof and who is shown as such on the books and records of the Partnership.

"Adjusted Capital Account" means the Capital Account maintained for each Partner as of the end of each Fiscal Year (i) increased by any amounts which such Partner is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(I)(5) and (ii) decreased by the items described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-1(b)(2)(ii)(d)(6). The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Adjusted Capital Account Deficit" means, with respect to any Partner, the deficit balance, if any, in such Partner's Adjusted Capital Account as of the end of the relevant Partnership Year.

"Adjustment Factor" means 1.0; provided, however, that in the event that:

(i) the Parent (a) declares or pays a dividend on its outstanding REIT Shares in REIT Shares or makes a distribution to all holders of its outstanding REIT Shares in REIT Shares, (b) splits or subdivides its outstanding REIT Shares or (c) effects a reverse stock split or otherwise combines its outstanding REIT Shares into a smaller number of REIT Shares, the Adjustment Factor shall be adjusted by multiplying the Adjustment Factor previously in effect by a fraction, (i) the numerator of which shall be the number of REIT Shares issued and outstanding on the record date for such dividend, distribution, split, subdivision, reverse split or combination (assuming for such purposes that such dividend, distribution, split, subdivision, reverse split or combination has occurred as of such time) and (ii) the denominator of which shall be the actual number of REIT Shares (determined without the above assumption) issued and outstanding on the record date for such dividend, distribution, split, subdivision, reverse split or combination;

(ii) the Parent distributes any rights, options or warrants to all holders of its REIT Shares to subscribe for or to purchase or to otherwise acquire REIT Shares (or other securities or rights convertible into, exchangeable for or exercisable for REIT Shares) at a price per share less than the Value of a REIT Share on the record date for such distribution (each a "Distributed Right"), then the Adjustment Factor shall be adjusted by multiplying the Adjustment Factor previously in effect by a fraction (a) the numerator of which shall be the number of REIT Shares issued and outstanding on the record date plus the maximum number of REIT Shares purchasable under such Distributed Rights and (b) the denominator of which shall be the number of REIT Shares issued and outstanding on the record date plus a fraction (1) the numerator of which is the maximum number of REIT Shares purchasable under such Distributed Rights times the minimum purchase price per REIT Share under such Distributed Rights and (2) the denominator of which is the Value of a REIT Share as of the record date; provided, however, that, if any such Distributed Rights expire or become no longer exercisable, then the Adjustment Factor shall be adjusted, effective retroactive to the date of distribution of the Distributed Rights, to reflect a reduced maximum number of REIT Shares or any change in the minimum purchase price for the purposes of the above fraction; and

(iii) the Parent shall, by dividend or otherwise, distribute to all holders of its REIT Shares evidences of its indebtedness or assets (including securities, but excluding any dividend or distribution referred to in subsection (i) above), which evidences of indebtedness or assets relate to assets not received by the Parent or its Subsidiaries pursuant to a *pro rata* distribution by the Partnership, then the Adjustment Factor shall be adjusted to equal the amount determined by multiplying the Adjustment Factor in effect immediately prior to the close of business on the date fixed for determination of stockholders entitled to receive such distribution by a fraction (i) the numerator of which shall be such Value of a REIT Share on the date fixed for such determination and (ii) the denominator of which shall be the Value of a REIT Share on the dates fixed for such determination less the then fair market value (as determined by the REIT, whose determination shall be conclusive) of the portion of the evidences of indebtedness or assets so distributed applicable to one REIT Share.

Any adjustments to the Adjustment Factor shall become effective immediately after the effective date of such event, retroactive to the record date, if any, for such event.

"Affiliate" means, with respect to any Person, any Person directly or indirectly controlling or controlled by or under common control with such Person. For the purposes of this definition, "control" when used with respect to any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agreement" means this First Amendment and Restated Agreement of Limited Partnership of Extra Space Storage LP, as it may be amended, supplemented or restated from time to time.

"Assignee" means a Person to whom one or more Partnership Units have been Transferred in a manner permitted under this Agreement, but who has not become a Substituted Limited Partner, and who has the rights set forth in Section 11.5 hereof.

"Available Cash" means, with respect to any period for which such calculation is being made, the amount of cash available for distribution by the Partnership as determined by the General Partner.

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close.

"Bylaws" means the Bylaws of the Parent, as amended, supplemented or restated from time to time.

"Capital Account" means, with respect to any Partner, the Capital Account maintained by the General Partner for such Partner on the Partnership's books and records in accordance with the following provisions:

A. To each Partner's Capital Account, there shall be added such Partner's Capital Contributions, such Partner's distributive share of Net Income and any items in the nature of income or gain that are specially allocated pursuant to Section 6.3 hereof, and the principal amount of any Partnership liabilities assumed by such Partner or that are secured by any property distributed to such Partner.

B. From each Partner's Capital Account, there shall be subtracted the amount of cash and the Gross Asset Value of any property distributed to such Partner pursuant to any provision of this Agreement, such Partner's distributive share of Net Losses and any items in the nature of expenses or losses that are specially allocated pursuant to Section 6.3 hereof, and the principal amount of any liabilities of such Partner assumed by the Partnership or that are secured by any property contributed by such Partner to the Partnership.

C. In the event any interest in the Partnership is Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent that it relates to the Transferred interest.

D. In determining the principal amount of any liability for purposes of subsections (a) and (b) hereof, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

E. The provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Sections 1.704-1(b) and 1.704-2, and shall be interpreted and applied in a manner consistent with such Regulations. If the General Partner shall determine that it is prudent to modify the manner in which the Capital Accounts are maintained in order to comply with such Regulations, the General Partner may make such modification provided that such modification will not have a material effect on the amounts distributable to any Partner without such Partner's Consent. The General Partner also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Partners and the amount of Partnership capital reflected on the Partnership's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q) and

(ii) make any appropriate modifications in the event that unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b) or Section 1.704-2.

"Capital Account Deficit" has the meaning set forth in Section 13.2.C hereof.

"Capital Contribution" means, with respect to any Partner, the amount of money and the initial Gross Asset Value of any Contributed Property that such Partner contributes to the Partnership or is deemed to contribute pursuant to Section 4.5 hereof.

"Cash Amount" means, with respect to a Tendering Party, an amount of cash equal to the product of (A) the Value of a REIT Share and (B) such Tendering Party's REIT Shares Amount determined as of the date of receipt by the General Partner of such Tendering Party's Notice of Redemption or, if such date is not a Business Day, the immediately preceding Business Day.

"Certificate" means the Certificate of Limited Partnership of the Partnership filed in the office of the Secretary of State of the State of Delaware on May 5, 2004, as amended from time to time in accordance with the terms hereof and the Act.

"Charter" means the Articles of Incorporation of the Parent as filed with the State Department of Assessments and Taxation of Maryland, as amended, supplemented or restated from time to time.

"Closing Price" has the meaning set forth in the definition of "Value."

"Code" means the Internal Revenue Code of 1986, as amended and in effect from time to time or any successor statute thereto, as interpreted by the applicable Regulations thereunder. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

"Company Employees" means the employees of the Partnership, the Parent and any of their subsidiaries.

"Consent" means the consent to, approval of, or vote in favor of a proposed action by a Partner given in accordance with Article XIV hereof.

"Contingent Conversion Shares" means a contingent conversion share of the Parent, par value $.01 per share.

"Contingent Conversion Units" has the meaning set forth in Section 4.2 hereof.

"Contributed Property" means each item of Property or other asset, in such form as may be permitted by the Act, but excluding cash, contributed or deemed contributed to the Partnership (or deemed contributed by the Partnership to a "new" partnership pursuant to Code Section 708) net of any liabilities assumed by the Partnership relating to such Contributed Property and any liability to which such Contributed Property is subject.

"Conversion Date" has the meaning set forth in Section 4.7.C hereof.

"Conversion Percentage" has the meaning set forth in Section 4.7.C hereof.

"Debt" means, as to any Person, as of any date of determination, (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services; (ii) all amounts

owed by such Person to banks or other Persons in respect of reimbursement obligations under letters of credit, surety bonds and other similar instruments guaranteeing payment or other performance of obligations by such Person; (iii) all indebtedness for borrowed money or for the deferred purchase price of property or services secured by any lien on any property owned by such Person, to the extent attributable to such Person's interest in such property, even though such Person has not assumed or become liable for the payment thereof; and (iv) lease obligations of such Person that, in accordance with generally accepted accounting principles, should be capitalized.

"Depreciation" means, for each Partnership Year or other applicable period, an amount equal to the federal income tax depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or period, Depreciation shall be in an amount that bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization or other cost recovery deduction for such year or period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the General Partner.

"Distributed Right" has the meaning set forth in the definition of "Adjustment Factor."

"Effective Date" means the date of closing of the initial public offering of REIT Shares.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Event" has the meaning set forth in Section 4.7.A hereof.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Funding Debt" means the incurrence of any Debt for the purpose of providing funds to the Partnership by or on behalf of the Parent or any wholly owned subsidiary of the Parent.

"General Partner" means ESS Holdings Business Trust I, a Massachusetts business trust, and its successors and assigns, as the general partner of the Partnership.

"General Partner Interest" means the Partnership Interest held by the General Partner, which Partnership Interest is an interest as a general partner under the Act. A General Partner Interest may be expressed as a number of OP Units, Contingent Conversion Units, Preferred Units, Junior Units or any other Partnership Units.

"General Partner Loan" has the meaning set forth in Section 4.4.D hereof.

"Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Partner to the Partnership shall be the gross fair market value of such asset as determined by the General Partner.

(b) The Gross Asset Values of all Partnership assets immediately prior to the occurrence of any event described in clause (i), clause (ii), clause (iii), clause (iv) or clause (v) hereof shall be adjusted to equal their respective gross fair market values, as determined by the General Partner using such reasonable method of valuation as it may adopt, as of the following times:

(i) the acquisition of an additional interest in the Partnership (other than in connection with the execution of this Agreement but including, without limitation, acquisitions pursuant to Section 4.3 hereof or contributions or deemed contributions by the General Partner pursuant to Section 4.3 hereof) by a new or existing Partner in exchange for more than a *de minimis* Capital Contribution, if the General Partner reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership;

(ii) the distribution by the Partnership to a Partner of more than a *de minimis* amount of Property as consideration for an interest in the Partnership, if the General Partner reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership;

(iii) the liquidation of the Partnership within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g);

(iv) upon the admission of a successor General Partner pursuant to Section 12.1 hereof;

(v) the conversion of any Contingent Conversion Units pursuant to Section 4.7.A hereof; and

(vi) at such other times as the General Partner shall reasonably determine necessary or advisable in order to comply with Regulations Sections 1.704-1(b) and 1.704-2.

(c) The Gross Asset Value of any Partnership asset distributed to a Partner shall be the gross fair market value of such asset on the date of distribution as determined by the distributee and the General Partner provided that, if the distributee is the General Partner or if the distributee and the General Partner cannot agree on such a determination, such gross fair market value shall be determined by an independent third party experienced in the valuation of similar assets, selected by the General Partner or the Parent in good faith.

(d) The Gross Asset Values of Partnership assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m); provided, however, that Gross Asset Values shall not be adjusted pursuant to this subsection (d) to the extent that the General Partner reasonably determines that an adjustment pursuant to subsection (b) above is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subsection (d).

(e) If the Gross Asset Value of a Partnership asset has been determined or adjusted pursuant to subsection (a), subsection (b) or subsection (d) above, such Gross Asset Value shall

thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Net Income and Net Losses.

"Holder" means either (a) a Partner or (b) an Assignee, owning a Partnership Unit, that is treated as a member of the Partnership for federal income tax purposes.

"Incapacity" or "Incapacitated" means, (i) as to any Partner who is an individual, death, total physical disability or entry by a court of competent jurisdiction adjudicating such Partner incompetent to manage his or her person or his or her estate; (ii) as to any Partner that is a corporation or limited liability company, the filing of a certificate of dissolution, or its equivalent, or the revocation of the corporation's charter; (iii) as to any Partner that is a partnership, the dissolution and commencement of winding up of the partnership; (iv) as to any Partner that is an estate, the distribution by the fiduciary of the estate's entire interest in the Partnership; (v) as to any trustee of a trust that is a Partner, the termination of the trust (but not the substitution of a new trustee); or (vi) as to any Partner, the bankruptcy of such Partner. For purposes of this definition, bankruptcy of a Partner shall be deemed to have occurred when (a) the Partner commences a voluntary proceeding seeking liquidation, reorganization or other relief of or against such Partner under any bankruptcy, insolvency or other similar law now or hereafter in effect, (b) the Partner is adjudged as bankrupt or insolvent, or a final and nonappealable order for relief under any bankruptcy, insolvency or similar law now or hereafter in effect has been entered against the Partner, (c) the Partner executes and delivers a general assignment for the benefit of the Partner's creditors, (d) the Partner files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Partner in any proceeding of the nature described in clause (b) above, (e) the Partner seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator for the Partner or for all or any substantial part of the Partner's properties, (f) any proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect has not been dismissed within 120 days after the commencement thereof, (g) the appointment without the Partner's consent or acquiescence of a trustee, receiver or liquidator has not been vacated or stayed within 90 days of such appointment, or (h) an appointment referred to in clause (g) above is not vacated within 90 days after the expiration of any such stay.

"Indemnitee" means (i) any Person made a party to a proceeding by reason of its status as (A) the General Partner or the Parent or any successor thereto or (B) a trustee of the General Partner, a director of the Parent or an officer or employee of the Partnership, the General Partner or the Parent and (ii) such other Persons (including Affiliates of the General Partner, the Partnership or the Parent) as the General Partner may designate from time to time (whether before or after the event giving rise to potential liability), in its sole and absolute discretion.

"IPO" has the meaning set forth in the Recitals hereto.

"IRS" means the Internal Revenue Service, which administers the internal revenue laws of the United States.

"Junior Share" means a share of capital stock of the Parent now or hereafter authorized or reclassified that has dividend rights, or rights upon liquidation, winding up and dissolution, that are junior in rank to the REIT Shares. For purposes of this definition, a Contingent Conversion Share shall not be considered a Junior Share.

"Junior Unit" means a fractional share of the Partnership Interests that the General Partner has authorized pursuant to Section 4.1, 4.3 or 4.4 hereof that has distribution rights, or rights upon liquidation, winding up and dissolution, that are junior in rank to the OP Units. For purposes of this definition, a Contingent Conversion Unit shall not be considered a Junior Unit.

"Lease-Up NOI" has the meaning set forth in Section 4.7.C hereof.

"Limited Partner" means any Person named as a Limited Partner in Exhibit A attached hereto, as such Exhibit A may be amended from time to time, or any Substituted Limited Partner or Additional Limited Partner, in such Person's capacity as a Limited Partner in the Partnership.

"Limited Partner Interest" means a Partnership Interest of a Limited Partner in the Partnership representing a fractional part of the Partnership Interests of all Limited Partners and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Limited Partner Interest may be expressed as a number of OP Units, Contingent Conversion Units, Preferred Units or other Partnership Units.

"Liquidating Event" has the meaning set forth in Section 13.1 hereof.

"Liquidator" has the meaning set forth in Section 13.2.A hereof.

"LLC Interests" has the meaning set forth in the Recitals hereto.

"Majority in Interest of the Outside Limited Partners" means Limited Partners (excluding for this purpose (i) any Limited Partnership Interests held by the Parent or its Subsidiaries, (ii) any Person of which the Parent or its Subsidiaries directly or indirectly owns or controls more than 50% of the voting interests and (iii) any Person directly or indirectly owning or controlling more than 50% of the outstanding interests of the General Partner) holding more than 50% of the outstanding OP Units held by all Limited Partners who are not excluded for the purposes hereof.

"Mandatory Conversion Notice" has the meaning set forth in Section 4.7.C hereof.

"Market Price" has the meaning set forth in the definition of "Value."

"Measurement Period" has the meaning set forth in Section 4.7.C hereof.

"Net Income" or "Net Loss" means, for each Partnership Year of the Partnership, an amount equal to the Partnership's taxable income or loss for such year, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(a) Any income of the Partnership that is exempt from federal income tax and not otherwise taken into account in computing Net Income (or Net Loss) pursuant to this definition of "Net Income" or "Net Loss" shall be added to (or subtracted from, as the case may be) such taxable income (or loss);

(b) Any expenditure of the Partnership described in Code Section 705(a)(2)(B) or treated as a Code Section 705(a)(2)(B) expenditure pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Net Income (or Net Loss) pursuant to this definition of "Net Income" or "Net Loss," shall be subtracted from (or added to, as the case may be) such taxable income (or loss);

(c) In the event the Gross Asset Value of any Partnership asset is adjusted pursuant to subsection (b) or subsection (c) of the definition of "Gross Asset Value," the amount of such

adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Net Income or Net Loss;

(d) Gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(e) In lieu of the depreciation, amortization and other cost recovery deductions that would otherwise be taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Partnership Year;

(f) To the extent that an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Partner's interest in the Partnership, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Net Income or Net Loss; and

(g) Notwithstanding any other provision of this definition of "Net Income" or "Net Loss," any item that is specially allocated pursuant to Section 6.3 hereof shall not be taken into account in computing Net Income or Net Loss. The amounts of the items of Partnership income, gain, loss or deduction available to be specially allocated pursuant to Section 6.3 hereof shall be determined by applying rules analogous to those set forth in this definition of "Net Income" or "Net Loss."

"New Securities" means (i) any rights, options, warrants or convertible or exchangeable securities having the right to subscribe for or purchase REIT Shares, Contingent Conversion Shares, Preferred Shares or Junior Shares, except that "New Securities" shall not mean any Preferred Shares, Junior Shares or grants under the Stock Option Plans or (ii) any Debt issued by the REIT that provides any of the rights described in clause (i).

"Nonrecourse Deductions" has the meaning set forth in Regulations Section 1.704-2(b)(1), and the amount of Nonrecourse Deductions for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(c).

"Nonrecourse Liability" has the meaning set forth in Regulations Section 1.752-1(a)(2).

"Notice of Redemption" means the Notice of Redemption substantially in the form of Exhibit B attached to this Agreement.

"Obligated Partner" means a Partner who has agreed in writing to be an Obligated Partner and has agreed and is obligated to make certain contributions, not in excess of such Obligated Partner's Protected Amount, to the Partnership with respect to such Partner's Capital Account Deficit upon the occurrence of certain events.

"Original Agreement" means the original Agreement of Limited Partnership, dated as of May 5, 2004.

"OP Unit" means a fractional share of the Partnership Interests of all Partners issued pursuant to Sections 4.1 and 4.3 hereof, but does not include any Contingent Conversion Unit, Preferred Unit, Junior Unit or any other Partnership Unit specified in a Partnership Unit Designation as being other than an OP Unit; provided, however, that the General Partner Interest and the Limited Partner Interests shall have the differences in rights and privileges as specified in this Agreement.

"Outside Director" shall mean a director of the Parent who is not also an officer or employee of the Parent.

"Ownership Limit" means the applicable restriction or restrictions on ownership of shares of the Parent imposed under the Charter.

"Parent" means Extra Space Storage Inc, a Maryland corporation.

"Parent Limited Partner" means ESS Holdings Business Trust II, a Massachusetts business trust, and its successors and assigns, as a limited partner of the Partnership in its capacity as limited partner of the Partnership.

"Partner" means the General Partner or a Limited Partner, and "Partners" means the General Partner and the Limited Partners.

"Partner Minimum Gain" means an amount, with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulations Section 1.704-2(i)(3).

"Partner Nonrecourse Debt" has the meaning set forth in Regulations Section 1.704-2(b)(4).

"Partner Nonrecourse Deductions" has the meaning set forth in Regulations Section 1.704-2(i)(2), and the amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(i)(2).

"Partnership" means the limited partnership formed under the Act and pursuant to this Agreement, and any successor thereto.

"Partnership Interest" means an ownership interest in the Partnership held by either a Limited Partner or the General Partner and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Partnership Interest may be expressed as a number of OP Units, Contingent Conversion Units, Preferred Units, Junior Units or other Partnership Units.

"Partnership Minimum Gain" has the meaning set forth in Regulations Section 1.704-2(b)(2), and the amount of Partnership Minimum Gain, as well as any net increase or decrease in Partnership Minimum Gain, for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(d).

"Partnership Record Date" means a record date established by the General Partner for the distribution of Available Cash pursuant to Section 5.1 hereof, which record date shall generally be the same as the record date established by the General Partner for a distribution to its stockholders of some or all of its portion of such distribution.

"Partnership Unit" shall mean an OP Unit, a Contingent Conversion Unit, a Preferred Unit, a Junior Unit or any other fractional share of the Partnership Interests that the General Partner has authorized pursuant to Section 4.1, 4.3 or 4.4 hereof.

"Partnership Unit Designation" has the meaning set forth in Section 4.3 hereof.

"Partnership Year" means the fiscal year of the Partnership, which shall be the calendar year.

"Percentage Interest" means, as to a Partner holding a class or series of Partnership Interests, its interest in such class or series as determined by dividing the Partnership Units of such class or series owned by such Partner by the total number of Partnership Units of such class then outstanding as specified in Exhibit A attached hereto, as such Exhibit may be amended from time to time. If the Partnership issues additional classes or series of Partnership Interests other than as contemplated herein, the interest in the Partnership among the classes or series of Partnership Interests shall be determined as set forth in the amendment to the Partnership Agreement setting forth the rights and privileges of such additional classes or series of Partnership Interest, if any, as contemplated by Section 4.3.

"Person" means an individual or a corporation, partnership, trust, unincorporated organization, association, limited liability company or other entity.

"Preferred Share" means a share of capital stock of the Parent now or hereafter authorized or reclassified that has dividend rights, or rights upon liquidation, winding up and dissolution, that are superior or prior to the REIT Shares.

"Preferred Unit" means a fractional share of the Partnership Interests that the General Partner has authorized pursuant to Section 4.1, 4.3 or 4.4 hereof that has distribution rights, or rights upon liquidation, winding up and dissolution, that are superior or prior to the OP Units.

"Properties" means any assets and property of the Partnership such as, but not limited to, interests in real property and personal property, including, without limitation, fee interests, interests in ground leases, interests in limited liability companies, joint ventures or partnerships, interests in mortgages, and Debt instruments as the Partnership may hold from time to time and "Property" shall mean any one such asset or property.

"Protected Amount" means the amount specified on Exhibit C with respect to any Obligated Partner, as such Exhibit may be amended from time to time.

"Publicly Traded" means listed or admitted to trading on the New York Stock Exchange, the American Stock Exchange or another national securities exchange or designated for quotation on the NASDAQ National Market, or any successor to the foregoing.

"Qualified REIT Subsidiary" means a qualified REIT subsidiary of the Parent within the meaning of Code Section 856(i)(2).

"Qualified Transferee" means an "Accredited Investor" as defined in Rule 501 promulgated under the Securities Act.

"Qualifying Party" means (a) a Limited Partner set forth in Schedule A hereto, (b) an Additional Limited Partner or (c) a Substituted Limited Partner succeeding to all or part of the Limited Partner Interest of (i) a Limited Partner set forth in Schedule A hereto or (ii) an Additional Limited Partner.

“Redemption” has the meaning set forth in Section 8.6.A hereof.

“Regulations” means the applicable income tax regulations under the Code, whether such regulations are in proposed, temporary or final form, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

“Regulatory Allocations” has the meaning set forth in Section 6.3.B(vii) hereof.

“REIT” means a real estate investment trust qualifying under Code Section 856.

“REIT Payment” has the meaning set forth in Section 15.11 hereof.

“REIT Requirements” has the meaning set forth in Section 5.1 hereof.

“REIT Share” means a share of the Parent’s common stock, par value [$.01] per share. Where relevant in this Agreement, “REIT Share” includes shares of the Parent’s common stock, par value [$.01] per share, issued upon conversion or exchange of Contingent Conversion Shares, Preferred Shares or Junior Shares.

“REIT Shares Amount” means a number of REIT Shares equal to the product of (a) the number of Tendered Units and (b) the Adjustment Factor in effect on the Specified Redemption Date with respect to such Tendered Units; provided, however, that, in the event that the Parent issues to all holders of REIT Shares as of a certain record date rights, options, warrants or convertible or exchangeable securities entitling the Parent’s stockholders to subscribe for or purchase REIT Shares, or any other securities or property (collectively, the “Rights”), with the record date for such Rights issuance falling within the period starting on the date of the Notice of Redemption and ending on the day immediately preceding the Specified Redemption Date, which Rights will not be distributed before the relevant Specified Redemption Date, then the REIT Shares Amount shall also include such Rights that a holder of that number of REIT Shares would be entitled to receive, expressed, where relevant hereunder, in a number of REIT Shares determined by the Parent in good faith.

“Rights” has the meaning set forth in the definition of “REIT Shares Amount.”

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Services Agreement” means any management, development or advisory agreement with a property and/or asset manager for the provision of property management, asset management, leasing, development and/or similar services with respect to the Properties and any agreement for the provision of services of accountants, legal counsel, appraisers, insurers, brokers, transfer agents, registrars, developers, financial advisors and other professional services.

“Specified Redemption Date” means the 10th Business Day following receipt by the General Partner of a Notice of Redemption; provided that, if the REIT Shares are not Publicly Traded, the Specified Redemption Date means the 30th Business Day following receipt by the General Partner of a Notice of Redemption.

“Stock Option Plan” means any stock option plan hereafter adopted by the Partnership or the Parent, including the Parent’s 2004 Long Term Incentive Compensation Plan.

"Subsidiary" means, with respect to any Person, any other Person (which is not an individual) of which a majority of (i) the voting power of the voting equity securities or (ii) the outstanding equity interests is owned, directly or indirectly, by such Person.

"Substituted Limited Partner" means a Person who is admitted as a Limited Partner to the Partnership pursuant to Section 11.4 hereof.

"Tax Items" has the meaning set forth in Section 6.4.A hereof.

"Tendered Units" has the meaning set forth in Section 8.6.A hereof.

"Tendering Partner" has the meaning set forth in Section 8.6.A hereof.

"Tendering Party" has the meaning set forth in Section 8.6.A hereof.

"Terminating Capital Transaction" means any sale or other disposition of all or substantially all of the assets of the Partnership or a related series of transactions that, taken together, result in the sale or other disposition of all or substantially all of the assets of the Partnership.

"Transfer," when used with respect to a Partnership Unit, or all or any portion of a Partnership Interest, means any sale, assignment, bequest, conveyance, devise, gift (outright or in trust), pledge, encumbrance, hypothecation, mortgage, exchange, transfer or other disposition or act of alienation, whether voluntary or involuntary or by operation of law; provided, however, that when the term is used in Article XI hereof, "Transfer" does not include (a) any Redemption of Partnership Units by the Partnership or the Parent, or acquisition of Tendered Units by the General Partner or the Parent, pursuant to Section 8.6 hereof or (b) any redemption of Partnership Units pursuant to any Partnership Unit Designation. The terms "Transferred" and "Transferring" have correlative meanings.

"Value" means, on any date of determination with respect to a REIT Share, the average of the daily Market Prices for ten consecutive trading days immediately preceding the date of determination except that, as provided in Section 4.5.B hereof, the Market Price for the trading day immediately preceding the date of exercise of a stock option under any Stock Option Plan shall be substituted for such average of daily market prices for purposes of Section 4.5 hereof; provided, however, that for purposes of Section 8.6, the "date of determination" shall be the date of receipt by the Parent of a Notice of Redemption or, if such date is not a Business Day, the immediately preceding Business Day. The term "Market Price" on any date shall mean, with respect to any class or series of outstanding REIT Shares, the Closing Price for such REIT Shares on such date. The "Closing Price" on any date shall mean the last sale price for such REIT Shares, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such REIT Shares, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if such REIT Shares are not listed or admitted to trading on the New York Stock Exchange, as reported on the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which such REIT Shares are listed or admitted to trading or, if such REIT Shares are not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotation system that may then be in use or, if such REIT Shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such REIT Shares selected by the Board of Directors of the Parent or, in the event that no

trading price is available for such REIT Shares, the fair market value of the REIT Shares, as determined in good faith by the Board of Directors of the Parent.

In the event that the REIT Shares Amount includes Rights (as defined in the definition of "REIT Shares Amount") that a holder of REIT Shares would be entitled to receive, then the Value of such Rights shall be determined by the Parent acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate.

ARTICLE II

ORGANIZATIONAL MATTERS

Section 2.1. Organization. The Partnership is a limited partnership organized pursuant to the provisions of the Act and upon the terms and subject to the conditions set forth in this Agreement. Except as expressly provided herein to the contrary, the rights and obligations of the Partners and the administration and termination of the Partnership shall be governed by the Act. The Partnership Interest of each Partner shall be personal property for all purposes.

Section 2.2. Name. The name of the Partnership is **"Extra Space Storage LP"** The Partnership's business may be conducted under any other name or names deemed advisable by the General Partner, including the name of the General Partner or any Affiliate thereof. The words "Limited Partnership," "LP," "L.P.," "Ltd." or similar words or letters shall be included in the Partnership's name where necessary for the purposes of complying with the laws of any jurisdiction that so requires. The General Partner in its sole and absolute discretion may change the name of the Partnership at any time and from time to time and shall notify the Partners of such change in the next regular communication to the Partners.

Section 2.3. Registered Office and Agent; Principal Office. The address of the registered office of the Partnership in the State of Delaware is located at Corporation Service Company, 1013 Centre Road, Wilmington, Delaware 19805, and the registered agent for service of process on the Partnership in the State of Delaware at such registered office is Corporation Service Company. The principal office of the Partnership is located at 2795 East Cottonwood Parkway, Suite 400, Salt Lake City, UT 84121 or such other place as the General Partner may from time to time designate by notice to the Limited Partners. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner deems advisable.

Section 2.4. Power of Attorney.

A. Each Limited Partner and each Assignee hereby irrevocably constitutes and appoints the General Partner, any Liquidator, and authorized officers and attorneys-in-fact of each, and each of those acting singly, in each case with full power of substitution, as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place and stead to:

(i) execute, swear to, seal, acknowledge, deliver, file and record in the appropriate public offices (a) all certificates, documents and other instruments (including, without limitation, this Agreement and the Certificate and all amendments, supplements or restatements thereof) that the General Partner or the Liquidator deems appropriate or necessary to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability to the extent provided by applicable law) in the State of Delaware and in all other jurisdictions in which the Partnership may conduct business or own property; (b) all instruments that the General Partner or the

Liquidator deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement in accordance with its terms; (c) all conveyances and other instruments or documents that the General Partner or the Liquidator deems appropriate or necessary to reflect the dissolution and liquidation of the Partnership pursuant to the terms of this Agreement, including, without limitation, a certificate of cancellation; (d) all conveyances and other instruments or documents that the General Partner or the Liquidator deems appropriate or necessary to reflect the distribution or exchange of assets of the Partnership pursuant to the terms of this Agreement; (e) all instruments relating to the admission, withdrawal, removal or substitution of any Partner pursuant to, or other events described in, Article XI, Article XII or Article XIII hereof or the Capital Contribution of any Partner; and (f) all certificates, documents and other instruments relating to the determination of the rights, preferences and privileges relating to Partnership Interests; and

(ii) execute, swear to, acknowledge and file all ballots, consents, approvals, waivers, certificates and other instruments appropriate or necessary, in the sole and absolute discretion of the General Partner or the Liquidator, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action that is made or given by the Partners hereunder or is consistent with the terms of this Agreement or appropriate or necessary, in the sole and absolute discretion of the General Partner or the Liquidator, to effectuate the terms or intent of this Agreement.

Nothing contained herein shall be construed as authorizing the General Partner or the Liquidator to amend this Agreement except in accordance with Article XIV hereof or as may be otherwise expressly provided for in this Agreement.

B. The foregoing power of attorney is hereby declared to be irrevocable and a special power coupled with an interest, in recognition of the fact that each of the Limited Partners and Assignees will be relying upon the power of the General Partner or the Liquidator to act as contemplated by this Agreement in any filing or other action by it on behalf of the Partnership, and it shall survive and not be affected by the subsequent Incapacity of any Limited Partner or Assignee and the Transfer of all or any portion of such Limited Partner’s or Assignee’s Partnership Units or Partnership Interest and shall extend to such Limited Partner’s or Assignee’s heirs, successors, assigns and personal representatives. Each such Limited Partner or Assignee hereby agrees to be bound by any representation made by the General Partner or the Liquidator, acting in good faith pursuant to such power of attorney; and each such Limited Partner or Assignee hereby waives any and all defenses that may be available to contest, negate or disaffirm the action of the General Partner or the Liquidator, taken in good faith under such power of attorney. Each Limited Partner or Assignee shall execute and deliver to the General Partner or the Liquidator, within 15 days after receipt of the General Partner’s or the Liquidator’s request therefor, such further designation, powers of attorney and other instruments as the General Partner or the Liquidator, as the case may be, deems necessary to effectuate this Agreement and the purposes of the Partnership.

Section 2.5. Term. Pursuant to Section 17-217(d) of the Act, the term of the Partnership commenced on May 5, 2004 and shall continue until December 31, 2104 unless it is dissolved sooner pursuant to the provisions of Article XIII hereof or as otherwise provided by law.

ARTICLE III

PURPOSE

Section 3.1. Purpose and Business. The purpose and nature of the Partnership is to conduct any business, enterprise or activity permitted by or under the Act; provided, however, such

business and arrangements and interests may be limited to and conducted in such a manner as to permit the Parent, in the sole and absolute discretion of the General Partner, at all times to be classified as a REIT unless the Parent in its sole discretion has chosen to cease to qualify as a REIT or has chosen not to attempt to qualify as a REIT for any reason or for reasons whether or not related to the business conducted by the Partnership. Without limiting the General Partner's right in its sole discretion to cease qualifying as a REIT, the Partners acknowledge that the status of the Parent as a REIT inures to the benefit of all Partners and not solely to the Parent, the General Partner or its Affiliates. In connection with the foregoing, the Partnership shall have full power and authority to enter into, perform and carry out contracts of any kind, to borrow and lend money and to issue and guarantee evidence of indebtedness, whether or not secured by mortgage, deed of trust, pledge or other lien and, directly or indirectly, to acquire and construct additional Properties necessary, useful or desirable in connection with its business.

Section 3.2. Powers.

A. The Partnership shall be empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described herein and for the protection and benefit of the Partnership.

B. The Partnership may contribute from time to time Partnership capital to one or more newly formed entities solely in exchange for equity interests therein (or in a wholly owned subsidiary entity thereof).

C. Notwithstanding any other provision in this Agreement, the General Partner may cause the Partnership not to take, or to refrain from taking, any action that, in the judgment of the General Partner, in its sole and absolute discretion, (i) could adversely affect the ability of the Parent to continue to qualify as a REIT, (ii) could subject the Parent to any additional taxes under Code Section 857 or Code Section 4981 or any other related or successor provision of the Code or (iii) could violate any law or regulation of any governmental body or agency having jurisdiction over the General Partner, the Parent, their securities or the Partnership.

Section 3.3. Partnership Only for Partnership Purposes Specified. This Agreement shall not be deemed to create a company, venture or partnership between or among the Partners with respect to any activities whatsoever other than the activities within the purposes of the Partnership as specified in Section 3.1 hereof. Except as otherwise provided in this Agreement, no Partner shall have any authority to act for, bind, commit or assume any obligation or responsibility on behalf of the Partnership, its properties or any other Partner. No Partner, in its capacity as a Partner under this Agreement, shall be responsible or liable for any indebtedness or obligation of another Partner, and the Partnership shall not be responsible or liable for any indebtedness or obligation of any Partner, incurred either before or after the execution and delivery of this Agreement by such Partner, except as to those responsibilities, liabilities, indebtedness or obligations incurred pursuant to and as limited by the terms of this Agreement and the Act.

Section 3.4. Representations and Warranties by the Parties.

A. Each Partner (including, without limitation, each Additional Limited Partner or Substituted Limited Partner as a condition to becoming an Additional Limited Partner or a Substituted Limited Partner, respectively) represents and warrants to each other Partner that (i) the consummation of the transactions contemplated by this Agreement to be performed by such Partner will not result in a breach or violation of, or a default under, any material agreement by which such Partner or any of such Partner's property is bound, or any statute, regulation, order or other law to which such Partner is subject, (ii) subject to the last sentence of this Section 3.4.A, such Partner is neither a "foreign person" within the

meaning of Code Section 1445(f) nor a “foreign partner” within the meaning of Code Section 1446(e), (iii) such Partner does not own, directly or indirectly, (a) [9.9]% or more of the total combined voting power of all classes of stock entitled to vote, or [9.9]% or more of the total number of shares of all classes of stock, of any corporation that is a tenant of either (I) the Parent or any Qualified REIT Subsidiary, (II) the Partnership or (III) any partnership, venture or limited liability company of which the Parent, any Qualified REIT Subsidiary or the Partnership is a member or (b) an interest of [9.9]% or more in the assets or net profits of any tenant of either (I) the Parent or any Qualified REIT Subsidiary, (II) the Partnership or (III) any partnership, venture, or limited liability company of which the Parent, any Qualified REIT Subsidiary or the Partnership is a member and (iv) this Agreement is binding upon, and enforceable against, such Partner in accordance with its terms. Notwithstanding anything contained herein to the contrary, in the event that the representation contained in the foregoing clause (ii) would be inaccurate if given by a Partner, such Partner (w) shall not be required to make and shall not be deemed to have made such representation, if it delivers to the General Partner in connection with or prior to its execution of this Agreement written notice that it may not truthfully make such representation, (x) hereby agrees that it is subject to, and hereby authorizes the General Partner to withhold, all withholdings to which such a “foreign person” or “foreign partner,” as applicable, is subject under the Code and (y) hereby agrees to cooperate fully with the General Partner with respect to such withholdings, including by effecting the timely completion and delivery to the General Partner of all governmental forms required in connection therewith.

B. Each Partner (including, without limitation, each Substituted Limited Partner as a condition to becoming a Substituted Limited Partner) represents, warrants and agrees that it has acquired and continues to hold its interest in the Partnership for its own account for investment purposes only and not for the purpose of, or with a view toward, the resale or distribution of all or any part thereof, and not with a view toward selling or otherwise distributing such interest or any part thereof at any particular time or under any predetermined circumstances. Each Partner further represents and warrants that it is a sophisticated investor, able and accustomed to handling sophisticated financial matters for itself, particularly real estate investments, and that it has a sufficiently high net worth that it does not anticipate a need for the funds that it has invested in the Partnership in what it understands to be a highly speculative and illiquid investment.

C. The representations and warranties contained in Sections 3.4.A and 3.4.B hereof shall survive the execution and delivery of this Agreement by each Partner (and, in the case of an Additional Limited Partner or a Substituted Limited Partner, the admission of such Additional Limited Partner or Substituted Limited Partner as a Limited Partner in the Partnership) and the dissolution, liquidation and termination of the Partnership.

D. Each Partner (including, without limitation, each Substituted Limited Partner as a condition to becoming a Substituted Limited Partner) hereby acknowledges that no representations as to potential profit, cash flows, funds from operations or yield, if any, in respect of the Partnership or the General Partner have been made by the Parent, any Partner or any employee or representative or Affiliate of the Parent or any Partner, and that projections and any other information, including, without limitation, financial and descriptive information and documentation, that may have been in any manner submitted to such Partner shall not constitute any representation or warranty of any kind or nature, express or implied.

ARTICLE IV

CAPITAL CONTRIBUTIONS

Section 4.1. Capital Contributions of the Partners. Each Partner has made a Capital Contribution to the Partnership and owns Partnership Units in the amount and designation set forth for

such Partner on Exhibit A, as the same may be amended from time to time by the General Partner to the extent necessary to reflect accurately sales, exchanges, conversions or other Transfers, redemptions, Capital Contributions, the issuance of additional Partnership Units, or similar events having an effect on a Partner's ownership of Partnership Units. Except as provided by law or in Section 4.3, 10.4 or 13.2.D hereof, the Partners shall have no obligation or right to make any additional Capital Contributions or loans to the Partnership.

Section 4.2. Classes of Partnership Units. From and after the Effective Date, subject to Section 4.3.A below, the Partnership shall have two classes of Partnership Units entitled "OP Units" and "Contingent Conversion Units." Subject to Section 4.7, either OP Units or Contingent Conversion Units, at the election of the General Partner, in its sole and absolute discretion, may be issued to newly admitted Partners in exchange for any Capital Contributions by such Partners; provided that any Partnership Unit that is not specifically designated by the General Partner as being of a particular class shall be deemed to be an OP Unit. Each Contingent Conversion Unit shall be converted automatically into an OP Unit as provided in Section 4.7 hereof without the requirement for any action by either the Partnership or the Partner holding the Contingent Conversion Units.

Section 4.3. Issuances of Additional Partnership Interests.

A. General. Notwithstanding Section 7.3.B hereof, the General Partner is hereby authorized to cause the Partnership to issue additional Partnership Interests, in the form of Partnership Units, for any Partnership purpose, at any time or from time to time, to the Partners (including the General Partner or Parent Limited Partner) or to other Persons, and to admit such Persons as Additional Limited Partners, for such consideration and on such terms and conditions as shall be established by the General Partner in its sole and absolute discretion, all without the approval of any Limited Partners. Without limiting the foregoing, the General Partner is expressly authorized to cause the Partnership to issue Partnership Units (i) upon the conversion, redemption or exchange of any Debt, Partnership Units or other securities issued by the Partnership, (ii) for less than fair market value, so long as the General Partner concludes in good faith that such issuance is in the best interests of the Parent and the Partnership and (iii) in connection with any merger of any other Person into the Partnership or any Subsidiary of the Partnership if the applicable merger agreement provides that Persons are to receive Partnership Units in exchange for their interests in the Person merging into the Partnership or any Subsidiary of the Partnership. Subject to Delaware law, any additional Partnership Interests may be issued in one or more classes, or one or more series of any of such classes, with such designations, preferences and relative, participating, optional or other special rights, powers and duties as shall be determined by the General Partner, in its sole and absolute discretion without the approval of any Limited Partner, and set forth in a written document thereafter attached to and made an exhibit to this Agreement (each, a "Partnership Unit Designation"). Without limiting the generality of the foregoing, the General Partner shall have authority to specify (a) the allocations of items of Partnership income, gain, loss, deduction and credit to each such class or series of Partnership Interests; (b) the right of each such class or series of Partnership Interests to share in Partnership distributions; (c) the rights of each such class or series of Partnership Interests upon dissolution and liquidation of the Partnership; (d) the voting rights, if any, of each such class or series of Partnership Interests; and (e) the conversion, redemption or exchange rights applicable to each such class or series of Partnership Interests. Upon the issuance of any additional Partnership Interest, the General Partner shall amend Exhibit A as appropriate to reflect such issuance.

B. Issuances to the General Partner. No additional Partnership Units shall be issued to the General Partner or Parent Limited Partner unless (i) the additional Partnership Units are issued to all Partners in proportion to their respective Percentage Interests with respect to the class of Partnership Units so issued, (ii) (a) the additional Partnership Units are (x) OP Units issued in connection with an issuance of REIT Shares or (y) Partnership Units (other than OP Units) issued in connection with an

issuance of Contingent Conversion Shares, Preferred Shares, Junior Shares, New Securities or other interests in the Parent (other than REIT Shares), which Contingent Conversion Shares, Preferred Shares, Junior Shares, New Securities or other interests have designations, preferences and other rights, terms and provisions that are substantially the same as the designations, preferences and other rights, terms and provisions of the additional Partnership Units issued to the General Partner and (b) the Parent directly or indirectly contributes or otherwise causes to be transferred to the Partnership the cash proceeds or other consideration, if any, received in connection with the issuance of such REIT Shares, Contingent Conversion Shares, Preferred Shares, Junior Shares, New Securities or other interests in the Parent, (iii) the additional Partnership Units are issued upon the conversion, redemption or exchange of Debt, Partnership Units or other securities issued by the Partnership, or (iv) the additional Partnership Units are issued pursuant to Section 4.7, 4.8 or 4.9. In the event that the Partnership issues additional Partnership Units pursuant to this Section 4.3.B, the General Partner shall make such revisions to this Agreement (including but not limited to the revisions described in Sections 6.2.B and 8.6) as it determines are necessary to reflect the issuance of such additional Partnership Interests.

C. No Preemptive Rights. No Person, including, without limitation, any Partner or Assignee, shall have any preemptive, preferential, participation or similar right or rights to subscribe for or acquire any Partnership Interest.

Section 4.4. Additional Funds and Capital Contributions.

A. General. The General Partner may, at any time and from time to time, determine that the Partnership requires additional funds ("Additional Funds") for the acquisition or development of additional Properties, for the redemption of Partnership Units or for such other purposes as the General Partner may determine in its sole and absolute discretion. Additional Funds may be obtained by the Partnership, at the election of the General Partner, in any manner provided in, and in accordance with, the terms of this Section 4.4 without the approval of any Limited Partners.

B. Additional Capital Contributions. The General Partner, on behalf of the Partnership, may obtain any Additional Funds by accepting Capital Contributions from any Partners or other Persons. In connection with any such Capital Contribution (of cash or property), the General Partner is hereby authorized to cause the Partnership from time to time to issue additional Partnership Units (as set forth in Section 4.3 above) in consideration therefor and the Percentage Interests of the General Partner and the Limited Partners shall be adjusted to reflect the issuance of such additional Partnership Units.

C. Loans by Third Parties. The General Partner, on behalf of the Partnership, may obtain any Additional Funds by causing the Partnership to incur Debt to any Person upon such terms as the General Partner determines appropriate, including making such Debt convertible, redeemable or exchangeable for Partnership Units; provided, however, that the Partnership shall not incur any such Debt if (i) a breach, violation or default of such Debt would be deemed to occur by virtue of the Transfer by any Limited Partner of any Partnership Interest or (ii) such Debt is recourse to any Partner (unless the Partner otherwise agrees).

D. General Partner/Parent Loans. The General Partner and/or the Parent, as the case may be, on behalf of the Partnership, may obtain any Additional Funds by causing the Partnership to incur Debt with the General Partner and/or the Parent, as the case may be (each, a "General Partner Loan"), if (i) such Debt is, to the extent permitted by law, on substantially the same terms and conditions (including interest rate, repayment schedule, and conversion, redemption, repurchase and exchange rights) as Funding Debt incurred by the General Partner and/or the Parent, as the case may be, the net proceeds of which are loaned to the Partnership to provide such Additional Funds or (ii) such Debt is on

terms and conditions no less favorable to the Partnership than would be available to the Partnership from any third party; provided, however, that the Partnership shall not incur any such Debt if (a) a breach, violation or default of such Debt would be deemed to occur by virtue of the Transfer by any Limited Partner of any Partnership Interest or (b) such Debt is recourse to any Partner and/or the Parent, as the case may be (unless the Partner and/or the Parent, as the case may be, otherwise agrees).

E. Issuance of Securities by the Parent. The Parent shall not issue any additional REIT Shares, Contingent Conversion Shares, Preferred Shares, Junior Shares or New Securities unless the Parent contributes directly or indirectly the cash proceeds or other consideration, if any, received from the issuance of such additional REIT Shares, Contingent Conversion Shares, Preferred Shares, Junior Shares or New Securities, as the case may be, and from the exercise of the rights contained in any such additional New Securities, to the Partnership in exchange for (x) in the case of an issuance of REIT Shares, Partnership Units, (y) in the case of an issuance of Contingent Conversion Shares, Contingent Conversion Units or (z) in the case of an issuance of Preferred Shares, Junior Shares or New Securities, Partnership Units with designations, preferences and other rights, terms and provisions that are substantially the same as the designations, preferences and other rights, terms and provisions of such Contingent Conversion Shares, Preferred Shares, Junior Shares or New Securities; provided, however, that notwithstanding the foregoing, the Parent may issue REIT Shares, Contingent Conversion Shares, Preferred Shares, Junior Shares or New Securities (a) pursuant to Section 4.5 or 8.6.B hereof, (b) pursuant to a dividend or distribution (including any stock split) of REIT Shares, Contingent Conversion Shares, Preferred Shares, Junior Shares or New Securities to all of the holders of REIT Shares, Contingent Conversion Shares, Preferred Shares, Junior Shares or New Securities, as the case may be, (c) upon a conversion, redemption or exchange of Preferred Shares, (d) upon a conversion of Junior Shares into REIT Shares, (e) upon a conversion, redemption, exchange or exercise of Contingent Conversion Shares into REIT Shares, (f) upon a conversion, redemption, exchange or exercise of New Securities or (g) pursuant to share grants or awards made pursuant to any equity incentive plan of the Parent (including the Parent's 2004 Long Term Incentive Compensation Plan) . In the event of any issuance of additional REIT Shares, Contingent Conversion Shares, Preferred Shares, Junior Shares or New Securities by the Parent, and the direct or indirect contribution to the Partnership, by the Parent, of the cash proceeds or other consideration received from such issuance, the Partnership shall pay the Parent's expenses associated with such issuance, including any underwriting discounts or commissions (it being understood that payment of some or all of such expenses may be made by the Parent on behalf of the Partnership out of the gross proceeds of such issuance prior to the direct or indirect contribution of such proceeds by the Parent to the Partnership).

Section 4.5. Stock Option Plan.

A. Options Granted to Company Employees and Independent Directors. If at any time or from time to time, in connection with a Stock Option Plan, a stock option granted to a Company Employee or Outside Director is duly exercised:

(i) the Parent shall, as soon as practicable after such exercise, make or cause to be made directly or indirectly a Capital Contribution to the Partnership in an amount equal to the exercise price paid to the Parent by such exercising party in connection with the exercise of such stock option.

(ii) Notwithstanding the amount of the Capital Contribution actually made pursuant to Section 4.5.A(i) hereof, the Parent shall be deemed to have contributed directly or indirectly to the Partnership, as a Capital Contribution, in consideration of an additional Limited Partner Interest (expressed in and as additional Partnership Units), an amount equal to the Value

of a REIT Share as of the date of exercise multiplied by the number of REIT Shares then being issued in connection with the exercise of such stock option.

(iii) An equitable Percentage Interest adjustment shall be made in which the General Partner shall be treated as having made a cash contribution equal to the amount described in Section 4.5.A(ii) hereof.

B. Special Valuation Rule. For purposes of this Section 4.5, in determining the Value of a REIT Share, only the trading date immediately preceding the exercise of the relevant stock option under the Stock Option Plan shall be considered.

C. Future Stock Incentive Plans. Nothing in this Agreement shall be construed or applied to preclude or restrain the Parent from adopting, modifying or terminating stock incentive plans, including any Stock Option Plan, for the benefit of employees, directors or other business associates of the Parent, the Partnership or any of their Affiliates. The Limited Partners acknowledge and agree that, in the event that any such plan is adopted, modified or terminated by the Parent, amendments to this Section 4.5 may become necessary or advisable and that any approval or consent of the Limited Partners required pursuant to the terms of this Agreement in order to effect any such amendments requested by the General Partner shall not be unreasonably withheld or delayed.

Section 4.6. No Interest; No Return. No Partner shall be entitled to interest on its Capital Contribution or on such Partner's Capital Account. Except as provided herein or by law, no Partner shall have any right to demand or receive the return of its Capital Contribution from the Partnership.

Section 4.7. Conversion or Redemption of Contingent Conversion Units.

A. Except as provided in the next sentence, the holders of Contingent Conversion Units shall not have any voting rights. So long as any Contingent Conversion Units are outstanding, the Partnership shall not, without the affirmative vote of the holders of at least two-thirds of the Contingent Conversion Units outstanding at the time, given in person or by proxy, either in writing or at a meeting, amend, alter or repeal the provisions of the this Agreement, whether by merger, consolidation or otherwise (an "Event"), so as to materially and adversely affect any right, preference, privilege or voting power of the Contingent Conversion Units; provided, however, that with respect to the occurrence of any Event, so long as the Contingent Conversion Units remain outstanding with the terms thereof materially unchanged, the occurrence of any such Event shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the Contingent Conversion Units.

B. The holders of Contingent Conversion Units shall not be entitled to receive any distributions in respect of their Contingent Conversion Units.

C. Within 30 days after the end of each quarter beginning with the quarter ending March 30, 2006 and ending with the quarter ending December 31, 2008, the Parent shall calculate the Lease-Up NOI over the 12-month period ending in such quarter (each such 12-month period being referred to as a "Measurement Period") and the applicable Conversion Percentage. For purposes hereof, (i) the "Lease-Up NOI" for any Measurement Period shall equal the total revenues less the property related expenses achieved from the wholly owned early stage lease-up properties listed on Exhibit D hereto, subject to adjustment to take into account sales of any of the lease-up properties that occur on or prior to December 31, 2008, and (ii) the "Conversion Percentage" shall be an amount not less than zero nor more than 100% equal to (A) a fraction, the numerator of which shall be an amount not less than zero equal to the Lease-Up NOI achieved during the Measurement Period less $5,100,000 and the denominator

of which is equal to $4,600,000 less (B) the sum of all Conversion Percentages determined for all prior Measurement Periods. By way of example, if the Lease-Up NOI is $6,000,000 for the first Measurement Period and $7,000,000 for the second Measurement Period, the Conversion Percentage shall equal approximately 20% for the first Measurement Period ($6,000,000 minus $5,100,000 with the remainder divided by $4,600,000) and shall equal approximately 21% for the second Measurement Period ($7,000,000 minus $5,100,000 with the remainder divided by $4,600,000 and 20% subtracted from the result 41%.). All calculations described above shall be performed by the Parent and shall be verified by the Parent's independent accountants and reviewed and approved by a majority of the Parent's independent directors whose decision shall be final and binding absent manifest error or fraud.

Within five days after the Lease-Up NOI and the Conversion Percentage have been determined for any Measurement Period in which the Conversion Percentage is greater than zero, the General Partner shall send to each holder of record of Contingent Conversion Units to the address shown on the record books of the Partnership a notice (each a "Mandatory Conversion Notice") setting forth the calculation of Lease-Up NOI, the Conversion Percentage in respect of such Measurement Period and the date (the "Conversion Date") that Contingent Conversion Units will be converted into OP Units (which date shall be the date of the Mandatory Conversion Notice). Effective as of the Conversion Date, the number of Contingent Conversion Units held by such holder multiplied by the Conversion Percentage shall convert into OP Units. Each converted Contingent Conversion Unit shall be converted into OP Units at the conversion rate of one OP Unit for each converted Contingent Conversion Unit, subject to adjustment as determined in good faith by the General Partner to prevent dilution or enlargement of the conversion rights of the holders of the Contingent Conversion Unit in the event that the Partnership (A) makes a distribution on its OP Units in OP Units, (B) subdivides its outstanding OP Units into a greater number of units or (C) combines its outstanding OP Units into a smaller number of OP Units. Any such adjustment made pursuant to the preceding sentence will become effective immediately after the record date in the case of a distribution, and will become effective immediately after the effective date in the case of a subdivision or combination. If such distribution is declared but is not paid or made, the conversion rate then in effect will be appropriately readjusted; however, a readjustment will not affect any conversion which takes place before the readjustment. Whenever the conversion rate for the Contingent Conversion Units is adjusted, the General Partner will promptly send each holder of record of Contingent Conversion Units to the address shown on the record books of the Partnership a notice of the adjustment setting forth the adjusted conversion rate and the date on which the adjustment becomes effective and containing a brief description of the events which caused the adjustment.

For purposes of this calculation, in the event that any property on Exhibit D hereto is sold on or prior to December 31, 2008, in lieu of the actual net operating income derived from such property for the 12-month period ended on the measurement date immediately preceding such sale and in each subsequent 12-month Measurement Period, the Lease-Up NOI from such property for each period shall be equal to the sale price for such property multiplied by 8% and additional Contingent Conversion Units shall be immediately converted into OP Units to give effect to such recalculation to give effect to such provision. The sale of any property set forth on Exhibit D hereto while any Contingent Conversion Units remain outstanding shall be approved by a majority of the Parent's independent directors.

D. If there is a reclassification or change of outstanding OP Units (other than as a result of a subdivision or combination), or a merger or consolidation of the Partnership with any other entity that results in a reclassification, change, conversion, exchange or cancellation of outstanding OP Units, or a sale or transfer of all or substantially all of the assets of the Partnership, upon any subsequent conversion of Contingent Conversion Units each holder of Contingent Conversion Units will be entitled to receive the kind and amount of securities, cash and other property which the holder would have received if the Contingent Conversion Units had been converted into OP Units immediately before the

first of those events and had retained all the securities, cash and other assets received as a result of all those events.

E. Effective on each Conversion Date, the General Partner shall amend Exhibit A as appropriate to record the conversion of Contingent Conversion Units being converted on such Conversion Date. The Person in whose name OP Units (or other Partnership Units) are to be issued upon a conversion will be deemed to have become the holder of record of the OP Units (or other Partnership Units) as of the Conversion Date. All OP Units (or other Partnership Units) issued upon conversion of Contingent Conversion Units will upon issuance be duly and validly issued and fully paid OP Units, not subject to any liens and charges created by the Partnership nor subject to any preemptive rights. Effective on the Conversion Date, the converted Contingent Conversion Units will no longer be deemed to be outstanding and all rights of the holder with respect to those Contingent Conversion Units will immediately terminate, except the right to receive the OP Units, cash or other assets to be issued as a result of the conversion.

F. Upon any such conversion, no fractional interests in OP Units shall be issued and instead the number of OP Units shall be rounded upward to the next whole number.

G. All remaining outstanding Contingent Conversion Units not converted in respect of the Measurement Period ended on December 31, 2008, will be cancelled.

H. From and after the initial issuance of Contingent Conversion Units, no additional Contingent Conversion Units shall be issued or sold by the Partnership, except on a *pro rata* basis to the holders of record of the Contingent Conversion Units immediately prior to such issuance or sale.

I. The Contingent Conversion Units may only be transferred by a holder of Contingent Conversion Units in connection with a concurrent transfer of OP Units to the same transferee.

Section 4.8. Other Contribution Provisions. In the event that any Partner is admitted to the Partnership and is given a Capital Account in exchange for services rendered to the Partnership, unless otherwise determined by the General Partner in its sole and absolute discretion, such transaction shall be treated by the Partnership and the affected Partner as if the Partnership had compensated such partner in cash and such Partner had contributed the cash to the capital of the Partnership. In addition, with the consent of the General Partner, one or more Limited Partners may enter into contribution agreements with the Partnership which have the effect of providing a guarantee of certain obligations of the Partnership.

Section 4.9. Not Publicly Traded. The General Partner, on behalf of the Partnership, shall use its best efforts not to take any action which would result in the Partnership being a “publicly traded partnership” under and as such term is defined in Code Section 7704(b).

ARTICLE V

DISTRIBUTIONS

Section 5.1. Requirement and Characterization of Distributions. Subject to the terms of any Partnership Unit Designation, the General Partner shall cause the Partnership to distribute at least quarterly all Available Cash generated by the Partnership during such quarter to the Holders of Partnership Units on such Partnership Record Date with respect to such quarter: (1) first, with respect to any Partnership Interests that are entitled to any preference in distribution, in accordance with the rights

of such class(es) of Partnership Interests (and, within such class(es), *pro rata* in proportion to the respective Percentage Interests on such Partnership Record Date) and (2) second, with respect to any Partnership Interests that are not entitled to any preference in distribution, in accordance with the rights of such class of Partnership Interests (and, within such class, *pro rata* in proportion to the respective Percentage Interests on such Partnership Record Date). Distributions payable with respect to any Partnership Units that were not outstanding during the entire quarterly period in respect of which any distribution is made shall be prorated based on the portion of the period that such units were outstanding. The General Partner in its sole and absolute discretion may distribute to the Holders Available Cash on a more frequent basis and provide for an appropriate Partnership Record Date. Notwithstanding anything herein to the contrary, the General Partner shall make such reasonable efforts, as determined by it in its sole and absolute discretion and consistent with the Parent's qualification as a REIT, to cause the Partnership to distribute sufficient amounts to enable the Parent to pay stockholder dividends that will (a) satisfy the requirements for its qualification as a REIT under the Code and Regulations (the "REIT Requirements") and (b) except to the extent otherwise determined by the Parent, in its sole and absolute discretion, avoid any federal income or excise tax liability of the Parent. Contingent Conversion Units shall not be entitled to distributions.

Section 5.2. Distributions In-Kind. No right is given to any Partner to demand and receive property other than cash as provided in this Agreement. The General Partner may determine, in its sole and absolute discretion, to make a distribution in-kind of Partnership assets to the Holders, and such assets shall be distributed in such a fashion as to ensure that the fair market value is distributed and allocated in accordance with Articles 5, 6 and 10 hereof.

Section 5.3. Amounts Withheld. All amounts withheld pursuant to the Code or any provisions of any state or local tax law and Section 10.4 hereof with respect to any allocation, payment or distribution to any Holder shall be treated as amounts paid or distributed to such Holder pursuant to Section 5.1 hereof for all purposes under this Agreement.

Section 5.4. Distributions Upon Liquidation. Notwithstanding the other provisions of this Article V, net proceeds from a Terminating Capital Transaction, and any other cash received or reductions in reserves made after commencement of the liquidation of the Partnership, shall be distributed to the Holders in accordance with Section 13.2 hereof.

Section 5.5. Distributions to Reflect Issuance of Additional Partnership Units. Notwithstanding Section 7.3.B hereof, in the event that the Partnership issues additional Partnership Units pursuant to the provisions of Article IV hereof, subject to Section 7.3.D, the General Partner is hereby authorized to make such revisions to this Article V as it determines are necessary or desirable to reflect the issuance of such additional Partnership Units, including, without limitation, making preferential distributions to certain classes of Partnership Units.

Section 5.6. Restricted Distributions. Notwithstanding any provision to the contrary contained in this Agreement, neither the Partnership nor the General Partner, on behalf of the Partnership, shall make a distribution to any Holder on account of its Partnership Interest or interest in Partnership Units if such distribution would violate Section 17-607 of the Act or other applicable law.

ARTICLE VI

ALLOCATIONS

Section 6.1. Timing and Amount of Allocations of Net Income and Net Loss. Net Income and Net Loss of the Partnership shall be determined and allocated with respect to each Partnership

Year of the Partnership as of the end of each such year. Except as otherwise provided in this Article VI, and subject to Section 11.6.C hereof, an allocation to a Holder of a share of Net Income or Net Loss shall be treated as an allocation of the same share of each item of income, gain, loss or deduction that is taken into account in computing Net Income or Net Loss.

Section 6.2. General Allocations.

A. Allocations of Net Income and Net Loss.

(a) Net Income. Except as otherwise provided herein, Net Income for any Partnership Year or other applicable period shall be allocated in the following order and priority:

(i) First, to the General Partner to the extent the cumulative Net Loss allocated to the General Partner pursuant to subparagraph (b)(vi) below exceeds the cumulative Net Income allocated to the General Partner pursuant to this subparagraph (a)(i);

(ii) Second, to each Obligated Partner until the cumulative Net Income allocated to such Obligated Partner pursuant to this subparagraph (a)(ii) equals the cumulative Net Loss allocated to such Obligated Partner under subparagraph (b)(v) below (and, among the Obligated Partners, *pro rata* in proportion to their respective percentages of the cumulative Net Loss allocated to all Obligated Partners pursuant to subparagraph (b)(v) below);

(iii) Third, to the General Partner until the cumulative Net Income allocated to the General Partner pursuant to this subparagraph (a)(iii) equals the cumulative Net Loss allocated to the General Partner pursuant to subparagraph (b)(iv) below;

(iv) Fourth, to the holders of any Partnership Interests that are entitled to any preference in distribution upon liquidation until the cumulative Net Income allocated under this subparagraph (iv) equals the cumulative Net Loss allocated to such Partners under subparagraph (b)(iii);

(v) Fifth, to the holders of any Partnership Units that are entitled to any preference in distribution in accordance with the rights of any other class of Partnership Units until each such Partnership Unit has been allocated, on a cumulative basis pursuant to this subparagraph (a)(v), Net Income equal to the amount of distributions received which are attributable to the preference of such class of Partnership Unit (and, within such class, *pro rata* in proportion to the respective Percentage Interests as of the last day of the period for which such allocation is made); and

(vi) Thereafter, with respect to Partnership Units that are not entitled to any preference in distribution or with respect to which distributions are not limited to any preference in distribution, *pro rata* to each such class in accordance with the terms of such class (and, within such class, *pro rata* in proportion to the respective Percentage Interests as of the last day of the period for which such allocation is being made).

(b) Net Loss. Except as otherwise provided herein, Net Loss for any Partnership Year or other applicable period shall be allocated in the following order and priority:

(i) First, to each holder of Partnership Units in proportion to and to the extent of the amount by which the cumulative Net Income allocated to such Partner pursuant to subparagraph (a)(vi) above exceeds, on a cumulative basis, the sum of (a) distributions with

respect to such Partnership Units pursuant to clause (1) of Section 5.1 and (b) Net Loss allocated to such Partner pursuant to this subparagraph (b)(i);

(ii) Second, with respect to classes of Partnership Units that are not entitled to any preference in distribution or with respect to which distributions are not limited to any preference in distribution, *pro rata* to each such class in accordance with the terms of such class (and within such class, *pro rata* in proportion to the respective Percentage Interests as of the last day of the period for which such allocation is being made); provided that Net Loss shall not be allocated to any Partner pursuant to this subparagraph (b)(ii) to the extent that such allocation would cause such Partner to have an Adjusted Capital Account Deficit (or increase any existing Adjusted Capital Account Deficit (determined in each case (1) by not including in the Partners' Adjusted Capital Accounts any amount that a Partner who also holds classes of Partnership Units that are entitled to any preferences in distribution upon liquidation, by subtracting from such Partners' Adjusted Capital Account the amount of such preferred distribution to be made upon liquidation and (2) by not including in the Partners' Adjusted Capital Accounts any amount that a Partner is obligated to contribute to the Partnership with respect to any deficit in its Capital Account pursuant to Section 13.2.C) at the end of such Partnership Year or other applicable period;

(iii) Third, with respect to classes of Partnership Units that are entitled to any preference in distribution upon liquidation, in reverse order of the priorities of each such class (and within each such class, *pro rata* in proportion to their respective Percentage Interests as of the last day of the period for which such allocation is being made; provided that Net Loss shall not be allocated to any Partner pursuant to this subparagraph (b)(iii) to the extent that such allocation would cause such Partner to have an Adjusted Capital Account Deficit (or increase any existing Adjusted Capital Account Deficit) (determined in each case by not including in the Partners' Adjusted Capital Accounts any amount that a Partner is obligated to contribute to the Partnership with respect to any deficit in its Capital Account pursuant to Section 13.2.C) at the end of such Partnership Year or other applicable period;

(iv) Fourth, to the General Partner in an amount equal to the excess of (a) the amount of the Partnership Recourse Liabilities over (b) the aggregate Protected Amounts of all Obligated Partners;

(v) Fifth, to and among the Obligated Partners, in proportion to their respective Protected Amounts, until such time as the Obligated Partners as a group have been allocated cumulative Net Loss pursuant to this subparagraph (b)(v) equal to the aggregate Protected Amounts of all Obligated Partners; and

(vi) Thereafter, to the General Partner.

B. Allocations to Reflect Issuance of Additional Partnership Units. Notwithstanding Section 7.3.B hereof, in the event that the Partnership issues additional Partnership Units pursuant to the provisions of Article IV hereof, the General Partner is hereby authorized to make such revisions to this Section 6.2 as it determines are necessary or desirable to reflect the terms of the issuance of such additional Partnership Units.

Section 6.3. Additional Allocation Provisions. Notwithstanding the foregoing provisions of this Article VI:

A. Tax Treatment of Conversion of Contingent Conversion Units. Upon conversion of a Contingent Conversion Unit into an OP Unit, the Company will specially allocate to the converted Partner any Net Income attributable to an adjustment of Gross Asset Values under subparagraph (b)(v) of the definition of "Gross Asset Value" until the portion of such Partner's Capital Account attributable to each OP Unit received upon conversion equals the Capital Account attributable to an OP Unit at the time of conversion. To the extent such allocation is insufficient to bring the portion of the Capital Account attributable to each OP Unit received upon conversion by the converting Partner up to the Capital Account attributable to an OP Unit at the time of conversion, additional items of gross income for the Partnership Year (and future Partnership Years, if necessary) will be allocated to the converted Partner as quickly as possible until the portion of such Partner's Capital Account attributable to each OP Unit received upon conversion equals the Capital Account attributable to an OP Unit at the time of conversion. Notwithstanding the foregoing, the General Partner is hereby authorized to make such revisions to this Section 6.3.A as it determines are necessary to cause the Parent to comply with the REIT Requirements and to prevent the Parent from being subject to any additional taxes under Code Section 857 or Code Section 4981.

B. Regulatory Allocations.

(i) Minimum Gain Chargeback. Except as otherwise provided in Regulations Section 1.704-2(f), notwithstanding the provisions of Section 6.2 hereof, or any other provision of this Article VI, if there is a net decrease in Partnership Minimum Gain during any Partnership Year, each Holder shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Holder's share of the net decrease in Partnership Minimum Gain, as determined under Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Holder pursuant thereto. The items to be allocated shall be determined in accordance with Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 6.3.B(i) is intended to qualify as a "minimum gain chargeback" within the meaning of Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(ii) Partner Minimum Gain Chargeback. Except as otherwise provided in Regulations Section 1.704-2(i)(4) or in Section 6.3.B(i) hereof, if there is a net decrease in Partner Minimum Gain attributable to a Partner Nonrecourse Debt during any Partnership Year, each Holder who has a share of the Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5), shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Holder's share of the net decrease in Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each General Partner, Limited Partner and other Holder pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 6.3.B(ii) is intended to qualify as a "chargeback of partner nonrecourse debt minimum gain" within the meaning of Regulations Section 1.704-2(i) and shall be interpreted consistently therewith.

(iii) Nonrecourse Deductions and Partner Nonrecourse Deductions. Any Nonrecourse Deductions for any Partnership Year shall be specially allocated to the Holders of Partnership Units in accordance with their Partnership Units. Any Partner Nonrecourse

Deductions for any Partnership Year shall be specially allocated to the Holder(s) who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable, in accordance with Regulations Section 1.704-2(i).

(iv) Qualified Income Offset. If any Holder unexpectedly receives an adjustment, allocation or distribution described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5), or (6), items of Partnership income and gain shall be allocated, in accordance with Regulations Section 1.704-1(b)(2)(ii)(d), to such Holder in an amount and manner sufficient to eliminate, to the extent required by such Regulations, the Adjusted Capital Account Deficit of such Holder as quickly as possible. It is intended that this Section 6.3.B(iv) qualify and be construed as a "qualified income offset" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(v) Gross Income Allocation. In the event that any Holder has an Adjusted Capital Account Deficit at the end of any Partnership Year, each such Holder shall be specially allocated items of Partnership income and gain in the amount of such excess to eliminate such deficit as quickly as possible.

(vi) Section 754 Adjustment. To the extent that an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(2) or Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Holder in complete liquidation of its interest in the Partnership, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Holders in accordance with their Partnership Units in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Holders to whom such distribution was made in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

(vii) Curative Allocations. The allocations set forth in Sections 6.3.B(i), (ii), (iii), (iv), (v), and (vi) hereof (the "Regulatory Allocations") are intended to comply with certain regulatory requirements, including the requirements of Regulations Sections 1.704-1(b) and 1.704-2. Notwithstanding the provisions of Section 6.1 hereof, the Regulatory Allocations shall be taken into account in allocating other items of income, gain, loss and deduction among the Holders of Partnership Units so that to the extent possible without violating the requirements giving rise to the Regulatory Allocations, the net amount of such allocations of other items and the Regulatory Allocations to each Holder of a Partnership Unit shall be equal to the net amount that would have been allocated to each such Holder if the Regulatory Allocations had not occurred.

C. Allocation of Excess Nonrecourse Liabilities. The Partnership shall allocate "nonrecourse liabilities" (within the meaning of Regulations Section 1.752-1(a)(2)) of the Partnership that are secured by multiple Properties under any reasonable method chosen by the General Partner in accordance with Regulations Section 1.752-3(a)(3)(b). The Partnership shall allocate "excess nonrecourse liabilities" of the Partnership under any method approved under Regulations Section 1.752-3(a)(3) as chosen by the General Partner.

Section 6.4. Tax Allocations.

A. In General. Except as otherwise provided in this Section 6.4, for income tax purposes under the Code and the Regulations each Partnership item of income, gain, loss and deduction

(collectively, "Tax Items") shall be allocated among the Holders of Partnership Units in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Sections 6.2 and 6.3 hereof.

B. Allocations Respecting Section 704(c) Revaluations. Notwithstanding Section 6.4.A hereof, Tax Items with respect to Property that is contributed to the Partnership with a Gross Asset Value that varies from its basis in the hands of the contributing Partner immediately preceding the date of contribution shall be allocated among the Holders of Partnership Units for income tax purposes pursuant to Regulations promulgated under Code Section 704(c) so as to take into account such variation. The Partnership shall account for such variation under any method approved under Code Section 704(c) and the applicable Regulations as chosen by the General Partner, including, without limitation, the "remedial allocation method" as described in Regulations Section 1.704-3(d); provided, however, that the "traditional method" shall be used for any properties held directly or indirectly by Extra Space Storage, LLC and contributed to the Partnership simultaneously with the IPO. In the event that the Gross Asset Value of any partnership asset is adjusted pursuant to subsection (b) of the definition of "Gross Asset Value" (provided in Article I hereof), subsequent allocations of Tax Items with respect to such asset shall take account of the variation, if any, between the adjusted basis of such asset and its Gross Asset Value in the same manner as under Code Section 704(c) and the applicable Regulations.

ARTICLE VII

MANAGEMENT AND OPERATIONS OF BUSINESS

Section 7.1. Management.

A. Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership are and shall be exclusively vested in the General Partner, and no Limited Partner shall have any right to participate in or exercise control or management power over the business and affairs of the Partnership. The General Partner may not be removed by the Partners with or without cause, except with the consent of the General Partner. In addition to the powers now or hereafter granted to a general partner of a limited partnership under applicable law or that are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to the other provisions hereof including Section 7.3, shall have full power and authority to do all things deemed necessary or desirable by it to conduct the business of the Partnership, to exercise all powers set forth in Section 3.2 hereof and to effectuate the purposes set forth in Section 3.1 hereof, including, without limitation:

(i) the making of any expenditures, the lending or borrowing of money (including, without limitation, making prepayments on loans and borrowing money or selling assets to permit the Partnership to make distributions to its Partners in such amounts as will permit the Parent (so long as the Parent desires to maintain or restore its status as a REIT) to avoid the payment of any federal income tax (including, for this purpose, any excise tax pursuant to Code Section 4981) and to make distributions to its stockholders sufficient to permit the Parent to maintain or restore REIT status or otherwise to satisfy the REIT Requirements), the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness (including the securing of same by deed to secure debt, mortgage, deed of trust or other lien or encumbrance on the Partnership's assets) and the incurring of any obligations that it deems necessary for the conduct of the activities of the Partnership;

(ii) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets

of the Partnership, the registration of any class of securities of the Partnership under the Exchange Act and the listing of any debt securities of the Partnership on any exchange;

(iii) the acquisition, sale, lease, transfer, exchange or other disposition of any, all or substantially all of the assets of the Partnership (including, but not limited to, the exercise or grant of any conversion, option, privilege or subscription right or any other right available in connection with any assets at any time held by the Partnership) or the merger, consolidation, reorganization or other combination of the Partnership with or into another entity;

(iv) the mortgage, pledge, encumbrance or hypothecation of any assets of the Partnership, the use of the assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with the terms of this Agreement and on any terms that it sees fit, including, without limitation, the financing of the operations and activities of the General Partner, the Partnership or any of the Partnership's Subsidiaries, the lending of funds to other Persons (including, without limitation, the Partnership's Subsidiaries) and the repayment of obligations of the Partnership, its Subsidiaries and any other Person in which the Partnership has an equity investment, and the making of capital contributions to and equity investments in the Partnership's Subsidiaries;

(v) the management, operation, leasing, landscaping, repair, alteration, demolition, replacement or improvement of any Property, including, without limitation, any Contributed Property, or other asset of the Partnership or any Subsidiary, whether pursuant to a Services Agreement or otherwise;

(vi) the negotiation, execution and performance of any contracts, leases, conveyances or other instruments that the General Partner considers useful or necessary to the conduct of the Partnership's operations or the implementation of the General Partner's powers under this Agreement, including contracting with contractors, developers, consultants, accountants, legal counsel, other professional advisors and other agents and the payment of their expenses and compensation out of the Partnership's assets;

(vii) the distribution of Partnership cash or other Partnership assets in accordance with this Agreement, the holding, management, investment and reinvestment of cash and other assets of the Partnership and the collection and receipt of revenues, rents and income of the Partnership;

(viii) the maintenance of such insurance for the benefit of the Partnership and the Partners as it deems necessary or appropriate, including, without limitation, (i) casualty, liability and other insurance on the Properties and (ii) liability insurance for the Indemnitees hereunder;

(ix) the formation of, or acquisition of an interest in, and the contribution of property to, any further limited or general partnerships, limited liability companies, joint ventures or other relationships that it deems desirable (including, without limitation, the acquisition of interests in, and the contributions of property to, any Subsidiary and any other Person in which it has an equity investment from time to time); provided, however, that, as long as the Parent has determined to continue to qualify as a REIT, the General Partner may not engage in any such formation, acquisition or contribution that would cause the Parent to fail to qualify as a REIT within the meaning of Code Section 856(a);

(x) the control of any matters affecting the rights and obligations of the Partnership, including the settlement, compromise, submission to arbitration or any other form of dispute resolution, or abandonment, of any claim, cause of action, liability, debt or damages, due or owing to or from the Partnership, the commencement or defense of suits, legal proceedings, administrative proceedings, arbitrations or other forms of dispute resolution, and the representation of the Partnership in all suits or legal proceedings, administrative proceedings, arbitrations or other forms of dispute resolution, the incurring of legal expense, and the indemnification of any Person against liabilities and contingencies to the extent permitted by law;

(xi) the undertaking of any action in connection with the Partnership's direct or indirect investment in any Subsidiary or any other Person (including, without limitation, the contribution or loan of funds by the Partnership to such Persons);

(xii) except as otherwise specifically set forth in this Agreement, the determination of the fair market value of any Partnership property distributed in-kind using such reasonable method of valuation as it may adopt; provided that such methods are otherwise consistent with the requirements of this Agreement;

(xiii) the enforcement of any rights against any Partner pursuant to representations, warranties, covenants and indemnities relating to such Partner's contribution of property or assets to the Partnership;

(xiv) the exercise, directly or indirectly, through any attorney-in-fact acting under a general or limited power-of-attorney, of any right, including the right to vote, appurtenant to any asset or investment held by the Partnership;

(xv) the exercise of any of the powers of the General Partner enumerated in this Agreement on behalf of or in connection with any Subsidiary of the Partnership or any other Person in which the Partnership has a direct or indirect interest, or jointly with any such Subsidiary or other Person;

(xvi) the exercise of any of the powers of the General Partner enumerated in this Agreement on behalf of any Person in which the Partnership does not have an interest, pursuant to contractual or other arrangements with such Person;

(xvii) the making, execution and delivery of any and all deeds, leases, notes, deeds to secure debt, mortgages, deeds of trust, security agreements, conveyances, contracts, guarantees, warranties, indemnities, waivers, releases or legal instruments or agreements in writing necessary or appropriate in the judgment of the General Partner for the accomplishment of any of the powers of the General Partner enumerated in this Agreement;

(xviii) the issuance of additional Partnership Units, as appropriate and in the General Partner's sole and absolute discretion, in connection with Capital Contributions by Additional Limited Partners and additional Capital Contributions by Partners pursuant to Article IV hereof;

(xix) the selection and dismissal of Company Employees (including, without limitation, employees having titles or offices such as president, vice president, secretary and treasurer), and agents, outside attorneys, accountants, consultants and contractors of the Partnership or the General Partner, the determination of their compensation and other terms of

employment or hiring and the delegation to any such Company Employee the authority to conduct the business of the Partnership in accordance with the terms of this Agreement;

(xx) the distribution of cash to acquire Partnership Units held by a Limited Partner in connection with a Limited Partner's exercise of its Redemption Right under Section 8.6 hereof;

(xxi) the amendment and restatement of Exhibit A hereto to reflect accurately at all times the Capital Contributions and Percentage Interests of the Partners as the same are adjusted from time to time to the extent necessary to reflect redemptions, conversion of Contingent Conversion Units, Capital Contributions, the issuance of Partnership Units, the admission of any Additional Limited Partner or any Substituted Limited Partner or otherwise, which amendment and restatement, notwithstanding anything in this Agreement to the contrary, shall not be deemed an amendment to this Agreement, as long as the matter or event being reflected in Exhibit A hereto otherwise is authorized by this Agreement;

(xxii) the collection and receipt of revenues and income of the Partnership; and

(xxiii) an election to dissolve the Partnership pursuant to Section 13.1.D hereof.

B. Each of the Limited Partners agrees that, except as provided in Section 7.3 hereof, the General Partner is authorized to execute, deliver and perform the above-mentioned agreements and transactions on behalf of the Partnership without any further act, approval or vote of the Partners, notwithstanding any other provision of this Agreement, the Act or any applicable law, rule or regulation. The execution, delivery or performance by the General Partner or the Partnership of any agreement authorized or permitted under this Agreement shall not constitute a breach by the General Partner of any duty that the General Partner may owe the Partnership or the Limited Partners or any other Persons under this Agreement or of any duty stated or implied by law or equity.

C. At all times from and after the date hereof, the General Partner may cause the Partnership to establish and maintain working capital and other reserves in such amounts as the General Partner, in its sole and absolute discretion, deems appropriate and reasonable from time to time.

D. In exercising its authority under this Agreement, the General Partner may, but shall be under no obligation to, take into account the tax consequences to any Partner (including the General Partner) of any action taken (or not taken) by it. The General Partner and the Partnership shall not have liability to a Limited Partner under any circumstances as a result of an income tax liability incurred by such Limited Partner as a result of an action (or inaction) by the General Partner pursuant to its authority under this Agreement provided that the General Partner has acted in good faith and pursuant to its authority under this Agreement.

Section 7.2. Certificate of Limited Partnership. To the extent that such action is determined by the General Partner to be reasonable and necessary or appropriate, the General Partner shall file amendments to and restatements of the Certificate and do all the things to maintain the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) under the laws of the State of Delaware and each other state, the District of Columbia or any other jurisdiction, in which the Partnership may elect to do business or own property. Except as otherwise required under the Act, the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate or any amendment thereto to any Limited Partner. The General Partner shall use all reasonable efforts to cause to be filed such other certificates or documents as may be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited

partnership (or a partnership in which the limited partners have limited liability to the extent provided by applicable law) in the State of Delaware and any other state, or the District of Columbia or other jurisdiction, in which the Partnership may elect to do business or own property.

Section 7.3. Restrictions on General Partner's Authority.

A. The General Partner may not take any action in contravention of an express prohibition or limitation of this Agreement without the written consent of a Majority in Interest of the Outside Limited Partners and may not (1) perform any act that would subject a Limited Partner to liability as a general partner in any jurisdiction or any other liability except as provided herein or under the Act; or (2) enter into any contract, mortgage, loan or other agreement that prohibits or restricts, or has the effect of prohibiting or restricting, the ability of a Limited Partner to exercise its rights to a Redemption in full, except in each case with the written consent of such Limited Partner. The General Partner may not take any action in contravention of this Agreement, including, without limitation:

B. The General Partner shall not, without the written consent of a Majority in Interest of the Outside Limited Partners, except as provided in Sections 4.3.A, 5.5, 6.2.B and 7.3.C hereof, amend, modify or terminate this Agreement.

C. Notwithstanding Sections 7.3.B and 14.2, the General Partner shall have the exclusive power, without the prior consent of the Limited Partners, to amend this Agreement as may be required to facilitate or implement any of the following purposes:

(i) to add to the obligations of the General Partner or surrender any right or power granted to the General Partner or any Affiliate of the General Partner for the benefit of the Limited Partners;

(ii) to reflect the admission, substitution or withdrawal of Partners or the termination of the Partnership in accordance with this Agreement, and to amend Exhibit A in connection with such admission, substitution or withdrawal;

(iii) to reflect a change that is of an inconsequential nature and does not adversely affect the Limited Partners in any material respect, or to cure any ambiguity, correct or supplement any provision in this Agreement not inconsistent with law or with other provisions, or make other changes with respect to matters arising under this Agreement that will not be inconsistent with law or with the provisions of this Agreement;

(iv) to satisfy any requirements, conditions or guidelines contained in any order, directive, opinion, ruling or regulation of a federal or state agency or contained in federal or state law;

(v) (a) to reflect such changes as are reasonably necessary for the Parent to maintain or restore its status as a REIT or to satisfy the REIT Requirements; or (b) to reflect the Transfer of all or any part of a Partnership Interest among the General Partner, the Parent Limited Partner, the Parent and any Qualified REIT Subsidiary;

(vi) to modify the manner in which Capital Accounts are computed (but only to the extent set forth in the definition of "Capital Account" or contemplated by the Code or the Regulations); and

(vii) to issue additional Partnership Interests in accordance with Section 4.3.

The General Partner will provide notice to the Limited Partners whenever any action under this Section 7.3.C is taken.

D. Notwithstanding Sections 7.3.B and 7.3.C hereof, this Agreement shall not be amended, and no action may be taken by the General Partner, without the consent of each Partner adversely affected thereby, if such amendment or action would (i) convert a Limited Partner Interest in the Partnership into a General Partner Interest (except as a result of the General Partner acquiring such Partnership Interest), (ii) modify the limited liability of a Limited Partner or (iii) amend this Section 7.3.D. Further, no amendment may alter the restrictions on the General Partner's authority set forth elsewhere in this Section 7.3 or in Section 11.2.B without the consent specified therein. Any such amendment or action consented to by any Partner shall be effective as to that Partner, notwithstanding the absence of such consent by any other Partner.

Section 7.4. Reimbursement of the General Partner and Parent.

A. Except as provided n this Section 7.4 and elsewhere in this Agreement (including the provisions of Articles 5 and 6 regarding distributions, payments and allocations to which it may be entitled), the General Partner shall not be compensated for its services as general partner of the Partnership.

B. The Partnership shall be responsible for and shall pay all expenses relating to the Partnership's, the General Partner's and the Parent's organization, the ownership of their assets and their operations. The General Partner and/or the Parent are hereby authorized to pay compensation for accounting, administrative, legal, technical, management and other services rendered to the Partnership. Except to the extent provided in this Agreement, the General Partner, the Parent and their Affiliates shall be reimbursed on a monthly basis, or such other basis as the General Partner may determine in its sole and absolute discretion, for all expenses that the General Partner, the Parent and their Affiliates incur relating to the ownership and operation of, or for the benefit of, the Partnership (including, without limitation, administrative expenses); provided, that the amount of any such reimbursement shall be reduced by any interest earned by the General Partner with respect to bank accounts or other instruments or accounts held by it on behalf of the Partnership. The Partners acknowledge that all such expenses of the General Partner and/or the Parent are deemed to be for the benefit of the Partnership. Such reimbursement shall be in addition to any reimbursement made as a result of indemnification pursuant to Section 7.7 hereof. In the event that certain expenses are incurred for the benefit of the Partnership and other entities (including the General Partner and/or the Parent), such expenses will be allocated to the Partnership and such other entities in such a manner as the General Partner in its sole and absolute discretion deems fair and reasonable. All payments and reimbursements hereunder shall be characterized for federal income tax purposes as expenses of the Partnership incurred on its behalf, and not as expenses of the General Partner and/or the Parent.

C. If the Parent shall elect to purchase from its stockholders REIT Shares for the purpose of delivering such REIT Shares to satisfy an obligation under any dividend reinvestment program adopted by the Parent, any employee stock purchase plan adopted by the Parent or any similar obligation or arrangement undertaken by the Parent in the future or for the purpose of retiring such REIT Shares, the purchase price paid by the Parent for such REIT Shares and any other expenses incurred by the Parent in connection with such purchase shall be considered expenses of the Partnership and shall be advanced to the Parent or reimbursed to the Parent, subject to the condition that: (1) if such REIT Shares subsequently are sold by the Parent, the Parent shall pay or cause to be paid to the Partnership any proceeds received by the Parent for such REIT Shares (which sales proceeds shall include the amount of dividends reinvested under any dividend reinvestment or similar program; provided, that a transfer of REIT Shares for Partnership Units pursuant to Section 8.6 would not be considered a sale for such purposes); and (2) if

such REIT Shares are not retransferred by the Parent within 30 days after the purchase thereof, or the Parent otherwise determines not to retransfer such REIT Shares, the Parent shall cause the Partnership to redeem a number of Partnership Units held by the Parent equal to the number of such REIT Shares, as adjusted (x) pursuant to Section 7.7 (in the event the General Partner acquires material assets, other than on behalf of the Partnership) and (y) for stock dividends and distributions, stock splits and subdivisions, reverse stock splits and combinations, distributions of rights, warrants or options, and distributions of evidences of indebtedness or assets relating to assets not received by the General Partner pursuant to a *pro rata* distribution by the Partnership (in which case such advancement or reimbursement of expenses shall be treated as having been made as a distribution in redemption of such number of Partnership Units held by the General Partner).

D. As set forth in Section 4.3, the General Partner shall be treated as having made a Capital Contribution in the amount of all expenses that the Parent incurs relating to the Parent's offering of REIT Shares, Contingent Conversion Shares, Preferred Shares, Junior Shares or New Securities.

E. If and to the extent any reimbursements to the General Partner pursuant to this Section 7.4 constitute gross income of the General Partner (as opposed to the repayment of advances made by the General Partner on behalf of the Partnership), such amounts shall constitute guaranteed payments with respect to capital within the meaning of Code Section 707(c), shall be treated consistently therewith by the Partnership and all Partners, and shall not be treated as distributions for purposes of computing the Partners' Capital Accounts.

Section 7.5. Outside Activities of the General Partner. The General Partner shall not directly or indirectly enter into or conduct any business, other than in connection with (a) the ownership, acquisition and disposition of Partnership Interests as General Partner, (b) the management of the business of the Partnership, (c) if the General Partner becomes a reporting company with a class (or classes) of securities registered under the Exchange Act, the operation of the General Partner as such, (d) financing or refinancing of any type related to the Partnership or its assets or activities, (e) any of the foregoing activities as they relate to a Subsidiary of the Partnership, and (f) such activities as are incidental thereto. Nothing contained herein shall be deemed to prohibit the General Partner from executing guarantees of Partnership debt for which it would otherwise be liable in its capacity as General Partner.

Section 7.6. Contracts with Affiliates.

A. The Partnership may lend or contribute funds or other assets to its Subsidiaries or other Persons in which it has an equity investment, and such Persons may borrow funds from the Partnership, on terms and conditions established in the sole and absolute discretion of the General Partner. The foregoing authority shall not create any right or benefit in favor of any Subsidiary or any other Person.

B. The Partnership may transfer assets to joint ventures, limited liability companies, partnerships, corporations, business trusts or other business entities in which it is or thereby becomes a participant upon such terms and subject to such conditions consistent with this Agreement and applicable law as the General Partner, in its sole and absolute discretion, believes to be advisable.

C. Except as expressly permitted by this Agreement, neither the General Partner nor any of its Affiliates shall sell, transfer or convey any property to the Partnership, directly or indirectly, except pursuant to transactions that are determined by the General Partner in good faith to be fair and reasonable.

D. The General Partner and/or the Parent, in its sole and absolute discretion and without the approval of the Limited Partners, may propose and adopt on behalf of the Partnership employee benefit plans funded by the Partnership for the benefit of employees of the General Partner, the Partnership, Subsidiaries of the Partnership or any Affiliate of any of them in respect of services performed, directly or indirectly, for the benefit of the Partnership or any of the Partnership's Subsidiaries.

E. The General Partner is expressly authorized to enter into, in the name and on behalf of the Partnership, any Services Agreement with Affiliates of any of the Partnership or the General Partner, on such terms as the General Partner, in its sole and absolute discretion, believes are advisable.

Section 7.7. Indemnification.

A. To the fullest extent permitted by applicable law, the Partnership shall indemnify each Indemnitee from and against any and all losses, claims, damages, liabilities (whether joint or several), expenses (including, without limitation, attorney's 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 Partnership ("Actions") as set forth in this Agreement in which such Indemnitee may be involved, or is threatened to be involved, as a party or otherwise; provided, however, that the Partnership shall not indemnify an Indemnitee (1) for willful misconduct or a knowing violation of the law, (2) for any transaction for which such Indemnitee received an improper personal benefit in violation or breach of any provision of this Agreement, or (3) in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe that the act or omission was unlawful. Without limitation, the foregoing indemnity shall extend to any liability of any Indemnitee, pursuant to a loan guaranty or otherwise, for any indebtedness of the Partnership or any Subsidiary of the Partnership (including, without limitation, any indebtedness which the Partnership or any Subsidiary of the Partnership has assumed or taken subject to), and the General Partner is hereby authorized and empowered, on behalf of the Partnership, to enter into one or more indemnity agreements consistent with the provisions of this Section 7.7 in favor of any Indemnitee having or potentially having liability for any such indebtedness. The termination of any proceeding by judgment, order or settlement does not create a presumption that the Indemnitee did not meet the requisite standard of conduct set forth in this Section 7.7.A. The termination of any proceeding by conviction of an Indemnitee or upon a plea of *nolo contendere* or its equivalent by an Indemnitee, or an entry of an order of probation against an Indemnitee prior to judgment, does not create a presumption that such Indemnitee acted in a manner contrary to that specified in this Section 7.7.A with respect to the subject matter of such proceeding. Any indemnification pursuant to this Section 7.7 shall be made only out of the assets of the Partnership and any insurance proceeds from the liability policy covering the General Partner and any Indemnitees, and neither the General Partner nor any Limited Partner shall have any obligation to contribute to the capital of the Partnership or otherwise provide funds to enable the Partnership to fund its obligations under this Section 7.7.

B. To the fullest extent permitted by law, expenses incurred by an Indemnitee who is a party to a proceeding or otherwise subject to or the focus of or is involved in any Action shall be paid or reimbursed by the Partnership as incurred by the Indemnitee in advance of the final disposition of the Action upon receipt by the Partnership of (1) a written affirmation by the Indemnitee of the Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Partnership as authorized in this Section 7.7.B has been met and (2) a written undertaking by or on behalf of the Indemnitee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

C. The indemnification provided by this Section 7.7 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under any agreement, pursuant to any

vote of the Partners, as a matter of law or otherwise, and shall continue as to an Indemnitee who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnitee unless otherwise provided in a written agreement with such Indemnitee or in the writing pursuant to which such Indemnitee is indemnified.

D. The Partnership may, but shall not be obligated to, purchase and maintain insurance, on behalf of any of the Indemnitees and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

E. Any liabilities which an Indemnitee incurs as a result of acting on behalf of the Partnership, the General Partner or the Parent (whether as a fiduciary or otherwise) in connection with the operation, administration or maintenance of an employee benefit plan or any related trust or funding mechanism (whether such liabilities are in the form of excise taxes assessed by the IRS, penalties assessed by the Department of Labor, restitutions to such a plan or trust or other funding mechanism or to a participant or beneficiary of such plan, trust or other funding mechanism, or otherwise) shall be treated as liabilities or judgments or fines under this Section 7.7, unless such liabilities arise as a result of (1) such Indemnitee's intentional misconduct or knowing violation of the law, (2) any transaction in which such Indemnitee received a personal benefit in violation or breach of any provision of this Agreement or applicable law, or (3) in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe that the act or omission was unlawful.

F. In no event may an Indemnitee subject any of the Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

G. An Indemnitee shall not be denied indemnification in whole or in part under this Section 7.7 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

H. The provisions of this Section 7.7 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons. Any amendment, modification or repeal of this Section 7.7 or any provision hereof shall be prospective only and shall not in any way affect the obligations of the Partnership or the limitations on the Partnership's liability to any Indemnitee under this Section 7.7 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

I. If and to the extent any payments to the General Partner pursuant to this Section 7.7 constitute gross income to the General Partner (as opposed to the repayment of advances made on behalf of the Partnership) such amounts shall be treated as "guaranteed payments" within the meaning of Code Section 707(c), shall be treated consistently therewith by the Partnership and all Partners, and shall not be treated by distribution for purposes of computing the Partners' Capital Accounts.

Section 7.8. Liability of the General Partner.

A. Notwithstanding anything to the contrary set forth in this Agreement, neither the General Partner nor any of its trustees or officers shall be liable or accountable in damages or otherwise to the Partnership, any Partners or any Assignees for losses sustained, liabilities incurred or benefits not

derived as a result of errors in judgment or mistakes of fact or law or of any act or omission if the General Partner or such trustee or officer acted in good faith.

B. The Limited Partners expressly acknowledge that the General Partner is acting for the benefit of the Partnership, the Limited Partners and the Parent's stockholders collectively and that the General Partner is under no obligation to give priority to the separate interests of the Limited Partners or the Parent's stockholders (including, without limitation, the tax consequences to Limited Partners, Assignees or the Parent's stockholders) in deciding whether to cause the Partnership to take (or decline to take) any actions. If there is a conflict between the interests of the stockholders of the Parent on one hand and the Limited Partners on the other, the General Partner shall endeavor in good faith to resolve the conflict in a manner not adverse to either the stockholders of the Parent or the Limited Partners. The General Partner shall not be liable under this Agreement to the Partnership or to any Partner for monetary damages for losses sustained, liabilities incurred, or benefits not derived by Limited Partners in connection with such decisions; provided, that the General Partner has acted in good faith.

C. Subject to its obligations and duties as General Partner set forth in Section 7.1.A hereof, the General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its employees or agents (subject to the supervision and control of the General Partner). The General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by it in good faith.

D. To the extent that, at law or in equity, the General Partner has duties (including fiduciary duties) and liabilities relating thereto to the Partnership or the Limited Partners, the General Partner shall not be liable to the Partnership or to any other Partner for its good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of the General Partner otherwise existing at law or in equity, are agreed by the Partners to replace such other duties and liabilities of such General Partner.

E. Notwithstanding anything herein to the contrary, except for fraud, willful misconduct or gross negligence, or pursuant to any express indemnities given to the Partnership by any Partner pursuant to any other written instrument, no Partner shall have any personal liability whatsoever, to the Partnership or to the other Partner(s), for the debts or liabilities of the Partnership or the Partnership's obligations hereunder, and the full recourse of the other Partner(s) shall be limited to the interest of that Partner in the Partnership. To the fullest extent permitted by law, no officer, trustee or shareholder of the General Partner shall be liable to the Partnership for money damages except for (1) active and deliberate dishonesty established by a non-appealable final judgment or (2) actual receipt of an improper benefit or profit in money, property or services. Without limitation of the foregoing, and except for fraud, willful misconduct or gross negligence, or pursuant to any such express indemnity, no property or assets of any Partner, other than its interest in the Partnership, shall be subject to levy, execution or other enforcement procedures for the satisfaction of any judgment (or other judicial process) in favor of any other Partner(s) and arising out of, or in connection with, this Agreement. This Agreement is executed by the trustees of the General Partner solely as trustees of the same and not in their own individual capacities.

F. Any amendment, modification or repeal of this Section 7.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the General Partner's, and its officers' and trustees', liability to the Partnership and the Limited Partners under this Section 7.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Section 7.9. Other Matters Concerning the General Partner and the Parent.

A. The General Partner and the Parent may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties.

B. The General Partner and the Parent may consult with legal counsel, accountants, appraisers, management consultants, investment bankers, architects, engineers, environmental consultants and other consultants and advisers selected by it, and any act taken or omitted to be taken in reliance upon the opinion of such Persons as to matters that the General Partner and the Parent reasonably believe to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

C. The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers and a duly appointed attorney or attorneys-in-fact. Each such attorney shall, to the extent provided by the General Partner in the power of attorney, have full power and authority to do and perform all and every act and duty that is permitted or required to be done by the General Partner hereunder.

D. Notwithstanding any other provision of this Agreement or the Act, any action of the General Partner or the Parent on behalf of the Partnership or any decision of the General Partner or the Parent to refrain from acting on behalf of the Partnership, undertaken in the good faith belief that such action or omission is necessary or advisable in order (1) to protect the ability of the Parent to continue to qualify as a REIT, (2) for the Parent otherwise to satisfy the REIT Requirements, or (3) to avoid the Parent incurring any taxes under Code Section 857 or Code Section 4981, is expressly authorized under this Agreement and is deemed approved by all of the Limited Partners.

Section 7.10. Title to Partnership Assets. Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually or collectively with other Partners or Persons, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner or one or more nominees, as the General Partner may determine, including Affiliates of the General Partner. The General Partner hereby declares and warrants that any Partnership assets for which legal title is held in the name of the General Partner or any nominee or Affiliate of the General Partner shall be held by the General Partner for the use and benefit of the Partnership in accordance with the provisions of this Agreement. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which legal title to such Partnership assets is held.

Section 7.11. Reliance by Third Parties. Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner has full power and authority, without the consent or approval of any other Partner or Person, to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any contracts on behalf of the Partnership, and take any and all actions on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner as if it were the Partnership's sole party in interest, both legally and beneficially. Each Limited Partner hereby waives any and all defenses or other remedies that may be available against such Person to contest, negate or disaffirm any action of the General Partner in connection with any such dealing. In no event shall any Person dealing with the General Partner or its representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expediency of any act or action of the General Partner or its representatives.

Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or its representatives shall be conclusive evidence in favor of any and every Person relying in good faith thereon or claiming thereunder that (1) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (2) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership, and (3) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

ARTICLE VIII

RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

Section 8.1. Limitation of Liability. The Limited Partners shall have no liability under this Agreement (other than for breach thereof) except as expressly provided in Section 10.4 or under the Act.

Section 8.2. Management of Business. No Limited Partner or Assignee (other than the General Partner, any of its Affiliates or any officer, director, member, employee, partner, agent or trustee of the General Partner, the Partnership or any of their Affiliates, in their capacity as such) shall take part in the operations, management or control (within the meaning of the Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. The transaction of any such business by the General Partner, any of its Affiliates or any officer, director, member, employee, partner, agent, representative, shareholder or trustee of the General Partner, the Partnership or any of their Affiliates, in their capacity as such, shall not affect, impair or eliminate the limitations on the liability of the Limited Partners or Assignees under this Agreement.

Section 8.3. Outside Activities of Limited Partners. Subject to any agreements entered into pursuant to Section 7.6.E hereof and any other agreements entered into by a Limited Partner or its Affiliates with the General Partner, the Partnership, the Parent or any Affiliate thereof (including, without limitation, any employment agreement), any Limited Partner (other than the Parent Limited Partner) and any Assignee, officer, director, employee, agent, trustee, Affiliate, member or shareholder of any Limited Partner shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities that are in direct or indirect competition with the Partnership or that are enhanced by the activities of the Partnership. Neither the Partnership nor any Partner shall have any rights by virtue of this Agreement in any business ventures of any Limited Partner or Assignee. Subject to such agreements, none of the Limited Partners nor any other Person shall have any rights by virtue of this Agreement or the partnership relationship established hereby in any business ventures of any other Person (other than the General Partner, to the extent expressly provided herein), and such Person shall have no obligation pursuant to this Agreement, subject to Section 7.6.E hereof and any other agreements entered into by a Limited Partner or its Affiliates with the General Partner, the Partnership, the Parent or any Affiliate thereof, to offer any interest in any such business ventures to the Partnership, any Limited Partner, the Parent or any such other Person, even if such opportunity is of a character that, if presented to the Partnership, any Limited Partner, the Parent or such other Person, could be taken by such Person.

Section 8.4. Return of Capital. Except pursuant to the rights of Redemption set forth in Section 8.6 hereof, no Limited Partner shall be entitled to the withdrawal or return of its Capital Contribution, except to the extent of distributions made pursuant to this Agreement or upon termination of the Partnership as provided herein. Except to the extent provided in Article VI hereof or otherwise expressly provided in this Agreement, no Limited Partner or Assignee shall have priority over any other

Limited Partner or Assignee either as to the return of Capital Contributions or as to profits, losses or distributions.

Section 8.5. Adjustment Factor. The Partnership shall notify any Limited Partner that is a Qualifying Party, on request, of the then current Adjustment Factor or any change made to the Adjustment Factor.

Section 8.6. Redemption Rights.

A. On or after the date 12 months after the Effective Date, with respect to the OP Units (including any Contingent Conversion Units that are converted into OP Units) acquired on or contemporaneously with the Effective Date, each Limited Partner (other than the Parent Limited Partner) shall have the right (subject to the terms and conditions set forth herein and in any other such agreement, as applicable) to require the Partnership to redeem all or a portion of the OP Units held by such Limited Partner (such OP Units being hereafter referred to as "Tendered Units") in exchange for the Cash Amount (a "Redemption") unless the terms of such OP Units or a separate agreement entered into between the Partnership and the holder of such OP Units provide that such OP Units are not entitled to a right of Redemption. The Tendering Partner shall have no right, with respect to any OP Units so redeemed, to receive any distributions paid on or after the Specified Redemption Date. Any Redemption shall be exercised pursuant to a Notice of Redemption delivered to the General Partner by the Limited Partner who is exercising the right (the "Tendering Partner"). The Cash Amount shall be payable to the Tendering Partner on the Specified Redemption Date.

B. Notwithstanding Section 8.6.A above, if a Limited Partner has delivered to the General Partner a Notice of Redemption then the Parent may, in its sole and absolute discretion, (subject to the limitations on ownership and transfer of REIT Shares set forth in the Charter) elect to assume and satisfy the General Partner's Redemption obligation and acquire some or all of the Tendered Units from the Tendering Partner in exchange for the REIT Shares Amount (as of the Specified Redemption Date) and, if the Parent so elects, the Tendering Partner shall sell the Tendered Units to the Parent in exchange for the REIT Shares Amount. In such event, the Tendering Partner shall have no right to cause the Partnership to redeem such Tendered Units. The Parent shall promptly give such Tendering Partner written notice of its election, and the Tendering Partner may elect to withdraw its redemption request at any time prior to the acceptance of the cash or REIT Shares Amount by such Tendering Partner. Assuming the Parent exercises its option to deliver REIT Shares, the Parent shall contribute the Tendered Units to the General Partner and/or the Parent Limited Partner, as the case may be.

C. The REIT Shares Amount, if applicable, shall be delivered as duly authorized, validly issued, fully paid and nonassessable REIT Shares and, if applicable, free of any pledge, lien, encumbrance or restriction, other than those provided in the Charter or the Bylaws of the Parent, the Securities Act, relevant state securities or blue sky laws and any applicable registration rights agreement with respect to such REIT Shares entered into by the Tendering Partner. Notwithstanding any delay in such delivery (but subject to Section 8.6.E), the Tendering Partner shall be deemed the owner of such REIT Shares for all purposes, including without limitation, rights to vote or consent, and receive dividends, as of the Specified Redemption Date. In addition, the REIT Shares for which the Partnership Units might be exchanged shall also bear a legend which generally provides the following:

Restriction on Ownership and Transfer

THE SHARES OF CAPITAL STOCK REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON BENEFICIAL AND CONSTRUCTIVE OWNERSHIP AND TRANSFER FOR

THE PURPOSE OF THE COMPANY'S MAINTENANCE OF ITS STATUS AS A REAL ESTATE INVESTMENT TRUST UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"). SUBJECT TO CERTAIN FURTHER RESTRICTIONS AND EXCEPT AS EXPRESSLY PROVIDED IN THE COMPANY'S ARTICLES OF AMENDMENT AND RESTATEMENT, (i) NO PERSON MAY BENEFICIALLY OR CONSTRUCTIVELY OWN SHARES OF THE COMPANY'S COMMON STOCK IN EXCESS OF [· %] (BY VALUE OR BY NUMBER OF SHARES, WHICHEVER IS MORE RESTRICTIVE) OF THE OUTSTANDING COMMON STOCK OF THE COMPANY OR SHARES OF THE COMPANY'S CAPITAL STOCK IN EXCESS OF [· %] (BY VALUE OR BY NUMBER OF SHARES, WHICHEVER IS MORE RESTRICTIVE) OF THE OUTSTANDING CAPITAL STOCK OF THE COMPANY; (ii) NO PERSON MAY BENEFICIALLY OR CONSTRUCTIVELY OWN SHARES OF CAPITAL STOCK THAT WOULD RESULT IN THE COMPANY BEING "CLOSELY HELD" UNDER SECTION 856(h) OF THE CODE OR OTHERWISE CAUSE THE COMPANY TO FAIL TO QUALIFY AS A REIT; AND (iii) NO PERSON MAY TRANSFER SHARES OF COMMON STOCK IF SUCH TRANSFER WOULD RESULT IN THE COMMON STOCK OF THE COMPANY BEING OWNED BY FEWER THAN 100 PERSONS. ANY PERSON WHO BENEFICIALLY OR CONSTRUCTIVELY OWNS OR ATTEMPTS TO BENEFICIALLY OR CONSTRUCTIVELY OWN SHARES OF CAPITAL STOCK IN VIOLATION OF THE ABOVE LIMITATIONS MUST IMMEDIATELY NOTIFY THE COMPANY. IF ANY OF THE RESTRICTIONS ON TRANSFER OR OWNERSHIP IS VIOLATED, THE SHARES OF CAPITAL STOCK REPRESENTED HEREBY WILL BE AUTOMATICALLY TRANSFERRED TO THE TRUSTEE OF A TRUST FOR THE BENEFIT OF ONE OR MORE CHARITABLE BENEFICIARIES. IN ADDITION, THE COMPANY MAY REDEEM SHARES UPON THE TERMS AND CONDITIONS SPECIFIED BY THE BOARD OF DIRECTORS IN ITS SOLE DISCRETION IF THE BOARD OF DIRECTORS DETERMINES THAT OWNERSHIP OR A TRANSFER OR OTHER EVENT MAY VIOLATE THE RESTRICTIONS DESCRIBED ABOVE. FURTHERMORE, UPON THE OCCURRENCE OF CERTAIN EVENTS, ATTEMPTED TRANSFERS IN VIOLATION OF THE RESTRICTIONS DESCRIBED ABOVE MAY BE VOID AB INITIO. ALL TERMS IN THIS LEGEND THAT ARE DEFINED IN THE ARTICLES OF AMENDMENT AND RESTATEMENT OF THE COMPANY SHALL HAVE THE MEANINGS ASCRIBED TO THEM IN THE ARTICLES OF AMENDMENT AND RESTATEMENT OF THE COMPANY, AS THE SAME MAY BE AMENDED FROM TIME TO TIME, A COPY OF WHICH, INCLUDING THE RESTRICTIONS ON TRANSFER AND OWNERSHIP, WILL BE FURNISHED TO EACH HOLDER OF SHARES OF CAPITAL STOCK ON REQUEST AND WITHOUT CHARGE. REQUESTS FOR SUCH A COPY MAY BE DIRECTED TO THE SECRETARY OF THE COMPANY AT ITS PRINCIPAL OFFICE.

D. Each Limited Partner covenants and agrees with the General Partner that all Tendered Units shall be delivered to the General Partner free and clear of all liens, claims and encumbrances whatsoever and should any such liens, claims and/or encumbrances exist or arise with respect to such Tendered Units, the General Partner shall be under no obligation to acquire the same. Each Limited Partner further agrees that, in the event any state or local property transfer tax is payable as a result of the transfer of its Tendered Units to the General Partner (or its designee), such Limited Partner shall assume and pay such transfer tax.

E. Notwithstanding the provisions of Section 8.6.A, 8.6.B, 8.6.C or any other provision of this Agreement, a Limited Partner (i) shall not be entitled to effect a Redemption for cash or an exchange for REIT Shares to the extent the ownership or right to acquire REIT Shares pursuant to such exchange by such Partner on the Specified Redemption Date could cause such Partner or any other Person to violate the restrictions on ownership and transfer of REIT Shares set forth in the Charter of the Parent and (ii) shall have no rights under this Agreement to acquire REIT Shares which would otherwise be prohibited under the Charter. To the extent any attempted Redemption or exchange for REIT Shares would be in violation of this Section 8.6.E, it shall be null and void *ab initio* and such Limited Partner

shall not acquire any rights or economic interest in the cash otherwise payable upon such Redemption or the REIT Shares otherwise issuable upon such exchange.

F. Notwithstanding anything herein to the contrary (but subject to Section 8.6.E), with respect to any Redemption or exchange for REIT Shares pursuant to this Section 8.6: (i) all OP Units acquired by the General Partner pursuant thereto shall automatically, and without further action required, be converted into and deemed to be General Partner Interests comprised of the same number and class of OP Units; (ii) without the consent of the General Partner, each Limited Partner may not effect a Redemption for less than 1,000 OP Units or, if the Limited Partner holds less than 1,000 OP Units, all of the OP Units held by such Limited Partner; (iii) without the consent of the General Partner, each Limited Partner may not effect a Redemption during the period after the Partnership Record Date with respect to a distribution and before the record date established by the General Partner for a distribution to its shareholders of some or all of its portion of such distribution; (iv) the consummation of any Redemption or exchange for REIT Shares shall be subject to the expiration or termination of the applicable waiting period, if any, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; and (v) each Tendering Partner shall continue to own all OP Units subject to any Redemption or exchange for REIT Shares, and be treated as a Limited Partner with respect to such OP Units for all purposes of this Agreement, until such OP Units are transferred to the General Partner and paid for or exchanged on the Specified Redemption Date. Until a Specified Redemption Date, the Tendering Partner shall have no rights as a shareholder of the General Partner with respect to such Tendering Partner’s OP Units.

G. In the event that the Partnership issues additional Partnership Interests to any Additional Limited Partner pursuant to Section 4.3, the General Partner shall make such revisions to this Section 8.6 as it determines are necessary to reflect the issuance of such additional Partnership Interests.

ARTICLE IX

BOOKS, RECORDS, ACCOUNTING AND REPORTS

Section 9.1. Records and Accounting.

A. The General Partner shall keep or cause to be kept at the principal office of the Partnership those records and documents required to be maintained by the Act and other books and records deemed by the General Partner to be appropriate with respect to the Partnership’s business, including, without limitation, all books and records necessary to provide to the Limited Partners any information, lists and copies of documents required to be provided pursuant to Section 8.5 or 9.3 hereof. Any records maintained by or on behalf of the Partnership in the regular course of its business may be kept on, or be in the form for, magnetic tape, photographs, micrographics or any other information storage device, provided that the records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained, for financial and tax reporting purposes, on an accrual basis in accordance with generally accepted accounting principles.

B. The books of the Partnership shall be maintained, for financial and tax reporting purposes, on an accrual basis in accordance with generally accepted accounting principles, or on such other basis as the General Partner determines to be necessary or appropriate. To the extent permitted by sound accounting practices and principles, the Partnership and the General Partner may operate with integrated or consolidated accounting records, operations and principles.

Section 9.2. Partnership Year. The Partnership Year of the Partnership shall be the calendar year.

Section 9.3. Reports.

A. As soon as practicable, but in no event later than the date on which the Parent mails its annual report to its stockholders, the General Partner shall cause to be mailed to the Limited Partner an annual report, as of the close of the most recently ended Fiscal Year, containing financial statements of the Partnership, or of the Parent if such statements are prepared solely on a consolidated basis with the Partnership, for such Partnership Year, presented in accordance with generally accepted accounting principles, such statements to be audited by a nationally recognized firm of independent public accountants selected by the Parent.

B. If and to the extent that the Parent mails quarterly reports to its stockholders, as soon as practicable, but in no event later than the date on such reports are mailed, the General Partner shall cause to be mailed to each Limited Partner a report containing unaudited financial statements, as of the last day of such fiscal quarter, of the Partnership, or of the Parent if such statements are prepared solely on a consolidated basis with the Partnership, and such other information as may be required by applicable law or regulations, or as the Parent determines to be appropriate.

ARTICLE X

TAX MATTERS

Section 10.1. Preparation of Tax Returns. The General Partner shall arrange for the preparation and timely filing of all returns with respect to Partnership income, gains, deductions, losses and other items required of the Partnership for federal and state income tax purposes and shall use all reasonable effort to furnish, within 90 days of the close of each taxable year, the tax information reasonably required by Limited Partners for federal and state income tax reporting purposes. The Limited Partners shall promptly provide the General Partner with such information relating to the Contributed Properties, including tax basis and other relevant information, as may be reasonably requested by the General Partner from time to time.

Section 10.2. Tax Elections. Except as otherwise provided herein, the General Partner shall, in its sole and absolute discretion, determine whether to make any available election pursuant to the Code, including, but not limited to, the election under Code Section 754 and the election to use the “recurring item” method of accounting provided under Code Section 461(h) with respect to property taxes imposed on the Partnership’s Properties; provided, however, that, if the “recurring item” method of accounting is elected with respect to such property taxes, the Partnership shall pay the applicable property taxes prior to the date provided in Code Section 461(h) for purposes of determining economic performance. The General Partner shall have the right to seek to revoke any such election (including, without limitation, any election under Code Sections 461(h) and 754) upon the General Partner’s determination in its sole and absolute discretion that such revocation is in the best interests of the Partners.

Section 10.3. Tax Matters Partner.

A. The General Partner shall be the “tax matters partner” of the Partnership for federal income tax purposes. The tax matters partner shall receive no compensation for its services. All third-party costs and expenses incurred by the tax matters partner in performing its duties as such (including legal and accounting fees and expenses) shall be borne by the Partnership in addition to any reimbursement pursuant to Section 7.4 hereof. Nothing herein shall be construed to restrict the

Partnership from engaging an accounting firm to assist the tax matters partner in discharging its duties hereunder, so long as the compensation paid by the Partnership for such services is reasonable.

B. The tax matters partner is authorized, but not required:

(i) to enter into any settlement with the IRS with respect to any administrative or judicial proceedings for the adjustment of Partnership items required to be taken into account by a Partner for income tax purposes (such administrative proceedings being referred to as a "tax audit" and such judicial proceedings being referred to as "judicial review"), and in the settlement agreement the tax matters partner may expressly state that such agreement shall bind all Partners, except that such settlement agreement shall not bind any Partner (i) who (within the time prescribed pursuant to the Code and Regulations) files a statement with the IRS providing that the tax matters partner shall not have the authority to enter into a settlement agreement on behalf of such Partner or (ii) who is a "notice partner" (as defined in Code Section 6231) or a member of a "notice group" (as defined in Code Section 6223(b)(2));

(ii) in the event that a notice of a final administrative adjustment at the Partnership level of any item required to be taken into account by a Partner for tax purposes (a "final adjustment") is mailed to the tax matters partner, to seek judicial review of such final adjustment, including the filing of a petition for readjustment with the United States Tax Court or the United States Claims Court, or the filing of a complaint for refund with the District Court of the United States for the district in which the Partnership's principal place of business is located;

(iii) to intervene in any action brought by any other Partner for judicial review of a final adjustment;

(iv) to file a request for an administrative adjustment with the IRS at any time and, if any part of such request is not allowed by the IRS, to file an appropriate pleading (petition or complaint) for judicial review with respect to such request;

(v) to enter into an agreement with the IRS to extend the period for assessing any tax that is attributable to any item required to be taken into account by a Partner for tax purposes, or an item affected by such item; and

(vi) to take any other action on behalf of the Partners in connection with any tax audit or judicial review proceeding to the extent permitted by applicable law or regulations.

The taking of any action and the incurring of any expense by the tax matters partner in connection with any such proceeding, except to the extent required by law, is a matter in the sole and absolute discretion of the tax matters partner and the provisions relating to indemnification of the General Partner set forth in Section 7.7 hereof shall be fully applicable to the tax matters partner in its capacity as such.

C. The tax matters partner shall receive no compensation for its services. All third party costs and expenses incurred by the tax matters partner in performing its duties as such (including legal and accounting fees) shall be borne by the Partnership. Nothing herein shall be construed to restrict the Partnership from engaging an accounting firm to assist the tax matters partner in discharging its duties hereunder, so long as the compensation paid by the Partnership for such services is reasonable.

Section 10.4. Withholding. Each Limited Partner hereby authorizes the Partnership to withhold from or pay on behalf of or with respect to such Limited Partner any amount of federal, state, local or foreign taxes that the General Partner determines that the Partnership is required to withhold or

pay with respect to any amount distributable or allocable to such Limited Partner pursuant to this Agreement, including, without limitation, any taxes required to be withheld or paid by the Partnership pursuant to Code Sections 1441, 1442, 1445 or 1446. Any amount paid on behalf of or with respect to a Limited Partner shall constitute a loan by the Partnership to such Limited Partner, which loan shall be repaid by such Limited Partner within 15 days after notice from the General Partner that such payment must be made unless (i) the Partnership withholds such payment from a distribution that would otherwise be made to the Limited Partner or (ii) the General Partner determines, in its sole and absolute discretion, that such payment may be satisfied out of the Available Funds of the Partnership that would, but for such payment, be distributed to the Limited Partner. Each Limited Partner hereby unconditionally and irrevocably grants to the Partnership a security interest in such Limited Partner's Partnership Interest to secure such Limited Partner's obligation to pay to the Partnership any amounts required to be paid pursuant to this Section 10.4. In the event that a Limited Partner fails to pay any amounts owed to the Partnership pursuant to this Section 10.4 when due, the General Partner may, in its sole and absolute discretion, elect to make the payment to the Partnership on behalf of such defaulting Limited Partner, and in such event shall be deemed to have loaned such amount to such defaulting Limited Partner and shall succeed to all rights and remedies of the Partnership as against such defaulting Limited Partner (including, without limitation, the right to receive distributions). Any amounts payable by a Limited Partner hereunder shall bear interest at the base rate on corporate loans at large United States money center commercial banks, as published from time to time in The Wall Street Journal, plus four percentage points (but not higher than the maximum lawful rate) from the date such amount is due (*i.e*., 15 days after demand) until such amount is paid in full. Each Limited Partner shall take such actions as the Partnership or the General Partner shall request in order to perfect or enforce the security interest created hereunder.

Section 10.5. Organizational Expenses. The Partnership shall elect to amortize expenses, if any, incurred by it in organizing the Partnership ratably over a 60-month period as provided in Code Section 709.

ARTICLE XI

TRANSFERS AND WITHDRAWALS

Section 11.1. Transfer.

A. No part of the interest of a Partner shall be subject to the claims of any creditor, to any spouse for alimony or support, or to legal process, and may not be voluntarily or involuntarily alienated or encumbered except as may be specifically provided for in this Agreement.

B. No Partnership Interest shall be Transferred, in whole or in part, except in accordance with the terms and conditions set forth in Section 4.7(i) and this Article XI. Any Transfer or purported Transfer of a Partnership Interest not made in accordance with Section 4.7(i) and this Article XI shall be null and void *ab initio* unless consented to by the General Partner in its sole and absolute discretion.

C. Notwithstanding the other provisions of this Article XI (other than Section 11.6.D hereof), the Partnership Interests of the General Partner may be Transferred, at any time or from time to time, to any Person that is, at the time of such Transfer, the Parent or any successor thereto or a Qualified REIT Subsidiary. Any transferee of the entire General Partner Interest pursuant to this Section 11.1.C shall automatically become, without further action or Consent of any Limited Partners, the sole general partner of the Partnership, subject to all the rights, privileges, duties and obligations under this Agreement and the Act relating to a general partner. Upon any Transfer permitted by this Section 11.1.C, the transferor Partner shall be relieved of all its obligations under this Agreement. The

provisions of Section 11.2.B (other than the last sentence thereof), 11.3 and 11.4 hereof shall not apply to any Transfer permitted by this Section 11.1.C.

D. No Transfer of any Partnership Interest may be made to a lender to the Partnership or any Person who is related (within the meaning of Section 1.752-4(b) of the Regulations) to any lender to the Partnership whose loan constitutes a Nonrecourse Liability, without the consent of the General Partner in its sole and absolute discretion; provided that as a condition to such consent, the lender will be required to enter into an arrangement with the Partnership and the General Partner to redeem or exchange for REIT Shares any Partnership Units in which a security interest is held by such lender concurrently with such time as such lender would be deemed to be a partner in the Partnership for purposes of allocating liabilities to such lender under Code Section 752.

Section 11.2. Transfer of General Partner's Partnership Interest.

A. The General Partner may not Transfer any of its General Partner Interest or withdraw from the Partnership except as provided in Sections 11.1.C, 11.2.B and 11.2.C hereof.

B. Except as set forth in Section 11.1.C above and Section 11.2.C below, the General Partner shall not withdraw from the Partnership and shall not Transfer all or any portion of its interest in the Partnership (whether by sale, disposition, statutory merger or consolidation, liquidation or otherwise) without the Consent of a Majority in Interest of the Outside Limited Partners, which Consent may be given or withheld in the sole and absolute discretion of such Limited Partners. Upon any Transfer of such a Partnership Interest pursuant to the Consent of a Majority in Interest of the Outside Limited Partners and otherwise in accordance with the provisions of this Section 11.2.B, the transferee shall become a successor General Partner for all purposes herein, and shall be vested with the powers and rights of the transferor General Partner, and shall be liable for all obligations and responsible for all duties of the General Partner, once such transferee has executed such instruments as may be necessary to effectuate such admission and to confirm the agreement of such transferee to be bound by all the terms and provisions of this Agreement with respect to the Partnership Interest so acquired. It is a condition to any Transfer otherwise permitted hereunder that the transferee assumes, by operation of law or express agreement, all of the obligations of the transferor General Partner under this Agreement with respect to such Transferred Partnership Interest, and such Transfer shall relieve the transferor General Partner of its obligations under this Agreement without the Consent of a Majority in Interest of the Outside Limited Partners. In the event that the General Partner withdraws from the Partnership, in violation of this Agreement or otherwise, or otherwise dissolves or terminates, or upon the Incapacity of the General Partner, all of the remaining Partners may elect to continue the Partnership business by selecting a successor General Partner in accordance with the Act.

C. Notwithstanding Section 11.2.B, the General Partner may Transfer its Interest in connection with any merger or sale of all or substantially all of the assets of the Parent.

Section 11.3. Transfer of Limited Partners' Partnership Interests.

A. No Limited Partner shall Transfer all or any portion of its Partnership Interest to any transferee without the consent of the General Partner, which consent may be withheld in its sole and absolute discretion.

B. Notwithstanding any other provision of this Article XI (other than Section 11.6.D hereof), the Partnership Interests of the Parent Limited Partner may be Transferred in whole or in part, at any time and from time to time to any Person that is, at the time of such Transfer, the Parent or any successor thereto or any Qualified REIT Subsidiary.

C. Without limiting the generality of Section 11.3.A hereof, it is expressly understood and agreed that the General Partner will not consent to any Transfer of all or any portion of any Partnership Interest pursuant to Section 11.3.A above unless such Transfer meets each of the following conditions:

(i) Such Transfer is made only to a single Qualified Transferee; provided, however, that, for such purposes, all Qualified Transferees that are Affiliates, or that comprise investment accounts or funds managed by a single Qualified Transferee and its Affiliates, shall be considered together to be a single Qualified Transferee.

(ii) The transferee in such Transfer assumes by operation of law or express agreement all of the obligations of the transferor Limited Partner under this Agreement with respect to such Transferred Partnership Interest; provided, that no such Transfer (unless made pursuant to a statutory merger or consolidation wherein all obligations and liabilities of the transferor Partner are assumed by a successor corporation by operation of law) shall relieve the transferor Partner of its obligations under this Agreement without the approval of the General Partner, in its sole and absolute discretion. Notwithstanding the foregoing, any transferee of any Transferred Partnership Interest shall be subject to any and all ownership limitations contained in the Charter that may limit or restrict such transferee's ability to exercise its Redemption rights, including, without limitation, the Ownership Limit. Any transferee, whether or not admitted as a Substituted Limited Partner, shall take subject to the obligations of the transferor hereunder. Unless admitted as a Substituted Limited Partner, no transferee, whether by a voluntary Transfer, by operation of law or otherwise, shall have any rights hereunder, other than the rights of an Assignee as provided in Section 11.5 hereof.

(iii) Such Transfer is effective as of the first day of a fiscal quarter of the Partnership.

D. If a Limited Partner is subject to Incapacity, the executor, administrator, trustee, committee, guardian, conservator or receiver of such Limited Partner's estate shall have all the rights of a Limited Partner, but not more rights than those enjoyed by other Limited Partners, for the purpose of settling or managing the estate, and such power as the Incapacitated Limited Partner possessed to Transfer all or any part of its interest in the Partnership. The Incapacity of a Limited Partner, in and of itself, shall not dissolve or terminate the Partnership.

E. In connection with any proposed Transfer of a Limited Partner Interest, the General Partner shall have the right to receive an opinion of counsel reasonably satisfactory to it to the effect that the proposed Transfer may be effected without registration under the Securities Act and will not otherwise violate any federal or state securities laws or regulations applicable to the Partnership or the Partnership Interests Transferred.

F. No Transfer by a Limited Partner of its Partnership Interests (including any Redemption, any other acquisition of Partnership Units by the Partnership or the General Partner) may be made to or by any person if (i) in the opinion of legal counsel for the Partnership, it would result in the Partnership being treated as an association taxable as a corporation or would result in a termination of the Partnership under Code Section 708, (ii) in the opinion of legal counsel for the Partnership, it would adversely affect the ability of the Parent to continue to qualify as a REIT or would subject the Parent to any additional taxes under Code Section 857 or Code Section 4981, or (iii) such Transfer would be effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Code Section 7704 (provided that this clause (iii) shall not be the basis for limiting or restricting in any manner the exercise of a Redemption Right unless, and only to

the extent that, in the absence of such limitation or restriction, there is a significant risk that the Partnership will be treated as a "publicly traded partnership" and, by reason thereof, taxable as a corporation).

Section 11.4. Substituted Limited Partners.

A. A transferee of the interest of a Limited Partner pursuant to a Transfer consented to by the General Partner pursuant to Section 11.3.A may be admitted as a Substituted Limited Partner only with the consent of the General Partner, which consent may be given or withheld by the General Partner in its sole and absolute discretion. The failure or refusal by the General Partner to permit a transferee of any such interests to become a Substituted Limited Partner shall not give rise to any cause of action against the Partnership or the General Partner. Subject to the foregoing, an Assignee shall not be admitted as a Substituted Limited Partner until and unless it furnishes to the General Partner (i) evidence of acceptance, in form and substance satisfactory to the General Partner, of all the terms, conditions and applicable obligations of this Agreement, (ii) a counterpart signature page to this Agreement executed by such Assignee, and (iii) such other documents and instruments as may be required or advisable, in the sole and absolute discretion of the General Partner, to effect such Assignee's admission as a Substituted Limited Partner.

B. A transferee who has been admitted as a Substituted Limited Partner in accordance with this Article XI shall have all the rights and powers and be subject to all the restrictions and liabilities of a Limited Partner under this Agreement.

C. Upon the admission of a Substituted Limited Partner, the General Partner shall amend Exhibit A to reflect the name, address and number of Partnership Units of such Substituted Limited Partner and to eliminate or adjust, if necessary, the name, address and number of Partnership Units of the predecessor of such Substituted Limited Partner.

Section 11.5. Assignees. If the General Partner, in its sole and absolute discretion, does not consent to the admission of any transferee of any Partnership Interest as a Substituted Limited Partner in connection with a transfer permitted by the General Partner pursuant to Section 11.3.A, such transferee shall be considered an Assignee for purposes of this Agreement. An Assignee shall be entitled to all the rights of an assignee of a limited partnership interest under the Act, including the right to receive distributions from the Partnership and the share of Net Income, Net Losses and other items of income, gain, loss, deduction and credit of the Partnership attributable to the Partnership Units assigned to such transferee and the rights to Transfer the Partnership Units only in accordance with the provisions of this Article XI, but shall not be deemed to be a holder of Partnership Units for any other purpose under this Agreement, and shall not be entitled to effect a Consent or vote or effect a Redemption with respect to such Partnership Units on any matter presented to the Limited Partners for approval (such right to Consent or vote or effect a Redemption, to the extent provided in this Agreement or under the Act, fully remaining with the transferor Limited Partner). In the event that any such transferee desires to make a further assignment of any such Partnership Units, such transferee shall be subject to all the provisions of this Article XI to the same extent and in the same manner as any Limited Partner desiring to make an assignment of Partnership Units.

Section 11.6. General Provisions.

A. No Limited Partner may withdraw from the Partnership other than as a result of a permitted Transfer of all of such Limited Partner's Partnership Units in accordance with this Article XI, with respect to which the transferee becomes a Substituted Limited Partner, or pursuant to a redemption

(or acquisition by the General Partner) of all of its Partnership Units pursuant to a Redemption under Section 8.6 hereof and/or pursuant to any Partnership Unit Designation.

B. Any Limited Partner who shall Transfer all of its Partnership Units in a Transfer (i) consented to by the General Partner pursuant to this Article XI where such transferee was admitted as a Substituted Limited Partner, (ii) pursuant to the exercise of its rights to effect a redemption of all of its Partnership Units pursuant to a Redemption under Section 8.6 hereof and/or pursuant to any Partnership Unit Designation, or (iii) to the General Partner, whether or not pursuant to Section 8.6.B hereof, shall cease to be a Limited Partner.

C. If any Partnership Unit is Transferred in compliance with the provisions of this Article XI, or is redeemed by the Partnership, or acquired by the General Partner pursuant to Section 8.6 hereof, on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other items of income, gain, loss, deduction and credit attributable to such Partnership Unit for such Partnership Year shall be allocated to the transferor Partner or the Tendering Party, as the case may be, and, in the case of a Transfer or assignment other than a Redemption, to the transferee Partner, by taking into account their varying interests during the Partnership Year in accordance with Code Section 706(d), using the "interim closing of the books" method or another permissible method selected by the General Partner. Solely for purposes of making such allocations, each of such items for the calendar month in which a Transfer occurs shall be allocated to the transferee Partner and none of such items for the calendar month in which a Transfer or a Redemption occurs shall be allocated to the transferor Partner or the Tendering Party, as the case may be, if such Transfer occurs on or before the 15th day of the month, otherwise such items shall be allocated to the transferor. All distributions of Available Cash attributable to such Partnership Unit with respect to which the Partnership Record Date is before the date of such Transfer, assignment or Redemption shall be made to the transferor Partner or the Tendering Party, as the case may be, and, in the case of a Transfer other than a Redemption, all distributions of Available Cash thereafter attributable to such Partnership Unit shall be made to the transferee Partner.

D. In no event may any Transfer or assignment of a Partnership Interest by any Partner (including any Redemption, any acquisition of Partnership Units by the General Partner or any other acquisition of Partnership Units by the Partnership) be made (i) to any person or entity who lacks the legal right, power or capacity to own a Partnership Interest; (ii) in violation of applicable law; (iii) of any component portion of a Partnership Interest, such as the Capital Account, or rights to distributions, separate and apart from all other components of a Partnership Interest; (iv) in the event that such Transfer would cause the Parent to cease to comply with the REIT Requirements; (v) if such Transfer would, in the opinion of counsel to the Partnership or the General Partner, cause a termination of the Partnership for federal or state income tax purposes; (vi) if such Transfer would, in the opinion of legal counsel to the Partnership, cause the Partnership to cease to be classified as a partnership for federal income tax purposes; (vii) if such Transfer would cause the Partnership to become, with respect to any employee benefit plan subject to Title I of ERISA, a "party-in-interest" (as defined in ERISA Section 3(14)) or a "disqualified person" (as defined in Code Section 4975(c)); (viii) without the consent of the General Partner, to any benefit plan investor within the meaning of Department of Labor Regulations Section 2510.3-101(f); (ix) if such Transfer would, in the opinion of legal counsel to the Partnership or the General Partner, cause any portion of the assets of the Partnership to constitute assets of any employee benefit plan pursuant to Department of Labor Regulations Section 2510.3-101; (x) if such Transfer requires the registration of such Partnership Interest pursuant to any applicable federal or state securities laws; (xi) if such Transfer would, in the opinion of legal counsel to the Partnership or the General Partner, adversely affect the ability of the Parent to continue to qualify as a REIT or would subject the Parent to any additional taxes under Code Section 857 or Code Section 4981; (xi) if such transfer would be effectuated through an "established securities market" or a "secondary market (or the substantial

equivalent thereof)" within the meaning of Code Section 7704 (provided that this clause (xii) shall not be the basis for limiting or restricting in any manner the exercise of a Redemption Right unless, and only to the extent that, in the absence of such limitation or restriction there is a significant risk that the Partnership will be treated as a "publicly traded partnership" and, by reason thereof, taxable as a corporation); (xiii) if such Transfer would cause the Partnership to have more than 100 partners (including as partners those persons indirectly owning an interest in the Partnership through a partnership, limited liability company, subchapter S corporation or grantor trust); (xiv) if such Transfer causes the Partnership (as opposed to the Parent) to become a reporting company under the Exchange Act; or (xv) if such Transfer subjects the Partnership to regulation under the Investment Company Act of 1940, the Investment Advisors Act of 1940 or ERISA, each as amended.

ARTICLE XII

ADMISSION OF PARTNERS

Section 12.1. Admission of Successor General Partner. A successor to all of the General Partner's General Partner Interest pursuant to Section 11.2 hereof who is proposed to be admitted as a successor General Partner shall be admitted to the Partnership as the General Partner, effective immediately prior to such Transfer. Any such successor shall carry on the business of the Partnership without dissolution. In each case, the admission shall be subject to the successor General Partner executing and delivering to the Partnership an acceptance of all of the terms and conditions of this Agreement and such other documents or instruments as may be required to effect the admission.

Section 12.2. Admission of Additional Limited Partners.

A. After the date hereof, a Person (other than an existing Partner) who makes a Capital Contribution to the Partnership in accordance with this Agreement shall be admitted to the Partnership as an Additional Limited Partner only upon furnishing to the General Partner (i) evidence of acceptance, in form and substance satisfactory to the General Partner, of all of the terms and conditions of this Agreement, including, without limitation, the power of attorney granted in Section 2.4 hereof, (ii) a counterpart signature page to this Agreement executed by such Person, and (iii) such other documents or instruments as may be required in the sole and absolute discretion of the General Partner in order to effect such Person's admission as an Additional Limited Partner.

B. Notwithstanding anything to the contrary in this Section 12.2, no Person shall be admitted as an Additional Limited Partner without the consent of the General Partner, which consent may be given or withheld in the General Partner's sole and absolute discretion. The admission of any Person as an Additional Limited Partner shall become effective on the date upon which the name of such Person is recorded on the books and records of the Partnership, following the consent of the General Partner to such admission.

C. If any Additional Limited Partner is admitted to the Partnership on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other items of income, gain, loss, deduction and credit allocable among Partners and Assignees for such Partnership Year shall be allocated *pro rata* among such Additional Limited Partner and all other Partners and Assignees by taking into account their varying interests during the Partnership Year in accordance with Code Section 706(d), using the "interim closing of the books" method or another permissible method selected by the General Partner. Solely for purposes of making such allocations, each of such items for the calendar month in which an admission of any Additional Limited Partner occurs shall be allocated among all the Partners and Assignees including such Additional Limited Partner, in accordance with the principles described in Section 11.6.C hereof. All distributions of Available Cash with respect to which

the Partnership Record Date is before the date of such admission shall be made solely to Partners and Assignees other than the Additional Limited Partner, and all distributions of Available Cash thereafter shall be made to all the Partners and Assignees including such Additional Limited Partner.

Section 12.3. Amendment of Agreement and Certificate of Limited Partnership. For the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Act to amend the records of the Partnership and, if necessary, to prepare as soon as practical an amendment of this Agreement (including an amendment of Exhibit A) and, if required by law, shall prepare and file an amendment to the Certificate and may for this purpose exercise the power of attorney granted pursuant to Section 2.4 hereof.

Section 12.4. Limit on Number of Partners. Unless otherwise permitted by the General Partner, no Person shall be admitted to the Partnership as an Additional Limited Partner if the effect of such admission would be to cause the Partnership to have a number of Partners (including as Partners for this purpose those Persons indirectly owning an interest in the Partnership through another partnership, a limited liability company, a subchapter S corporation or a grantor trust) that would cause the Partnership to become a reporting company under the Exchange Act.

ARTICLE XIII

DISSOLUTION, LIQUIDATION AND TERMINATION

Section 13.1. Dissolution. The Partnership shall not be dissolved by the admission of Additional Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the withdrawal of the General Partner, any successor General Partner shall continue the business of the Partnership without dissolution. However, the Partnership shall dissolve, and its affairs shall be wound up, upon the first to occur of any of the following (each a “Liquidating Event”):

A. the expiration of its term as provided in Section 2.5;

B. a final and non-appealable judgement is entered by a court of competent jurisdiction ruling that the General Partner is bankrupt or insolvent, or a final and non-appealable order for relief is entered by a court with appropriate jurisdiction against the General Partner, in each case under any federal or state bankruptcy or insolvency laws as now or hereafter in effect, unless, prior to the entry of such order or judgement, a Majority in Interest of the remaining Outside Limited Partners agree in writing, in their sole and absolute discretion, to continue the business of the Partnership and to the appointment, effective as of a date prior to the date of such order or judgement, of a successor General Partner;

C. an election to dissolve the Partnership made by the General Partner in its sole and absolute discretion, with or without the Consent of a Majority in Interest of the Outside Limited Partners;

D. entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Act;

E. the occurrence of a Terminating Capital Transaction; or

F. the Redemption (or acquisition by the General Partner) of all Partnership Units other than Partnership Units held by the General Partner and the Parent Limited Partner; or

G. the Incapacity of the General Partner, unless all of the remaining Partners in their sole and absolute discretion agree in writing to continue the business of the Partnership and to the appointment, effective as of a date prior to the date of such Incapacity, of a substitute General Partner.

Section 13.2. Winding Up.

A. Upon the occurrence of a Liquidating Event, the Partnership shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets and satisfying the claims of its creditors and Partners. After the occurrence of a Liquidating Event, no Partner shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Partnership's business and affairs. The General Partner or, in the event that there is no remaining General Partner or the General Partner has dissolved, become bankrupt within the meaning of the Act or ceased to operate, any Person elected by a Majority in Interest of the Outside Limited Partners (the General Partner or such other Person being referred to herein as the "Liquidator") shall be responsible for overseeing the winding up and dissolution of the Partnership and shall take full account of the Partnership's liabilities and property, and the Partnership property shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom (which may, to the extent determined by the General Partner, include shares of stock in the General Partner) shall be applied and distributed in the following order:

(i) First, to the satisfaction of all of the Partnership's debts and liabilities to creditors other than the Partners and their Assignees (whether by payment or the making of reasonable provision for payment thereof);

(ii) Second, to the satisfaction of all of the Partnership's debts and liabilities to the General Partner (whether by payment or the making of reasonable provision for payment thereof), including, but not limited to, amounts due as reimbursements under Section 7.4 hereof;

(iii) Third, to the satisfaction of all of the Partnership's debts and liabilities to the other Partners and any Assignees (whether by payment or the making of reasonable provision for payment thereof); and

(iv) The balance, if any, to the General Partner, the Limited Partners and any Assignees in accordance with their Capital Account balances, after giving effect to all contributions, distributions and allocations for all periods.

The General Partner shall not receive any additional compensation for any services performed pursuant to this Article XIII.

B. Notwithstanding the provisions of Section 13.2.A hereof that require liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, if prior to or upon dissolution of the Partnership the Liquidator determines that an immediate sale of part or all of the Partnership's assets would be impractical or would cause undue loss to the Partners, the Liquidator may, in its sole and absolute discretion, defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Partnership (including to those Partners as creditors) and/or distribute to the Partners, in lieu of cash, as tenants in common and in accordance with the provisions of Section 13.2.A hereof, undivided interests in such Partnership assets as the Liquidator deems not suitable for liquidation. Any such distributions in kind shall be made only if, in the good faith judgment of the Liquidator, such distributions in kind are in the best interest of the Partners, and shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operation of such properties at such time.

The Liquidator shall determine the fair market value of any property distributed in kind using such reasonable method of valuation as it may adopt.

C. In the event that the Partnership is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), distributions shall be made pursuant to this Article XIII to the Partners and Assignees that have positive Capital Accounts in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(2) to the extent of, and in proportion to, positive Capital Account balances. If any Partner has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including the year during which such liquidation occurs) (a "Capital Account Deficit"), such Partner shall not be required to make any contribution to the capital of the Partnership with respect to a Capital Account Deficit, if any, of such Partner, and such Capital Account Deficit shall not be considered a debt owed to the Partnership or any other person for any purpose whatsoever.

D. Notwithstanding the foregoing, (i) if the General Partner has a Capital Account Deficit, the General Partner shall contribute to the capital of the Partnership the amount necessary to restore such Capital Account Deficit balance to zero; (ii) if an Obligated Partner has a Capital Account Deficit, such Obligated Partner shall be obligated to make a contribution to the Partnership with respect to any such Capital Account Deficit balance upon a liquidation of the Partnership or a "liquidation" of such Partner's Partnership Interest within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) (which term shall include a redemption by the Partnership of such Obligated Partner's Partnership Interest upon exercise of the Redemption Right) in an amount equal to the lesser of such Capital Account Deficit balance or such Obligated Partner's Protected Amount; and (iii) the second sentence of Section 13.2.C shall not apply with respect to any other Partner to the extent, but only to the extent, that such Partner previously has agreed in writing, with the consent of the General Partner, to undertake an express obligation to restore all or any portion of a deficit that may exist in its Capital Account upon a liquidation of the Partnership. Solely for purposes of determining an Obligated Partner's Capital Account balance upon a liquidation of such Partner's Partnership Interest, the General Partner shall redetermine the Gross Asset Value of the Partnership's assets on such date based upon the principles set forth in the definition of "Gross Asset Value," and shall take into account the Obligated Partner's allocable share of any unrealized gain or unrealized loss resulting from such adjustment in determining the Obligated Partner's Capital Account balance. No Partner shall have any right to become an Obligated Partner, to increase its Protected Amount, or otherwise agree to restore any portion of any Capital Account Deficit without the express written consent of the General Partner, in its sole and absolute discretion. The General Partner shall not have the right to eliminate or decrease any Partner's Protected Amount without the written consent of such Partner unless otherwise agreed to by the parties. Any contribution required of a Partner under this Section 13.2.D shall be made on or before the later of (i) the end of the Partnership Year in which the interest is liquidated or (ii) the ninetieth (90th) day following the date of such liquidation. The proceeds of any contribution to the Partnership made by an Obligated Partner with respect to such Obligated Partner's Capital Account Deficit balance shall be treated as a Capital Contribution by such Obligated Partner and the proceeds thereof shall be treated as assets of the Partnership to be applied as set forth in Section 13.2.A.

E. In the sole and absolute discretion of the General Partner or the Liquidator, a *pro rata* portion of the distributions that would otherwise be made to the Partners pursuant to this Article XIII may be:

(i) distributed to a trust established for the benefit of the General Partner and the Limited Partners for the purpose of liquidating Partnership assets, collecting amounts owed to the Partnership, and paying any contingent or unforeseen liabilities or obligations of the Partnership or of the General Partner arising out of or in connection with the Partnership and/or

Partnership activities. The assets of any such trust shall be distributed to the General Partner and the Limited Partners, from time to time, in the reasonable discretion of the General Partner or the Liquidator, in the same proportions and amounts as would otherwise have been distributed to the General Partner and the Limited Partners pursuant to this Agreement; or

(ii) withheld or escrowed to provide a reasonable reserve for Partnership liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Partnership, provided that such withheld or escrowed amounts shall be distributed to the General Partner and Limited Partners in the manner and order of priority set forth in Section 13.2.A hereof as soon as practicable.

Section 13.3. Deemed Distribution and Recontribution. Notwithstanding any other provision of this Article XIII, in the event that the Partnership is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), but no Liquidating Event has occurred, the Partnership's Property shall not be liquidated, the Partnership's liabilities shall not be paid or discharged and the Partnership's affairs shall not be wound up. Instead, for federal income tax purposes the Partnership shall be deemed to have contributed all of its assets and liabilities to a new partnership in exchange for an interest in the new partnership; and, immediately thereafter, distributed interests in the new partnership to the Partners in accordance with their respective Capital Accounts in liquidation of the Partnership, and the new partnership is deemed to continue the business of the Partnership. Nothing in this Section 13.3 shall be deemed to have constituted any Assignee as a Substituted Limited Partner without compliance with the provisions of Section 11.4 hereof.

Section 13.4. Rights of Limited Partners. Except as otherwise provided in this Agreement, (a) each Limited Partner shall look solely to the assets of the Partnership for the return of its Capital Contribution, (b) no Limited Partner shall have the right or power to demand or receive property other than cash from the Partnership, and (c) no Limited Partner (other than any Limited Partner who holds Preferred Units, to the extent specifically set forth herein and in the applicable Partnership Unit Designation) shall have priority over any other Limited Partner as to the return of its Capital Contributions, distributions or allocations.

Section 13.5. Notice of Dissolution. In the event that a Liquidating Event occurs or an event occurs that would, but for an election or objection by one or more Partners pursuant to Section 13.1 hereof, result in a dissolution of the Partnership, the General Partner shall, within 30 days thereafter, provide written notice thereof to each of the Partners and, in the General Partner's sole and absolute discretion or as required by the Act, to all other parties with whom the Partnership regularly conducts business (as determined in the sole and absolute discretion of the General Partner), and the General Partner may, or, if required by the Act, shall, publish notice thereof in a newspaper of general circulation in each place in which the Partnership regularly conducts business (as determined in the sole and absolute discretion of the General Partner).

Section 13.6. Cancellation of Certificate of Limited Partnership. Upon the completion of the liquidation of the Partnership cash and property as provided in Section 13.2 hereof, the Partnership shall be terminated, a certificate of cancellation shall be filed with the State of Delaware, all qualifications of the Partnership as a foreign limited partnership or association in jurisdictions other than the State of Delaware shall be cancelled, and such other actions as may be necessary to terminate the Partnership shall be taken.

Section 13.7. Reasonable Time for Winding-Up. A reasonable time shall be allowed for the orderly winding-up of the business and affairs of the Partnership and the liquidation of its assets pursuant to Section 13.2 hereof, in order to minimize any losses otherwise attendant upon such winding

up, and the provisions of this Agreement shall remain in effect between the Partners during the period of liquidation.

ARTICLE XIV

PROCEDURES FOR ACTIONS AND CONSENTS OF PARTNERS; AMENDMENTS; MEETINGS

Section 14.1. Procedures for Actions and Consents of Partners. The actions requiring consent or approval of Limited Partners pursuant to this Agreement, including Section 7.3 hereof, or otherwise pursuant to applicable law, are subject to the procedures set forth in this Article XIV.

Section 14.2. Amendments. Amendments to this Agreement requiring Consent of the Limited Partners may be proposed by the General Partner. Following such proposal, the General Partner shall submit any proposed amendment to the Limited Partners. The General Partner shall seek the written consent of the Limited Partners on the proposed amendment or shall call a meeting to vote thereon and to transact any other business that the General Partner may deem appropriate. For purposes of obtaining a written consent, the General Partner may require a response within a reasonable specified time, but not less than 10 days, and failure to respond in such time period shall constitute a consent that is consistent with the General Partner's recommendation with respect to the proposal; provided, however, that an action shall become effective at such time as requisite consents are received even if prior to such specified time. Notwithstanding anything to the contrary in this Agreement, the General Partner shall have the power, without the consent of the Limited Partners, to amend this Agreement as may be required to reflect the admission, substitution, termination or withdrawal of Partners or an increase or decrease in a Partner's Protected Amount in accordance with this Agreement (which may be affected through the replacement of Exhibit C with an amended Exhibit C).

Section 14.3. Meetings of the Partners.

A. Meetings of the Partners may be called by the General Partner and shall be called upon the receipt by the General Partner of a written request by a Majority in Interest of the Outside Limited Partners. The call shall state the nature of the business to be transacted. Notice of any such meeting shall be given to all Partners not less than seven days nor more than 30 days prior to the date of such meeting. Partners may vote in person or by proxy at such meeting. Whenever the vote or Consent of Partners is permitted or required under this Agreement, such vote or Consent may be given at a meeting of Partners or may be given in accordance with the procedure prescribed in Section 14.3.B hereof.

B. Any action required or permitted to be taken at a meeting of the Partners may be taken without a meeting if a written consent setting forth the action so taken is signed by a majority of the Percentage Interests of the Partners (or such other percentage as is expressly required by this Agreement for the action in question). Such consent may be in one instrument or in several instruments, and shall have the same force and effect as a vote of a majority of the Percentage Interests of the Partners (or such other percentage as is expressly required by this Agreement). Such consent shall be filed with the General Partner. An action so taken shall be deemed to have been taken at a meeting held on the effective date so certified.

C. Each Limited Partner may authorize any Person or Persons to act for it by proxy on all matters in which a Limited Partner is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Every proxy must be signed by the Limited Partner or its attorney-in-fact. No proxy shall be valid after the expiration of 11 months from the date thereof unless

otherwise provided in the proxy (or there is receipt of a proxy authorizing a later date). Every proxy shall be revocable at the pleasure of the Limited Partner executing it, such revocation to be effective upon the Partnership's receipt of written notice of such revocation from the Limited Partner executing such proxy. The use of proxies will be governed in the same manner as in the case of corporations organized under the General Corporation Law of Delaware (including Section 212 thereof).

D. Each meeting of Partners shall be conducted by the General Partner or such other Person as the General Partner may appoint pursuant to such rules for the conduct of the meeting as the General Partner or such other Person deems appropriate in its sole and absolute discretion. Without limitation, meetings of Partners may be conducted in the same manner as meetings of the General Partner's stockholders and may be held at the same time as, and as part of, the meetings of the General Partner's stockholders.

E. On matters on which Limited Partners are entitled to vote, each Limited Partner holding OP Units shall have a vote equal to the number of OP Units held.

F. Except as otherwise expressly provided in this Agreement, the Consent of Holders of Partnership Interests representing a majority of the Partnership Interests of the Limited Partners shall control.

ARTICLE XV

GENERAL PROVISIONS

Section 15.1. Addresses and Notice. Any notice, demand, request or report required or permitted to be given or made to a Partner or Assignee under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by first class United States mail or by other means of written communication (including by telecopy, facsimile, or commercial courier service) to the Partner or Assignee at the address set forth in Exhibit A or such other address of which the Partner shall notify the General Partner in writing.

Section 15.2. Titles and Captions. All article or section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to "Articles" or "Sections" are to Articles and Sections of this Agreement.

Section 15.3. Pronouns and Plurals. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and *vice versa*.

Section 15.4. Further Action. The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 15.5. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 15.6. Waiver.

A. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

B. The restrictions, conditions and other limitations on the rights and benefits of the Limited Partners contained in this Agreement, and the duties, covenants and other requirements of performance or notice by the Limited Partners, are for the benefit of the Partnership and, except for an obligation to pay money to the Partnership, may be waived or relinquished by the General Partner, in its sole and absolute discretion, on behalf of the Partnership in one or more instances from time to time and at any time.

Section 15.7. Counterparts. This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto.

Section 15.8. Applicable Law. This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law. In the event of a conflict between any provision of this Agreement and any non-mandatory provision of the Act, the provisions of this Agreement shall control and take precedence.

Section 15.9. Entire Agreement. This Agreement contains all of the understandings and agreements between and among the Partners with respect to the subject matter of this Agreement and the rights, interests and obligations of the Partners with respect to the Partnership.

Section 15.10. Invalidity of Provisions. If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

Section 15.11. Limitation to Preserve REIT Status. Notwithstanding anything else in this Agreement, to the extent that the amount paid, credited, distributed or reimbursed by the Partnership to the Parent, the General Partner or the Parent Limited Partner or their trustees, officers, directors, employees or agents, whether as a reimbursement, fee, expense or indemnity (a "REIT Payment"), would constitute gross income to the Parent for purposes of Code Section 856(c)(2) or Code Section 856(c)(3), then, notwithstanding any other provision of this Agreement, the amount of such REIT Payments, as selected by the General Partner in its discretion from among items of potential distribution, reimbursement, fees, expenses and indemnities, shall be reduced for any Partnership Year so that the REIT Payments, as so reduced, for or with respect to the Parent, the General Partner or the Parent Limited Partner, shall not exceed the lesser of:

(i) an amount equal to the excess, if any, of (a) 4.9% of the Parent's total gross income (but excluding the amount of any REIT Payments) for the Partnership Year that is described in subsections (A) through (H) of Code Section 856(c)(2) over (b) the amount of gross income (within the meaning of Code Section 856(c)(2)) derived by the Parent from sources other than those described in subsections (A) through (H) of Code Section 856(c)(2) (but not including the amount of any REIT Payments); or

(ii) an amount equal to the excess, if any, of (a) 24% of the Parent's total gross income (but excluding the amount of any REIT Payments) for the Partnership Year that is described in subsections (A) through (I) of Code Section 856(c)(3) over (b) the amount of gross income (within the meaning of Code Section 856(c)(3)) derived by the Parent from sources other than those described in subsections (A) through (I) of Code Section 856(c)(3) (but not including the amount of any REIT Payments); provided, however, that REIT Payments in excess of the amounts set forth in clauses (i) and (ii) above may be made if the General Partner, as a condition precedent, obtains an opinion of tax counsel that the receipt of such excess amounts shall not adversely affect the Parent's ability to qualify as a REIT. To the extent that REIT Payments may not be made in a Partnership Year as a consequence of the limitations set forth in this Section 15.11, such REIT Payments shall carry over and shall be treated as arising in the following Partnership Year. The purpose of the limitations contained in this Section 15.11 is to prevent the Parent from failing to qualify as a REIT under the Code by reason of the Parent's share of items, including distributions, reimbursements, fees, expenses or indemnities, receivable directly or indirectly from the Partnership, and this Section 15.11 shall be interpreted and applied to effectuate such purpose.

Section 15.12. No Partition. No Partner nor any successor-in-interest to a Partner shall have the right while this Agreement remains in effect to have any property of the Partnership partitioned, or to file a complaint or institute any proceeding at law or in equity to have such property of the Partnership partitioned, and each Partner, on behalf of itself and its successors and assigns hereby waives any such right. It is the intention of the Partners that the rights of the parties hereto and their successors-in-interest to Partnership property, as among themselves, shall be governed by the terms of this Agreement, and that the rights of the Partners and their successors-in-interest shall be subject to the limitations and restrictions as set forth in this Agreement.

Section 15.13. No Third-Party Rights Created Hereby. The provisions of this Agreement are solely for the purpose of defining the interests of the Partners, *inter se*; and no other person, firm or entity (*i.e.*, a party who is not a signatory hereto or a permitted successor to such signatory hereto) shall have any right, power, title or interest by way of subrogation or otherwise, in and to the rights, powers, title and provisions of this Agreement. No creditor or other third party having dealings with the Partnership (other than as expressly set forth herein with respect to Indemnitees) shall have the right to enforce the right or obligation of any Partner to make Capital Contributions or loans to the Partnership or to pursue any other right or remedy hereunder or at law or in equity. None of the rights or obligations of the Partners herein set forth to make Capital Contributions or loans to the Partnership shall be deemed an asset of the Partnership for any purpose by any creditor or other third party, nor may any such rights or obligations be sold, transferred or assigned by the Partnership or pledged or encumbered by the Partnership to secure any debt or other obligation of the Partnership or any of the Partners.

Section 15.14. No Rights as Shareholders of General Partner or Stockholders of Parent. Nothing contained in this Agreement shall be construed as conferring upon the Holders of Partnership Units any rights whatsoever as shareholders of the General Partner or stockholders of the Parent, including without limitation any right to receive dividends or other distributions made to shareholders of the General Partner or stockholders of the Parent or to vote or to consent or receive notice as shareholders in respect of any meeting of shareholders for the election of trustees of the General Partner or of any meeting of the stockholders of the Parent for the election of directors or any other matter.

Section 15.15. Creditors. Other than as expressly set forth herein with respect to Indemnitees, none of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

[the next page is the signature page]

IN WITNESS WHEREOF, this First Amended and Restated Agreement of Limited Partnership has been executed as of the date first written above.

GENERAL PARTNER:

ESS HOLDINGS BUSINESS TRUST I

By: ______________________________
Name:
Title:

LIMITED PARTNERS:

ESS HOLDINGS BUSINESS TRUST II

By: ______________________________
Name:
Title:

Exhibit 10.1

REGISTRATION RIGHTS AGREEMENT

BY AND AMONG

EXTRA SPACE STORAGE INC.

AND

CERTAIN PERSONS

LISTED ON SCHEDULE 1 HERETO

dated as of

August [__], 2004

TABLE OF CONTENTS

		Page
SECTION 1.	DEFINITIONS	1
SECTION 2.	SHELF REGISTRATIONS	3
SECTION 3.	BLACK-OUT PERIODS	4
SECTION 4.	REGISTRATION PROCEDURES	4
SECTION 5.	INDEMNIFICATION	7
SECTION 6.	MARKET STAND-OFF AGREEMENT.	9
SECTION 7.	COVENANTS RELATING TO RULE 144	9
SECTION 8.	MISCELLANEOUS	10

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this "**Agreement**"), dated as of August __, 2004, 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**"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in Section 1 hereto.

WITNESSETH:

WHEREAS, the Company and certain members of Extra Space Storage LLC, a Delaware limited liability company ("**ESS LLC**"), listed under paragraph (a) of Schedule 1 hereto (the "**Members**") in connection with the initial public offering of the Company have entered into an Exchange and Subscription Agreement, dated as of August __, 2004, pursuant to which such Members subscribed for (i) shares of common stock, par value $.01 per share, of the Company (such subscribed shares in the aggregate, the "**Common Shares**"), and (ii) contingent conversion shares, par value $.01 per share, of the Company (such subscribed shares in the aggregate, the "**CC Shares**") and pursuant to which the Company agreed that the Company shall issue to the Members the Common Shares and the CC Shares; and

WHEREAS, Extra Space Storage LP, a Delaware limited partnership ("**ESS OP**"), and certain persons listed under paragraph (b) of Schedule 1 hereto in connection with the initial public offering of the Company have entered into certain contribution agreements, pursuant to which such persons contributed their membership interests in, and other rights with respect to, ESS LLC and certain subsidiaries and joint ventures of ESS LLC in exchange for (i) operating partnership units of ESS OP exchangeable, under certain circumstances, into the Common Shares on a one-for-one basis (such exchanged units in the aggregate, the "**OP Units**") and (ii) contingent conversion units of ESS OP (such exchanged units in the aggregate, the "**CC Units**"); 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:

Section 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 New York are authorized or obligated by law or executive order to be closed.

“**Common Shares**” shall have the meaning set forth in the Recitals hereof.

“**OP Units**” shall have the meaning set forth in the Recitals hereof.

“**CC Shares**” shall have the meaning set forth in the Recitals hereof.

“**CC 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.

“**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 LLC**” shall have the meaning set forth in the introductory paragraph hereof.

“**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 mean each holder of the Common Shares, CC Shares, OP Units and/or CC Units, listed in Schedule 1 hereto, in his, her or its capacity as a holder of Registrable Securities. For purposes of this Agreement, the Company may deem and treat the registered holder of a Registrable Security as the Holder and absolute owner thereof, unless notified to the contrary in writing by the registered Holder thereof.

“**IPO**” means an underwritten initial public offering by the Company of the Common Shares pursuant to an effective registration statement filed with the Commission under the Securities Act, or any comparable document under any similar federal statute then in force.

“**Market Value**” shall mean, as of any date, the average closing price of the Registrable Securities on the principal national securities exchange or national quotation system in which the Registrable Securities are admitted for trading or quotation over the ten trading days preceding such date, or if closing prices are not available, the average of the averages of the closing bid and asked prices over such period on such exchange or system.

“**Members**” shall have the meaning set forth in the Recitals hereof.

“**Person**” shall mean any individual, partnership, corporation, limited liability company, joint venture, association, trust, unincorporated organization or other governmental or legal entity.

"**Public Offering**" shall mean any offering of Registrable Securities to the public pursuant to an effective registration statement filed with the Commission under the Securities Act, or any comparable document under any similar federal statute then in force.

"**Registrable Securities**" shall mean at any time a class of equity securities of the Company or of a successor to the entire business of the Company which (i) are (A) the Common Shares and (B) the Common Shares that may be acquired by the Holders in connection with the exercise by such Holders of the exchange rights associated with the CC Shares and OP Units and (ii) are of a class of securities that are listed for trading on a national securities exchange; provided, however, such Registrable Securities shall cease to be Registrable Securities when (A) 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, (B) such Registrable Securities shall have been sold in accordance with Rule 144 (or any successor provision) under the Securities Act, (C) such Registrable Securities become eligible to be publicly sold without limitation as to amount or manner of sale pursuant to Rule 144(k) (or any successor provision) under the Securities Act, or (D) 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, all printing expenses, messenger and delivery expenses and any fees and disbursements of one common counsel retained by a majority of the Registrable Securities; 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.

Section 2. Shelf Registrations.

a. Shelf Registration. The Company agrees to use commerically reasonable efforts to file with the Commission no later than 14 months following the completion of the IPO and during a period of time that the issuer of the Registrable Securities is eligible to use Form S-3 (or any similar or successor form), a registration statement under the Securities Act on Form S-3 (or any similar or successor form) for the offering on a continuous or delayed basis in the future covering resales of the Registrable Securities (the "**Shelf Registration Statement**"), and will 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 its commercially reasonable efforts to have such supplements and amendments declared effective, if required, as soon as practicable after filing.

Section 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 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 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 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.

Section 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:

(i) prepare and file with the Commission the requisite registration statement (including a prospectus therein and any supplement thereto) to effect such registration and use its 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;

(ii) 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;

(iii) 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, including documents incorporated by reference, as the Holders may reasonably request;

(iv) 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)(iv), 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;

(v) 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;

(vi) 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 6 hereof;

(vii) make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least 12 months, but not more than 18 months, beginning with the first calendar month after the effective date of such registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act;

(viii) 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;

(ix) 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 two Business Days prior to any sale of Registrable Securities;

(x) 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;

(xi) 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 for such number of shares and registered in such name as the Holders may reasonably request in writing at least three Business Days prior to any sale of Registrable Securities;

(xii) 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 or when any document is filed with the Commission which would be incorporated by reference into the prospectus;

(xiii) notify each Holder of any request by the Commission for the amendment or supplement of such registration statement or prospectus for additional information; and

(xiv) 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 all 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)(v), 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)(v); (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)(xiv), 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)(xiv); 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)(xiv), 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(a)(xiv).

Section 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, 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. 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. 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 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.

Section 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 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.

Section 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. Upon the request of any Holder, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements.

Section 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 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 New York. The parties consent to the exclusive jurisdiction of the United States District Court for the Southern District of New York 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 New York. 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 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.

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:

Clifford Chance US LLP
31 West 52nd Street
New York, New York 10019
Attention: Jay L. Bernstein
Facsimile: 212-878-8375

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; 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 adversely affected by such amendment or waiver if such amendment or waiver adversely affects a portion of the Registrable Securities but does not so adversely affect all of the Registrable Securities; 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:

____
Robert J. Agneta

____
Dean A. Anderson

____
Brooke Bentley

____
Mary Bibry

____
Andrea Bloom

____
Robin Boswell

Teresa Lynn Buoncuore

Robert L. Burns

Freddy Casiano

Jared Conley

Monty J. Conrad

Zachary T. Dickens

Alexis Rebecca DiSabato

Alex Engel

John Englar

Kurt D. Erickson

Sheri D. Fleischman

Robin G. Glaser

Curtis Graf

David Grant

James Hafen

Jeffrey Hansen

Russell Brent Hardy

Dayna Hathaway

Garrett Holbrook

Joseph F. Hood

Scott J. Horsely

Michael L. James

Jamie Jensen

Zelma Elizabeth Jensen

Susan M. Kempton

Tiffany Knutson

Todd A. Lucas

Diane Manning

Nicole Mardian

Benjamin O. Markley

Shelley Marie Matson

Scott M. McIntosh

Steven Mikal McKinnon

Michelle G. Mulick

Melissa Nielsen

Gayann Norton

Paula M. Oliver

Tricia Rakes

Kerri L. Ramseyer

Dennis M. Richardson

Sandra Romero

Brian G. Sheppard

Michael St. Clair

James M. Stevens

Peter Scott Stubbs

Richard S. Tanner

Gerald Valle

David A. Vivancos

Linda Webb

Karl Wenger

____
Kenneth M. Woolley

____
Daveco Extra, L.L.C.

____
David Husman

____
Michael Husman

____
Thomas T. Johnson and Marianne Johnson, trustees of the Johnson Family Trust

____
Kirschner Family LP

____
KLST 658 Venice, LLC

____
KLST Partnership

____
David Lackland

Liebes Family Properties, L.P.

Gerald Marks & Natalie Marks, trustees under the Gerald & Natalie L. Marks Living Trust

Mort's Associates

Adam Sackler Trust

Robert J. Sokol and Phyllis Y. Sokol, Trustees of the Robert J. & Phyllis Y. Sokol Living Trust

SSA Ventures, LLC

Norm Tamkin, trustee of the Tamkin Living Trust

Robert Tamkin & Nancy Tamkin Revocable Trust

Ronald and Rochelle Tamkin Trust

Sandra Tamkin

Steven Tamkin

* Charles Allen, for himself and as attorney-in-fact for the individuals listed on Schedule A hereto.

Schedule A

Olga Alexzanders
Timothy Arthurs
Kenneth R. Beck
K. Bruce Boucher
Deborah D. Bridges
Margaret W. Busse
Kent W. Christensen
DRS, LLC
Durham Capital, LLC
Anthony Fanticola & JoAnn Fanticola Family Limited Partnership
The Anthony Fanticola and JoAnn Fanticola Family Trust dated March 14, 1986, as amended and restated May 26, 2001
Stephen T. Foley
C. Ray and Roberta T. Graham as JTWROS
The High Family Trust dated 12/31/00
William E. Hoban
Ann Maureen King
The Kirk 101 Trust
The SFKC Kirk Charitable Remainder Unitrust
The Morton and Sally Ann Kirshner Trust
Krispen Family Holdings, L.C.
Mark M. Landes
Nat Landes
The John and Gail Liebes Trust
The Bessie Long Foster Family Trust
Rachel W. Mackay
Dwight Manley
Joshua Benegal Marks
Jonathan Bowles Marks
Terri T. Mitchell
Deborah A. Muse
M. Don Nelson
Paul Ohadi, Trustee
James L. Overturf
The Pecht Family Trust
Kenneth and Janet Perry
Roger B. Porter
David L. Rasmussen
Larendee B. Roos
Jonathan G. Ropner
Paul B. P. Ropner
The Allen B. Sackler Grantor Retained Annuity Trust # 1
The SBS Charitable Trust
Robert Strandt, Jr.
The Ronald and Rochelle Tamkin Trust
Tanner Storage LLC
Athelia S. Tanner
Mark S. and Ann E. Tanner
Richard F. Weggeland Family Trust
The Weiss Trust

Guy V. Whitworth
Woolley Storage LLC
Athelia K. Woolley
Ginger Woolley
John T. Woolley
Kenneth T. Woolley
Roberta Woolley
Sarah Jane Woolley
Florence M. Yancey

Exhibit 10.9

EXTRA SPACE STORAGE INC.

2004 LONG TERM INCENTIVE COMPENSATION PLAN

TABLE OF CONTENTS

		Page
1.	DEFINITIONS	1
2.	EFFECTIVE DATE AND TERMINATION OF PLAN	5
3.	ADMINISTRATION OF PLAN	5
4.	SHARES AND UNITS SUBJECT TO THE PLAN	6
5.	PROVISIONS APPLICABLE TO STOCK OPTIONS	7
6.	PROVISIONS APPLICABLE TO RESTRICTED STOCK	10
7.	PROVISIONS APPLICABLE TO PHANTOM SHARES	12
8.	PROVISIONS APPLICABLE TO DIVIDEND EQUIVALENT RIGHTS	15
9.	OTHER STOCK-BASED AWARDS	16
10.	PERFORMANCE GOALS	16
11.	TAX WITHHOLDING	16
12.	REGULATIONS AND APPROVALS	17
13.	INTERPRETATION AND AMENDMENTS; OTHER RULES	18
14.	CHANGES IN CAPITAL STRUCTURE	19
15.	MISCELLANEOUS	20

EXTRA SPACE STORAGE INC.

2004 LONG TERM INCENTIVE COMPENSATION PLAN

Extra Space Storage Inc., a self-administered and self-managed Maryland corporation, wishes to attract employees, Directors and consultants to the Company and its Subsidiaries and induce employees, Directors and consultants to remain with the Company and its Subsidiaries, and encourage them to increase their efforts to make the Company's business more successful whether directly or through its Subsidiaries. In furtherance thereof, Extra Space Storage Inc. 2004 Long Term Incentive Compensation Plan is designed to provide equity-based incentives to employees, Directors and consultants of the Company and its Subsidiaries. Awards under the Plan may be made to selected employees, Directors and consultants of the Company and its Subsidiaries in the form of Options, Restricted Stock, Phantom Shares, Dividend Equivalent Rights or other forms of equity-based compensation.

1. DEFINITIONS.

Whenever used herein, the following terms shall have the meanings set forth below:

"Articles of Amendment and Restatement" means the Extra Space Storage Inc. Articles of Amendment and Restatement.

"Award," except where referring to a particular category of grant under the Plan, shall include Incentive Stock Options, Non-Qualified Stock Options, Restricted Stock, Phantom Shares, Dividend Equivalent Rights and other equity-based Awards as contemplated herein.

"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.

"Beneficial Ownership" means ownership of Capital Stock by a Person who is or would be stated as an owner of such Capital Stock either actually or constructively through the application of Section 544 of the Code, as modified by Sections 856(h)(1)(B) and 856(h)(3) of the Code. The terms "Beneficially Own" and "Beneficially Owns" shall have the correlative meanings.

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

"Capital Stock" means the Common Stock, CCSs and preferred stock that may be issued pursuant to Article V of the Articles of Amendment and Restatement.

"Capital Stock Ownership Limit" means 7% (by value or by number of shares, whichever is more restrictive) of the outstanding Capital Stock of the Company, excluding any such outstanding Capital Stock which is not treated as stock for federal income tax purposes. The number and value of shares of outstanding Capital Stock of the Company shall be determined by the Board in good faith, which determination shall be conclusive for all purposes hereof. For purposes of applying the Capital Stock Ownership Limit with respect to a Person holding CCSs, such Person shall be treated as holding the number of shares of Common Stock into which the CCSs held by such Person are convertible at such time.

"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.

"CCSs" means the non-voting contingent convertible stock that may be issued pursuant to Article V of the Articles of Amendment and Restatement.

"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.

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

"Common Stock Ownership Limit" means 7% (by value or by number of shares, whichever is more restrictive) of the outstanding Common Stock. The number and value of shares of outstanding Common Stock shall be determined by the Board in good faith, which determination shall be conclusive for all purposes hereof. For purposes of applying the Common Stock Ownership Limit with respect to a Person holding CCSs, such Person shall be treated as holding the number of Shares into which the CCSs held by such Person are convertible at such time.

"Company" means the Extra Space Storage Inc., a Maryland corporation.

"Constructive Ownership" means ownership of any Capital Stock by a Person who is or would be treated as an owner of such Capital Stock either actually or constructively through the application of Section 318 of the Code, modified by Section 856(d)(5) of the Code. The terms "Constructively Own" and "Constructively Owns" shall have the correlative meanings.

"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.

"Dividend Equivalent Right" means a right awarded under Section 8 of the Plan to receive (or have credited) the equivalent value of dividends paid on Common Stock.

"Excepted Holder" means any shareholder of the Company for whom an Excepted Holder Ownership Limit is created by the Articles of Amendment and Restatement or by the Board.

"Excepted Holder Ownership Limit" means, with respect to any Excepted Holder, the percentage limit established by the Board pursuant to the Articles of Amendment and Restatement, or as other wise established by the Board in its discretion, subject in all cases to the requirements, limitations and adjustment provisions set forth in the Articles of Amendment and Restatement.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Fair Market Value" per Share as of a particular date means (i) if Shares are then listed on a national stock exchange, the closing sales price per Share on the exchange for the last preceding date on which there was a sale of Shares on such exchange, as determined by the Committee, (ii) if Shares are not then listed on a national stock exchange but are then traded on an over-the-counter market, the average of the closing bid and asked prices for the Shares in such over-the-counter market for the last preceding date on which there was a sale of such Shares in such market, as determined by the Committee, or (iii) if Shares are not then listed on a national stock exchange or traded on an over-the-counter market, such value as the Committee in its discretion may in good faith determine; provided that, where the Shares are

so listed or traded, the Committee may make such discretionary determinations where the Shares have not been traded for 10 trading days.

"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 hereunder.

"Incentive Stock Option" means an "incentive stock option" within the meaning of Section 422(b) of the Code.

"Non-Qualified Stock Option" means an Option which is not an Incentive Stock Option.

"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.

"Optionee" means an employee or Director of, or consultant to, the Company to whom an Option is granted, or the Successors of the Optionee, as the context so requires.

"Option Price" means the exercise price per Share.

"Participant" means a Grantee or Optionee.

"Partnership Units" means any OP Units, Preferred Units, Junior Units or any other fractional share of the Partnership Interests as defined in, and authorized pursuant to, the Agreement of Limited Partnership of Extra Space Storage LP, as amended from time to time, by and among ESS Holdings Business Trust I, a Massachusetts business trust and certain limited partners as set forth on Exhibit A thereto.

"Person" means an individual, corporation, partnership, limited liability company, estate, trust (including trust qualified under Section 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity; but does not include an underwriter acting in a capacity as such in a public offering of shares of Capital Stock provided that the ownership of such shares of Capital Stock by such underwriter would not result in the Company being "closely held" within the meaning of Section 856(h) of the Code, or otherwise result in the Company failing to qualify as a REIT.

"Phantom Share" means a right, pursuant to the Plan, of the Grantee to payment of the Phantom Share Value.

"Phantom Share Value," per Phantom Share, means the Fair Market Value of a Share or, if so provided by the Committee, such Fair Market Value to the extent in excess of a base value established by the Committee at the time of grant.

"Plan" means the Company's 2004 Long Term Incentive Compensation Plan, as set forth herein and as the same may from time to time be amended.

"REIT" shall mean a real estate investment trust under Sections 856 through 860 of the Code.

"Restricted Stock" means an award of Shares that are subject to restrictions hereunder.

“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.

“Settlement Date” means the date determined under Section 7.4(c).

“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.

2. EFFECTIVE DATE AND TERMINATION OF PLAN.

The effective date of the Plan is August __, 2004; provided, however, that the Plan shall not become effective unless and until it is approved by the requisite percentage of the shareholders of the Company. The Plan shall terminate on, and no Award shall be granted hereunder on or after, the 10-year anniversary of the earlier of the approval of the Plan by (i) the Board or (ii) the shareholders of the Company; provided, however, that the Board may at any time prior to that date terminate the Plan.

3. ADMINISTRATION OF PLAN.

(a) The Plan shall be administered by the Committee appointed by the Board. The Committee upon and after such time as it is covered by Section 16 of the Exchange Act, shall consist of at least two individuals each of whom shall be a “nonemployee director” as defined in Rule 16b-3 as promulgated by the Securities and Exchange Commission (“Rule 16b-3”) under the Exchange Act and shall, at such times as the Company is subject to Section 162(m) of the Code (to the extent relief from the limitation of Section 162(m) of the Code is sought with respect to Awards), qualify as “outside directors” for purposes of Section 162(m) of the Code; provided that no action taken by the Committee (including without limitation grants) shall be invalidated because any or all of the members of the Committee fails to satisfy the foregoing requirements of this sentence. The acts of a majority of the members present at any meeting of the Committee at which a quorum is present, or acts approved in writing by a majority of the entire Committee, shall be the acts of the Committee for purposes of the Plan. If and to the extent applicable, no member of the Committee may act as to matters under the Plan specifically relating to such member. Notwithstanding the other foregoing provisions of this Section 3(a), any Award under the Plan to a person who is a member of the Committee shall be made and administered by the Board. If no Committee is designated by the Board to act for these purposes, the Board shall have the rights and responsibilities of the Committee hereunder and under the Award Agreements.

(b) Subject to the provisions of the Plan, the Committee shall in its discretion as reflected by the terms of the Award Agreements (i) authorize the granting of Awards to employees, Directors and consultants of the Company and its Subsidiaries; and (ii) determine the eligibility of an employee, Director or consultant to receive an Award, as well as determine the number of Shares to be covered under any Award Agreement, considering the position and responsibilities of the employee, Director or consultant, the nature and value to the Company of the employee's, Director's or consultant's present and potential contribution to the success of the Company whether directly or through its Subsidiaries and such other factors as the Committee may deem relevant.

(c) The Award Agreement shall contain such other terms, provisions and conditions not inconsistent herewith as shall be determined by the Committee. In the event that any Award Agreement or other agreement hereunder provides (without regard to this sentence) for the obligation of the Company or any affiliate thereof to purchase or repurchase Shares from a Participant or any other person, then, notwithstanding the provisions of the Award Agreement or such other agreement, such obligation shall not apply to the extent that the purchase or repurchase would not be permitted under governing law. The Participant shall take whatever additional actions and execute whatever additional documents the Committee may in its reasonable judgment deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the express provisions of the Plan and the Award Agreement.

4. SHARES AND UNITS SUBJECT TO THE PLAN.

4.1 *In General*.

(a) Subject to Section 4.2, and subject to adjustments as provided in Section 14, the total number of Shares subject to Options or other equity-based Awards granted under the Plan, Shares of Restricted Stock and Phantom Shares granted under the Plan, in the aggregate, may not exceed 8,000,000. Shares distributed under the Plan may be treasury Shares or authorized but unissued Shares. Any Shares that have been granted as Restricted Stock or that have been reserved for distribution in payment for Options, Phantom Shares or other equity-based Awards under Section 9 but are later forfeited or for any other reason are not payable under the Plan may again be made the subject of Awards under the Plan.

(b) Shares subject to Dividend Equivalent Rights, other than Dividend Equivalent Rights based directly on the dividends payable with respect to Shares subject to Options or the dividends payable on a number of Shares corresponding to the number of Phantom Shares awarded, shall be subject to the limitation of Section 4.1(a). If any Phantom Shares, Dividend Equivalent Rights or other equity-based Awards under Section 9 are paid out in cash, then, notwithstanding the first sentence of Section 4.1(a) above, the underlying Shares may again be made the subject of Awards under the Plan.

(c) The certificates for Shares issued hereunder may include any legend which the Committee deems appropriate to reflect any restrictions on transfer hereunder or under the Award Agreement, or as the Committee may otherwise deem appropriate.

4.2 *Options*.

Subject to adjustments pursuant to Section 14, and subject to the last sentence of Section 4.1(a), Incentive Stock Options with respect to an aggregate of no more than 8,000,000 Shares may be granted under the Plan. Subject to adjustments pursuant to Section 14, in no event may any Optionee receive Options for more than 2,000,000 Shares in any one year. The aggregate Fair Market Value, determined as of the date an Option is granted, of the Common Stock for which any Optionee may be awarded Incentive Stock Options which are first exercisable by the Optionee during any calendar year under the

Plan (or any other stock option plan required to be taken into account under Section 422(d) of the Code) shall not exceed $100,000.

4.3 *Participation Limitation*

(a) Limitation of Ownership. No Award shall be issued under the Plan to any person who after such Award would Beneficially or Constructively Own Capital Stock of the Company in excess of the Common Stock Ownership Limit or the Capital Stock Ownership Limit, unless the foregoing restriction is expressly and specifically waived by action of the independent Directors of the Board; provided, however, that an Excepted Holder would be permitted to Beneficially or Constructively Own Shares in excess of such limits provided that such Shares are not in excess of the Excepted Holder Ownership Limit for such Excepted Holder.

(b) No award shall be issued under the Plan to any person who after such Award would Beneficially or Constructively Own Shares in the Company that would result in the Company being “closely held” within the meaning of Section 856(h) of the Code, or otherwise failing to qualify as a REIT (including but not limited to ownership that would result in the Company owning (actually or Constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by the Company (either directly or indirectly through its Subsidiaries) from such tenant would cause the Company to fail to satisfy any of the gross income requirements of Section 856(c) of the Code).

5. PROVISIONS APPLICABLE TO STOCK OPTIONS.

5.1 *Grant of Option*.

Subject to the other terms of the Plan, the Committee shall, in its discretion as reflected by the terms of the applicable Award Agreement: (i) determine and designate from time to time those employees, Directors and consultants of the Company and its Subsidiaries to whom Options are to be granted and the number of Shares to be optioned to each employee, Director and consultant; (ii) determine whether to grant Options intended to be Incentive Stock Options, or to grant Non-Qualified Stock Options, or both (to the extent that any Option does not qualify as an Incentive Stock Option, it shall constitute a separate Non-Qualified Stock Option); provided that Incentive Stock Options may only be granted to employees of the Company or a “subsidiary” of the Company (as defined below); (iii) determine the time or times when and the manner and condition in which each Option shall be exercisable and the duration of the exercise period; (iv) designate each Option as one intended to be an Incentive Stock Option or as a Non-Qualified Stock Option; and (v) determine or impose other conditions to the grant or exercise of Options under the Plan as it may deem appropriate. For purposes of Section 5.1(ii), the term “subsidiary” shall mean, any corporation (other than the Company) that is a “subsidiary corporation” with respect to the Company under Section 424(f) of the Code. In the event the Company becomes a subsidiary of another company, the provisions hereof applicable to subsidiaries shall, unless otherwise determined by the Committee, also be applicable to any company that is a “parent corporation” with respect to the Company under Section 424(e) of the Code.

5.2 *Option Price*.

The Option Price shall be determined by the Committee on the date the Option is granted and reflected in the Award Agreement, as the same may be amended from time to time. Any particular Award Agreement may provide for different Option Prices for specified amounts of Shares subject to the Option. The Option Price with respect to each Incentive Stock Option, or other Option intended to qualify for relief from the restrictions of Section 162(m) of the Code, shall not be less than 100% (or, for

Incentive Stock Options, 110%, in the case of an individual described in Section 422(b)(6) of the Code (relating to certain 10% owners)) of the Fair Market Value of a Share on the day the Option is granted.

5.3 *Period of Option and Vesting*.

(a) Unless earlier expired, forfeited or otherwise terminated, each Option shall expire in its entirety upon the 10th anniversary of the date of grant or shall have such other term (which may be shorter, but not longer, in the case of Incentive Stock Options) as is set forth in the applicable Award Agreement (except that, in the case of an individual described in Section 422(b)(6) of the Code (relating to certain 10% owners) who is granted an Incentive Stock Option, the term of such Option shall be no more than five years from the date of grant). The Option shall also expire, be forfeited and terminate at such times and in such circumstances as otherwise provided hereunder or under the Award Agreement.

(b) Each Option, to the extent that the Optionee has not had a Termination of Service and the Option has not otherwise lapsed, expired, terminated or been forfeited, shall first become exercisable according to the terms and conditions set forth in the Award Agreement, as determined by the Committee at the time of grant. Unless otherwise determined by the Committee at the time of grant, such stock options shall vest ratably, in annual installments, over a four-year period beginning on the date of grant. Unless otherwise provided in the Award Agreement, no Option (or portion thereof) shall ever be exercisable if the Optionee has a Termination of Service before the time at which such Option would otherwise have become exercisable, and any Option that would otherwise become exercisable after such Termination of Service shall not become exercisable and shall be forfeited upon such termination. Notwithstanding the foregoing provisions of this Section 5.3(b), Options exercisable pursuant to the schedule set forth by the Committee at the time of grant may be fully or more rapidly exercisable or otherwise vested at any time in the discretion of the Committee. Upon and after the death of an Optionee, such Optionee's Options, if and to the extent otherwise exercisable hereunder or under the applicable Award Agreement after the Optionee's death, may be exercised by the Successors of the Optionee.

5.4 *Exercisability Upon and After Termination of Optionee*.

(a) Subject to provisions of the Award Agreement, in the event the Optionee has a Termination of Service other than by the Company or its Subsidiaries for Cause, other than by the Optionee for any reason, or other than by reason of death, Retirement or Disability, no exercise of an Option may occur after the expiration of the three-month period to follow the termination, or if earlier, the expiration of the term of the Option as provided under Section 5.3(a); provided that, if the Optionee should die after the Termination of Service, but while the Option is still in effect, the Option (if and to the extent otherwise exercisable by the Optionee at the time of death) 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 in accordance with Section 5.3(a).

(b) Subject to provisions of the Award Agreement, 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 in accordance with Section 5.3.

(c) Notwithstanding any other provision hereof, unless otherwise provided in the Award Agreement, if (i) the Optionee has a Termination of Service by the Company 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.

5.5 *Exercise of Options*.

(a) Subject to vesting, restrictions on exercisability and other restrictions provided for hereunder or otherwise imposed in accordance herewith, an Option may be exercised, and payment in full of the aggregate Option Price made, by an Optionee only by written notice (in the form prescribed by the Committee) to the Company specifying the number of Shares to be purchased.

(b) Without limiting the scope of the Committee's discretion hereunder, the Committee may impose such other restrictions on the exercise of Incentive Stock Options (whether or not in the nature of the foregoing restrictions) as it may deem necessary or appropriate.

(c) If Shares acquired upon exercise of an Incentive Stock Option are disposed of in a disqualifying disposition within the meaning of Section 422 of the Code by an Optionee prior to the expiration of either two years from the date of grant of such Option or one year from the transfer of Shares to the Optionee pursuant to the exercise of such Option, or in any other disqualifying disposition within the meaning of Section 422 of the Code, such Optionee shall notify the Company in writing as soon as practicable thereafter of the date and terms of such disposition and, if the Company (or any affiliate thereof) thereupon has a tax-withholding obligation, shall pay to the Company (or such affiliate) an amount equal to any withholding tax the Company (or affiliate) is required to pay as a result of the disqualifying disposition.

5.6 *Payment*.

(a) The aggregate Option Price shall be paid in full upon the exercise of the Option. Payment must be made by one of the following methods:

(i) a certified or bank cashier's check;

(ii) other than as prohibited under Section 13(k) of the Exchange Act, the proceeds of a Company loan program or third-party sale program or a notice acceptable to the Committee given as consideration under such a program, in each case if permitted by the Committee in its discretion, if such a program has been established and the Optionee is eligible to participate therein;

(iii) if approved by the Committee in its discretion, Shares of previously owned Common Stock, which have been previously owned for more than six months, having an aggregate Fair Market Value on the date of exercise equal to the aggregate Option Price;

(iv) other than as prohibited under Section 13(k) of the Exchange Act, if approved by the Committee in its discretion, through the written election of the Optionee to have Shares withheld by the Company from the Shares otherwise to be received, with such withheld Shares having an aggregate Fair Market Value on the date of exercise equal to the aggregate Option Price; or

(v) by any combination of such methods of payment or any other method acceptable to the Committee in its discretion.

(b) Except in the case of Options exercised by certified or bank cashier's check, the Committee may impose limitations and prohibitions on the exercise of Options as it deems appropriate, including, without limitation, any limitation or prohibition designed to avoid accounting consequences which may result from the use of Common Stock as payment upon exercise of an Option.

(c) The Committee shall provide in the Award Agreement the extent (if any) to which an Option may be exercised with respect to any fractional Share, including whether any fractional Shares resulting from an Optionee's exercise may be paid in cash.

5.7 *Stock Appreciation Rights.*

The Committee, in its discretion, may also permit the Optionee to elect to exercise an Option by receiving a combination of Shares and cash, or, in the discretion of the Committee, either Shares or cash, with an aggregate Fair Market Value (or, to the extent of payment in cash, in an amount) equal to the excess of the Fair Market Value of the Shares with respect to which the Option is being exercised over the aggregate Option Price, as determined as of the day the Option is exercised.

5.8 *Exercise by Successors.*

An Option may be exercised, and payment in full of the aggregate Option Price made, by the Successors of the Optionee only by written notice (as may be prescribed by the Committee) to the Company specifying the number of Shares to be purchased. Such notice shall state that the aggregate Option Price will be paid in full, or that the Option will be exercised as otherwise provided hereunder, in the discretion of the Company or the Committee, if and as applicable.

5.9 *Nontransferability of Option.*

Except if otherwise provided in the applicable Award Agreement, each Option granted under the Plan shall be nontransferable by the Optionee except by will or the laws of descent and distribution of the state wherein the Optionee is domiciled at the time of his death; provided, however, that the Committee may (but need not) permit other transfers, where the Committee concludes that such transferability (i) does not result in accelerated U.S. federal income taxation, (ii) does not cause any Option intended to be an Incentive Stock Option to fail to be described in Section 422(b) of the Code, and (iii) is otherwise appropriate and desirable.

5.10 *Deferral.*

The Committee may establish a program under which Participants will have Phantom Shares subject to Section 7 credited upon their exercise of Options, rather than receiving Shares at that time.

6. PROVISIONS APPLICABLE TO RESTRICTED STOCK.

6.1 *Grant of Restricted Stock.*

(a) In connection with the grant of Restricted Stock, whether or not performance goals (as provided for under Section 10) apply thereto, the Committee shall establish one or more vesting periods with respect to the shares of Restricted Stock granted, the length of which shall be determined in the discretion of the Committee. Subject to the provisions of this Section 6, the applicable Agreement and the other provisions of the Plan, restrictions on Restricted Stock shall lapse if the Grantee satisfies all applicable employment or other service requirements through the end of the applicable vesting period.

(b) Subject to the other terms of the Plan, the Committee may, in its discretion as reflected by the terms of the applicable Award Agreement: (i) authorize the granting of Restricted Stock to employees, Directors and consultants of the Company and its Subsidiaries; (ii) provide a specified purchase price for the Restricted Stock (whether or not the payment of a purchase price is required by any state law applicable to the Company); (iii) determine the restrictions applicable to Restricted Stock and

(iv) determine or impose other conditions, including any applicable performance goals, to the grant of Restricted Stock under the Plan as it may deem appropriate.

6.2 *Certificates.*

(a) In the discretion of the Committee, each Grantee of Restricted Stock may be issued a stock certificate in respect of Shares of Restricted Stock awarded under the Plan. A "book entry" (by computerized or manual entry) shall be made in the records of the Company to evidence an award of Restricted Stock, where no certificate is issued in the name of the Grantee. Each certificate, if any, shall be registered in the name of the Grantee and may include any legend which the Committee deems appropriate to reflect any restrictions on transfer hereunder or under the Award Agreement, or as the Committee may otherwise deem appropriate, and, without limiting the generality of the foregoing, shall bear a legend referring to the terms, conditions, and restrictions applicable to such Award, substantially in the following form:

> THE TRANSFERABILITY OF THIS CERTIFICATE AND THE SHARES OF STOCK REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS (INCLUDING FORFEITURE) OF THE EXTRA SPACE STORAGE INC. 2004 LONG TERM INCENTIVE COMPENSATION PLAN AND AN AWARD AGREEMENT ENTERED INTO BETWEEN THE REGISTERED OWNER AND EXTRA SPACE STORAGE INC. COPIES OF SUCH PLAN AND AWARD AGREEMENT ARE ON FILE IN THE OFFICES OF EXTRA SPACE STORAGE INC. AT 2795 EAST COTTONWOOD PARKWAY, SUITE 400, SALT LAKE CITY, UT 84121.

(b) The Committee shall require that any stock certificates evidencing such Shares be held in custody by the Company until the restrictions thereon shall have lapsed, and may in its discretion require that, as a condition of any Restricted Stock award, the Grantee shall have delivered to the Company a stock power, endorsed in blank, relating to the stock covered by such Award. If and when such restrictions so lapse, any stock certificates shall be delivered by the Company to the Grantee or his or her designee.

6.3 *Restrictions and Conditions.*

Unless otherwise provided by the Committee, the Shares of Restricted Stock awarded pursuant to the Plan shall be subject to the following restrictions and conditions:

(i) Subject to the provisions of the Plan and the Award Agreements, during a period commencing with the date of such Award and ending on the date the period of forfeiture with respect to such Shares lapses, the Grantee shall not be permitted voluntarily or involuntarily to sell, transfer, pledge, anticipate, alienate, encumber or assign Shares of Restricted Stock awarded under the Plan (or have such Shares attached or garnished). Subject to the provisions of the Award Agreements and clauses (iii) and (iv) below, the period of forfeiture with respect to Shares granted hereunder shall lapse as provided in the applicable Award Agreement. Notwithstanding the foregoing, unless otherwise expressly provided by the Committee, the period of forfeiture with respect to such Shares shall only lapse as to whole Shares.

(ii) Except as provided in the foregoing clause (i), below in this clause (ii), or in Section 14, the Grantee shall have, in respect of the Shares of Restricted Stock, all of the rights of

a shareholder of the Company, including the right to vote the Shares, and, except as provided below, the right to receive any cash dividends. The Committee may provide in the Award Agreement that cash dividends on such Shares shall be held by the Company (unsegregated as a part of its general assets) until the period of forfeiture lapses (and forfeited if the underlying Shares are forfeited), and paid over to the Grantee as soon as practicable after such period lapses (if not forfeited), or alternatively may provide for other treatment of such dividends (including without limitation the crediting of Phantom Shares in respect of dividends or other deferral provisions). Certificates for Shares (not subject to restrictions hereunder) shall be delivered to the Grantee or his or her designee promptly after, and only after, the period of forfeiture shall lapse without forfeiture in respect of such Shares of Restricted Stock.

(iii) Termination of Service, Except by Death, Retirement or Disability. Unless otherwise provided in the applicable Award Agreement, and subject to clause (iv) below, if the Grantee has a Termination of Service for Cause or by the Grantee for any reason other than his or her death, Retirement or Disability, during the applicable period of forfeiture, then (A) all Restricted Stock still subject to restriction shall thereupon, and with no further action, be forfeited by the Grantee, and (B) the Company shall pay to the Grantee as soon as practicable (and in no event more than 30 days) after such termination an amount equal to the lesser of (x) the amount paid by the Grantee for such forfeited Restricted Stock as contemplated by Section 6.1, and (y) the Fair Market Value on the date of termination of the forfeited Restricted Stock.

(iv) Death, Disability or Retirement of Grantee. Unless otherwise provided in the applicable Award Agreement, in the event the Grantee has a Termination of Service on account of his or her death, Disability or Retirement, or the Grantee has a Termination of Service by the Company for any reason other than Cause, during the applicable period of forfeiture, then restrictions under the Plan will immediately lapse on all Restricted Stock granted to the applicable Grantee.

7. PROVISIONS APPLICABLE TO PHANTOM SHARES.

7.1 *Grant of Phantom Shares.*

Subject to the other terms of the Plan, the Committee shall, in its discretion as reflected by the terms of the applicable Award Agreement: (i) authorize the granting of Phantom Shares to employees, Directors and consultants of the Company and its Subsidiaries and (ii) determine or impose other conditions to the grant of Phantom Shares under the Plan as it may deem appropriate.

7.2 *Term.*

The Committee may provide in an Award Agreement that any particular Phantom Share shall expire at the end of a specified term.

7.3 *Vesting.*

Phantom Shares shall vest as provided in the applicable Award Agreement.

7.4 *Settlement of Phantom Shares.*

(a) Each vested and outstanding Phantom Share shall be settled by the transfer to the Grantee of one Share; provided that, the Committee at the time of grant may provide that a Phantom Share may be settled (i) in cash at the applicable Phantom Share Value, (ii) in cash or by transfer of Shares as elected by

the Grantee in accordance with procedures established by the Committee or (iii) in cash or by transfer of Shares as elected by the Company.

(b) Each Phantom Share shall be settled with a single-sum payment or distribution by the Company; provided that, with respect to Phantom Shares of a Grantee which have a common Settlement Date, the Committee may permit the Grantee to elect in accordance with procedures established by the Committee to receive installment payments over a period not to exceed 10 years.

(c) (i) Unless otherwise provided in the applicable Award Agreement, the Settlement Date with respect to a Grantee is the first day of the month to follow the Grantee's Termination of Service, provided that a Grantee may elect, in accordance with procedures to be adopted by the Committee, that such Settlement Date will be deferred as elected by the Grantee to a time permitted by the Committee under procedures to be established by the Committee. Unless otherwise determined by the Committee, elections under this Section 7.4(c)(i) must be made at least six months before, and in the year prior to the year in which, the Settlement Date would occur in the absence of such election.

(ii) Notwithstanding Section 7.4(c)(i), the Committee may provide that distributions of Phantom Shares can be elected at any time in those cases in which the Phantom Share Value is determined by reference to Fair Market Value to the extent in excess of a base value, rather than by reference to unreduced Fair Market Value.

(iii) Notwithstanding the foregoing, the Settlement Date, if not earlier pursuant to this Section 7.4(c), is the date of the Grantee's death.

(d) Notwithstanding the other provisions of this Section 7, in the event of a Change in Control, the Settlement Date shall be the date of such Change in Control and all amounts due with respect to Phantom Shares to a Grantee hereunder shall be paid as soon as practicable (but in no event more than 30 days) after such Change in Control, unless such Grantee elects otherwise in accordance with procedures established by the Committee.

(e) Notwithstanding any other provision of the Plan, a Grantee may receive any amounts to be paid in installments as provided in Section 7.4(b) or deferred by the Grantee as provided in Section 7.4(c) in the event of an "Unforeseeable Emergency." For these purposes, an "Unforeseeable Emergency," as determined by the Committee in its sole discretion, is a severe financial hardship to the Grantee resulting from a sudden and unexpected illness or accident of the Grantee or "dependent," as defined in Section 152(a) of the Code, of the Grantee, loss of the Grantee's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Grantee. The circumstances that will constitute an Unforeseeable Emergency will depend upon the facts of each case, but, in any case, payment may not be made to the extent that such hardship is or may be relieved:

(i) through reimbursement or compensation by insurance or otherwise,

(ii) by liquidation of the Grantee's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or

(iii) by future cessation of the making of additional deferrals under Section 7.4(b) and (c).

Without limitation, the need to send a Grantee's child to college or the desire to purchase a home shall not constitute an Unforeseeable Emergency. Distributions of amounts because of an Unforeseeable Emergency shall be permitted to the extent reasonably needed to satisfy the emergency need.

7.5 *Other Phantom Share Provisions.*

(a) Rights to payments with respect to Phantom Shares granted under the Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, garnishment, levy, execution, or other legal or equitable process, either voluntary or involuntary; and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, attach or garnish, or levy or execute on any right to benefits payable hereunder, shall be void.

(b) A Grantee may designate in writing, on forms to be prescribed by the Committee, a beneficiary or beneficiaries to receive any payments payable after his or her death and may amend or revoke such designation at any time. If no beneficiary designation is in effect at the time of a Grantee's death, payments hereunder shall be made to the Grantee's estate. If a Grantee with a vested Phantom Share dies, such Phantom Share shall be settled and the Phantom Share Value in respect of such Phantom Shares paid, and any payments deferred pursuant to an election under Section 7.4(c) shall be accelerated and paid, as soon as practicable (but no later than 60 days) after the date of death to such Grantee's beneficiary or estate, as applicable.

(c) The Committee may establish a program under which distributions with respect to Phantom Shares may be deferred for periods in addition to those otherwise contemplated by foregoing provisions of this Section 7. Such program may include, without limitation, provisions for the crediting of earnings and losses on unpaid amounts, and, if permitted by the Committee, provisions under which Participants may select from among hypothetical investment alternatives for such deferred amounts in accordance with procedures established by the Committee.

(d) Phantom Shares (including for purposes of this Section 7.5(d) any accounts established to facilitate the implementation of Section 7.4(c)), are solely a device for the measurement and determination of the amounts to be paid to a Grantee under the Plan. Each Grantee's right in the Phantom Shares is limited to the right to receive payment, if any, as may herein be provided. The Phantom Shares do not constitute Common Stock and shall not be treated as (or as giving rise to) property or as a trust fund of any kind; provided, however, that the Company may establish a mere bookkeeping reserve to meet its obligations hereunder or a trust or other funding vehicle that would not cause the Plan to be deemed to be funded for tax purposes or for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended. The right of any Grantee of Phantom Shares to receive payments by virtue of participation in the Plan shall be no greater than the right of any unsecured general creditor of the Company.

(e) Notwithstanding any other provision of this Section 7, any fractional Phantom Share will be paid out in cash at the Phantom Share Value as of the Settlement Date.

(f) Nothing contained in the Plan shall be construed to give any Grantee any rights with respect to Shares or any ownership interest in the Company. Except as may be provided in accordance with Section 8, no provision of the Plan shall be interpreted to confer upon any Grantee any voting, dividend or derivative or other similar rights with respect to any Phantom Share.

7.6 *Claims Procedures.*

(a) To the extent that the Plan is determined by the Committee to be subject to the Employee Retirement Income Security Act of 1974, as amended, the Grantee, or his beneficiary hereunder or authorized representative, may file a claim for benefits with respect to Phantom Shares under the Plan by written communication to the Committee or its designee. A claim is not considered filed until such communication is actually received. Within 90 days (or, if special circumstances require an extension of time for processing, 180 days, in which case notice of such special circumstances should be provided within the initial 90-day period) after the filing of the claim, the Committee will either:

(i) approve the claim and take appropriate steps for satisfaction of the claim; or

(ii) if the claim is wholly or partially denied, advise the claimant of such denial by furnishing to him a written notice of such denial setting forth (A) the specific reason or reasons for the denial; (B) specific reference to pertinent provisions of the Plan on which the denial is based and, if the denial is based in whole or in part on any rule of construction or interpretation adopted by the Committee, a reference to such rule, a copy of which shall be provided to the claimant; (C) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of the reasons why such material or information is necessary; and (D) a reference to this Section 7.6 as the provision setting forth the claims procedure under the Plan.

(b) The claimant may request a review of any denial of his claim by written application to the Committee within 60 days after receipt of the notice of denial of such claim. Within 60 days (or, if special circumstances require an extension of time for processing, 120 days, in which case notice of such special circumstances should be provided within the initial 60-day period) after receipt of written application for review, the Committee will provide the claimant with its decision in writing, including, if the claimant’s claim is not approved, specific reasons for the decision and specific references to the Plan provisions on which the decision is based.

8. PROVISIONS APPLICABLE TO DIVIDEND EQUIVALENT RIGHTS.

8.1 *Grant of Dividend Equivalent Rights.*

Subject to the other terms of the Plan, the Committee shall, in its discretion as reflected by the terms of the Award Agreements, authorize the granting of Dividend Equivalent Rights to employees, Directors and consultants of the Company and its Subsidiaries based on the regular cash dividends declared on Common Stock, to be credited as of the dividend payment dates, during the period between the date an Award is granted, and the date such Award is exercised, vests or expires, as determined by the Committee. Such Dividend Equivalent Rights shall be converted to cash or additional Shares by such formula and at such time and subject to such limitation as may be determined by the Committee. With respect to Dividend Equivalent Rights granted with respect to Options intended to be qualified performance-based compensation for purposes of Section 162(m) of the Code, such Dividend Equivalent Rights shall be payable regardless of whether such Option is exercised. If a Dividend Equivalent right is granted in respect of another Award hereunder, then, unless otherwise stated in the Award Agreement, in no event shall the Dividend Equivalent Right be in effect for a period beyond the time during which the applicable portion of the underlying Award is in effect.

8.2 *Certain Terms.*

(a) The term of a Dividend Equivalent Right shall be set by the Committee in its discretion.

(b) Unless otherwise determined by the Committee, except as contemplated by Section 8.4, a Dividend Equivalent Right is exercisable or payable only while the Participant is an employee, Director or consultant.

(c) Payment of the amount determined in accordance with Section 8.1 shall be in cash, in Common Stock or a combination of both, as determined by the Committee.

(d) The Committee may impose such employment-related conditions on the grant of a Dividend Equivalent Right as it deems appropriate in its discretion.

8.3 *Other Types of Dividend Equivalent Rights.*

The Committee may establish a program under which Dividend Equivalent Rights of a type not described in the foregoing provisions of this Section 8 may be granted to Participants. For example, and without limitation, the Committee may grant a dividend equivalent right in respect of each Share subject to an Option or with respect to a Phantom Share, which right would consist of the right (subject to Section 8.4) to receive a cash payment in an amount equal to the dividend distributions paid on a Share from time to time.

8.4 *Deferral.*

(a) The Committee may establish a program under which Participants (i) will have Phantom Shares credited, subject to the terms of Sections 7.4 and 7.5 as though directly applicable with respect thereto, upon the granting of Dividend Equivalent Rights, or (ii) will have payments with respect to Dividend Equivalent Rights deferred.

(b) The Committee may establish a program under which distributions with respect to Dividend Equivalent Rights may be deferred. Such program may include, without limitation, provisions for the crediting of earnings and losses on unpaid amounts, and, if permitted by the Committee, provisions under which Participants may select from among hypothetical investment alternatives for such deferred amounts in accordance with procedures established by the Committee.

9. OTHER EQUITY-BASED AWARDS.

The Board shall have the right to grant other Awards having such terms and conditions as the Board may determine, including the grant of shares of Capital Stock based upon certain conditions, the grant of Partnership Units based upon certain conditions and the grant of stock appreciation rights.

10. PERFORMANCE GOALS.

The Committee, in its discretion, may establish one or more performance goals as a precondition to the issuance or vesting of Awards, and (ii) provide, in connection with the establishment of the performance goals, for predetermined Awards to those Participants (who continue to meet all applicable eligibility requirements) with respect to whom the applicable performance goals are satisfied.

11. TAX WITHHOLDING.

11.1 *In General.*

The Company shall be entitled to withhold from any payments or deemed payments any amount of tax withholding determined by the Committee to be required by law. Without limiting the generality

of the foregoing, the Committee may, in its discretion, require the Participant to pay to the Company at such time as the Committee determines the amount that the Committee deems necessary to satisfy the Company's obligation to withhold federal, state or local income or other taxes incurred by reason of (i) the exercise of any Option, (ii) the lapsing of any restrictions applicable to any Restricted Stock, (iii) the receipt of a distribution in respect of Phantom Shares or Dividend Equivalent Rights or (iv) any other applicable income-recognition event (for example, an election under Section 83(b) of the Code).

11.2 *Share Withholding.*

(a) Upon exercise of an Option, the Optionee may, if approved by the Committee in its discretion, make a written election to have Shares then issued withheld by the Company from the Shares otherwise to be received, or to deliver previously owned Shares, in order to satisfy the liability for such withholding taxes. In the event that the Optionee makes, and the Committee permits, such an election, the number of Shares so withheld or delivered shall have an aggregate Fair Market Value on the date of exercise sufficient to satisfy the applicable withholding taxes. Where the exercise of an Option does not give rise to an obligation by the Company to withhold federal, state or local income or other taxes on the date of exercise, but may give rise to such an obligation in the future, the Committee may, in its discretion, make such arrangements and impose such requirements as it deems necessary or appropriate.

(b) Upon lapsing of restrictions on Restricted Stock (or other income-recognition event), the Grantee may, if approved by the Committee in its discretion, make a written election to have Shares withheld by the Company from the Shares otherwise to be released from restriction, or to deliver previously owned Shares (not subject to restrictions hereunder), in order to satisfy the liability for such withholding taxes. In the event that the Grantee makes, and the Committee permits, such an election, the number of Shares so withheld or delivered shall have an aggregate Fair Market Value on the date of exercise sufficient to satisfy the applicable withholding taxes.

(c) Upon the making of a distribution in respect of Phantom Shares or Dividend Equivalent Rights, the Grantee may, if approved by the Committee in its discretion, make a written election to have amounts (which may include Shares) withheld by the Company from the distribution otherwise to be made, or to deliver previously owned Shares (not subject to restrictions hereunder), in order to satisfy the liability for such withholding taxes. In the event that the Grantee makes, and the Committee permits, such an election, any Shares so withheld or delivered shall have an aggregate Fair Market Value on the date of exercise sufficient to satisfy the applicable withholding taxes.

11.3 *Withholding Required.*

Notwithstanding anything contained in the Plan or the Award Agreement to the contrary, the Participant's satisfaction of any tax-withholding requirements imposed by the Committee shall be a condition precedent to the Company's obligation as may otherwise be provided hereunder to provide Shares to the Participant and to the release of any restrictions as may otherwise be provided hereunder, as applicable; and the applicable Option, Restricted Stock, Phantom Shares or Dividend Equivalent Rights shall be forfeited upon the failure of the Participant to satisfy such requirements with respect to, as applicable, (i) the exercise of the Option, (ii) the lapsing of restrictions on the Restricted Stock (or other income-recognition event) or (iii) distributions in respect of any Phantom Share or Dividend Equivalent Right.

12. REGULATIONS AND APPROVALS.

(a) The obligation of the Company to sell Shares with respect to an Award granted under the Plan shall be subject to all applicable laws, rules and regulations, including all applicable federal and state

securities laws, and the obtaining of all such approvals by governmental agencies as may be deemed necessary or appropriate by the Committee.

(b) The Committee may make such changes to the Plan as may be necessary or appropriate to comply with the rules and regulations of any government authority or to obtain tax benefits applicable to an Award.

(c) Each grant of Options, Restricted Stock, Phantom Shares (or issuance of Shares in respect thereof) or Dividend Equivalent Rights (or issuance of Shares in respect thereof), or other Award under Section 9 (or issuance of Shares in respect thereof), is subject to the requirement that, if at any time the Committee determines, in its discretion, that the listing, registration or qualification of Shares issuable pursuant to the Plan is required by any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issuance of Options, Shares of Restricted Stock, Phantom Shares, Dividend Equivalent Rights, other Awards or other Shares, no payment shall be made, or Phantom Shares or Shares issued or grant of Restricted Stock or other Award made, in whole or in part, unless listing, registration, qualification, consent or approval has been effected or obtained free of any conditions in a manner acceptable to the Committee.

(d) In the event that the disposition of stock acquired pursuant to the Plan is not covered by a then current registration statement under the Securities Act, and is not otherwise exempt from such registration, such Shares shall be restricted against transfer to the extent required under the Securities Act, and the Committee may require any individual receiving Shares pursuant to the Plan, as a condition precedent to receipt of such Shares, to represent to the Company in writing that such Shares 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.

(e) Notwithstanding any other provision of the Plan, the Company shall not be required to take or permit any action under the Plan or any Award Agreement which, in the good-faith determination of the Company, would result in a material risk of a violation by the Company of Section 13(k) of the Exchange Act.

13. INTERPRETATION AND AMENDMENTS; OTHER RULES.

The Committee may make such rules and regulations and establish such procedures for the administration of the Plan as it deems appropriate. Without limiting the generality of the foregoing, the Committee may (i) determine the extent, if any, to which Options, Phantom Shares or Shares (whether or not Shares of Restricted Stock) or Dividend Equivalent Rights shall be forfeited (whether or not such forfeiture is expressly contemplated hereunder); (ii) interpret the Plan and the Award Agreements hereunder, 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; and (iii) take any other actions and make any other determinations or decisions that it deems necessary or appropriate in connection with the Plan or the administration or interpretation thereof. In the event of any dispute or disagreement as to the interpretation of the Plan or of any rule, regulation or procedure, or as to any question, right or obligation arising from or related to the Plan, the decision of the Committee, except as provided in clause (ii) of the foregoing sentence, shall be final and binding upon all persons. Unless otherwise expressly provided hereunder, the Committee, with respect to any grant, may exercise its discretion hereunder at the time of the Award or thereafter. No action which is otherwise permitted under or in connection with the Plan shall be prohibited hereunder

merely because it constitutes a repricing of an Award, and, in furtherance of the foregoing, the Committee is expressly authorized and empowered, without limitation, to effect repricings that are consistent with the terms of the Plan. The Board may amend the Plan as it shall deem advisable, except that no amendment may adversely affect a Participant with respect to an Award previously granted unless such amendments are required in order to comply with applicable laws; provided that the Board may not make any amendment in the Plan that would, if such amendment were not approved by the holders of the Common Stock, cause the Plan to fail to comply with any requirement of applicable law or regulation, unless and until the approval of the holders of such Common Stock is obtained.

14. CHANGES IN CAPITAL STRUCTURE.

(a) If (i) the Company or its Subsidiaries shall at any time be involved in a merger, consolidation, dissolution, liquidation, reorganization, exchange of shares, sale of all or substantially all of the assets or stock of the Company or its Subsidiaries or a transaction similar thereto, (ii) any stock dividend, stock split, reverse stock split, stock combination, reclassification, recapitalization or other similar change in the capital structure of the Company or its Subsidiaries, or any distribution to holders of Common Stock other than cash dividends, shall occur or (iii) any other event shall occur which in the judgment of the Committee necessitates action by way of adjusting the terms of the outstanding Awards, then:

(x) the maximum aggregate number of Shares which may be made subject to Options and Dividend Equivalent Rights under the Plan, the maximum aggregate number and kind of Shares of Restricted Stock that may be granted under the Plan, and the maximum aggregate number of Phantom Shares and other Awards which may be granted under the Plan may be appropriately adjusted by the Committee in its discretion; and

(y) the Committee shall take any such action as in its judgment shall be necessary to maintain the Participants’ rights hereunder (including under their Award Agreements) with respect to Options, Phantom Shares and Dividend Equivalent Rights (and other Awards under Section 9), so that they are substantially proportionate to the rights existing in such Options, Phantom Shares and Dividend Equivalent Rights (and such other Awards under Section 9) prior to such event, including, without limitation, adjustments in (A) the number of Options, Phantom Shares and Dividend Equivalent Rights (and other Awards under Section 9) granted, (B) the number and kind of shares or other property to be distributed in respect of Options, Phantom Shares and Dividend Equivalent Rights (and other Awards under Section 9), (C) the Option Price and Phantom Share Value, and (D) performance-based criteria established in connection with Awards; provided that, in the discretion of the Committee, the foregoing clause (D) may also be applied in the case of any event relating to a Subsidiary if the event would have been covered under this Section 14(a) had the event related to the Company.

(b) Any Shares or other securities distributed to a Grantee with respect to Restricted Stock or otherwise issued in substitution of Restricted Stock shall be subject to the restrictions and requirements imposed by Section 6, including depositing the certificates therefor with the Company together with a stock power and bearing a legend as provided in Section 6.2(a).

(c) If the Company shall be consolidated or merged with another corporation or other entity, each Grantee who has received Restricted Stock that is then subject to restrictions imposed by Section 6.3 may be required to deposit with the successor corporation the certificates for the stock or securities or the other property that the Grantee is entitled to receive by reason of ownership of Restricted Stock in a manner consistent with Section 6.2(b), and such stock, securities or other property shall become subject to the restrictions and requirements imposed by Section 6.3, and the certificates therefor or other evidence thereof shall bear a legend similar in form and substance to the legend set forth in Section 6.2(a).

(d) If a Change in Control shall occur, then the Committee, as constituted immediately before the Change in Control, may make such adjustments as it, in its discretion, determines are necessary or appropriate in light of the Change in Control, provided that the Committee determines that such adjustments do not have an adverse economic impact on the Participant as determined at the time of the adjustments.

(e) The judgment of the Committee with respect to any matter referred to in this Section 14 shall be conclusive and binding upon each Participant without the need for any amendment to the Plan.

15. MISCELLANEOUS.

15.1 *No Rights to Employment or Other Service*.

Nothing in the Plan or in any grant made pursuant to the Plan shall confer on any individual any right to continue in the employ or other service of the Company or its Subsidiaries or interfere in any way with the right of the Company or its Subsidiaries and its shareholders to terminate the individual’s employment or other service at any time.

15.2 *No Fiduciary Relationship*.

Nothing contained in the Plan (including without limitation Sections 7.5(c) and 8.4, and no action taken pursuant to the provisions of the Plan, shall create or shall be construed to create a trust or any kind, or a fiduciary relationship between the Company or its Subsidiaries, or their officers or the Committee, on the one hand, and the Participant, the Company, its Subsidiaries or any other person or entity, on the other.

15.3 *Notices*.

All notices under the Plan shall be in writing, and if to the Company, shall be delivered to 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 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 Section 15.3.

15.4 *Exculpation and Indemnification*.

The Company shall indemnify and hold harmless the members of the Board and the members of the Committee from and against any and all liabilities, costs and expenses incurred by such persons as a result of any act or omission to act in connection with the performance of such person’s duties, responsibilities and obligations under the Plan, to the maximum extent permitted by law, other than such liabilities, costs and expenses as may result from the gross negligence, bad faith, willful misconduct or criminal acts of such persons.

15.5 *Captions*.

The use of captions in this Plan is for convenience. The captions are not intended to provide substantive rights.

15.6 *Governing Law*.

THE PLAN SHALL BE GOVERNED BY THE LAWS OF MARYLAND WITHOUT REFERENCE TO PRINCIPLES OF CONFLICT OF LAWS.

Exhibit 10.15

MEMBERSHIP INTEREST PURCHASE AGREEMENT

This MEMBERSHIP INTEREST PURCHASE AGREEMENT, dated as of August 9, 2004 (this "Agreement"), is made and entered into by and between Extra Space Storage LLC, a Delaware limited liability company ("Buyer"), FREAM No. 39 LLC, a Delaware limited liability company ("FREAM"), and Fidelity Pension Plan Real Estate Investment LLC (a/k/a Fidelity Pension Fund Real Estate Investment LLC), a Delaware limited liability company ("FPPREI" and together with FREAM the "Sellers" and each a "Seller").

WHEREAS, Buyer, FREAM and FPPREI are parties to that certain Limited Liability Company Agreement of Extra Space Properties Four LLC, a Delaware limited liability company (the "Company"), dated as of November 27, 2001, as amended (the "Operating Agreement;" all capitalized terms not defined herein shall have the respective meanings assigned to them in the Operating Agreement);

WHEREAS, the Company owns certain real properties and self storage facilities directly or indirectly through its subsidiaries (together the "Properties" and each a "Property);

WHEREAS, FREAM and FPPREI each hold an interest in the Company and have certain rights to receive a Guaranteed Payment and certain other distributions and allocations pursuant to the terms of the Operating Agreement (together, each Seller's interest in the Company and all other rights and interests of such Seller to participate in or benefit from the ownership, profits and/or losses of the Company, whether as a member of the Company, upon liquidation or otherwise, are collectively referred to herein as the "Sellers' Entire LLC Interest");

WHEREAS, Buyer is in the process of conducting a reorganization in which, among other things, Buyer will, directly and through its affiliates and wholly-owned subsidiaries, acquire interests in certain self storage facilities from third parties and joint venture partners of its affiliates (such reorganization and all transactions related thereto the "Formation Transactions");

WHEREAS, immediately prior to the completion of the Formation Transactions, Buyer's affiliate will conduct an underwritten initial public offering of its shares of common stock pursuant to an effective registration statement filed with the Securities and Exchange Commission (the "IPO");

WHEREAS, subject to the completion of the Formation Transactions and the IPO, the Sellers desire to sell to Buyer, and Buyer desires to purchase from the Sellers, the Sellers' Entire LLC Interest on the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, simultaneously with the completion of Buyer's acquisition of the Sellers' Entire LLC Interest, and pursuant to Section 4.3 of this Agreement, each Seller shall withdraw as a member of the Company.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement agree as follows:

ARTICLE 1

PURCHASE AND SALE; CLOSING

1.1 Purchase and Sale. Each Seller hereby agrees to sell to Buyer, and Buyer hereby agrees to purchase from each Seller, all of the right, title and interest of such Seller in and to such Seller's portion of the Sellers' Entire LLC Interest, including the rights and obligations of such Seller set forth opposite such Seller's name set forth on Schedule A to this Agreement, at the Closing (as defined below) on the terms and subject to the conditions set forth in this Agreement.

1.2 Purchase Price.

1.2.1 The aggregate purchase price for the Sellers' Entire LLC Interest is twenty one million five hundred thirteen thousand three hundred sixty dollars and thirty three cents ($21,513,360.33), as adjusted, if applicable, pursuant to Section 1.2.2 (such amount, as adjusted pursuant to Section 1.2.2, if applicable, the "Purchase Price"). The Purchase Price shall be paid to the Sellers in the manner provided in Section 1.4 of this Agreement and shall be allocated among the Sellers as set forth on Schedule A to this Agreement. If the Purchase Price is adjusted pursuant to Section 1.2.2, then Schedule A shall be amended on the Closing Date (as defined below) to reflect such adjustment.

1.2.2 Schedule B to this Agreement sets forth the methodology used in calculating the Purchase Price payable on and as of August 20, 2004. If the Closing Date is a date after August 20, 2004, then the Purchase Price shall be recalculated on and as of such later Closing Date in accordance with the methodology set forth in Schedule B, with such later Closing Date being substituted for the "Repayment Date" indicated on Schedule B.

1.3 Closing. The closing of the transactions contemplated by this Agreement shall take place at the offices of Clifford Chance US LLP, 200 Park Avenue, New York, New York (the "Closing") on August 20, 2004, at 10:00 a.m., local time, or at such other place or later time or date as the parties hereto may agree upon, which date shall be as soon as practicable after the satisfaction or waiver of the conditions set forth in Article 5 of this Agreement, but in no event later than September 30, 2004 (the "Closing Date"). The parties hereto shall not be required to attend the Closing in person.

1.4 Closing Deliveries.

1.4.1 Sellers' Deliveries. At the Closing, each Seller shall deliver to Buyer:

(i) an assignment and assumption of membership interest sufficient to assign and transfer to Buyer good and valid title in and to such Seller's portion of the Sellers' Entire LLC Interest set forth opposite such Seller's name set forth on Schedule A to this Agreement, free and clear of all pledges, security interests, liens, prior assignments, conditions, or other encumbrances (collectively, "Encumbrances"), substantially in the form of Exhibit A attached hereto (the "Assignment"), duly executed by or on behalf of each Seller;

(ii) a non-foreign status affidavit in the form of Exhibit B attached hereto and incorporated herein by this reference, pursuant to Section 1445 of the United States Internal Revenue Code of 1986, as amended (the "Code"), duly executed by or on behalf of each Seller; and

(iii) the certificate required by Section 5.1.4 of this Agreement, duly executed by or on behalf of each Seller.

1.4.2 Buyer Deliveries. At the Closing, Buyer shall deliver to the Sellers:

(i) the Purchase Price, by wire transfer of immediately available funds to an account or accounts designated by the Sellers in writing no later than five (5) days prior to the Closing Date;

(ii) the Assignment, duly executed by or on behalf of Buyer; and

(iii) the certificate required by Section 5.2.3 of this Agreement, duly executed by or on behalf of Buyer.

1.5 Transfer Taxes. Buyer shall pay all real estate transfer tax, recordation or other similar taxes or amounts due in connection with the transfer of the Sellers' Entire LLC Interest, and Buyer hereby agrees to indemnify, defend and hold Sellers harmless from and against any and all claims, losses, liabilities, costs and expenses including, without limitation, reasonable attorneys' fees and disbursements, suffered or incurred by either Seller in any way relating to any failure to have paid any real estate transfer, recordation or other similar taxes or amounts due in connection with the transfer of the Sellers' Entire LLC Interest to Buyer.

Seller Legal Fees. At the Closing, Buyer shall pay all then outstanding legal fees of Seller's counsel relating to Sellers' administration of its investment in the Company and the transactions contemplated by this Agreement. As of the date hereof, Sellers represent to Buyer that such legal fees are no greater than approximately ten thousand dollars ($10,000.00).

ARTICLE 2

REPRESENTATIONS AND WARRANTIES OF THE SELLERS

Each Seller hereby represents and warrants to Buyer as follows:

2.1 Organization of the Sellers. Each Seller is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Delaware. Each Seller has full limited liability company power and authority to execute and deliver this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby.

2.2 Authority. The execution and delivery by each Seller of this Agreement, and the performance by such Seller of its obligations hereunder have been duly and validly authorized by all necessary actions on the part of such Seller. This Agreement has been duly and validly executed and delivered by each Seller and constitutes the legal, valid and binding obligation of such Seller enforceable against it in accordance with its terms subject, as to enforcement, to the bankruptcy, reorganization, insolvency and other similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

2.3 Ownership. The Sellers own the Sellers' Entire LLC Interest, beneficially and of record, free and clear of any and all Encumbrances. Except for this Agreement, neither Seller has granted any options, warrants, or rights to subscribe to, securities, rights or obligations convertible into or exchangeable for or giving any right to subscribe for all or any portion of the Sellers' Entire LLC Interest. At the Closing, upon consummation of the transactions contemplated hereby, Buyer will acquire the entire legal and beneficial interest in the Sellers' Entire LLC Interest, free and clear of any and all Encumbrances.

2.4 No Conflicts. The execution and delivery by each Seller of this Agreement does not, and the performance by such Seller of its obligations under this Agreement and the consummation of the transactions contemplated hereby will not: (a) conflict with or result in a violation or breach of any of the organizational or charter documents of such Seller; (b) conflict with or result in a violation or breach of any law or order applicable to such Seller or any of its assets or properties; or (c) (i) conflict with or result in a violation or breach of, (ii) constitute (with or without notice or lapse of time or both) a default under, (iii) require such Seller to obtain any consent, approval or action of or make any filing with or give any notice to any person as a result or under the terms of, or (iv) result in the creation or imposition of any

Encumbrance upon such Seller or any of its assets or properties under, any contract or license to which such Seller is a party or by which any of its respective assets or properties is bound and which, individually or in the aggregate with other such contracts and licenses, is material to the validity or enforceability of this Agreement or the performance of such Seller's obligations hereunder.

2.5 Governmental Approvals and Filings. No consent, approval or action of, filing with or notice to any governmental or regulatory authority on the part of such Seller is required in connection with the execution, delivery and performance by such Seller of this Agreement or the consummation by such Seller of the transactions contemplated hereby.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to the Sellers as follows:

3.1 Organization. Buyer is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Delaware. Buyer has full limited liability company power and authority to execute and deliver this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby.

3.2 Authority. The execution and delivery by Buyer of this Agreement, and the performance by Buyer of its obligations hereunder have been duly and validly authorized by all necessary actions on the part of Buyer. This Agreement has been duly and validly executed and delivered by Buyer and constitutes the legal, valid and binding obligation of Buyer enforceable against it in accordance with its terms subject, as to enforcement, to the bankruptcy, reorganization, insolvency and other similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

3.3 No Conflicts. The execution and delivery by Buyer of this Agreement does not, and the performance by Buyer of its obligations under this Agreement and the consummation of the transactions contemplated hereby will not: (a) conflict with or result in a violation or breach of any of the organizational or charter documents of Buyer or the Company; (b) conflict with or result in a violation or breach of any law or order applicable to Buyer or the Company or any of their respective assets or properties; or (c) (i) conflict with or result in a violation or breach of, (ii) constitute (with or without notice or lapse of time or both) a default under, (iii) require Buyer or the Company to obtain any consent, approval or action of or make any filing with or give any notice to any person as a result or under the terms of, or (iv) result in the creation or imposition of any Encumbrance upon Buyer or the Company or any of their respective assets or properties under, any contract or license to which Buyer or the Company is a party or by which any of their respective assets or properties is bound and which, individually or in the aggregate with other such contracts and licenses, is material to the validity or enforceability of this Agreement or the performance of Buyer's obligations hereunder.

3.4 Governmental Approvals and Filings. No consent, approval or action of, filing with or notice to any governmental or regulatory authority on the part of Buyer is required in connection with the execution, delivery and performance by Buyer of this Agreement or the consummation by Buyer of the transactions contemplated hereby.

3.5 Purchase for Investment. The Sellers' Entire LLC Interest will be acquired by Buyer for its own account for the purpose of investment, it being understood that the right to dispose of the Sellers' Entire LLC Interest shall be entirely within the discretion of Buyer.

3.6 United States Securities Laws Compliance. Buyer acknowledges that the sale of the Sellers' Entire LLC Interest to Buyer is intended to be exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"). Buyer understands and agrees that Buyer will sell or otherwise transfer the Sellers' Entire LLC Interest or any portion thereof only in accordance with the provisions of the Securities Act, pursuant to registration under the Securities Act or pursuant to an available exemption from registration thereunder and otherwise in a manner which does not violate the securities laws of any State of the United States. Buyer understands that the Company is under no obligation to register the Sellers' Entire LLC Interest on behalf of Buyer or to assist Buyer in complying with any exemption from registration under the Securities Act or under any other applicable securities laws.

ARTICLE 4

COVENANTS AND OTHER AGREEMENTS

4.1 Indemnification. The Sellers, jointly and severally, agree to indemnify and defend Buyer and its affiliates against and to hold it harmless from any and all damage, loss, liability and expense incurred or suffered by Buyer and its affiliates arising out of or based upon the inaccuracy of any representation or warranty or breach of any agreement made or to be performed by the Sellers pursuant to this Agreement. Buyer hereby agrees to indemnify and defend the Sellers against and to hold them harmless from any and all damage, loss, liability and expense incurred or suffered by the Sellers arising out of or based upon the inaccuracy of any representation or warranty or breach of any agreement made or to be performed by Buyer pursuant to this Agreement. This Section 4.2 shall survive the Closing and not be merged therein.

4.2 Further Assurances. Anything to the contrary in this Agreement notwithstanding, at any time and from time to time after the date hereof, at the request and expense of Buyer, and without further consideration, each Seller shall execute and deliver such other instruments of transfer, conveyance, assignment and confirmation and take such other action as Buyer may reasonably request as necessary or desirable in order to more effectively transfer, convey and assign to Buyer the Sellers' Entire LLC Interest as contemplated herein. This Section 4.2 shall survive the Closing and not be merged therein.

4.3 Withdrawal as Member. Effective upon the Closing, each Seller shall, and hereby does, withdraw as a member of the Company.

4.4 Tax Matters. Sellers and Buyer recognize and agree that the sale of the Sellers' Entire LLC Interest hereunder will cause a termination of the Company for federal income tax purposes pursuant to Section 708(b)(1)(A) of the Internal Revenue Code of 1986, as amended, and agree to make all tax filings and reports (including, to the extent possible, state and local income tax filings) consistent therewith. Any and all items of income, gain, loss or deduction for the Company with respect to the period of January 1, 2004 through the Closing Date will be allocated among the original members in accordance with the Operating Agreement, as if such short period were a separate calendar year or fiscal year of the Company. As soon as reasonably practicable after Closing, the Company shall cause its accountants to prepare the Company's tax returns for the period ending on the Closing Date. Any and all items of income, gain, loss or deduction for the Company from the Closing Date through December 31, 2004 will be allocated only to the Buyer, as the only member in the Company. This Section 4.4 shall survive the Closing and not be merged therein.

ARTICLE 5

CLOSING CONDITIONS

5.1 Conditions to Obligations of Buyer. The obligations of Buyer under this Agreement with respect to the Closing are subject to the satisfaction at or prior to the Closing of the following conditions:

5.1.1 Representations and Warranties. The representations and warranties of each Seller contained in Article 2 shall be true and correct on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing Date.

5.1.2 Performance. Each Seller shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by such Seller on or before the Closing.

5.1.3 Formation Transactions and the IPO. The Formation Transactions and the IPO shall have been completed and Buyer shall have received the proceeds from the IPO.

5.1.4 Certificate. Buyer shall have been provided with certificates executed on behalf of each Seller by an authorized person of such Seller certifying as to the matters set forth in Sections 5.1.1 and 5.1.2 of this Agreement.

5.2 Conditions to Obligations of the Sellers. The obligations of the Sellers under this Agreement with respect to the Closing are subject to the satisfaction at or prior to the Closing of the following conditions:

5.2.1 Representations and Warranties. The representations and warranties of the Buyer contained in Article 3 shall be true and correct on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing Date.

5.2.2 Performance. Buyer shall have performed and complied in all material respects with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing.

5.2.3 Certificate. The Sellers shall have been provided with a certificate executed on behalf of Buyer by an authorized person of Buyer certifying as to the matters set forth in this Section 5.2.

ARTICLE 6

MISCELLANEOUS

6.1 Notices. All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally or by facsimile transmission or mailed (first class postage prepaid) to the parties at the following addresses or facsimile numbers:

If to the Sellers:

FREAM No. 39 LLC
c/o Fidelity Management Trust Company
82 Devonshire Street, E16C
Boston, Massachusetts 02109
Attention: Mr. Thomas P. Lavin
Facsimile: 617-476-5546

with a copy to:

Goodwin Procter LLP
Exchange Place
Boston, Massachusetts 02109
Attention: James M. Broderick.
Facsimile: 617-227-8591

Fidelity Pension Plan Real Estate Investment LLC
c/o Fidelity Management Trust Company
82 Devonshire Street, E16C
Boston, Massachusetts 02109
Attention: Mr. Thomas P. Lavin
Facsimile: 617-476-5546

If to Buyer:

Extra Space Storage LLC
2795 East Cottonwood Parkway, Suite 400
Salt Lake City, Utah 84121
Attention: Charles Allen, General Counsel
Facsimile: 801-365-4947

with a copy to:

Clifford Chance US LLP
200 Park Avenue
New York, New York 10166
Attention: Karl A. Roessner
Facsimile: 212-878-8375

All such notices, requests and other communications will (i) if delivered personally to the address as provided in this Section 6.1, be deemed given upon delivery, (ii) if delivered by facsimile transmission to the facsimile number as provided in this Section 6.1, be deemed given upon receipt, and (iii) if delivered by mail in the manner described above to the address as provided in this Section 6.1, be deemed given upon receipt (in each case regardless of whether such notice, request or other communication is received by any other Person to whom a copy of such notice is to be delivered pursuant to this Section 6.1). Any party from time to time may change its address, facsimile number or other information for the purpose of notices to that party by giving notice specifying such change to the other party hereto.

6.2 Waiver. Any term or condition of this Agreement may be waived at any time by the party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the party waiving such term or condition. No waiver by any party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion. All remedies, either under this Agreement or by law or otherwise afforded, will be cumulative and not alternative.

6.3 Amendment. This Agreement may be amended, supplemented or modified only by a written instrument duly executed by or on behalf of each party hereto.

6.4 Binding Effect. This Agreement is binding upon, inures to the benefit of and is enforceable by the parties hereto and their respective successors and assigns.

6.5 Survival. All of the representations and warranties of Buyer and Sellers contained or made in this Agreement shall survive the Closing and shall remain operative and in full force and effect for a period of one year following the Closing, with the exception of (a) Sellers’ representations and warranties in Sections 2.1, 2.2 and 2.3, which shall survive the Closing indefinitely, and (b) Buyer’s representations and warranties in Sections 3.1 and 3.2, which shall survive the Closing indefinitely.

6.6 Headings. The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

6.7 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware.

6.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Next page is the signature page.]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized person of each party hereto as of the date first above written.

BUYER:

EXTRA SPACE STORAGE LLC,
a Delaware limited liability company

By: ______________________________
Name:
Title:

SELLERS:

FREAM No. 39 LLC
a Delaware limited liability company

By: Fidelity Management Trust Company, as Investment Manager and not Individually

By: ______________________________
Name:
Title:

Fidelity Pension Plan Real Estate Investment LLC
a Delaware limited liability company

By: Fidelity Management Trust Company, as Investment Manager and not Individually

By: ______________________________
Name:
Title:

Schedule A

THE SELLERS' ENTIRE LLC INTEREST

FREAM:

FREAM's portion of the Sellers' Entire LLC Interest	FREAM's portion of the Purchase Price
• FREAM's membership interest in the Company. • Any and all rights of FREAM to receive a Guaranteed Payment. • Any other rights of FREAM to participate in or benefit from the ownership of a membership or other economic interest in and/or the profits and/or loses of the Company, whether as a member of the Company, upon liquidation or otherwise.	98.3%

FPPREI:

FPPREI's portion of the Sellers' Entire LLC Interest	FPPREI's portion of the Purchase Price
• FPPREI's membership interest in the Company. • Any and all rights of FPPREI to receive a Guaranteed Payment. • Any other rights of FPPREI to participate in or benefit from the ownership of a membership or other economic interest in and/or the profits and/or loses of the Company, whether as a member of the Company, upon liquidation or otherwise.	1.7%

Schedule B

PURCHASE PRICE CALCULATION AS OF AUGUST 20, 2004

Assumes 8/20/2004 Payoff Date

Fidelity Investment		$ 15,558,459
Initial Investment Date		11/27/2001
Final Investment Date		10/24/2002
Rate (compounded quarterly)		22.00%
Repayment Date		8/20/2004
Principal plus Accrual		$ 20,376,656.68
Earliest Maturity (36 months)		11/27/2004
Balance at month 36 (from repayment date at 22% compounded quarterly)		$ 21,591,180.77
T-Bill Yield		1.33%
(using 91 day (1.33%) T-Bill)		
8/20 Balance	8/20/2004	$ 20,376,656.68
8/20 Balance invested at T-Bill Yield	11/27/2004	$ 20,450,365.31
Shortfall:		
Month 36 Payoff		$ 21,591,180.77
8/20 Balance invested at T-Bill Yield		$ 20,450,365.31
Required Yield Maintenance		**$ 1,140,815.46**
Required Yield Maintenance:		
Required Investment for Yield Maintenance	8/20/2004	$ 1,136,703.65
8/20 Yield Maintenance Payment invested at T-Bill Yield	11/27/2004	$ 1,140,815.46
Total 8/20/2004 Payment to Fidelity		$ 21,513,360.33

Exhibit A

FORM OF
MEMBERSHIP INTEREST TRANSFER AGREEMENT

This MEMBERSHIP INTEREST TRANSFER AGREEMENT (this "Agreement") is entered into as of , 2004, by and among Extra Space Storage LLC, a Delaware limited liability company ("Buyer"), and FREAM No. 39 LLC, a Delaware limited liability company ("FREAM"), and Fidelity Pension Plan Real Estate Investment LLC, a Delaware limited liability company ("FPPREI," and together with FREAM the "Sellers" and each a "Seller").

RECITALS

WHEREAS, each Seller and Buyer entered into that certain Membership Interest Purchase Agreement dated as of August , 2004 (the "Purchase Agreement;" capitalized terms used but not defined in this Agreement shall have the respective meanings assigned to them in the Purchase Agreement), pursuant to which, among other things, Buyer acquired each Seller's portion of the Sellers' Entire LLC Interest in Extra Space Properties Four, LLC, a Delaware limited liability company (the "Company"); and

WHEREAS, the Sellers wish to sell, transfer, convey and assign to Buyer good and valid title in and to the Sellers' Entire LLC Interest, free and clear of all Encumbrances.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement agree as follows:

1. Assignment. Each Seller hereby sells, transfers, conveys, assigns and sets over to Buyer, its successors and assigns, such Seller's portion of the Sellers' Entire LLC Interest, free and clear of all Encumbrances. As of the date hereof, each Seller (i) relinquishes all of its rights with respect to the Sellers' Entire LLC Interest for all purposes of the Operating Agreement and (ii) withdraws as a member of the Company.

2. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

[Next page is the signature page.]

IN WITNESS WHEREOF, the parties hereto have caused this Member Interest Transfer Agreement to be duly executed and delivered by their respective duly authorized persons as of the date first written above.

SELLERS

FREAM No. 39 LLC
a Delaware limited liability company

By: Fidelity Management Trust Company, as Investment Manager and not Individually

By: ____________________
Name:
Title:

Fidelity Pension Plan Real Estate Investment LLC
a Delaware limited liability company

By: Fidelity Management Trust Company, as Investment Manager and not individually

By: ____________________
Name:
Title:

BUYER

EXTRA SPACE STORAGE LLC,
a Delaware limited liability company

By: ____________________
Name:
Title:

Exhibit B

FORM OF FIRPTA AFFIDAVIT

Section 1445 of the United States Internal Revenue Code of 1986, as amended (the "Code"), provides that a transferee of a United States real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a United States real property interest by [SELLER] (the "Seller"), the undersigned hereby certifies the following on behalf of the Seller:

1. Seller is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Code and Income Tax Regulations promulgated thereunder);

2. Seller is not a disregarded entity as defined in Section 1.1445-2(b)(2)(iii) of the Income Tax Regulations promulgated under the Code;

3. Seller's U.S. employer tax identification number is ; and

4. Seller's office address is .

Seller understands that this certification may be disclosed to the Internal Revenue Service by transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury, the undersigned declares that [he/she] has examined this certification and to the best of [his/her] knowledge and belief it is true, correct and complete, and [he/she] further declares that [he/she] has authority to sign this document on behalf of the Seller.

Dated: , 2004.

[SELLER]

By: ______________________________
Name:
Title:

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Amendment No. 5 to this Registration Statement on Form S-11 of our reports dated May 6, 2004 relating to the financial statement of Extra Space Storage Inc.; July 29, 2004 relating to the consolidated financial statements and financial statements schedule of Extra Space Storage LLC; February 29, 2004 relating to the statement of revenues and certain expenses of properties owned by Extra Space West One, LLC and Extra Space East One, LLC; February 29, 2004 relating to the statement of revenues and certain expenses of properties owned by 5255 Sepulveda, LLC and 658 Venice, LTD; February 29, 2004 relating to the statement of revenues and certain expenses of properties owned by Red Hat Enterprises; February 29, 2004 relating to the statement of revenues and certain expenses of properties owned by Storage Depot; and February 29, 2004 relating to the statement of revenues and certain expenses of properties owned by Storage Deluxe which appear in such Registration Statement. We also consent to the references to us under the headings "Experts", "Prospectus summary—summary consolidated pro forma and historical data" and "Selected consolidated pro forma and historical financial data" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

Salt Lake City, Utah
August 10, 2004

Exhibit 23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the inclusion in this Amendment No. 5 to this Registration Statement of Extra Space Storage Inc. on Form S-11 of our report dated February 20, 2004, relating to the statement of revenues and certain expenses of Devon/Boston, LLC for the year ended December 31, 2003. We also consent to the references to us under the heading "Experts" in such Registration Statement.

/S/ TIMPSON GARCIA, LLP

Oakland, California
August 9, 2004

Exhibit 23.3

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the inclusion in this Amendment No. 5 to this Registration Statement of Extra Space Storage Inc. on Form S-11 of our report dated June 10, 2004, relating to the combined statement of revenues and certain expenses of Storage Spot Properties No. 1, LP and Storage Spot Properties No. 4, LP for the year ended December 31, 2003. We also consent to the references to us under the heading “Experts.”

/s/ R.J. Gold & Company, P.C.
Waltham, Massachusetts
August 10, 2004