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## **Extra Space Storage closes deal with Chicago company Joint Venture » Utah company gets cash, reduces debt burden.**

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Utah-based Extra Space Storage Inc. said it has completed creation of a joint venture with an affiliate of Harrison Street Real Estate Capital of Chicago.

Harrison Street contributed \$15.8 million in cash to the deal in return for a 50 percent ownership interest. Extra Space contributed 19 properties, unloaded \$101 million of debt that is secured by the properties and also owns the remaining 50 percent.

"There's a couple of reasons behind it: to generate a little bit of cash, to offload a little bit of debt into the joint venture - --- it de-leverages us -a little bit," James Overturf, vice president of marketing and corporate communication for Extra Space, said Thursday. "But more than anything, it establishes a relationship with a really good joint venture partner."

Extra Space Storage, a publicly traded company whose offices are in the Cottonwood Heights area of Salt Lake County, is a real estate investment trust that owns or operates 766 self-storage facilities in 33 states and Washington, D.C.

Harrison Street Real Estate Capital has acquired, or is in the process of developing, more than 170 properties valued at \$2 billion-plus, mostly in the areas of self-storage, student housing, senior housing, and assisted living and medical-related facilities, according to a news release.

The properties Extra Space is contributing to the joint venture are located in California, Florida, Nevada, Ohio, Pennsylvania, Tennessee, Texas and Virginia. The company will continue to manage them.

When the deal was announced last June, Harrison Street Real Estate Capital was to contribute about \$62.4 million in cash to the joint venture in return for 80 percent ownership. The venture was to assume about \$213 million of Extra Space Storage debt.

Overturf blamed the alteration of the terms at the closing on market conditions.

In its latest quarterly report for the period that ended Sept. 30, the company reported net income of \$7.5 million compared to \$11.8 million for the same period last year. For the first nine months of this year, its net was \$31.65 million, compared to \$26.2 million for the same period of 2008.

Last May, Extra Space Storage closed down its development program and laid off 16 employees

Overturf said self-storage units have done well financially during the economic downturn with banks still willing to make loans on the properties.

"So we've been able to roll our debt," he said. "It's been an effort but we've been able to get it down. We've raised almost \$350 million in debt last year to cover our upcoming debt maturing through the end of 2011."