



NEWS RELEASE

## Extra Space Storage Inc. Reports 2019 First Quarter Results

2019-04-30

SALT LAKE CITY, April 30, 2019 /PRNewswire/ -- Extra Space Storage Inc. (NYSE: EXR) (the "Company"), a leading owner and operator of self-storage facilities in the United States and a member of the S&P 500, announced operating results for the three months ended March 31, 2019.

### Highlights for the three months ended March 31, 2019:

- Achieved net income attributable to common stockholders of \$0.74 per diluted share, representing a 5.7% increase compared to the same period in 2018.
- Achieved funds from operations attributable to common stockholders and unit holders ("FFO") of \$1.15 per diluted share. FFO, excluding adjustments for non-cash interest ("Core FFO"), was \$1.16 per diluted share, representing a 6.4% increase compared to the same period in 2018.
- Increased same-store revenue by 4.2% and same-store net operating income ("NOI") by 4.8% compared to the same period in 2018.
- Reported same-store occupancy of 91.6% as of March 31, 2019, compared to 91.8% as of March 31, 2018.
- Acquired two stores at completion of construction (a "Certificate of Occupancy store" or "C of O store") and purchased our joint venture partner's interest in 12 stores for a total investment of approximately \$222.3 million.
- In conjunction with joint venture partners, acquired one operating store and six Certificate of Occupancy stores for a total cost of approximately \$210.6 million, of which the Company invested \$47.7 million.
- Added 46 stores (gross) to the Company's third-party management platform. As of March 31, 2019, we managed 577 stores for third parties and 228 stores in joint ventures, for a total of 805 managed stores.
- Paid a quarterly dividend of \$0.86 per share.

Joe Margolis, CEO of Extra Space Storage Inc., commented: "Extra Space Storage is off to a great start in 2019, with

solid first quarter performance. We exceeded our same-store revenue and NOI budgets, despite pressure from new supply. Core FFO growth was strong at 6.4%, two cents above the high end of our guidance. Our diversified portfolio and sophisticated operating platform have maintained high same-store occupancy, and we are well positioned for the summer leasing season."

### FFO Per Share:

The following table outlines the Company's FFO and Core FFO for the three months ended March 31, 2019 and 2018. The table also provides a reconciliation to GAAP net income attributable to common stockholders and earnings per diluted share for each period presented (amounts shown in thousands, except share and per share data — unaudited):

	For the Three Months Ended March 31,			
	2019		2018	
		(per share) <sup>1</sup>		(per share) <sup>1</sup>
Net income attributable to common stockholders	\$ 94,770	\$ 0.74	\$ 88,256	\$ 0.70
Impact of the difference in weighted average number of shares – diluted <sup>2</sup>		(0.04)		(0.05)
Adjustments:				
Real estate depreciation	50,773	0.37	47,238	0.35
Amortization of intangibles	2,288	0.02	2,639	0.02
Unconsolidated joint venture real estate depreciation and amortization	1,872	0.01	1,512	0.01
Distributions paid on Series A Preferred Operating Partnership units	(572)	—	(572)	—
Income allocated to Operating Partnership noncontrolling interests	7,390	0.05	7,174	0.05
FFO	\$ 156,521	\$ 1.15	\$ 146,247	\$ 1.08
Adjustments:				
Non-cash interest expense related to amortization of discount on equity portion of exchangeable senior notes	1,162	0.01	1,209	0.01
CORE FFO	\$ 157,683	\$ 1.16	\$ 147,456	\$ 1.09
Weighted average number of shares – diluted <sup>3</sup>	136,152,344		134,888,798	

- (1) Per share amounts may not recalculate due to rounding.
- (2) Adjustment to account for the difference between the number of shares used to calculate earnings per share and the number of shares used to calculate FFO per share. Earnings per share is calculated using the two-class method, which uses a lower number of shares than the calculation for FFO per share and Core FFO per share, which are calculated assuming full redemption of all OP units as described in note (3).
- (3) Extra Space Storage LP (the "Operating Partnership") has outstanding preferred and common Operating Partnership units ("OP units"). These OP units can be redeemed for cash or, at the Company's election, shares of the Company's common stock. Redemption of all OP units for common stock has been assumed for purposes of calculating the weighted average number of shares — diluted as presented above. The computation of weighted average number of shares — diluted for FFO per share and Core FFO per share also includes the effect of share-based compensation plans using the treasury stock method.

### Operating Results and Same-Store Performance:

The following table outlines the Company's same-store performance for the three months ended March 31, 2019 and 2018 (amounts shown in thousands, except store count data—unaudited)<sup>1</sup>:

	For the Three Months Ended March 31,		Percent Change
	2019	2018	
Same-store rental revenues <sup>2</sup>	\$ 252,327	\$ 242,231	4.2%
Same-store operating expenses <sup>2</sup>	71,814	70,048	2.5%
Same-store net operating income <sup>2</sup>	\$ 180,513	\$ 172,183	4.8%
Same-store square foot occupancy as of quarter end	91.6%	91.8%	
Properties included in same-store	821	821	

- (1) A reconciliation of net income to same-store net operating income is provided later in this release, entitled "Reconciliation of GAAP Net Income to Total Same-Store Net Operating Income."
- (2) Same-store revenues, same-store operating expenses and same-store net operating income do not include tenant reinsurance revenue or expense.

Same-store revenues for the three months ended March 31, 2019 increased due to higher rental rates for both new and existing customers. Same-store expenses were higher for the three months ended March 31, 2019, primarily due to increases in property taxes, marketing and insurance, which were partially offset by decreases in payroll and benefits and utilities expense.

Major markets with revenue growth above the Company's portfolio average for the three months ended March 31, 2019 included Atlanta, Chicago, Hawaii, Las Vegas, Phoenix and Sacramento. Major markets performing below the Company's portfolio average included Charleston, Dallas, Denver, Houston, Miami and Tampa.

### Investment, Disposition and Third-Party Management Activity:

The following table outlines the Company's acquisitions and developments that are closed, completed or under agreement (dollars in thousands - unaudited):

	Total Closed/ Completed through March 31, 2019		Closed/Completed Subsequent to March 31, 2019		Scheduled to Still Close/Complete in 2019		Total 2019		To Close/Complete in 2020/2021	
	Stores	Price	Stores	Price	Stores	Price	Stores	Price	Stores	Price
Wholly-Owned Investment Operating Stores	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ —
C of O and Development Stores <sup>1</sup>	2	29,780	—	—	4	43,400	6	73,180	4	38,262
Buyout of JV Partners' Interest in Operating Stores <sup>2</sup>	12	192,518	—	—	—	—	12	192,518	—	—
EXR Investment in Wholly- owned stores	14	222,298	—	—	4	43,400	18	265,698	4	38,262

Joint Venture Investment EXR Investment in JV Acquisition of Operating Stores	1	1,950	—	—	—	—	1	\$ 1,950	—	—
EXR Investment in JV C of O and Development Stores	6	45,739	—	—	6	32,829	12	78,568	2	11,996
EXR Investment in Joint Ventures	7	47,689	—	—	6	32,829	13	80,518	2	11,996
Total EXR Investment	21	\$ 269,987	—	\$ —	10	\$ 76,229	31	\$ 346,216	6	\$ 50,258

- (1) The locations of C of O and development stores and joint venture ownership interest details are included in the supplemental financial information published on the Company's website at [www.extraspace.com](http://www.extraspace.com).
- (2) The buyout of JV partners' interest in stores is reported at the value of the partners' ownership interest less the value of the Company's promoted interest.

The projected developments and acquisitions under agreement described above are subject to customary closing conditions and no assurance can be provided that these developments and acquisitions will be completed on the terms described, or at all.

## Dispositions

Subsequent to quarter end, on April 11, 2019, the Company disposed of a store in Ballston Spa, New York for \$11.8 million.

## Property Management:

As of March 31, 2019, the Company managed 577 stores for third-party owners and 228 stores owned in joint ventures, for a total of 805 stores under management. The Company continues to be the largest self-storage management company in the United States.

## Balance Sheet:

During the three months ended March 31, 2019, the Company did not sell any shares of common stock using its at-the-market ("ATM") equity program. As of March 31, 2019, the Company had \$257.9 million available for issuance under its ATM equity program.

As of March 31, 2019, the Company's percentage of fixed-rate debt to total debt was 72.0%. The weighted average interest rates of the Company's fixed and variable-rate debt were 3.4% and 3.8%, respectively. The combined

weighted average interest rate was 3.5% with a weighted average maturity of approximately 4.7 years.

### Dividends:

On March 29, 2019, the Company paid a first quarter common stock dividend of \$0.86 per share to stockholders of record at the close of business on March 15, 2019.

### Outlook:

The following table outlines the Company's FFO estimates and annual assumptions for the year ending December 31, 2019<sup>1</sup>:

	Ranges for 2019 Annual Assumptions		Notes
	Low	High	
FFO	\$ 4.73	\$ 4.82	
Core FFO	\$ 4.76	\$ 4.85	
Dilution per share from C of O and value add acquisitions	\$ 0.23	\$ 0.23	
Same-store revenue growth	2.00 %	3.00 %	<u>Excludes</u> tenant reinsurance
Same-store expense growth	3.75 %	4.75 %	<u>Excludes</u> tenant reinsurance
Same-store NOI growth	1.25 %	2.75 %	<u>Excludes</u> tenant reinsurance
Weighted average one-month LIBOR	2.53 %	2.53 %	
Net tenant reinsurance income	\$ 94,500,000	\$ 95,500,000	
Management fees, other income and interest income	\$ 52,000,000	\$ 53,000,000	
General and administrative expenses	\$ 90,000,000	\$ 91,000,000	Includes non-cash compensation expense
Average monthly cash balance	\$ 22,000,000	\$ 22,000,000	
Equity in earnings of real estate ventures	\$ 12,000,000	\$ 13,000,000	
Acquisition of operating stores (wholly-owned)	\$ 300,000,000	\$ 300,000,000	
Acquisition of C of O stores (wholly-owned)	\$ 75,000,000	\$ 75,000,000	Includes development
Acquisition of operating stores (joint venture)	\$ 50,000,000	\$ 50,000,000	Represents the Company's investment and includes development
Acquisition of C of O stores (joint venture)	\$ 75,000,000	\$ 75,000,000	
Interest expense	\$ 190,000,000	\$ 192,000,000	
Non-cash interest expense related to exchangeable senior notes	\$ 5,000,000	\$ 5,000,000	Excluded from Core FFO
Taxes associated with the Company's taxable REIT subsidiary	\$ 9,000,000	\$ 10,000,000	
Weighted average share count	136,600,000	136,600,000	Assumes redemption of all OP units for common stock

(1) A reconciliation of net income outlook to same-store net operating income outlook is provided later in this release entitled "Reconciliation of Estimated GAAP Net Income to Estimated Same-Store Net Operating Income." The reconciliation includes details related to same-store revenue and same-store expense outlooks. A reconciliation of net income per share outlook to funds from operations per share outlook is provided later in this release entitled "Reconciliation of the Range of Estimated GAAP Fully Diluted Earnings Per Share to Estimated Fully Diluted FFO Per Share."

FFO estimates for the year are fully diluted for an estimated average number of shares and OP units outstanding during the year. The Company's estimates are forward-looking and based on management's view of current and future market conditions. The Company's actual results may differ materially from these estimates.

### Supplemental Financial Information:

Supplemental unaudited financial information regarding the Company's performance can be found on the Company's website at [www.extraspace.com](http://www.extraspace.com). Under the "Company Info" navigation menu on the home page, click on "Investor Relations," then under the "Financials & Stock Info" navigation menu click on "Quarterly Earnings." This supplemental information provides additional detail on items that include store occupancy and financial performance by portfolio and market, debt maturity schedules and performance of lease-up assets.

### Conference Call:

The Company will host a conference call at 1:00 p.m. Eastern Time on Wednesday, May 1, 2019, to discuss its financial results. To participate in the conference call, please dial 855-791-2026 or 631-485-4899 for international participants; audience passcode: 8052699. The conference call will also be available on the Company's website at [www.extraspace.com](http://www.extraspace.com). To listen to a live broadcast, go to the site at least 15 minutes prior to the scheduled start time in order to register, download and install any necessary audio software. A replay of the call will be available for 30 days on the Company's website in the Investor Relations section.

A replay of the call will also be available by telephone, from 4:00 p.m. Eastern Time on May 1, 2019, until 4:00 p.m. Eastern Time on May 6, 2019. The replay dial-in numbers are 855-859-2056 or 404-537-3406 for international callers; conference ID: 8052699.

### Forward-Looking Statements:

Certain information set forth in this release contains "forward-looking statements" within the meaning of the federal securities laws. Forward-looking statements include statements concerning the benefits of store acquisitions, developments, favorable market conditions, our outlook and estimates for the year and other statements concerning our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, the competitive landscape, plans or intentions relating to acquisitions and developments and other information that is not historical information. In some cases, forward-looking statements can be identified by terminology such as "believes," "estimates," "expects," "may," "will," "should," "anticipates," or "intends," or the negative of such terms or other comparable terminology, or by discussions of strategy. We may also make additional forward-looking statements from time to time. All such subsequent forward-looking statements, whether written or oral, by us or on our behalf, are also expressly qualified by these cautionary statements. There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in or contemplated by this release. Any forward-looking statements should be considered in light of the risks referenced in the "Risk Factors" section included in our most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Such factors include, but are not limited to:

- adverse changes in general economic conditions, the real estate industry and the markets in which we operate;
- failure to close pending acquisitions and developments on expected terms, or at all;

- the effect of competition from new and existing stores or other storage alternatives, which could cause rents and occupancy rates to decline;
- potential liability for uninsured losses and environmental contamination;
- the impact of the regulatory environment as well as national, state and local laws and regulations, including, without limitation, those governing real estate investment trusts ("REITs"), tenant reinsurance and other aspects of our business, which could adversely affect our results;
- disruptions in credit and financial markets and resulting difficulties in raising capital or obtaining credit at reasonable rates or at all, which could impede our ability to grow;
- increases in interest rates;
- reductions in asset valuations and related impairment charges;
- our lack of sole decision-making authority with respect to our joint venture investments;
- the effect of recent changes to U.S. tax laws;
- the failure to maintain our REIT status for U.S. federal income tax purposes; and
- economic uncertainty due to the impact of natural disasters, war or terrorism, which could adversely affect our business plan.

All forward-looking statements are based upon our current expectations and various assumptions. Our expectations, beliefs and projections are expressed in good faith and we believe there is a reasonable basis for them, but there can be no assurance that management's expectations, beliefs and projections will result or be achieved. All forward-looking statements apply only as of the date made. We undertake no obligation to publicly update or revise forward-looking statements which may be made to reflect events or circumstances after the date made or to reflect the occurrence of unanticipated events.

#### Definition of FFO:

FFO provides relevant and meaningful information about the Company's operating performance that is necessary, along with net income and cash flows, for an understanding of the Company's operating results. The Company believes FFO is a meaningful disclosure as a supplement to net income. Net income assumes that the values of real estate assets diminish predictably over time as reflected through depreciation and amortization expenses. The values of real estate assets fluctuate due to market conditions and the Company believes FFO more accurately reflects the value of the Company's real estate assets. FFO is defined by the National Association of Real Estate Investment Trusts, Inc. ("NAREIT") as net income computed in accordance with U.S. generally accepted accounting principles ("GAAP"), excluding gains or losses on sales of operating stores and impairment write downs of depreciable real estate assets, plus depreciation and amortization related to real estate and after adjustments to record unconsolidated partnerships and joint ventures on the same basis. The Company believes that to further understand the Company's performance, FFO should be considered along with the reported net income and cash flows in accordance with GAAP, as presented in the Company's consolidated financial statements. FFO should not be considered a replacement of net income computed in accordance with GAAP.

For informational purposes, the Company also presents Core FFO. Core FFO excludes revenues and expenses not

core to our operations and non-cash interest. Although the Company's calculation of Core FFO differs from NAREIT's definition of FFO and may not be comparable to that of other REITs and real estate companies, the Company believes it provides a meaningful supplemental measure of operating performance. The Company believes that by excluding revenues and expenses not core to our operations and non-cash interest charges, stockholders and potential investors are presented with an indicator of our operating performance that more closely achieves the objectives of the real estate industry in presenting FFO. Core FFO by the Company should not be considered a replacement of the NAREIT definition of FFO. The computation of FFO may not be comparable to FFO reported by other REITs or real estate companies that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently. FFO does not represent cash generated from operating activities determined in accordance with GAAP, and should not be considered as an alternative to net income as an indication of the Company's performance, as an alternative to net cash flow from operating activities as a measure of liquidity, or as an indicator of the Company's ability to make cash distributions.

### Definition of Same-Store:

The Company's same-store pool for the periods presented consists of 821 stores that are wholly-owned and operated and that were stabilized by the first day of the earliest calendar year presented. The Company considers a store to be stabilized once it has been open for three years or has sustained average square foot occupancy of 80.0% or more for one calendar year. The Company believes that by providing same-store results from a stabilized pool of stores, with accompanying operating metrics including, but not limited to occupancy, rental revenue (growth), operating expenses (growth), net operating income (growth), etc., stockholders and potential investors are able to evaluate operating performance without the effects of non-stabilized occupancy levels, rent levels, expense levels, acquisitions or completed developments. Same-store results should not be used as a basis for future same-store performance or for the performance of the Company's stores as a whole.

### About Extra Space Storage Inc.:

Extra Space Storage Inc., headquartered in Salt Lake City, Utah, is a self-administered and self-managed REIT and a member of the S&P 500. As of March 31, 2019, the Company owned and/or operated 1,696 self-storage stores in 40 states, Washington, D.C. and Puerto Rico. The Company's stores comprise approximately 1.2 million units and approximately 130.0 million square feet of rentable space. The Company offers customers a wide selection of conveniently located and secure storage units across the country, including boat storage, RV storage and business storage. The Company is the second largest owner and/or operator of self-storage stores in the United States and is the largest self-storage management company in the United States.

Condensed Consolidated Balance Sheets  
(In thousands, except share data)

	March 31, 2019 (Unaudited)	December 31, 2018
<b>Assets:</b>		
Real estate assets, net	\$ 7,688,617	\$ 7,491,831
Real estate assets - operating lease right of use assets	94,198	—
Investments in unconsolidated real estate ventures	161,029	125,326
Cash and cash equivalents	38,988	57,496
Restricted cash	7,840	15,194
Other assets, net	141,842	158,131
Total assets	<u>\$ 8,132,514</u>	<u>\$ 7,847,978</u>
<b>Liabilities, Noncontrolling Interests and Equity:</b>		
Notes payable, net	\$ 4,101,958	\$ 4,137,213
Exchangeable senior notes, net	564,136	562,374
Notes payable to trusts	—	30,928
Revolving lines of credit	335,000	81,000
Operating lease liabilities	103,578	—
Cash distributions in unconsolidated real estate ventures	44,570	45,197
Accounts payable and accrued expenses	99,302	101,461
Other liabilities	110,158	104,383
Total liabilities	<u>5,358,702</u>	<u>5,062,556</u>
Commitments and contingencies		
<b>Noncontrolling Interests and Equity:</b>		
Extra Space Storage Inc. stockholders' equity:		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock, \$0.01 par value, 500,000,000 shares authorized, 127,372,050 and 127,103,750 shares issued and outstanding at March 31, 2019 and December 31, 2018, respectively	1,274	1,271
Additional paid-in capital	2,648,723	2,640,705
Accumulated other comprehensive income	11,807	34,650
Accumulated deficit	<u>(277,655)</u>	<u>(262,902)</u>
Total Extra Space Storage Inc. stockholders' equity	2,384,149	2,413,724
Noncontrolling interest represented by Preferred Operating Partnership units, net	176,264	153,096
Noncontrolling interests in Operating Partnership, net and other noncontrolling interests	<u>213,399</u>	<u>218,602</u>
Total noncontrolling interests and equity	<u>2,773,812</u>	<u>2,785,422</u>
Total liabilities, noncontrolling interests and equity	<u>\$ 8,132,514</u>	<u>\$ 7,847,978</u>

Consolidated Statement of Operations for the Three Months Ended March 31, 2019 and 2018  
(In thousands, except share and per share data) - Unaudited

	For the Three Months Ended March 31,	
	2019	2018
<b>Revenues:</b>		
Property rental	\$ 271,003	\$ 247,886
Tenant reinsurance	29,797	27,034
Management fees and other income	10,746	10,565
Total revenues	<u>311,546</u>	<u>285,485</u>
<b>Expenses:</b>		
Property operations	78,765	72,753
Tenant reinsurance	6,967	5,607
General and administrative	22,678	21,464
Depreciation and amortization	54,659	51,749
Total expenses	<u>163,069</u>	<u>151,573</u>
Income from operations	148,477	133,912
Interest expense	(47,360)	(40,966)
Non-cash interest expense related to amortization of discount on equity component of exchangeable senior notes	(1,162)	(1,209)
Interest income	1,388	1,438
Income before equity in earnings of unconsolidated real estate ventures and income tax expense	101,343	93,175
Equity in earnings of unconsolidated real estate ventures	2,630	3,597
Income tax expense	<u>(1,813)</u>	<u>(1,342)</u>
Net income	102,160	95,430
Net income allocated to Preferred Operating Partnership noncontrolling interests	(3,163)	(3,390)
Net income allocated to Operating Partnership and other noncontrolling interests	<u>(4,227)</u>	<u>(3,784)</u>
Net income attributable to common stockholders	<u>\$ 94,770</u>	<u>\$ 88,256</u>
<b>Earnings per common share</b>		
Basic	<u>\$ 0.74</u>	<u>\$ 0.70</u>
Diluted	<u>\$ 0.74</u>	<u>\$ 0.70</u>
<b>Weighted average number of shares</b>		
Basic	127,037,247	125,772,439

Diluted  
Cash dividends paid per common share

134,289,716	132,682,560
<u>\$ 0.86</u>	<u>\$ 0.78</u>

Reconciliation of GAAP Net Income to Total Same-Store Net Operating Income — for the Three Months Ended March 31, 2019 and 2018 (In thousands) — Unaudited

	For the Three Months Ended March 31,	
	2019	2018
Net Income	\$ 102,160	\$ 95,430
Adjusted to exclude:		
Equity in earnings of unconsolidated joint ventures	(2,630)	(3,597)
Interest expense (includes non-cash interest)	48,522	42,175
Depreciation and amortization	54,659	51,749
Income tax expense	1,813	1,342
General and administrative (includes stock compensation)	22,678	21,464
Management fees, other income and interest income	(12,134)	(12,003)
Net tenant insurance	(22,830)	(21,427)
Non same-store revenue	(18,676)	(5,655)
Non same-store expense	6,951	2,705
Total same-store net operating income	<u>\$ 180,513</u>	<u>\$ 172,183</u>
Same-store revenues	252,327	242,231
Same-store operating expenses	71,814	70,048
Same-store net operating income	<u>\$ 180,513</u>	<u>\$ 172,183</u>

Reconciliation of the Range of Estimated GAAP Fully Diluted Earnings Per Share to Estimated Fully Diluted FFO Per Share — for the Three Months Ending June 30, 2019 and Year Ending December 31, 2019 — Unaudited

	For the Three Months Ending June 30, 2019		For the Year Ending December 31, 2019	
	Low End	High End	Low End	High End
Net income attributable to common stockholders per diluted share	\$ 0.71	\$ 0.73	\$ 2.89	\$ 2.98
Income allocated to noncontrolling interest - Preferred Operating Partnership and Operating Partnership	0.06	0.06	0.23	0.23
Fixed component of income allocated to non-controlling interest - Preferred Operating Partnership	—	—	(0.02)	(0.02)
Net income attributable to common stockholders for diluted computations	<u>0.77</u>	<u>0.79</u>	<u>3.10</u>	<u>3.19</u>
Adjustments:				
Real estate depreciation	0.38	0.38	1.52	1.52
Amortization of intangibles	0.01	0.01	0.05	0.05
Unconsolidated joint venture real estate depreciation and amortization	0.01	0.01	0.06	0.06
Funds from operations attributable to common stockholders	<u>\$ 1.17</u>	<u>\$ 1.19</u>	<u>\$ 4.73</u>	<u>\$ 4.82</u>
Adjustments:				
Non-cash interest expense related to amortization of discount on equity portion of exchangeable senior notes	0.01	0.01	0.03	0.03
Core funds from operations attributable to common stockholders	<u>\$ 1.18</u>	<u>\$ 1.20</u>	<u>\$ 4.76</u>	<u>\$ 4.85</u>

Reconciliation of Estimated GAAP Net Income to Estimated Same-store Net Operating Income —  
for the Year Ending December 31, 2019 (In thousands) — Unaudited

	For the Year Ending December 31, 2019	
	Low	High
Net Income	\$ 436,500	\$ 456,500
Adjusted to exclude:		
Equity in earnings of unconsolidated joint ventures	(12,000)	(13,000)
Interest expense (includes non-cash)	197,000	195,000
Depreciation and amortization	222,000	222,000
Income tax expense	(9,000)	(10,000)
General and administrative	91,000	90,000
Management fees, other income and interest income	(52,000)	(53,000)
Net tenant insurance	(94,500)	(95,500)
Non same-store revenue	(80,000)	(80,000)
Non same-store expense	29,000	29,000
Total same-store net operating income	\$ 728,000	\$ 741,000
Same-store revenue	\$ 1,018,000	\$ 1,028,000
Same-store expense	(290,000)	(287,000)
Total same-store net operating income	\$ 728,000	\$ 741,000

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Jeff Norman, Extra Space Storage Inc., (801) 365-1759