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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2022
or

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

For the transition period from __________ to __________.
Commission File Number: 001-32269

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

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

2795 East Cottonwood Parkway, Suite 300
Salt Lake City, Utah 84121
(Address of principal executive offices)

Registrant’s telephone number, including area code: (801) 365-4600

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, $0.01 par value	EXR	New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The number of shares outstanding of the registrant’s common stock, par value $0.01 per share, as of May 2, 2022, was 134,279,862.

EXTRA SPACE STORAGE INC.

TABLE OF CONTENTS

STATEMENT ON FORWARD-LOOKING INFORMATION

Certain information presented in this report contains “forward-looking statements” within the meaning of the federal securities laws. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions and other information that is not historical information. In some cases, forward-looking statements can be identified by terminology such as “believes,” “expects,” “estimates,” “may,” “will,” “should,” “anticipates” or “intends” or the negative of such terms or other comparable terminology, or by discussions of strategy. We may also make additional forward-looking statements from time to time. All such subsequent forward-looking statements, whether written or oral, by us or on our behalf, are also expressly qualified by these cautionary statements.

All forward-looking statements, including without limitation, management’s examination of historical operating trends and estimates of future earnings, are based upon our current expectations and various assumptions. Our expectations, beliefs and projections are expressed in good faith and we believe there is a reasonable basis for them, but there can be no assurance that management’s expectations, beliefs and projections will result or be achieved. All forward-looking statements apply only as of the date made. We undertake no obligation to publicly update or revise forward-looking statements which may be made to reflect events or circumstances after the date made or to reflect the occurrence of unanticipated events.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in or contemplated by this report. Any forward-looking statements should be considered in light of the risks referenced in “Part II. Item 1A. Risk Factors” below and in “Part I. Item 1A. Risk Factors” included in our most recent Annual Report on Form 10-K. 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;
- impacts from the COVID-19 pandemic or the future outbreak of other highly infectious or contagious diseases, including reduced demand for self-storage space and ancillary products and services such as tenant reinsurance, and potential decreases in occupancy and rental rates and staffing levels, which could adversely affect our results;
- our reliance on information technologies, which are vulnerable to, among other things, attack from computer viruses and malware, hacking, cyberattacks and other unauthorized access or misuse, any of which could adversely affect our business and results;
- increased 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 or future 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.

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

We disclaim any duty or obligation to update or revise any forward-looking statements set forth in this report to reflect new information, future events or otherwise.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Extra Space Storage Inc.
Condensed Consolidated Balance Sheets
(amounts in thousands, except share data)

	March 31, 2022 (unaudited)	December 31, 2021
Assets:		
Real estate assets, net	$ 8,940,724	$ 8,834,649
Real estate assets - operating lease right-of-use assets	236,961	227,949
Investments in unconsolidated real estate entities	475,291	457,326
Investments in debt securities and notes receivable	694,107	719,187
Cash and cash equivalents	65,978	71,126
Restricted cash	6,688	5,068
Other assets, net	172,001	159,172
Total assets	$ 10,591,750	$ 10,474,477
Liabilities, Noncontrolling Interests and Equity:		
Notes payable, net	$ 1,293,563	$ 1,320,755
Unsecured term loans, net	1,742,459	1,741,926
Unsecured senior notes, net	2,756,644	2,360,066
Revolving lines of credit	220,000	535,000
Operating lease liabilities	242,842	233,356
Cash distributions in unconsolidated real estate ventures	64,506	63,582
Accounts payable and accrued expenses	136,856	142,285
Other liabilities	256,716	291,531
Total liabilities	6,713,586	6,688,501
Commitments and contingencies		
Noncontrolling Interests and Equity:		
Extra Space Storage Inc. stockholders' equity:		
Preferred stock, $0.01 par value, 50,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock, $0.01 par value, 500,000,000 shares authorized, 134,251,076 and 133,922,305 shares issued and outstanding at March 31, 2022 and December 31, 2021, respectively	1,343	1,339
Additional paid-in capital	3,329,608	3,285,948
Accumulated other comprehensive income (loss)	6,457	(42,546)
Accumulated deficit	(127,193)	(128,245)
Total Extra Space Storage Inc. stockholders' equity	3,210,215	3,116,496
Noncontrolling interest represented by Preferred Operating Partnership units, net	256,051	259,110
Noncontrolling interests in Operating Partnership, net and other noncontrolling interests	411,898	410,370
Total noncontrolling interests and equity	3,878,164	3,785,976
Total liabilities, noncontrolling interests and equity	$ 10,591,750	$ 10,474,477

See accompanying notes to unaudited condensed consolidated financial statements.

Extra Space Storage Inc.
Condensed Consolidated Statements of Operations
(amounts in thousands, except share data)
(unaudited)

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Revenues:		
Property rental	$ 379,808	$ 303,593
Tenant reinsurance	43,797	39,619
Management fees and other income	19,957	15,645
Total revenues	443,562	358,857
Expenses:		
Property operations	103,542	92,367
Tenant reinsurance	7,042	7,161
General and administrative	29,762	23,540
Depreciation and amortization	67,906	58,599
Total expenses	208,252	181,667
Gain on real estate transactions	—	63,883
Income from operations	235,310	241,073
Interest expense	(42,538)	(40,695)
Interest income	18,989	12,304
Income before equity in earnings and dividend income from unconsolidated real estate ventures and income tax expense	211,761	212,682
Equity in earnings and dividend income from unconsolidated real estate entities	9,097	6,956
Income tax expense	(3,141)	(4,137)
Net income	217,717	215,501
Net income allocated to Preferred Operating Partnership noncontrolling interests	(4,333)	(3,680)
Net income allocated to Operating Partnership and other noncontrolling interests	(9,805)	(8,823)
Net income attributable to common stockholders	$ 203,579	$ 202,998
Earnings per common share		
Basic	$ 1.52	$ 1.54
Diluted	$ 1.51	$ 1.53
Weighted average number of shares		
Basic	134,180,175	132,007,556
Diluted	141,581,862	139,676,548
Cash dividends paid per common share	$ 1.50	$ 1.00

See accompanying notes to unaudited condensed consolidated financial statements.

Extra Space Storage Inc.
Condensed Consolidated Statements of Comprehensive Income
(amounts in thousands)
(unaudited)

	For the Three Months Ended March 31,	
	2022	2021
Net income	$ 217,717	$ 215,501
Other comprehensive income:		
Change in fair value of interest rate swaps	51,649	23,013
Total comprehensive income	269,366	238,514
Less: comprehensive income attributable to noncontrolling interests	16,784	13,603
Comprehensive income attributable to common stockholders	$ 252,582	$ 224,911

See accompanying notes to unaudited condensed consolidated financial statements.

Extra Space Storage Inc.
Condensed Consolidated Statement of Noncontrolling Interests and Equity
(amounts in thousands, except share data)
(unaudited)

	Noncontrolling Interest			Extra Space Storage Inc. Stockholders' Equity					
	Preferred Operating Partnership	**Operating Partnership**	**Other**	**Shares**	**Par Value**	**Additional Paid-in Capital**	**Accumulated Other Comprehensive Income (Loss)**	**Accumulated Deficit**	**Total Noncontrolling Interests and Equity**
Balances at December 31, 2020	**$ 172,052**	**$ 215,892**	**$ 401**	**131,357,961**	**$1,314**	**$3,000,458**	**$ (99,093)**	**$ (354,900)**	**$ 2,936,124**
Issuance of common stock upon the exercise of options	—	—	—	56,722	—	4,254	—	—	4,254
Issuance of common stock in connection with share based compensation	—	—	—	89,793	—	3,652	—	—	3,652
Restricted stock grants cancelled	—	—	—	(2,499)	—	—	—	—	—
Issuance of common stock, net of offering costs	—	—	—	2,185,685	22	273,698	—	—	273,720
Redemption of Operating Partnership units for stock	—	(193)	—	5,000	—	193	—	—	—
Noncontrolling interest in consolidated joint venture	—	—	(50)	—	—	—	—	—	(50)
Net income (loss)	3,680	8,828	(5)	—	—	—	—	202,998	215,501
Other comprehensive income	144	956	—	—	—	—	21,913	—	23,013
Distributions to Operating Partnership units held by noncontrolling interests	(3,224)	(5,801)	—	—	—	—	—	—	(9,025)
Dividends paid on common stock at $1.00 per share	—	—	—	—	—	—	—	(132,540)	(132,540)
Balances at March 31, 2021	**$ 172,652**	**$ 219,682**	**$ 346**	**133,692,662**	**$1,336**	**$3,282,255**	**$ (77,180)**	**$ (284,442)**	**$ 3,314,649**

Extra Space Storage Inc.
Condensed Consolidated Statement of Noncontrolling Interests and Equity
(amounts in thousands, except share data)
(unaudited)

	Noncontrolling Interest			Extra Space Storage Inc. Stockholders' Equity					
	Preferred Operating Partnership	Operating Partnership	Other	Shares	Par Value	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Noncontrolling Interests and Equity
Balances at December 31, 2021	**$ 259,110**	**$ 410,053**	**$ 317**	**133,922,305**	**$1,339**	**$3,285,948**	**$ (42,546)**	**$ (128,245)**	**$ 3,785,976**
Issuance of common stock in connection with share based compensation	—	—	—	142,784	—	4,542	—	—	4,542
Restricted stock grants cancelled	—	—	—	(779)	—	—	—	—	—
Redemption of Operating Partnership units for cash	—	(829)	—	—	—	(1,843)	—	—	(2,672)
Redemption of Preferred B Units in the Operating Partnership for cash	(3,375)	—	—	—	—	—	—	—	(3,375)
Issuance of common stock in conjunction with acquisitions	—	—	—	186,766	4	40,961	—	—	40,965
Net income	4,333	9,805		—	—	—	—	203,579	217,717
Other comprehensive income	313	2,333	—	—	—	—	49,003	—	51,649
Distributions to Operating Partnership units held by noncontrolling interests	(4,330)	(9,781)	—	—	—	—	—	—	(14,111)
Dividends paid on common stock at $1.50 per share	—	—	—	—	—	—	—	(202,527)	(202,527)
Balances at March 31, 2022	**$ 256,051**	**$ 411,581**	**$ 317**	**134,251,076**	**$1,343**	**$3,329,608**	**$ 6,457**	**$ (127,193)**	**$ 3,878,164**

See accompanying notes to unaudited condensed consolidated financial statements.

Extra Space Storage Inc.
Condensed Consolidated Statements of Cash Flows
(amounts in thousands)
(unaudited)

	For the Three Months Ended March 31,	
	2022	2021
Cash flows from operating activities:		
Net income	$ 217,717	$ 215,501
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	67,906	58,599
Amortization of deferred financing costs	1,984	2,286
Non-cash lease expense	474	487
Compensation expense related to stock-based awards	4,542	3,652
Accrual of interest income added to principal of debt securities and notes receivable	(9,951)	(8,533)
Gain on real estate transactions	—	(63,883)
Distributions from unconsolidated real estate ventures in excess of earnings	2,795	1,863
Changes in operating assets and liabilities:		
Other assets	(6,209)	(2,737)
Accounts payable and accrued expenses	(7,665)	(2,691)
Other liabilities	15,872	(664)
Net cash provided by operating activities	287,465	203,880
Cash flows from investing activities:		
Acquisition of real estate assets	(195,805)	(161,752)
Development and redevelopment of real estate assets	(14,716)	(14,086)
Proceeds from sale of real estate assets and investments in real estate ventures	—	132,733
Investment in unconsolidated real estate entities	(4,321)	(250)
Return of investment in unconsolidated real estate ventures	342	31,169
Issuance and purchase of notes receivable	(134,408)	(25,772)
Principal payments received from notes receivable	195,803	—
Proceeds from sale of notes receivable	39,718	81,250
Purchase of equipment and fixtures	(7,985)	(697)
Net cash provided by (used in) investing activities	(121,372)	42,595
Cash flows from financing activities:		
Proceeds from the sale of common stock, net of offering costs	—	273,720
Proceeds from notes payable and revolving lines of credit	889,829	1,747,000
Principal payments on notes payable and revolving lines of credit	(1,230,924)	(2,193,409)
Proceeds from issuance of public bonds, net	400,000	—
Deferred financing costs	(5,842)	(1,689)
Net proceeds from exercise of stock options	—	4,254
Redemption of Operating Partnership units held by noncontrolling interests	(2,672)	—
Redemption of Preferred B Units for cash	(3,375)	—
Contributions from noncontrolling interests	—	—
Dividends paid on common stock	(202,527)	(132,540)
Distributions to noncontrolling interests	(14,110)	(9,025)
Net cash used in financing activities	(169,621)	(311,689)
Net decrease in cash, cash equivalents, and restricted cash	(3,528)	(65,214)
Cash, cash equivalents, and restricted cash, beginning of the period	76,194	128,009
Cash, cash equivalents, and restricted cash, end of the period	$ 72,666	$ 62,795
Supplemental schedule of cash flow information		
Interest paid	$ 43,197	$ 44,887
Income taxes paid	703	1,047
Supplemental schedule of noncash investing and financing activities:		

Extra Space Storage Inc.
Condensed Consolidated Statements of Cash Flows
(amounts in thousands)
(unaudited)

	For the Three Months Ended March 31,	
	2022	2021
Redemption of Operating Partnership units held by noncontrolling interests for common stock		
Noncontrolling interests in Operating Partnership	$ —	$ (4,005)
Common stock and paid-in capital	—	4,005
Acquisition and establishment of operating lease right of use assets and lease liabilities		
Real estate assets - operating lease right-of-use assets	$ 1,440	$ 2,369
Operating lease liabilities	(1,440)	(2,369)
Acquisitions of real estate assets		
Real estate assets, net	$ 40,492	$ 41,491
Value of Operating Partnership and Preferred Operating Partnership units issued	(40,965)	—
Investment in unconsolidated real estate ventures	747	—
Net liabilities assumed	(274)	—
Finance lease liability	—	(41,491)
Accrued construction costs and capital expenditures		
Acquisition of real estate assets	$ 2,236	$ 1,723
Accounts payable and accrued expenses	(2,236)	(1,723)
Redemption of Preferred Operating Partnership units for common stock		
Preferred Operating Partnership units	$ —	$ (2,724)
Additional paid-in capital	—	2,724
Establishment of finance lease assets and lease liabilities		
Real estate assets, net	$ —	$ 40,993
Other liabilities	—	(40,993)
Investment in unconsolidated real estate ventures received on sale of stores to joint venture		
Investment in unconsolidated real estate ventures	$ —	$ 33,878
Real estate assets	—	(33,878)

See accompanying notes to unaudited condensed consolidated financial statements.

1. ORGANIZATION

Extra Space Storage Inc. (the “Company”) is a fully integrated, self-administered and self-managed real estate investment trust (“REIT”), formed as a Maryland corporation on April 30, 2004, to own, operate, manage, acquire, develop and redevelop self-storage properties ("stores") located throughout the United States. The Company was formed to continue the business of Extra Space Storage LLC and its subsidiaries, which had engaged in the self-storage business since 1977. The Company’s interest in its stores is held through its operating partnership, Extra Space Storage LP (the “Operating Partnership”), which was formed on May 5, 2004. The Company’s primary assets are general partner and limited partner interests in the Operating Partnership. This structure is commonly referred to as an umbrella partnership REIT, or UPREIT.

The Company invests in stores by acquiring wholly-owned stores or by acquiring an equity interest in real estate entities. At March 31, 2022, the Company had direct and indirect equity interests in 1,283 stores. In addition, the Company managed 847 stores for third parties, bringing the total number of stores which it owns and/or manages to 2,130. These stores are located in 41 states and Washington, D.C. The Company also offers tenant reinsurance at its owned and managed stores that insures the value of goods in the storage units.

2. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of the Company are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information, and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they may not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2022 are not necessarily indicative of results that may be expected for the year ending December 31, 2022. The condensed consolidated balance sheet as of December 31, 2021 has been derived from the Company’s audited financial statements as of that date, but does not include all of the information and footnotes required by GAAP for complete financial statements. For further information refer to the consolidated financial statements and footnotes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021, as filed with the Securities and Exchange Commission.

Recently Issued Accounting Standards

In March 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-04, "*Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting"* (“ASU 2020-04”). ASU 2020-04 provides temporary optional guidance that provides transition relief for reference rate reform, including optional expedients and exceptions for applying GAAP to contract modifications, hedging relationships and other transactions that reference LIBOR or a reference rate that is expected to be discontinued as a result of reference rate reform if certain criteria are met. ASU 2020-04 is effective upon issuance, and the provisions generally can be applied prospectively as of January 1, 2020 through December 31, 2024. The Company elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. The Company also elected to apply additional expedients related to contract modifications, changes in critical terms, and updates to the designated hedged risks as qualifying changes are made to applicable debt and derivative contracts. Application of these expedients preserves the presentation of derivatives and debt contracts consistent with past presentation. In January 2021, the FASB issued ASU 2021-01, "*Reference Rate Reform (Topic 848): Scope*", which refines the scope of Topic 848 and clarifies some of its guidance. The Company continues to evaluate the impact of the guidance and may apply other elections as applicable as additional changes in the market occur.

Amounts in thousands, except store and share data, unless otherwise stated

3. FAIR VALUE DISCLOSURES

Derivative Financial Instruments

Currently, the Company uses interest rate swaps to manage its interest rate risk. The valuation of these instruments is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rate forward curves.

The Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts and guarantees. In conjunction with the FASB's fair value measurement guidance, the Company made an accounting policy election to measure the credit risk of its derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by the Company and its counterparties. However, as of March 31, 2022, the Company assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and determined that the credit valuation adjustments were not significant to the overall valuation of its derivatives. As a result, the Company has determined that its derivative valuations in their entirety were classified in Level 2 of the fair value hierarchy.

The table below presents the Company's assets and liabilities measured at fair value on a recurring basis as of March 31, 2022, aggregated by the level in the fair value hierarchy within which those measurements fall.

	Fair Value Measurements at Reporting Date Using		
Description	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Other assets - Cash flow hedge swap agreements	$ —	$ 13,981	$ —
Other liabilities - Cash flow hedge swap agreements	$ —	$ 2,189	$ —

The Company did not have any significant assets or liabilities that are re-measured on a recurring basis using significant unobservable inputs as of March 31, 2022 or December 31, 2021.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

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

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

Amounts in thousands, except store and share data, unless otherwise stated

When real estate assets are identified by management as held for sale, the Company discontinues depreciating the assets and estimates the fair value of the assets, net of selling costs. If the estimated fair value, net of selling costs, of the assets that have been identified as held for sale is less than the net carrying value of the assets, the Company would recognize an impairment loss on the assets held for sale. The operations of assets held for sale or sold during the period is presented as part of normal operations for all periods presented. As of March 31, 2022, the Company had two operating stores classified as held for sale which are included in real estate assets, net.

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

In connection with the Company's acquisition of stores, the purchase price is allocated to the tangible and intangible assets and liabilities acquired based on their relative fair values, which are estimated using significant unobservable inputs. The value of the tangible assets, consisting of land and buildings, is determined as if vacant. Intangible assets, which represent the value of existing tenant relationships, are recorded at their fair values based on the avoided cost to replace the current leases. The Company measures the value of tenant relationships based on the rent lost due to the amount of time required to replace existing customers, which is based on the Company's historical experience with turnover in its stores. Any debt assumed as part of an acquisition is recorded at fair value based on current interest rates compared to contractual rates. Acquisition-related transaction costs are capitalized as part of the purchase price.

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, restricted cash, receivables, other financial instruments included in other assets, accounts payable and accrued expenses, variable-rate notes payable, lines of credit and other liabilities reflected in the condensed consolidated balance sheets at March 31, 2022 and December 31, 2021 approximate fair value. Restricted cash is comprised of funds deposited with financial institutions located throughout the United States primarily relating to earnest money deposits on potential acquisitions.

The fair values of the Company's notes receivable from Preferred and Common Operating Partnership unit holders and other fixed rate notes receivable were based on the discounted estimated future cash flows of the notes (categorized within Level 3 of the fair value hierarchy); the discount rate used approximated the current market rate for loans with similar maturities and credit quality. The fair values of the Company's fixed-rate notes payable were estimated using the discounted estimated future cash payments to be made on such debt (categorized within Level 3 of the fair value hierarchy); the discount rates used approximated current market rates for loans, or groups of loans, with similar maturities and credit quality.

The fair values of the Company's fixed-rate assets and liabilities were as follows for the periods indicated:

	March 31, 2022		**December 31, 2021**	
	Fair Value	**Carrying Value**	**Fair Value**	**Carrying Value**
Notes receivable from Preferred and Common Operating Partnership unit holders	$ 98,054	$ 101,900	$ 101,824	$ 101,900
Fixed rate notes receivable	$ 1,248	$ 1,251	$ 105,954	$ 104,251
Fixed rate debt	$ 4,780,095	$ 4,860,356	$ 4,643,072	$ 4,506,435

Amounts in thousands, except store and share data, unless otherwise stated

4. REAL ESTATE ASSETS

The components of real estate assets are summarized as follows:

	March 31, 2022	December 31, 2021
Land	$ 2,186,751	$ 2,151,319
Buildings, improvements and other intangibles	8,347,651	8,227,094
Right of use asset - finance lease	114,668	117,718
Intangible assets - tenant relationships	135,535	134,577
Intangible lease rights	12,443	12,443
	10,797,048	10,643,151
Less: accumulated depreciation and amortization	(1,929,716)	(1,867,750)
Net operating real estate assets	8,867,332	8,775,401
Real estate under development/redevelopment	73,392	59,248
Real estate assets, net	$ 8,940,724	$ 8,834,649
Real estate assets held for sale included in real estate assets, net	$ 23,742	$ 8,436

As of March 31, 2022, the Company had two stores classified as held for sale. The estimated fair value less selling costs of these assets is greater than the carrying value of the assets, and therefore no loss has been recorded related to these assets. Assets held for sale are included in the self-storage operations segment of the Company’s segment information.

5. EARNINGS PER COMMON SHARE

Basic earnings per common share is computed using the two-class method by dividing net income attributable to common stockholders by the weighted average number of common shares outstanding during the period. All outstanding unvested restricted stock awards contain rights to non-forfeitable dividends and participate in undistributed earnings with common stockholders; accordingly, they are considered participating securities that are included in the two-class method. Diluted earnings per common share measures the performance of the Company over the reporting period while giving effect to all potential common shares that were dilutive and outstanding during the period. The denominator includes the weighted average number of basic shares and the number of additional common shares that would have been outstanding if the potential common shares that were dilutive had been issued, and is calculated using either the two-class, treasury stock or as if-converted method, whichever is most dilutive. Potential common shares are securities (such as options, convertible debt, Series A Participating Redeemable Preferred Units (“Series A Units”), Series B Redeemable Preferred Units (“Series B Units”), Series D Redeemable Preferred Units (“Series D Units” and, together with the Series A Units and Series B Units, the “Preferred OP Units”) and common Operating Partnership units (“OP Units”)) that do not have a current right to participate in earnings of the Company but could do so in the future by virtue of their option, redemption or conversion right.

In computing the dilutive effect of convertible securities, net income is adjusted to add back any changes in earnings in the period associated with the convertible security. The numerator also is adjusted for the effects of any other non-discretionary changes in income or loss that would result from the assumed conversion of those potential common shares. In computing diluted earnings per common share, only potential common shares that are dilutive (i.e. those that reduce earnings per common share) are included. For the three months ended March 31, 2022 and 2021, there were no anti-dilutive options.

Amounts in thousands, except store and share data, unless otherwise stated

For the purposes of computing the diluted impact of the potential exchange of the Preferred Operating Partnership units for common shares upon redemption, where the Company has the option to redeem in cash or shares and where the Company has stated the intent and ability to settle the redemption in shares, the Company divided the total value of the Preferred Operating Partnership units by the average share price for the period presented. The average share price for the three months ended March 31, 2022 and 2021 was $198.83 and $121.07, respectively.

The following table presents the number of Preferred Operating Partnership units, and the potential common shares, that were excluded from the computation of earnings per share as their effect would have been anti-dilutive.

	For the Three Months Ended March 31,	
	2022	2021
	Equivalent Shares (if converted)	Equivalent Shares (if converted)
Series B Units	182,974	337,839
Series D Units	1,033,222	—
	1,216,196	337,839

For the purposes of computing the diluted impact on earnings per share of the potential exchange of Series A Units for common shares upon redemption, where the Company has the option to redeem in cash or shares and where the Company has stated the positive intent and ability to settle at least $101,700 of the instrument in cash (or net settle a portion of the Series A Units against the related outstanding note receivable), only the amount of the instrument in excess of $101,700 is considered in the calculation of shares contingently issuable for the purposes of computing diluted earnings per share as allowed by ASC 260-10-45-46. Accordingly, the number of shares included in the computation for diluted earnings per share related to the Series A Units is equal to the number of Series A Units outstanding, with no additional shares included related to the fixed $101,700 amount.

The computation of earnings per common share is as follows for the periods presented:

	For the Three Months Ended March 31,	
	2022	2021
Net income attributable to common stockholders	$ 203,579	$ 202,998
Earnings and dividends allocated to participating securities	(286)	(312)
Earnings for basic computations	203,293	202,686
Income allocated to noncontrolling interest - Preferred Operating Partnership Units and Operating Partnership Units	11,693	11,894
Fixed component of income allocated to noncontrolling interest - Preferred Operating Partnership (Series A Units)	(572)	(572)
Net income for diluted computations	$ 214,414	$ 214,008
Weighted average common shares outstanding:		
Average number of common shares outstanding - basic	134,180,175	132,007,556
OP Units	6,520,781	5,800,729
Series A Units	875,480	875,480
Series D Units	—	969,374
Shares related to dilutive stock options	5,426	23,409
Average number of common shares outstanding - diluted	141,581,862	139,676,548
Earnings per common share		
Basic	$ 1.52	$ 1.54
Diluted	$ 1.51	$ 1.53

Amounts in thousands, except store and share data, unless otherwise stated

6. STORE ACQUISITIONS

Store Acquisitions

The following table shows the Company's acquisitions of stores for the three months ended March 31, 2022 and 2021. The table excludes purchases of raw land and improvements made to existing assets. All acquisitions are considered asset acquisitions under ASU 2017-01, "*Business Combinations (Topic 805): Clarifying the Definition of a Business*."

		Consideration Paid				Total
Quarter	**Number of Stores**	**Cash Paid**	**Investments in Real Estate Ventures**	**Net Liabilities/ (Assets) Assumed**	**Value of OP Units Issued**	**Real estate assets**
Q1 2022	14	$ 185,910	$ 747	$ 274	$ 40,965	$ 227,896
Q1 2021	9	148,940	—	2,944	—	151,884

7. INVESTMENTS IN UNCONSOLIDATED REAL ESTATE ENTITIES

Investments in unconsolidated real estate entities and cash distributions in unconsolidated real estate ventures represent the Company's interest in preferred stock of SmartStop Self Storage REIT, Inc. ("SmartStop") and the Company's noncontrolling interest in real estate joint ventures that own stores. The Company accounts for its investment in SmartStop preferred stock, which does not have a readily determinable fair value, at the transaction price less impairment, if any. The Company accounts for its investments in joint ventures using the equity method of accounting. The Company initially records these investments at cost and subsequently adjusts for cash contributions, distributions and net equity in income or loss, which is allocated in accordance with the provisions of the applicable partnership or joint venture agreement.

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 or 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 or profits than its equity interest.

The Company separately reports investments with net equity less than zero in cash distributions in unconsolidated real estate ventures in the condensed consolidated balance sheets. The net equity of certain joint ventures is less than zero because distributions have exceeded the Company's investment in and share of income from these joint ventures. This is generally the result of financing distributions, capital events or operating distributions that are usually greater than net income, as net income includes non-cash charges for depreciation and amortization while distributions do not.

Amounts in thousands, except store and share data, unless otherwise stated

Net investments in unconsolidated real estate ventures and cash distributions in unconsolidated real estate ventures consist of the following:

	Number of Stores	Equity Ownership %	Excess Profit % (1)	March 31, 2022	December 31, 2021
PRISA Self Storage LLC	85	4%	4%	$ 8,746	$ 8,792
Storage Portfolio II JV LLC	36	10%	30%	(6,336)	(6,116)
Storage Portfolio IV JV LLC	29	10%	30%	44,156	40,174
Storage Portfolio I LLC	24	34%	49%	(40,447)	(40,168)
PR II EXR JV LLC	18	25%	25%	70,131	70,403
ESS-CA TIVS JV LP	16	55%	60%	32,582	32,288
VRS Self Storage, LLC	16	45%	54%	(14,619)	(14,269)
ESS-NYFL JV LP	11	16%	24%	11,746	11,796
Extra Space Northern Properties Six LLC	10	10%	35%	(3,104)	(3,029)
Alan Jathoo JV LLC	9	10%	10%	7,556	7,621
ESS Bristol Investments LLC	8	10%	30%	2,204	2,628
PR EXR Self Storage, LLC	5	25%	40%	59,172	59,393
Storage Portfolio III JV LLC	5	10%	30%	5,562	5,596
Other minority owned stores	16	20-50%	20-50%	33,436	18,635
SmartStop Self Storage REIT, Inc. Preferred Stock (2)	n/a	n/a	n/a	200,000	200,000
Net Investments in and Cash distributions in unconsolidated real estate entities	288			$ 410,785	$ 393,744

(1) Includes pro-rata equity ownership share and maximum potential promoted interest.

(2) The Company invested in shares of convertible preferred stock of SmartStop. The dividend rate for the preferred shares is 6.25% per annum, subject to increase after five years. The preferred shares are generally not redeemable for five years, except in the case of a change of control or initial listing of SmartStop. Dividend income from this investment is included on the equity in earnings and dividend income from unconsolidated real estate entities line on the Company's condensed consolidated statements of operations.

During the three months ended March 31, 2022, the Company contributed a total of $4,321 of cash to its joint ventures, including its pro-rata portion of the purchase price of two operating stores.

8. INVESTMENTS IN DEBT SECURITIES AND NOTES RECEIVABLE

Investments in debt securities and notes receivable consists of the Company's investment in mandatorily redeemable preferred stock of Jernigan Capital, Inc. ("JCAP") in connection with JCAP's acquisition by affiliates of NexPoint Advisors, L.P. ("NexPoint Investment") and receivables due to the Company under its bridge loan program. Information about these balances is as follows:

	March 31, 2022	December 31, 2021
Debt securities - NexPoint Series A Preferred Stock	$ 200,000	$ 200,000
Debt securities - NexPoint Series B Preferred Stock	100,000	100,000
Notes Receivable-Bridge Loans	348,185	279,042
Notes Receivable-Senior Mezzanine Loan, net	—	102,079
Dividends Receivable	45,922	38,066
	$ 694,107	$ 719,187

In November 2020, the Company invested $300,000 in the preferred stock of JCAP in connection with the acquisition of JCAP by affiliates of NexPoint Advisors, L.P. This investment consists of 200,000 Series A Preferred Shares valued at a total of $200,000, and 100,000 Series B Preferred Shares valued at a total of $100,000. The JCAP preferred stock is mandatorily redeemable after five years, with two one-year extension options. NexPoint may redeem the Preferred Shares at any time, subject to certain prepayment penalties. The Company accounts for the JCAP preferred stock as a held to maturity debt security at amortized cost. The Series A Preferred Shares and the Series B Preferred Shares have initial dividend rates of 10.0% and 12.0%, respectively. If the investment is not retired after five years, the preferred dividends increase annually.

In July 2020, the Company purchased a senior mezzanine note receivable with a principal amount of $103,000. This note receivable bore interest at 5.5%, matured in December 2023 and was collateralized through an equity interest in which it or its subsidiaries wholly own 62 storage facilities. The Company paid cash of $101,142 for the loan receivable and accounted for the discount at amortized cost. The discount was being amortized over the term of the loan receivable. In February 2022, a junior mezzanine lender exercised its right to buy the Company’s position for the full principal balance plus interest due, as a result of which the Company sold this note for a total of $103,315 in cash. The remaining unamortized discount was recognized in the quarter as interest income.

The Company provides bridge loan financing to third-party self-storage operators. These notes receivable consist of mortgage loans receivable, collateralized by self-storage properties. These notes receivable typically have a term of three years with two one-year extensions, and have variable interest rates. The Company intends to sell the majority of the mortgage receivables. During the three months ended March 31, 2022 the Company sold a total principal amount of $39,718 of its mortgage bridge loans receivable to third parties for a total of $39,718 in cash and closed on $134,408 in new mortgage bridge loans.

9. DEBT

In May 2021, the Operating Partnership executed its initial public bond issuance by selling $450.0 million principal amount of 2.550% Senior Notes due 2031 (the "Notes Due 2031"). Interest on the Notes Due 2031 is paid semi-annually in arrears on June 1 and December 1 of each year. The Notes Due 2031 will mature on June 1, 2031, and the Operating Partnership may redeem the Notes Due 2031 at its option and sole discretion at any time prior to March 31, 2031 for cash equal to the outstanding principal amount plus the present value of the remaining scheduled interest payments, plus any accrued but unpaid interest.

In September 2021, the Operating Partnership executed a public bond issuance by selling $600.0 million principal amount of 2.350% Senior Notes due 2032 (the "Notes Due 2032"). Interest on the Notes Due 2032 is paid semi-annually in arrears on March 15 and September 15 of each year. The Notes Due 2032 will mature on March 15, 2032, and the Operating Partnership may redeem the Notes Due 2032 at its option and sole discretion at any time prior to March 15, 2032 for cash equal to the outstanding principal amount plus the present value of the remaining scheduled interest payments, plus any accrued but unpaid interest.

In March 2022, the Operating Partnership executed a public bond issuance by selling $400.0 million principal amount of 3.900% Senior Notes due 2029 (the "Notes Due 2029"). Interest on the Notes Due 2029 is paid semi-annually in arrears on April 1 and October 1 of each year. The Notes Due 2029 will mature on April 1, 2029, and the Operating Partnership may redeem the Notes Due 2029 at its option and sole discretion at any time prior to April 1, 2029 for cash equal to the outstanding principal amount plus the present value of the remaining scheduled interest payments, plus any accrued but unpaid interest.

The Operating Partner may redeem the Notes Due 2029, the Notes Due 2031 and/or the Notes Due 2032 in whole at any time or in part from time to time, at the Operating Partnership’s option and sole discretion, at a redemption price equal to the greater of (i) 100% of the principal amount of the notes being redeemed and (ii) a make-whole premium calculated in accordance with the indenture governing the notes, plus, in each case, accrued and unpaid interest thereon to, but not including, the applicable redemption date. Notwithstanding the foregoing, on or after the date three months prior to the maturity date of the applicable notes, the redemption price will be equal to 100% of the principal amount of the notes being redeemed, plus accrued and unpaid interest thereon to, but not including, the applicable redemption date.

Certain events are considered events of default, which may result in the accelerated maturity of the Notes Due 2029, the Notes Due 2031 and/or the Notes Due 2032, including, among other things, a default for 30 days in the payment of any installment of interest under the notes or a default in the payment of the principal amount or redemption price due with respect to the notes, when the same become due and payable.

Amounts in thousands, except store and share data, unless otherwise stated

The Notes Due 2029, the Notes Due 2031 and the Notes Due 2032 are unsecured, and are fully and unconditionally guaranteed by the Company, ESS Holdings Business Trust I, and ESS Holdings Business Trust II (the "Guarantors," and together with the Operating Partnership, the "Obligated Group"), on a joint and several basis. The guarantee of the Notes Due 2031 and the Notes Due 2032 will be a senior unsecured obligation of each Guarantor. The Guarantors have no material operations separate from the operation of the Operating Partnership and no material assets, other than their respective investments directly or indirectly in the Operating Partnership, and therefore the assets, liabilities, and results of operations of the Obligated Group are not materially different than those reported in the Company's financial statements.

The components of term debt are summarized as follows:

Term Debt	**March 31, 2022**	**December 31, 2021**	**Fixed Rate**	**Variable Rate** [2]	**Maturity Dates**
Secured fixed-rate [1]	$ 929,980	$ 930,830	2.46% - 4.50%		October 2022 - February 2030
Secured variable-rate [1]	368,038	392,679		1.29% - 1.95%	October 2022 - September 2030
Unsecured fixed-rate	3,930,376	3,575,000	1.40% - 4.39%		February 2024 - March 2032
Unsecured variable-rate	594,624	550,000		1.40%	February 2024 - October 2026
Total	5,823,018	5,448,509			
Less: Unamortized debt issuance costs	(30,352)	(25,762)			
Total	$ 5,792,666	$ 5,422,747			

[1] The loans are collateralized by mortgages on real estate assets and the assignment of rents.
[2] Basis rate is 30-day USD LIBOR, 30-day SOFR look-forward and SOFR.

At March 31, 2022, the terms of the Second Amended and Restated Credit Agreement dated June 22, 2021 (the "Credit Agreement") are as follows:

	Debt Capacity	**Maturity Date**
Revolving Credit Facility	$ 1,250,000	June 2025
Tranche 1 Term Loan Facility [1]	400,000	January 2027
Tranche 2 Term Loan Facility [1]	425,000	October 2026
Tranche 3 Term Loan Facility [1]	245,000	January 2025
Tranche 4 Term Loan Facility [1]	255,000	June 2026
Tranche 5 Term Loan Facility [1]	425,000	February 2024
	$ 3,000,000	

(1) The term loan amounts have been fully drawn as of March 31, 2022.

Pursuant to the terms of the Credit Agreement, the Company may request an extension of the term of the revolving credit facility for up to two additional periods of six months each, after satisfying certain conditions.

As of March 31, 2022, amounts outstanding under the revolving credit facility bore interest at floating rates, at the Company’s option, equal to either (i) LIBOR plus the applicable Eurodollar rate margin or (ii) the applicable base rate which is the applicable margin plus the highest of (a) 0.0%, (b) the federal funds rate plus 0.50%, (c) U.S. Bank’s prime rate or (d) the Eurodollar rate plus 1.00%. Per the Credit Agreement, the applicable Eurodollar rate margin and applicable base rate margin are based on the Company’s achieved debt rating, with the Eurodollar rate margin ranging from 0.7% to 1.6% per annum and the applicable base rate margin ranging from 0.00% to 0.60% per annum.

Amounts in thousands, except store and share data, unless otherwise stated

The Credit Agreement is guaranteed by the Company and is not secured by any assets of the Company. The Company's unsecured debt is subject to certain financial covenants. As of March 31, 2022, the Company was in compliance with all of its financial covenants.

The following table summarizes the scheduled maturities of term debt, excluding available extensions, at March 31, 2022:

2022	$	232,486
2023		467,316
2024		425,000
2025		399,531
2026		803,537
Thereafter		3,495,148
	$	5,823,018

All of the Company’s lines of credit are guaranteed by the Company. The following table presents information on the Company’s lines of credit, the proceeds of which are used to repay debt and for general corporate purposes, for the periods indicated:

	As of March 31, 2022				
Revolving Lines of Credit	**Amount Drawn**	**Capacity**	**Interest Rate**	**Maturity**	**Basis Rate**
Credit Line 1 (2)	$ —	$ 140,000	1.9%	7/1/2023	LIBOR plu 1.45%
Credit Line 2 (3)(4)	220,000	1,250,000	1.3%	6/20/2025	LIBOR plu 0.85%
	$ 220,000	$ 1,390,000			

(1) 30-day USD LIBOR
(2) Secured by mortgages on certain real estate assets. No remaining extensions available.
(3) Unsecured. Two six-month extensions available.
(4) Basis Rate as of March 31, 2022. Rate is subject to change based on the Company's investment grade rating.

10. DERIVATIVES

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity and credit risk, primarily by managing the amount, sources and duration of its debt funding and by using derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposure that arises from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company’s derivative financial instruments are used to manage differences in the amount, timing and duration of the Company’s known or expected cash receipts and its known or expected cash payments principally related to the Company’s investments and borrowings.

Cash Flow Hedges of Interest Rate Risk

The Company’s objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish these objectives, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

Amounts in thousands, except store and share data, unless otherwise stated

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive income ("OCI") and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. A portion of these changes is excluded from accumulated other comprehensive income as it is allocated to noncontrolling interests. During the three months ended March 31, 2022 and 2021, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt. In the coming 12 months, the Company estimates that $5,472 will be reclassified as an increase to interest expense.

The Company held 19 derivative financial instruments which had a total combined notional amount of $1,934,369 as of March 31, 2022.

Fair Values of Derivative Instruments

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the condensed consolidated balance sheets:

	Asset / Liability Derivatives	
Derivatives designated as hedging instruments:	**March 31, 2022**	**December 31, 2021**
Other assets	$ 13,981	$ 271
Other liabilities	$ 2,189	$ 39,569

Effect of Derivative Instruments

The table below presents the effect of the Company's derivative financial instruments on the condensed consolidated statements of operations for the periods presented. No tax effect has been presented as the derivative instruments are held by the Company:

	Gain (loss) recognized in OCI For the Three Months Ended March 31,		Location of amounts reclassified from OCI into income	Gain (loss) reclassified from OCI For the Three Months Ended March 31,	
Type	**2022**	**2021**		**2022**	**2021**
Swap Agreements	$ 42,741	$ 14,176	Interest expense	$ (8,912)	$ (8,845)

Credit-risk-related Contingent Features

The Company has agreements with some of its derivative counterparties that contain provisions pursuant to which the Company could be declared in default of its derivative obligations if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender.

The Company also has an agreement with some of its derivative counterparties that incorporates the loan covenant provisions of the Company's indebtedness with a lender affiliate of the derivative counterparty. Failure to comply with the loan covenant provisions would result in the Company being in default on any derivative instrument obligations covered by the agreement.

As of March 31, 2022, the fair value of derivatives in a net liability position, which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements was $1,743. As of March 31, 2022, the Company had not posted any collateral related to these agreements. If the Company had breached any of these provisions as of March 31, 2022, it could have been required to cash settle its obligations under the agreements at their termination value of $1,743, including accrued interest.

11. STOCKHOLDERS' EQUITY

On January 7, 2022, the Company issued 186,766 shares of its common stock to acquire two stores for $40,965.

Amounts in thousands, except store and share data, unless otherwise stated

On August 9, 2021, the Company filed its $800,000 "at the market" equity program with the Securities and Exchange Commission using a shelf registration statement on Form S-3, and entered into separate equity distribution agreements with ten sales agents. No shares have been sold under the current "at the market" equity program. From January 1, 2021, through August 8, 2021, the Company sold 585,685 shares of common stock under its prior "at the market" equity program resulting in net proceeds of $66,617.

On March 23, 2021, the Company sold 1,600,000 shares of its common stock in a registered offering structured as a bought deal at a price of $129.13 per share resulting in net proceeds of $206,572.

On October 15, 2020, the Company's board of directors authorized a new share repurchase program allowing for the repurchase of shares with an aggregate value up to $400,000. No shares have been repurchased under the current program.

12. NONCONTROLLING INTEREST REPRESENTED BY PREFERRED OPERATING PARTNERSHIP UNITS

Classification of Noncontrolling Interests

GAAP requires a company to present ownership interests in subsidiaries held by parties other than the company in the consolidated financial statements within the equity section, but separate from the company’s equity. It also requires the amount of consolidated net income attributable to the parent and to the noncontrolling interest to be clearly identified and presented on the face of the consolidated statement of operations and requires changes in ownership interest to be accounted for similarly as equity transactions. If noncontrolling interests are determined to be redeemable, they are to be carried at their redemption value as of the balance sheet date and reported as temporary equity.

The Company has evaluated the terms of the Operating Partnership’s preferred units and classifies the noncontrolling interest represented by such preferred units as stockholders’ equity in the accompanying condensed consolidated balance sheets. The Company will periodically evaluate individual noncontrolling interests for the ability to continue to recognize the noncontrolling interest as permanent equity in the condensed consolidated balance sheets. Any noncontrolling interests that fail to qualify as permanent equity will be reclassified as temporary equity and adjusted to the greater of (1) the carrying amount and (2) the redemption value as of the end of the period in which the determination is made.

At March 31, 2022 and December 31, 2021, the noncontrolling interests represented by the Preferred OP Units qualified for classification as permanent equity on the Company's condensed consolidated balance sheets. The partnership agreement of the Operating Partnership (as amended, the "Partnership Agreement") provides for the designation and issuance of the OP Units. As of March 31, 2022 and December 31, 2021, noncontrolling interests in Preferred OP Units were presented net of notes receivable from Preferred OP Unit holders of $100,000 as more fully described below. The balances for each of the specific Preferred OP Units as presented in the Statement of Noncontrolling Interests and Equity as of the periods indicated is as follows:

	March 31, 2022	December 31, 2021
Series A Units	$ 15,922	$ 15,606
Series B Units	34,693	38,068
Series D Units	205,436	205,436
	$ 256,051	$ 259,110

Series A Participating Redeemable Preferred Units

The Partnership Agreement provides for the designation and issuance of the Series A Units. The Series A Units have priority over all other partnership interests of the Operating Partnership with respect to distributions and liquidation.

The Series A Units were issued in June 2007. Series A Units in the amount of $101,700 bear a fixed priority return of 2.3% and originally had a fixed liquidation value of $115,000. The remaining balance participates in distributions with, and has a liquidation value equal to that of the OP Units. The Series A Units are redeemable at the option of the holder, which redemption obligation may be satisfied, at the Company's option, in cash or shares of its common stock. As a result of the redemption of 114,500 Series A Units in October 2014, the remaining fixed liquidation value was reduced to $101,700, which represents 875,480 Series A Units.

On June 25, 2007, the Operating Partnership loaned the holder of the Series A Units $100,000. The loan bears interest at 2.1%. The loan is secured by the borrower's Series A Units. No future redemption of Series A Units can be made unless the loan secured by the Series A Units is also repaid. The Series A Units are shown on the balance sheet net of the $100,000 loan because the borrower under the loan is also the holder of the Series A Units.

Series B Redeemable Preferred Units

The Partnership Agreement provides for the designation and issuance of the Series B Units. The Series B Units rank junior to the Series A Units, on parity with the Series C Units and Series D Units, and senior to all other partnership interests of the Operating Partnership with respect to distributions and liquidation.

The Series B Units were issued in 2013 and 2014. The Series B Units have a liquidation value of $25.00 per unit for a fixed liquidation value of $34,693 which represents 1,387,727 Series B Units. Holders of the Series B Units receive distributions at an annual rate of 6.0%. These distributions are cumulative. The Series B Units became redeemable at the option of the holder on the first anniversary of the date of issuance, which redemption obligation may be satisfied at the Company's option in cash or shares of its common stock.

On February 15, 2022, 135,000 Series B Units were redeemed for $3,375 in cash.

Series C Redeemable Preferred Units

The Partnership Agreement provides for the designation and issuance of the Series C Units. The Series C Units ranked junior to the Series A Units, on parity with the Series B Units and Series D Units, and senior to all other partnership interests of the Operating Partnership with respect to distributions and liquidation.

As of March 31, 2022 and December 31, 2021, there were no outstanding Series C Units.

Series D Redeemable Preferred Units

The Partnership Agreement provides for the designation and issuance of the Series D Units. The Series D Units rank junior to the Series A Units, on parity with the Series B Units and Series C Units, and senior to all other partnership interests of the Operating Partnership with respect to distributions and liquidation.

The Series D Units have a liquidation value of $25.00 per unit, for a fixed liquidation value of $205,435, which represents 8,217,422 Series D Units. Holders of the Series D Units receive distributions at an annual rate between 3.0% and 5.0%. These distributions are cumulative. The Series D Units become redeemable at the option of the holder on the first anniversary of the date of issuance, which redemption obligation may be satisfied at the Company's option in cash or shares of its common stock. In addition, certain of the Series D Units are exchangeable for OP Units at the option of the holder until the tenth anniversary of the date of issuance, with the number of OP Units to be issued equal to $25.00 per Series D Unit, divided by the value of a share of common stock as of the exchange date.

The Series D Units have been issued at various times from 2014 to 2021. During the year ended December 31, 2021, the Operating Partnership issued a total of 3,522,937 Series D units valued at $88,073.

Amounts in thousands, except store and share data, unless otherwise stated

13. NONCONTROLLING INTEREST IN OPERATING PARTNERSHIP AND OTHER NONCONTROLLING INTERESTS

Noncontrolling Interest in Operating Partnership

The Company’s interest in its stores is held through the Operating Partnership. Between its general partner and limited partner interests, the Company held a 94.0% ownership interest in the Operating Partnership as of March 31, 2022. The remaining ownership interests in the Operating Partnership (including Preferred OP Units) of 6.0% are held by certain former owners of assets acquired by the Operating Partnership. As of March 31, 2022 and December 31, 2021, the noncontrolling interests in the Operating Partnership are shown on the balance sheet net of a note receivable of $1,900 because a borrower under the note receivable is also a holder of OP Units. This note receivable originated in December 2014, bears interest at 5.0% per annum and matures on December 15, 2024.

The noncontrolling interest in the Operating Partnership represents OP Units that are not owned by the Company. OP Units are redeemable at the option of the holder, which redemption may be satisfied at the Company's option in cash, based upon the fair market value of an equivalent number of shares of the Company’s common stock (based on the ten-day average trading price) at the time of the redemption, or shares of the Company's common stock on a one-for-one basis, subject to anti-dilution adjustments provided in the Partnership Agreement. As of March 31, 2022, the ten-day average closing price of the Company's common stock was $199.65 and there were 6,515,408 OP Units outstanding. Assuming that all of the OP Unit holders exercised their right to redeem all of their OP Units on March 31, 2022 and the Company elected to pay the OP Unit holders cash, the Company would have paid $1,300,801 in cash consideration to redeem the units.

OP Unit activity is summarized as follows for the periods presented:

	For the Three Months Ended March 31,	
	2022	2021
OP Units redeemed for common stock	—	5,000
OP Units redeemed for cash	13,028	—
Cash paid for OP Units redeemed	$ 2,672	$ —

GAAP requires a company to present ownership interests in subsidiaries held by parties other than the company in the consolidated financial statements within the equity section, but separate from the company’s equity. It also requires the amount of consolidated net income attributable to the parent and to the noncontrolling interest to be clearly identified and presented on the face of the consolidated statement of operations, and requires changes in ownership interest to be accounted for similarly as equity transactions. If noncontrolling interests are determined to be redeemable, they are to be carried at their redemption value as of the balance sheet date and reported as temporary equity.

The Company has evaluated the terms of the OP Units and classifies the noncontrolling interest represented by the OP Units as stockholders’ equity in the accompanying condensed consolidated balance sheets. The Company will periodically evaluate individual noncontrolling interests for the ability to continue to recognize the noncontrolling amount as permanent equity in the condensed consolidated balance sheets. Any noncontrolling interests that fail to qualify as permanent equity will be reclassified as temporary equity and adjusted to the greater of (1) the carrying amount and (2) the redemption value as of the end of the period in which the determination is made.

Other Noncontrolling Interests

Other noncontrolling interests represent the ownership interests of third parties in one consolidated joint ventures as of March 31, 2022. This joint venture owns one property that is under development in Florida. The voting interests of the third-party owners are 10.0%.

14. SEGMENT INFORMATION

The Company’s segment disclosures present the measure used by the chief operating decision makers ("CODMs") for purposes of assessing each segment’s performance. The Company’s CODMs are comprised of several members of its executive management team who use net operating income ("NOI") to assess the performance of the business for the Company’s
reportable operating segments. NOI for the Company's self-storage operations represents total property revenue less direct property operating expenses. NOI for the Company's tenant reinsurance segment represents tenant reinsurance revenues less tenant reinsurance expense.

The Company has two reportable segments: (1) self-storage operations and (2) tenant reinsurance. The self-storage operations activities include rental operations of wholly-owned stores. The Company's consolidated revenues equal total segment revenues plus property management fees and other income. Tenant reinsurance activities include the reinsurance of risks relating to the loss of goods stored by tenants in the stores operated by the Company. Excluded from segment revenues and net operating income is property management fees and other income.

For all periods presented, substantially all of the Company's real estate assets, intangible assets, other assets, and accrued and other liabilities are associated with the self-storage operations segment. Financial information for the Company’s business segments is set forth below:

	For the Three Months Ended March 31,	
	2022	2021
Revenues:		
Self-Storage Operations	$ 379,808	$ 303,593
Tenant Reinsurance	43,797	39,619
Total segment revenues	$ 423,605	$ 343,212
Operating expenses:		
Self-Storage Operations	$ 103,542	$ 92,367
Tenant Reinsurance	7,042	7,161
Total segment operating expenses	$ 110,584	$ 99,528
Net operating income:		
Self-Storage Operations	$ 276,266	$ 211,226
Tenant Reinsurance	36,755	32,458
Total segment net operating income:	$ 313,021	$ 243,684
Other components of net income:		
Management fees and other income	$ 19,957	$ 15,645
General and administrative expense	(29,762)	(23,540)
Depreciation and amortization expense	(67,906)	(58,599)
Gain on real estate transactions	—	63,883
Interest expense	(42,538)	(40,695)
Interest income	18,989	12,304
Equity in earnings and dividend income from unconsolidated real estate entities	9,097	6,956
Income tax expense	(3,141)	(4,137)
Net income	$ 217,717	$ 215,501

15. COMMITMENTS AND CONTINGENCIES

As of March 31, 2022, the Company was involved in various legal proceedings and was subject to various claims and complaints arising in the ordinary course of business. Because litigation is inherently unpredictable, the outcome of these matters cannot presently be determined with any degree of certainty. In accordance with applicable accounting guidance, management establishes an accrued liability for litigation when those matters present loss contingencies that are both probable and reasonably estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. The estimated loss, if any, is based upon currently available information and is subject to significant judgment, a variety of assumptions, and known and unknown uncertainties. The Company could in the future incur judgments or enter into settlements of claims that could have a material adverse effect on its results of operations in any particular period, notwithstanding the fact that the Company is currently vigorously defending any legal proceedings against it.

As of March 31, 2022, the Company was under agreement to acquire 18 stores at a total purchase price of $266,595. Twelve stores are scheduled to close in 2022 and six stores are scheduled to close in 2023. Additionally, the Company is under agreement to acquire four stores with joint venture partners, for a total investment of $13,010. Three stores are scheduled to close in 2022 and one store is scheduled to close in 2023.

Although there can be no assurance, the Company is not aware of any material environmental liability, for which it believes it will be ultimately responsible, that could have a material adverse effect on its financial condition or results of operations. However, changes in applicable environmental laws and regulations, the uses and conditions of properties in the vicinity of the Company’s stores, the activities of its tenants and other environmental conditions of which the Company is unaware with respect to its stores could result in future material environmental liabilities.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Amounts in thousands, except store and share data

CAUTIONARY LANGUAGE

The following discussion and analysis should be read in conjunction with our unaudited *"Condensed Consolidated Financial Statements"* and the "*Notes to Condensed Consolidated Financial Statements (unaudited)"* appearing elsewhere in this report and the *"Consolidated Financial Statements," "Notes to Consolidated Financial Statements"* and *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* contained in our Form 10-K for the year ended December 31, 2021. We make statements in this section that are forward-looking statements within the meaning of the federal securities laws. For a complete discussion of forward-looking statements, see the section in this Form 10-Q entitled "*Statement on Forward-Looking Information*."

CRITICAL ACCOUNTING POLICIES

Our discussion and analysis of our financial condition and results of operations are based on our unaudited condensed consolidated financial statements contained elsewhere in this report, which have been prepared in accordance with GAAP. Our notes to the unaudited condensed consolidated financial statements contained elsewhere in this report and the audited financial statements contained in our Form 10-K for the year ended December 31, 2021 describe the significant accounting policies essential to our unaudited condensed consolidated financial statements. Preparation of our financial statements requires estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions that we have used are appropriate and correct based on information available at the time they were made. These estimates, judgments and assumptions can affect our reported assets and liabilities as of the date of the financial statements, as well as the reported revenues and expenses during the period presented. If there are material differences between these estimates, judgments and assumptions and actual facts, our financial statements may be affected.

In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP and does not require our judgment in its application. There are areas in which our judgment in selecting among available alternatives would not produce a materially different result, but there are some areas in which our judgment in selecting among available alternatives would produce a materially different result. See the notes to the unaudited condensed consolidated financial statements that contain additional information regarding our accounting policies and other disclosures.

OVERVIEW

We are a fully integrated, self-administered and self-managed real estate investment trust ("REIT"), formed to own, operate, manage, acquire, develop and redevelop self-storage properties ("stores"). We derive substantially all of our revenues from our two segments: storage operations and tenant reinsurance. Primary sources of revenue for our storage operations segment include rents received from tenants under leases at each of our wholly-owned stores. Our operating results depend materially on our ability to lease available self-storage units, to actively manage unit rental rates, and on the ability of our tenants to make required rental payments. Consequently, management spends a significant portion of their time maximizing cash flows from our diverse portfolio of stores. Revenue from our tenant reinsurance segment consists of insurance revenues from the reinsurance of risks relating to the loss of goods stored by tenants in our stores.

Our stores are generally situated in highly visible locations clustered around large population centers. These areas enjoy above average population growth and income levels. The clustering of our assets around these population centers enables us to reduce our operating costs through economies of scale. To maximize the performance of our stores, we employ industry-leading revenue management systems. Developed internally, these systems enable us to analyze, set and adjust rental rates in real time across our portfolio in order to respond to changing market conditions. We believe our systems and processes allow us to more pro-actively manage revenues.

We operate in competitive markets, often where consumers have multiple stores from which to choose. Competition has impacted, and will continue to impact, our store results. We experience seasonal fluctuations in occupancy levels, with occupancy levels generally higher in the summer months due to increased moving activity. We believe that we are able to respond quickly and effectively to changes in local, regional and national economic conditions by adjusting rental rates through the combination of our revenue management team and our proprietary pricing systems. We consider a store 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 store to be stabilized once it has achieved either an 80% occupancy rate for a full year measured as of January 1 of the current year, or has been open for three years prior to January 1 of the current year.

COVID-19 UPDATE

The United States and other countries around the world continue to be impacted by the COVID-19 pandemic, which has created considerable instability and disruption in the U.S. and world economies. Governmental authorities in impacted regions have taken various actions in an effort to slow the spread of COVID-19, including issuance of varying forms of states of emergency orders. In response to these evolving orders and the COVID-19 pandemic, we have implemented a wide range of practices to protect and support our employees and customers. Such measures include instituting “work from home” measures at our corporate offices and call center, instituting a contactless rental process that allows our on-site employees to continue to rent storage units without physical interaction, and providing personal protective equipment to on-site employees providing essential functions so that hygiene and “social distancing” standards can be effectively managed and applied. Although many governmental restrictions have lifted and certain work practices return to normal, our customers may continue to be impacted by the COVID-19 pandemic and related governmental responses, including through unemployment, which may impact their ability to pay rent or renew their leases. However, given the uncertainty resulting from the pandemic, our business may be impacted by the COVID-19 pandemic including additional governmental restrictions.

PROPERTIES

As of March 31, 2022, we owned or had ownership interests in 1,283 operating stores. Of these stores, 995 are wholly-owned, none of which are in consolidated joint ventures, and 288 are in unconsolidated joint ventures. In addition, we managed an additional 847 stores for third parties bringing the total number of stores which we own and/or manage to 2,130. These stores are located in 41 states and Washington, D.C. The majority of our stores are clustered around large population centers. The clustering of assets around these population centers enables us to reduce our operating costs through economies of scale. Our acquisitions have given us an increased scale in many core markets as well as a foothold in many markets where we had no previous presence.

As of March 31, 2022, approximately 1,265,000 tenants were leasing storage units at the operating stores that we own and/or manage, primarily on a month-to-month basis, providing the flexibility to increase rental rates over time as market conditions permit. Existing tenants generally receive rate increases at least annually, for which no direct correlation has been drawn to our vacancy trends. Although leases are short-term in duration, the typical tenant tends to remain at our stores for an extended period of time. For stores that were stabilized as of March 31, 2022, the average length of stay was approximately 14.9 months.

The average annual rent per square foot for our existing customers at stabilized stores, net of discounts and bad debt, was $20.04 for the three months ended March 31, 2022, compared to $16.21 for the three months ended March 31, 2021. Average annual rent per square foot for new leases was $19.68 for the three months ended March 31, 2022, compared to $16.54 for the three months ended March 31, 2021. The average discounts, as a percentage of rental revenues, at all stabilized properties during these periods were 2.9% and 2.9%, respectively.

Our store portfolio is made up of different types of construction and building configurations. Most often sites are what we consider “hybrid” stores, a mix of drive-up and multi-floor buildings. We have a number of multi-floor buildings with elevator access only, and a number of stores featuring ground-floor access only.

The following table presents additional information regarding net rentable square feet and the number of stores by state.

	March 31, 2022							
	REIT Owned		Joint Venture Owned		Managed		Total	
Location	Property Count[(1)]	Net Rentable Square Feet	Property Count	Net Rentable Square Feet	Property Count	Net Rentable Square Feet	Property Count	Net Rentable Square Feet
Alabama	8	594,384	1	75,711	6	393,202	15	1,063,297
Arizona	23	1,624,381	9	673,854	21	1,797,997	53	4,096,232
California	175	13,438,621	49	3,594,254	82	7,696,360	306	24,729,235
Colorado	17	1,150,241	3	270,604	25	1,791,449	45	3,212,294
Connecticut	6	469,426	7	575,774	8	553,888	21	1,599,088
Delaware	—	—	1	76,645	2	138,474	3	215,119
Florida	110	8,389,054	37	3,057,198	111	8,840,510	258	20,286,762
Georgia	67	5,173,562	14	1,143,974	23	1,761,986	104	8,079,522
Hawaii	13	863,968	—	—	3	159,393	16	1,023,361
Idaho	—	—	—	—	3	182,604	3	182,604
Illinois	38	2,888,984	10	741,733	31	2,192,133	79	5,822,850
Indiana	14	923,749	1	58,291	16	1,095,214	31	2,077,254
Kansas	1	50,209	2	108,920	6	466,374	9	625,503
Kentucky	10	827,900	1	51,569	9	754,134	20	1,633,603
Louisiana	5	387,234	—	—	9	656,126	14	1,043,360
Maine	—	—	—	—	8	576,086	8	576,086
Maryland	34	2,848,067	7	552,898	39	2,801,287	80	6,202,252
Massachusetts	46	2,970,522	10	640,970	27	1,734,690	83	5,346,182
Michigan	8	641,490	4	302,526	6	459,823	18	1,403,839
Minnesota	7	584,859	4	305,376	15	1,130,324	26	2,020,559
Mississippi	3	233,645	—	—	—	—	3	233,645
Missouri	4	260,700	2	119,275	15	1,131,941	21	1,511,916
Nebraska	—	—	—	—	3	278,191	3	278,191
Nevada	14	1,038,492	4	474,231	7	743,439	25	2,256,162
New Hampshire	2	134,564	2	84,165	5	359,388	9	578,117
New Jersey	62	4,927,802	16	1,144,467	34	2,655,238	112	8,727,507
New Mexico	11	700,007	10	683,870	12	901,849	33	2,285,726
New York	28	2,042,622	18	1,503,778	36	2,212,373	82	5,758,773
North Carolina	23	1,732,706	5	401,432	17	1,298,304	45	3,432,442
Ohio	16	1,242,902	5	325,163	8	614,157	29	2,182,222
Oklahoma	—	—	—	—	18	1,457,486	18	1,457,486
Oregon	8	548,408	1	65,245	10	738,238	19	1,351,891
Pennsylvania	22	1,603,390	9	679,824	34	2,471,474	65	4,754,688
Rhode Island	2	134,802	—	—	5	422,173	7	556,975
South Carolina	23	1,713,672	11	709,744	24	2,078,681	58	4,502,097
Tennessee	22	1,849,138	12	810,696	8	564,284	42	3,224,118
Texas	102	8,371,945	23	1,843,882	78	6,769,854	203	16,985,681
Utah	10	697,407	—	—	23	1,841,885	33	2,539,292
Virginia	51	4,128,223	9	702,941	31	2,222,081	91	7,053,245
Washington	9	683,913	—	—	14	1,083,540	23	1,767,453
Washington, DC	1	100,039	1	103,707	6	539,501	8	743,247
Wisconsin	—	—	—	—	9	730,742	9	730,742
Totals	995	75,971,028	288	21,882,717	847	66,296,873	2,130	164,150,618

(1) Includes zero consolidated joint venture stores.

RESULTS OF OPERATIONS

Comparison of the three months ended March 31, 2022 and 2021

Overview

Results for the three months ended March 31, 2022 included the operations of 1,283 stores (995 wholly-owned, none in consolidated joint ventures, and 288 in joint ventures accounted for using the equity method) compared to the results for the three months ended March 31, 2021, which included the operations of 1,206 stores (937 wholly-owned, six in consolidated joint ventures, and 263 in joint ventures accounted for using the equity method).

Revenues

The following table presents information on revenues earned for the periods indicated:

	For the Three Months Ended March 31,			
	2022	2021	$ Change	% Change
Revenues:				
Property rental	$ 379,808	$ 303,593	$ 76,215	25.1 %
Tenant reinsurance	43,797	39,619	4,178	10.5 %
Management fees and other income	19,957	15,645	4,312	27.6 %
Total revenues	$ 443,562	$ 358,857	$ 84,705	23.6 %

Property Rental—The increase in property rental revenues for the three months ended March 31, 2022 was primarily the result of an increase of $62,695 at our stabilized stores related to higher average rates to new and existing customers. Property rental revenue also increased by $18,897 associated with acquisitions completed in 2022 and 2021. We acquired 14 wholly-owned stores during the three months ended March 31, 2022 and a total of 74 stores during the year ended December 31, 2021. Property rental revenue also increased by $1,245 during the three months ended March 31, 2022 as a result of increase in occupancy at our lease-up stores. These increases were offset by approximately $6,622 related to the sale of 16 stores into a new joint venture and 16 stores to a third party during 2021.

Tenant Reinsurance—The increase in our tenant reinsurance revenues was due primarily to an increase in the number of stores operated. We operated 2,130 stores at March 31, 2022 compared to 1,969 stores at March 31, 2021.

Management Fees and Other Income—Management fees and other income primarily represent the fees collected for our management of stores owned by third parties and unconsolidated joint ventures and other transaction fee income. The increase for the three months ended March 31, 2022 was primarily due to an increase in the number of stores managed and other transaction fee income. As of March 31, 2022, we managed 1,135 stores for joint ventures and third parties, compared to 1,032 stores as of March 31, 2021.

Expenses

The following table presents information on expenses for the periods indicated:

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021	$ Change	% Change
Expenses:				
Property operations	$ 103,542	$ 92,367	$ 11,175	12.1 %
Tenant reinsurance	7,042	7,161	(119)	(1.7) %
General and administrative	29,762	23,540	6,222	26.4 %
Depreciation and amortization	67,906	58,599	9,307	15.9 %
Total expenses	$ 208,252	$ 181,667	$ 26,585	14.6 %

Property Operations—The increase in property operations expense during the three months ended March 31, 2022 consists primarily of an increase of $7,053 related to acquisitions completed in 2022 and 2021. We acquired 14 wholly-owned stores during the three months ended March 31, 2022 and a total of 74 stores during the year ended December 31, 2021. There was also an increase of $5,912 at stabilized stores, which was partially offset by a decrease in expense of $2,101 related to property sales.

Tenant Reinsurance—Tenant reinsurance expense represents the costs that are incurred to provide tenant reinsurance. We operated 2,130 stores at March 31, 2022 compared to 1,969 stores at March 31, 2021. Tenant reinsurance expense decreased due to lower loss control and acquisition expenses.

General and Administrative—General and administrative expenses primarily include all expenses not directly related to our stores, including corporate payroll, office expense, office rent, travel and professional fees. Payroll has continued to increase as we have seen wages nationwide grow faster than inflation. We did not observe any material trends in specific travel or other expenses apart from the increase due to the management of additional stores.

Depreciation and Amortization—Depreciation and amortization expense increased as a result of the acquisition of new stores. We acquired 14 wholly-owned stores during the three months ended March 31, 2022 and a total of 74 stores during the year ended December 31, 2021.

Other Revenues and Expenses

The following table presents information about other revenues and expenses for the periods indicated:

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021	$ Change	% Change
Gain on real estate transactions	$ —	$ 63,883	$ (63,883)	— %
Interest expense	(42,538)	(40,695)	(1,843)	4.5 %
Interest income	18,989	12,304	6,685	54.3 %
Equity in earnings and dividend income from unconsolidated real estate entities	9,097	6,956	2,141	30.8 %
Income tax expense	(3,141)	(4,137)	996	(24.1) %
Total other revenues & expenses, net	$ (17,593)	$ 38,311	$ (55,904)	(145.9) %

Gain on Real Estate Transactions— During the three months ended March 31, 2021, we sold 16 stores to a newly established unconsolidated joint venture. We recognized a total gain of $64,424 related to this transaction. This gain was partially offset by losses related to the sale of notes receivable and solar assets.

Interest Expense—The increase in interest expense during the three months ended March 31, 2022 was primarily the result of a higher weighted average interest rate and debt balance compared to the same period in the prior year.

Interest Income—Interest income represents interest earned on bridge loans, notes receivable and debt securities and income earned on notes receivable from Common and Preferred Operating Partnership unit holders. The increase in interest income during the three months ended March 31, 2022 was primarily the result of interest earned on these loans as well as interest earned from the repayment of the senior mezzanine note receivable with a principal and interest amount of $103,315, which was purchased in July 2020 and includes the recording and the remaining balance of unamortized discount into interest income.

Equity in Earnings and Dividend Income from Unconsolidated Real Estate Entities—Equity in earnings of unconsolidated real estate entities represents the income earned through our ownership interests in unconsolidated joint ventures. In these joint ventures, we and our joint venture partners generally receive a preferred return on our invested capital. To the extent that cash or profits in excess of these preferred returns are generated, we receive a higher percentage of the excess cash or profits. Dividend income represents dividends from our investment in preferred stock of SmartStop, which was purchased in October 2019 for $150,000 with another $50,000 invested in October 2020.

Income Tax Expense—For the three months ended March 31, 2022, the decrease in income tax expense was primarily the result of a larger estimated solar tax credit for 2022 when compared to the same period in the prior year.

FUNDS FROM OPERATIONS

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

The computation of FFO may not be comparable to FFO reported by other REITs or real estate companies that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently. FFO does not represent cash generated from operating activities determined in accordance with GAAP, and should not be considered as an alternative to net income as an indication of our performance, as an alternative to net cash flow from operating activities, as a measure of our liquidity, or as an indicator of our ability to make cash distributions.

The following table presents the calculation of FFO for the periods indicated:

	For the Three Months Ended March 31, 2022	2021
Net income attributable to common stockholders	$ 203,579	$ 202,998
Adjustments:		
Real estate depreciation	62,692	55,815
Amortization of intangibles	2,766	693
Gain on real estate transactions	—	(63,883)
Unconsolidated joint venture real estate depreciation and amortization	3,853	2,505
Distributions paid on Series A Preferred Operating Partnership units	(572)	(572)
Income allocated to Operating Partnership noncontrolling interests	14,138	12,503
Funds from operations attributable to common stockholders and unit holders	$ 286,456	$ 210,059

SAME-STORE RESULTS

Our same-store pool for the periods presented consists of 870 stores that are wholly-owned and operated and that were stabilized by the first day of the earliest calendar year presented. We consider a store to be stabilized once it has been open for three years or has sustained average square foot occupancy of 80% or more for one calendar year. We believe 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 expense 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 our stores as a whole. The following table presents operating data for our same-store portfolio.

	For the Three Months Ended March 31, 2022	2021	Percent Change
Same-store rental revenues	$ 341,888	$ 280,990	21.7 %
Same-store operating expenses	84,857	79,480	6.8 %
Same-store net operating income	$ 257,031	$ 201,510	27.6 %
Same-store square foot occupancy as of quarter end	94.5%	95.3%	
Properties included in same-store	870	870	

Same-store revenues for the three months ended March 31, 2022 increased compared to the same periods in 2021 due to higher average rates to new and existing customers and higher late fees partially offset by lower occupancy.

Same-store expenses increased for the three months ended March 31, 2022 compared to the same period in 2021 due to increases in payroll, credit card processing fees, repairs and maintenance (snow removal) and insurance, partially offset by lower marketing expense.

The following table presents a reconciliation of same-store net operating income to net income as presented on our condensed consolidated statements of operations for the periods indicated:

	For the Three Months Ended March 31,	
	2022	2021
Net Income	$ 217,717	$ 215,501
Adjusted to exclude:		
Gain on real estate transactions	—	(63,883)
Equity in earnings and dividend income from unconsolidated real estate entities	(9,097)	(6,956)
Interest expense	42,538	40,695
Depreciation and amortization	67,906	58,599
Income tax expense	3,141	4,137
General and administrative	29,762	23,540
Management fees, other income and interest income	(38,946)	(27,949)
Net tenant insurance	(36,755)	(32,458)
Non same-store rental revenue	(37,920)	(22,603)
Non same-store operating expense	18,685	12,887
Total same-store net operating income	$ 257,031	$ 201,510
Same-store rental revenues	$ 341,888	$ 280,990
Same-store operating expenses	84,857	79,480
Same-store net operating income	$ 257,031	$ 201,510

CASH FLOWS

Cash flows from operating activities for the three months ended March 31, 2022 increased when compared to the same period in the prior year as a result of our continued total revenue growth. Cash flows used in investing activities relates primarily to our acquisition and development of REIT and joint venture assets, as well as activity on our bridge loan program. Cash flows from financing activities depend primarily on our debt and equity financing activities. A summary of cash flows along with significant components are as follows:

	For the Three Months Ended March 31,	
	2022	2021
Net cash provided by operating activities	$ 287,465	$ 203,880
Net cash provided by (used in) investing activities	(121,372)	42,595
Net cash used in financing activities	(169,621)	(311,689)
Significant components of net cash flow included:		
Net income	$ 217,717	$ 215,501
Depreciation and amortization	67,906	58,599
Gain on real estate transactions	—	(63,883)
Acquisition and development of real estate assets	(210,521)	(175,838)
Proceeds from sale of real estate assets and investments in real estate ventures	—	132,733
Issuance and purchase of notes receivable	(134,408)	(25,772)
Proceeds from sale of notes receivable	39,718	81,250
Principal payments received from notes receivable	195,803	—
Proceeds from the sale of common stock, net of offering costs	—	273,720
Proceeds from notes payable and revolving lines of credit	889,829	1,747,000
Principal payments on notes payable and revolving lines of credit	(1,230,924)	(2,193,409)
Proceeds from issuance of public bonds, net	400,000	—
Dividends paid on common stock	(202,527)	(132,540)

We believe that cash flows generated by operations, along with our existing cash and cash equivalents, the availability of funds under our existing lines of credit, and our access to capital markets will be sufficient to meet all of our reasonably anticipated cash needs during the next 12 months. These cash needs include operating expenses, monthly debt service payments, recurring capital expenditures, acquisitions, redevelopments and expansions, distributions to unit holders and dividends to stockholders necessary to maintain our REIT qualification.

We expect to generate positive cash flow from operations in 2022, and we consider these projected cash flows in our sources and uses of cash. These cash flows are principally derived from rents paid by our tenants. A significant deterioration in projected cash flows from operations could cause us to increase our reliance on available funds under our existing lines of credit, curtail planned capital expenditures, or seek other additional sources of financing.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2022, we had $65,978 available in cash and cash equivalents. Our cash and cash equivalents are held in accounts managed by third party financial institutions and consist of invested cash and cash in our operating accounts. During 2022 and 2021, we experienced no loss or lack of access to our cash or cash equivalents; however, there can be no assurance that access to our cash and cash equivalents will not be impacted by adverse conditions in the financial markets.

As of March 31, 2022, we had $6,043,018 face value of debt, resulting in a debt to total enterprise value ratio of 17.1%. As of March 31, 2022, the ratio of total fixed-rate debt and other instruments to total debt was 80.4% ($4,860,356 total fixed-rate debt including $1,936,424 on which we have interest rate swaps that have been included as fixed-rate debt). The weighted average interest rate of the total of fixed- and variable-rate debt at March 31, 2022 was 2.8%. Certain of our real estate assets are pledged as collateral for our debt. We are subject to certain restrictive covenants relating to our outstanding debt. We were in compliance with all financial covenants at March 31, 2022.

We expect to fund our short-term liquidity requirements, including operating expenses, recurring capital expenditures, dividends to stockholders, distributions to holders of Operating Partnership units and interest on our outstanding indebtedness, out of our operating cash flow, cash on hand and borrowings under our revolving lines of credit. In addition, we are pursuing additional sources of financing based on anticipated funding needs and growth assumptions.

We currently hold a BBB/Stable rating from S&P and a Baa2 rating from Moody's Investors Service. We intend to manage our balance sheet to maintain these ratings. Certain of our real estate assets are pledged as collateral for our debt. As of March 31, 2022, we had a total of 766 unencumbered stores as defined by our public bonds. Our unencumbered asset value was calculated as $14,390,115 and our total asset value was calculated as $19,160,844 according to the calculations as defined by our public bonds.

Our liquidity needs consist primarily of operating expenses, monthly debt service payments, recurring capital expenditures, dividends to stockholders and distributions to unit holders necessary to maintain our REIT qualification. We may from time to time seek to repurchase our outstanding debt, shares of common stock or other securities in open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. In addition, we evaluate, on an ongoing basis, the merits of strategic acquisitions and other relationships, which may require us to raise additional funds. We may also use Operating Partnership units as currency to fund acquisitions from self-storage owners.

The COVID-19 pandemic has had negative impacts on capital markets and may continue to do so or such negative impacts could intensify. Based upon the current availability of our credit facility and our credit rating, we do not expect such capital market dislocations to have a material impact upon our ability to satisfy obligations and maturities or our growth plans during the year. However, there can be no assurance of the impact on our future plans if these negative trends were to persist for a long period of time or intensify.

OFF-BALANCE SHEET ARRANGEMENTS

Except as disclosed in the notes to our consolidated financial statements of our most recently filed Annual Report on Form 10-K, we do not currently have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purposes entities, which typically are established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. Further, except as disclosed in the notes to our condensed consolidated financial statements, we have not guaranteed any obligations of unconsolidated entities, nor do we have any commitments or intent to provide funding to any such entities. Accordingly, we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in these relationships.

SEASONALITY

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

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

Interest Rate Risk

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

As of March 31, 2022, we had approximately $6.0 billion in total face value of debt, of which approximately $1.2 billion was subject to variable interest rates (excluding debt with interest rate swaps). If LIBOR were to increase or decrease by 100 basis points, the increase or decrease in interest expense on the variable-rate debt would increase or decrease future earnings and cash flows by approximately $11.8 million annually.

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

ITEM 4. CONTROLS AND PROCEDURES

(1) Disclosure Controls and Procedures

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

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

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

(2) Changes in internal control over financial reporting

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

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved in various legal proceedings and are subject to various claims and complaints arising in the ordinary course of business. Because litigation is inherently unpredictable, the outcome of these matters cannot presently be determined with any degree of certainty. In accordance with applicable accounting guidance, management establishes an accrued liability for litigation when those matters present loss contingencies that are both probable and reasonably estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. The estimated loss, if any, is based upon currently available information and is subject to significant judgment, a variety of assumptions, and known and unknown uncertainties. We could in the future incur judgments or enter into settlements of claims that could have a material adverse effect on our results of operations in any particular period, notwithstanding the fact that we are currently vigorously defending any legal proceedings against us.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in “Part I. Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021, which could materially affect our business, financial condition and results of operations. There have been no material changes to the risk factors described in the “Risk Factors” section in our Annual Report on Form 10-K for the year ended December 31, 2021. The risks described in our Annual Report on Form 10-K are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition and results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On January 7, 2022, we issued a total of 186,766 shares of common stock in connection with the acquisition of two stores. The shares of common stock were valued at a total of $40,965. The shares of common stock were issued in a private placement in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder. We registered for resale the shares issued in connection with such acquisition on April 7, 2022..

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

4.1 Indenture, dated as of May 11, 2021, among Extra Space Storage LP, as issuer, Extra Space Storage Inc., ESS Holdings Business Trust I and ESS Holdings Business Trust II, as guarantors, and Wells Fargo Bank, National Association, as trustee (incorporated by reference to the Current Report on Form 8-K filed May 11, 2021).

4.2 First Supplemental Indenture, dated as of May 11, 2021, among Extra Space Storage LP, as issuer, Extra Space Storage Inc., ESS Holdings Business Trust I and ESS Holdings Business Trust II, as guarantors, and Wells Fargo Bank, National Association, as trustee, including the form of the Notes and the Guarantee (incorporated by reference to the Current Report on Form 8-K filed May 11, 2021).

4.3 Second Supplemental Indenture, dated as of September 22, 2021, among Extra Space Storage LP, as issuer, Extra Space Storage Inc., ESS Holdings Business Trust I and ESS Holdings Business Trust II, as guarantors, and Wells Fargo Bank, National Association, as trustee, including the form of the Notes and the Guarantee (incorporated by references to the Current report on Form 8-K filed September 22, 2021).

4.4 Third Supplemental Indenture, dated as of March 31, 2022, among Extra Space Storage LP, as issuer, Extra Space Storage Inc., ESS Holdings Business Trust I and ESS Holdings Business Trust II, as guarantors, and Computershare Trust Company, N.A. (as successor to Wells Fargo Bank, National Association), as trustee, including the form of the Notes and the Guarantee (incorporated by references to the Current report on Form 8-K filed March 31, 2022).

22.1 Issuer and Guarantors of Guaranteed Securities

31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certifications of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101 The following materials from Extra Space Storage Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, are formatted in XBRL (eXtensible Business Reporting Language): (1) the Condensed Consolidated Balance Sheets, (2) the Condensed Consolidated Statements of Operations, (3) the Condensed Consolidated Statements of Comprehensive Income (4) the Condensed Consolidated Statement of Noncontrolling Interests and Equity, (5) the Condensed Consolidated Statements of Cash Flows and (6) notes to these financial statements.

104 Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

SIGNATURES

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

	EXTRA SPACE STORAGE INC. *Registrant*
Date: May 6, 2022	/s/ Joseph D. Margolis
	Joseph D. Margolis *Chief Executive Officer* *(Principal Executive Officer)*
Date: May 6, 2022	/s/ P. Scott Stubbs
	P. Scott Stubbs *Executive Vice President and Chief Financial Officer* *(Principal Financial Officer)*

Exhibit 22.1

Issuer and Guarantors of Guaranteed Securities

The following entities are included in the Obligated Group, as defined in the Quarterly Report on Form 10-Q of Extra Space Storage Inc. to which this document is being filed as an exhibit, for the 3.900% Senior Notes due 2029, the 2.550% Senior Notes due 2031 and the 2.350% Senior Notes due 2032 (collectively, the "Notes"). The guarantors have fully and unconditionally guaranteed the Notes on a joint and several basis.

Name of Issuer or Guarantor	Reported as Issuer or Guarantor	State of Incorporation or Organization
Extra Space Storage LP	Issuer	Delaware
Extra Space Storage Inc.	Parent Guarantor	Maryland
ESS Holdings Business Trust I	Subsidiary Guarantor	Massachusetts
ESS Holdings Business Trust II	Subsidiary Guarantor	Massachusetts

Exhibit 31.1

CERTIFICATION

I, Joseph D. Margolis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Extra Space Storage Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2022	By:	/s/ Joseph D. Margolis
	Name:	Joseph D. Margolis
	Title:	Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, P. Scott Stubbs, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Extra Space Storage Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 6, 2022	By:	/s/ P. Scott Stubbs
	Name:	P. Scott Stubbs
	Title:	Executive Vice President and Chief Financial Officer

Exhibit 32.1

Certification of Chief Executive Officer and Chief Financial Officer
Pursuant to
18 U.S.C. Section 1350,
as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

The undersigned, the Chief Executive Officer of Extra Space Storage Inc. (the “Company”), hereby certifies to his knowledge on the date hereof, pursuant to 18 U.S.C. 1350(a), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 (the “Form 10-Q”), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

By:	/s/ Joseph D. Margolis
Name:	Joseph D. Margolis
Title:	Chief Executive Officer
Date:	May 6, 2022

The undersigned, the Chief Financial Officer of Extra Space Storage Inc. (the “Company”), hereby certifies to his knowledge on the date hereof, pursuant to 18 U.S.C. 1350(a), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 (the “Form 10-Q”), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

By:	/s/ P. Scott Stubbs
Name:	P. Scott Stubbs
Title:	Executive Vice President and Chief Financial Officer
Date:	May 6, 2022