# SECURITIES AND EXCHANGE COMMISSION
**WASHINGTON, D.C. 20549**

# FORM 8-K

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

**February 19, 2015**
**(Date of Report (Date of Earliest Event Reported))**

# EXTRA SPACE STORAGE INC.
**(Exact Name of Registrant as Specified in Its Charter)**

| Maryland | 001-32269 | 20-1076777 |
|---|---|---|
| (State or Other Jurisdiction of Incorporation) | (Commission File Number) | (IRS Employer Identification Number) |

**2795 East Cottonwood Parkway, Suite 400**
**Salt Lake City, Utah 84121**
**(Address of Principal Executive Offices)**

**(801) 365-4600**
**(Registrant's Telephone Number, Including Area Code)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On February 19, 2015, Extra Space Storage Inc. (the "Company") issued a press release announcing its financial results for the three and twelve months ended December 31, 2014. A copy of the press release is furnished as Exhibit 99.1 to this report and is incorporated by reference herein.

The information contained in this Current Report, including the exhibit referenced herein, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. Such information shall not be incorporated by reference into any filing of Extra Space Storage Inc., whether made before or after the date hereof, regardless of any general incorporation language in such filing.

## ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) The following exhibits are filed herewith:

| Exhibit Number | Description of Exhibit |
|---|---|
| 99.1 | Press Release dated February 19, 2015. |

## SIGNATURES

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

EXTRA SPACE STORAGE INC.

Date: February 19, 2015

By /s/ P. Scott Stubbs

Name: P. Scott Stubbs

Title: Executive Vice President and Chief Financial Officer

**Exhibit 99.1**

**Extra Space Storage Inc.**
**PHONE** (801) 365-4600
**FAX** (801) 365-4855
2795 East Cottonwood Parkway, Suite 400
Salt Lake City, Utah 84121
www.extraspace.com

***FOR IMMEDIATE RELEASE***

# Extra Space Storage Inc. Reports 2014 Fourth Quarter and Year End Results

**~ Increases FFO as Adjusted per share by 19.3% for the Quarter and 23.7% for the Year ~**
**~ Increases Same-Store Revenue by 7.3% for the Quarter and 7.5% for the Year ~**
**~ Increases Same-Store NOI by 9.5% for the Quarter and 9.5% for the Year ~**
**~ Increases Same-Store Occupancy by 190 basis points to 91.4% ~**

SALT LAKE CITY, February 19, 2015 — Extra Space Storage Inc. (NYSE: EXR) (the "Company"), a leading owner and operator of self-storage in the United States, announced operating results for the three months and year ended December 31, 2014.

## Highlights for the three months ended December 31, 2014:

- Achieved funds from operations ("FFO") of $0.62 per diluted share. Excluding costs associated with acquisitions, casualty losses and non-cash interest, FFO as adjusted was $0.68 per diluted share, representing a 19.3% increase compared to the same period in 2013.
- Increased same-store revenue and net operating income ("NOI") by 7.3% and 9.5%, respectively, compared to the same period in 2013.
- Increased same-store occupancy by 190 basis points to 91.4% as of December 31, 2014, compared to 89.5% as of December 31, 2013.
- Acquired 19 operating stores for approximately $163.5 million.
- Paid a quarterly dividend of $0.47 per share.

Spencer F. Kirk, CEO of Extra Space Storage Inc., commented: "It was another outstanding year of growth for Extra Space Storage. Our integrated operating platform continues to drive excellent results, with record-high occupancy and steady gains in revenue and NOI. Acquisitions exceeded $163 million in the fourth quarter and $531 million for the year. With a continuing forecast of moderate supply growth and stable demand, 2015 is positioned to be another strong year for Extra Space."

## FFO Per Share:

The following table outlines the Company's FFO and FFO as adjusted for the three months and year ended December 31, 2014 and 2013. The table also provides a reconciliation to GAAP net income attributable to common stockholders and earnings per diluted share for each period presented (amounts shown in thousands, except share data — unaudited):

| | For the Three Months Ended December 31, | | | | For the Year Ended December 31, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2014 | | 2013 | | 2014 | | 2013 | |
| | | (per share) | | (per share) | | (per share) | | (per share) |
| **Net income attributable to common stockholders** | $ 45,122 | $ 0.39 | $ 76,940 | $ 0.67 | $ 178,355 | $ 1.53 | $ 172,076 | $ 1.53 |
| Impact of the difference in weighted average number of shares – diluted(1) | | (0.02) | | (0.04) | | (0.08) | | (0.06) |
| Adjustments: | | | | | | | | |
| Real estate depreciation | 24,852 | 0.20 | 21,327 | 0.18 | 96,819 | 0.79 | 78,943 | 0.68 |
| Amortization of intangibles | 2,800 | 0.02 | 3,265 | 0.03 | 12,394 | 0.10 | 11,463 | 0.10 |
| (Gain) loss on sale of real estate and earnout from prior acquisitions | — | — | (160) | — | 10,285 | 0.08 | (960) | (0.01) |
| Unconsolidated joint venture real estate depreciation and amortization | 1,091 | 0.01 | 1,236 | 0.01 | 4,395 | 0.04 | 5,676 | 0.05 |
| Unconsolidated joint venture gain on purchase of joint venture partners' interests | (206) | — | (43,476) | (0.36) | (4,022) | (0.03) | (46,032) | (0.40) |
| Distributions paid on Series A Preferred Operating Partnership units | (1,437) | (0.01) | (1,437) | (0.01) | (5,750) | (0.05) | (5,750) | (0.05) |
| Income allocated to Operating Partnership noncontrolling interests | 4,360 | 0.03 | 5,221 | 0.04 | 17,530 | 0.14 | 13,431 | 0.12 |
| Funds from operations | $ 76,582 | $ 0.62 | $ 62,916 | $ 0.52 | $ 310,006 | $ 2.52 | $ 228,847 | $ 1.96 |
| Adjustments: | | | | | | | | |
| Property casualty loss, net | 1,724 | 0.01 | — | — | 1,724 | 0.01 | — | — |
| Loss on extinguishment of debt related to portfolio acquisition | — | — | — | — | — | — | 9,153 | 0.08 |
| Non-cash interest expense related to amortization of discount on equity portion of exchangeable senior notes | 679 | 0.01 | 457 | 0.01 | 2,683 | 0.02 | 1,404 | 0.01 |
| Non-cash interest benefit related to out of market debt | (729) | (0.01) | (213) | — | (3,079) | (0.02) | (1,194) | (0.01) |
| Acquisition related costs | 5,941 | 0.05 | 5,056 | 0.04 | 9,826 | 0.08 | 8,618 | 0.07 |
| Funds from operations as adjusted | $ 84,197 | $ 0.68 | $ 68,216 | $ 0.57 | $ 321,160 | $ 2.61 | $ 246,828 | $ 2.11 |
| Weighted average number of shares – diluted(2) | 123,217,554 | | 120,691,510 | | 123,009,720 | | 116,730,519 | |

(1) Adjustment to account for the difference between the number of shares used to calculate earnings per share and the number of shares used to calculate FFO per share. Earnings per share is calculated using the two-class method, which uses a lower number of shares than the calculation for FFO per share and FFO as adjusted per share, which are calculated assuming full redemption of all OP units as described in note (2).

(2) Extra Space Storage L.P. (the "Operating Partnership") has outstanding preferred and common operating partnership units ("OP units"). These OP units can be redeemed for cash or, at the Company's election, shares of the Company's common stock. Redemption of all OP units for common stock has been assumed for purposes of calculating the weighted average number of shares — diluted as presented above. The computation of weighted average shares — diluted for FFO per share and FFO as adjusted per share also includes the effect of share-based compensation plans and using the treasury stock method and shares related to the exchangeable senior notes.

**Operating Results and Same-Store Performance:**

The following table outlines the Company's same-store performance for the three months and year ended December 31, 2014 and 2013 (amounts shown in thousands, except store count data - unaudited):

| | For the Three Months Ended December 31, | | Percent | For the Year Ended December 31, | | Percent |
|---|---|---|---|---|---|---|
| | 2014 | 2013 | Change | 2014 | 2013 | Change |
| Same-store rental and tenant reinsurance revenues | $ 121,819 | $ 113,546 | 7.3% | $477,884 | $444,353 | 7.5% |
| Same-store operating and tenant reinsurance expenses | 34,669 | 33,942 | 2.1% | 139,835 | 135,547 | 3.2% |
| Same-store net operating income | $ 87,150 | $ 79,604 | 9.5% | $338,049 | $308,806 | 9.5% |
| | | | | | | |
| Non same-store rental and tenant reinsurance revenues | $ 38,317 | $ 21,684 | 76.7% | $141,056 | $ 49,646 | 184.1% |
| Non same-store operating and tenant reinsurance expenses | $ 10,971 | $ 5,832 | 88.1% | $ 43,008 | $ 13,487 | 218.9% |
| | | | | | | |
| Total rental and tenant reinsurance revenues | $ 160,136 | $ 135,230 | 18.4% | $618,940 | $493,999 | 25.3% |
| Total operating and tenant reinsurance expenses | $ 45,640 | $ 39,774 | 14.7% | $182,843 | $149,034 | 22.7% |
| | | | | | | |
| Same-store square foot occupancy as of quarter end | 91.4% | 89.5% | | 91.4% | 89.5% | |
| Properties included in same-store | 442 | 442 | | 442 | 442 | |

Same-store revenues for the three months and year ended December 31, 2014 increased due to gains in occupancy and higher rental rates for both new and existing customers. Expenses were higher for the three months ended December 31, 2014 due to increases in repairs and maintenance. Expenses were higher for the year ended December 31, 2014 due to increases in office expense, property taxes and repairs and maintenance. These expenses were partially offset by a decrease in property insurance in the three months and year ended December 31, 2014.

Major markets with revenue growth above the Company's portfolio average for the three months ended December 31, 2014 included Cincinnati, Los Angeles, Miami and San Francisco. Major markets performing below the Company's portfolio average included Chicago, Philadelphia, Phoenix and Washington D.C./Baltimore.

**Acquisition and Third-Party Management Activity:**

During the quarter, the Company acquired 19 operating stores located in California, Colorado, Florida, Georgia, New Jersey, North Carolina, South Carolina, Texas and Virginia for approximately $163.5 million. Of these 19 stores, 15 were acquired from our third-party managed stores. Subsequent to the end of the quarter, the Company acquired three additional operating stores located in Texas for approximately $41.9 million.

***Operating Stores Under Contract:***

The Company has 28 operating stores under contract for a total purchase price of approximately $228.9 million. The stores are located in Arizona, North Carolina, South Carolina, Texas and Virginia. All of these acquisitions are expected to close by the end of the second quarter of 2015.

***Other Stores Under Contract to be Purchased upon Completion:***

The Company has 13 other stores under contract for a total estimated purchase price of $138.2 million. These stores will be purchased upon completion of construction, and are scheduled to be built and opened in 2015, 2016 and 2017. Three of the stores, totaling $33.2 million, will be purchased by a joint venture, of which the Company will own a 10% equity interest.

The pending acquisitions described above are subject to due diligence and other customary closing conditions and no assurance can be provided that these acquisitions will be completed on the terms described, or at all.

***Property Management:***

As of December 31, 2014, the Company managed 260 stores for third-party owners. With an additional 271 stores owned and operated in joint ventures, the Company had a total of 531 stores under management. The Company continues to be the largest self-storage management company in the United States.

**Balance Sheet:**

As of December 31, 2014, the Company's percentage of fixed-rate debt to total debt was 64.5%. The weighted average interest rates of the Company's fixed and variable-rate debt were 4.1% and 2.0%, respectively. The combined weighted average interest rate was 3.4% with a weighted average maturity of approximately 4.6 years.

**Dividends:**

On December 31, 2014, the Company paid a fourth quarter common stock dividend of $0.47 per share to stockholders of record at the close of business on December 15, 2014.

**Outlook:**

The following table outlines the Company's FFO estimates and annual assumptions for the year ending December 31, 2015:

| | Ranges for 2015 Annual Assumptions Low | Ranges for 2015 Annual Assumptions High | Notes |
|---|---|---|---|
| Funds from operations | $ 2.85 | $ 2.94 | |
| Funds from operations as adjusted | $ 2.89 | $ 2.98 | |
| Same-store property revenue growth | 5.75% | 6.75% | Assumes a same-store pool of 503 stores and includes tenant reinsurance |
| Same-store property expense growth | 3.25% | 4.25% | Assumes a same-store pool of 503 stores and includes tenant reinsurance |
| Same-store property NOI growth | 6.00% | 8.00% | Assumes a same-store pool of 503 stores and includes tenant reinsurance |
| Weighted average LIBOR | 0.33% | 0.33% | |
| Net tenant reinsurance income | $ 54,000,000 | $ 55,000,000 | |
| General & administrative expenses | $ 58,000,000 | $ 59,000,000 | |
| Non-cash compensation expense | $ 5,500,000 | $ 5,500,000 | |
| Average monthly cash balance | $ 45,000,000 | $ 45,000,000 | |
| Equity in earnings of real estate ventures | $ 12,000,000 | $ 13,000,000 | |
| Acquisition of Operating Stores | $ 450,000,000 | $ 450,000,000 | |
| Acquisition of Other Stores upon completion of development | $ 50,000,000 | $ 50,000,000 | |
| Interest expense | $ 90,000,000 | $ 91,000,000 | |
| Non-cash interest expense related to exchangeable senior notes | $ 2,700,000 | $ 2,700,000 | Excluded from FFO as adjusted |
| Non-cash interest benefit related to out of market debt | $ 2,400,000 | $ 2,400,000 | Excluded from FFO as adjusted |
| Taxes associated with the Company's taxable REIT subsidiary | $ 7,500,000 | $ 8,500,000 | |
| Acquisition related costs | $ 5,000,000 | $ 5,000,000 | Excluded from FFO as adjusted |
| Weighted average share count | 125,000,000 | 125,000,000 | Assumes redemption of all OP units for common stock |

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

**Supplemental Financial Information:**

Supplemental unaudited financial information regarding the Company's performance can be found on the Company's website at www.extraspace.com. Click on the "Investor Relations" link on the home page, then on "Financial & Stock Info," then on "Quarterly Earnings" in the navigation menu. This supplemental information provides additional detail on items that include store occupancy and financial performance by portfolio and market, debt maturity schedules and performance of lease-up assets.

**Conference Call:**

The Company will host a conference call at 1:00 p.m. Eastern Time on Friday, February 20, 2015, to discuss its financial results. To participate in the conference call, please dial 866-318-8612 or 617-399-5131 for international participants, participant passcode: 27295601. The conference call will also be available on the Company's website at www.extraspace.com. To listen to a live broadcast, go to the site at least 15 minutes prior to the scheduled start time in order to register, download and install any necessary audio software. A replay of the call will be available for 30 days on the Company's website in the Investor Relations section.

A replay of the call will also be available by telephone, from 5:00 p.m. Eastern Time on February 20, 2015, until midnight Eastern Time on February 25, 2015. The replay dial-in numbers are 888-286-8010 or 617-801-6888 for international callers, participant passcode: 99664713.

**Forward-Looking Statements:**

Certain information set forth in this release contains "forward-looking statements" within the meaning of the federal securities laws. Forward-looking statements include statements concerning 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," "estimates," "expects," "may," "will," "should," "anticipates," or "intends," or the negative of such terms or other comparable terminology, or by discussions of strategy. We may also make additional forward-looking statements from time to time. All such subsequent forward-looking statements, whether written or oral, by us or on our behalf, are also expressly qualified by these cautionary statements. There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in or contemplated by this release. Any forward-looking statements should be considered in light of the risks referenced in the "Risk Factors" section included in our most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Such factors include, but are not limited to:

- adverse changes in general economic conditions, the real estate industry and the markets in which we operate;
- failure to close pending acquisitions on expected terms, or at all;
- the effect of competition from new and existing self-storage facilities or other storage alternatives, which could cause rents and occupancy rates to decline;
- difficulties in our ability to evaluate, finance, complete and integrate acquisitions and developments successfully and to lease up those stores, which could adversely affect our profitability;
- 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;
- increased interest rates and operating costs;
- reductions in asset valuations and related impairment charges;
- the failure of our joint venture partners to fulfill their obligations to us or their pursuit of actions that are inconsistent with our objectives;
- the failure to maintain our REIT status for federal income tax purposes;
- economic uncertainty due to the impact of war or terrorism, which could adversely affect our business plan; and
- difficulties in our ability to attract and retain qualified personnel and management members.

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

**Definition of FFO:**

FFO provides relevant and meaningful information about the Company's operating performance that is necessary, along with net income and cash flows, for an understanding of the Company's operating results. The Company believes FFO is a meaningful disclosure as a supplement to net 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 the Company believes FFO more accurately reflects the value of the Company's real estate assets. FFO is defined by the National Association of Real Estate Investment Trusts, Inc. ("NAREIT") as net income computed in accordance with U.S. generally accepted accounting principles ("GAAP"), excluding gains or losses on sales of operating stores and impairment write downs of depreciable real estate assets, plus depreciation and amortization and after adjustments to record unconsolidated partnerships and joint ventures on the same basis. The Company believes that to further understand the Company's performance, FFO should be considered along with the reported net income and cash flows in accordance with GAAP, as presented in the Company's consolidated financial statements.

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

**Definition of Same-Store:**

The Company's same-store pool for the periods presented consist of 442 stores that are wholly-owned and operated and that were stabilized by the first day of the earliest calendar year presented. The Company considers a store to be stabilized once it has been open for three years or has sustained average square foot occupancy of 80.0% or more for one calendar year. Same-store results provide information relating to store operations without the effects of acquisitions or completed developments and should not be used as a basis for future same-store performance or for the performance of the Company's stores as a whole.

**About Extra Space Storage Inc.:**

Extra Space Storage Inc., headquartered in Salt Lake City, Utah, is a self-administered and self-managed REIT. As of December 31, 2014, the Company owned and/or operated 1,088 self-storage stores in 35 states, Washington, D.C. and Puerto Rico. The Company's stores comprise approximately 725,000 units and approximately 80.4 million square feet of rentable space. The Company offers customers a wide selection of conveniently located and secure storage solutions across the country, including boat storage, RV storage and business storage. The Company is the second largest owner and/or operator of self-storage stores in the United States and is the largest self-storage management company in the United States.

###

**For Information:**

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

**Extra Space Storage Inc.**
**Consolidated Balance Sheets**
**(In thousands, except share data)**

| | December 31, 2014 (Unaudited) | December 31, 2013 |
|---|---|---|
| **Assets:** | | |
| Real estate assets, net | $ 4,135,696 | $ 3,636,544 |
| Investments in unconsolidated real estate ventures | 85,711 | 88,125 |
| Cash and cash equivalents | 47,663 | 126,723 |
| Restricted cash | 25,245 | 21,451 |
| Receivables from related parties and affiliated real estate joint ventures | 11,778 | 7,542 |
| Other assets, net | 116,246 | 96,755 |
| Total assets | $ 4,422,339 | $ 3,977,140 |
| **Liabilities, Noncontrolling Interests and Equity:** | | |
| Notes payable | $ 1,872,067 | $ 1,588,596 |
| Premium on notes payable | 3,281 | 4,948 |
| Exchangeable senior notes | 250,000 | 250,000 |
| Discount on exchangeable senior notes | (13,054) | (16,487) |
| Notes payable to trusts | 119,590 | 119,590 |
| Lines of credit | 138,000 | — |
| Accounts payable and accrued expenses | 65,521 | 60,601 |
| Other liabilities | 54,719 | 37,997 |
| Total liabilities | 2,490,124 | 2,045,245 |
| 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, 116,360,239 and 115,755,527 shares issued and outstanding at December 31, 2014 and December 31, 2013, respectively | 1,163 | 1,157 |
| Paid-in capital | 1,995,484 | 1,973,159 |
| Accumulated other comprehensive income | (1,484) | 10,156 |
| Accumulated deficit | (257,736) | (226,002) |
| Total Extra Space Storage Inc. stockholders' equity | 1,737,427 | 1,758,470 |
| Noncontrolling interest represented by Preferred Operating Partnership units, net of $100,000 note receivable | 101,381 | 80,947 |
| Noncontrolling interests in Operating Partnership | 92,423 | 91,453 |
| Other noncontrolling interests | 984 | 1,025 |
| Total noncontrolling interests and equity | 1,932,215 | 1,931,895 |
| Total liabilities, noncontrolling interests and equity | $ 4,422,339 | $ 3,977,140 |

**Consolidated Statement of Operations for the three months and year ended December 31, 2014 and 2013**
**(In thousands, except share and per share data)**

| | For the Year Ended December 31, 2014 (Unaudited) | For the Year Ended December 31, 2013 | Three months ended December 31, 2014 (Unaudited) | Three months ended December 31, 2013 (Unaudited) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Property rental | $ 559,868 | $ 446,682 | $ 144,420 | $ 122,538 |
| Tenant reinsurance | 59,072 | 47,317 | 15,716 | 12,692 |
| Management fees | 28,215 | 26,614 | 7,231 | 6,704 |
| Total revenues | 647,155 | 520,613 | 167,367 | 141,934 |
| **Expenses:** | | | | |
| Property operations | 172,416 | 140,012 | 43,346 | 37,737 |
| Tenant reinsurance | 10,427 | 9,022 | 2,294 | 2,037 |
| Acquisition related costs | 9,826 | 8,618 | 5,941 | 5,056 |
| General and administrative | 60,942 | 54,246 | 16,689 | 13,795 |
| Depreciation and amortization | 115,076 | 95,232 | 29,181 | 25,994 |
| Total expenses | 368,687 | 307,130 | 97,451 | 84,619 |
| Income from operations | 278,468 | 213,483 | 69,916 | 57,315 |
| Gain (loss) on sale of real estate and earnout from prior acquisitions | (10,285) | 960 | — | 160 |
| Property casualty loss, net | (1,724) | — | (1,724) | — |
| Loss on extinguishment of debt related to portfolio acquisition | — | (9,153) | — | — |
| Interest expense | (81,330) | (71,630) | (20,393) | (19,638) |
| Non-cash interest expense related to amortization of discount on equity component of exchangeable senior notes | (2,683) | (1,404) | (679) | (457) |
| Interest income | 1,607 | 749 | 440 | 230 |
| Interest income on note receivable from Preferred Operating Partnership unit holder | 4,850 | 4,850 | 1,212 | 1,212 |
| Income before equity in earnings of unconsolidated real estate ventures and income tax expense | 188,903 | 137,855 | 48,772 | 38,822 |
| Equity in earnings of unconsolidated real estate ventures | 10,541 | 11,653 | 2,741 | 2,711 |
| Equity in earnings of unconsolidated real estate ventures - gain on sale of real estate assets and purchase of joint venture partners' interests | 4,022 | 46,032 | 206 | 43,476 |
| Income tax expense | (7,570) | (9,984) | (2,233) | (2,837) |
| **Net income** | 195,896 | 185,556 | 49,486 | 82,172 |
| Net income allocated to Preferred Operating Partnership noncontrolling interests | (10,991) | (8,006) | (2,710) | (2,511) |
| Net income allocated to Operating Partnership and other noncontrolling interests | (6,550) | (5,474) | (1,654) | (2,721) |
| **Net income attributable to common stockholders** | $ 178,355 | $ 172,076 | $ 45,122 | $ 76,940 |
| Earnings per common share | | | | |
| Basic | $ 1.54 | $ 1.54 | $ 0.39 | $ 0.68 |
| Diluted | $ 1.53 | $ 1.53 | $ 0.39 | $ 0.67 |
| Weighted average number of shares | | | | |
| Basic | 115,713,807 | 111,349,361 | 116,032,453 | 113,495,805 |
| Diluted | 121,435,267 | 113,105,094 | 121,652,351 | 115,187,640 |

**Reconciliation of the Range of Estimated Fully Diluted Earnings Per Share to Estimated Fully Diluted FFO Per Share — for the Three Months Ending March 31, 2015 and Year Ending December 31, 2015 — Unaudited**

| | For the Three Months Ending March 31, 2015 | | For the Year Ending December 31, 2015 | |
|---|---|---|---|---|
| | Low End | High End | Low End | High End |
| **Net income attributable to common stockholders per diluted share** | $ 0.39 | $ 0.41 | $ 1.78 | $ 1.87 |
| Income allocated to noncontrolling interest - Preferred Operating Partnership and Operating Partnership | 0.03 | 0.03 | 0.16 | 0.16 |
| Fixed component of income allocated to non-controlling interest - Preferred Operating Partnership | (0.01) | (0.01) | (0.04) | (0.04) |
| Net income attributable to common stockholders for diluted computations | 0.41 | 0.43 | 1.90 | 1.99 |
| **Adjustments:** | | | | |
| Real estate depreciation | 0.20 | 0.20 | 0.81 | 0.81 |
| Amortization of intangibles | 0.03 | 0.03 | 0.10 | 0.10 |
| Unconsolidated joint venture real estate depreciation and amortization | 0.01 | 0.01 | 0.04 | 0.04 |
| **Funds from operations** | $ 0.65 | $ 0.67 | $ 2.85 | $ 2.94 |
| **Adjustments:** | | | | |
| Non-cash interest related to out of market debt | (0.01) | (0.01) | (0.02) | (0.02) |
| Non-cash interest expense related to amortization of discount on equity portion of exchangeable senior notes | 0.01 | 0.01 | 0.02 | 0.02 |
| Acquisition related costs | — | — | 0.04 | 0.04 |
| **Funds from operations as adjusted** | $ 0.65 | $ 0.67 | $ 2.89 | $ 2.98 |