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, 2021
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 April 23, 2021, was 133,728,460.

EXTRA SPACE STORAGE INC.

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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;
- 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, 2021 (unaudited)	December 31, 2020
Assets:		
Real estate assets, net	$ 7,944,395	$ 7,893,802
Real estate assets - operating lease right-of-use assets	238,927	252,172
Investments in unconsolidated real estate entities	413,503	397,444
Investments in debt securities and notes receivable	543,725	593,810
Cash and cash equivalents	60,330	109,124
Restricted cash	2,465	18,885
Other assets, net	133,267	130,611
Total assets	$ 9,336,612	$ 9,395,848
Liabilities, Noncontrolling Interests and Equity:		
Notes payable, net	$ 4,947,417	$ 4,797,303
Revolving lines of credit	353,000	949,000
Operating lease liabilities	242,952	263,485
Cash distributions in unconsolidated real estate ventures	62,089	47,126
Accounts payable and accrued expenses	129,044	130,012
Other liabilities	287,461	272,798
Total liabilities	6,021,963	6,459,724
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, 133,692,662 and 131,357,961 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively	1,336	1,314
Additional paid-in capital	3,282,255	3,000,458
Accumulated other comprehensive loss	(77,180)	(99,093)
Accumulated deficit	(284,442)	(354,900)
Total Extra Space Storage Inc. stockholders' equity	2,921,969	2,547,779
Noncontrolling interest represented by Preferred Operating Partnership units, net	172,652	172,052
Noncontrolling interests in Operating Partnership, net and other noncontrolling interests	220,028	216,293
Total noncontrolling interests and equity	3,314,649	2,936,124
Total liabilities, noncontrolling interests and equity	$ 9,336,612	$ 9,395,848

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,	
	2021	2020
Revenues:		
Property rental	$ 303,593	$ 286,703
Tenant reinsurance	39,619	33,613
Management fees and other income	15,645	12,136
Total revenues	358,857	332,452
Expenses:		
Property operations	92,367	90,297
Tenant reinsurance	7,161	6,678
General and administrative	23,540	23,011
Depreciation and amortization	58,599	55,275
Total expenses	181,667	175,261
Gain on real estate transactions	63,883	—
Income from operations	241,073	157,191
Interest expense	(40,695)	(44,358)
Non-cash interest expense related to amortization of discount on equity component of exchangeable senior notes	—	(1,209)
Interest income	12,304	1,674
Income before equity in earnings and dividend income from unconsolidated real estate ventures and income tax expense	212,682	113,298
Equity in earnings and dividend income from unconsolidated real estate entities	6,956	5,043
Income tax expense	(4,137)	(2,179)
Net income	215,501	116,162
Net income allocated to Preferred Operating Partnership noncontrolling interests	(3,680)	(3,111)
Net income allocated to Operating Partnership and other noncontrolling interests	(8,823)	(4,872)
Net income attributable to common stockholders	$ 202,998	$ 108,179
Earnings per common share		
Basic	$ 1.54	$ 0.84
Diluted	$ 1.53	$ 0.83
Weighted average number of shares		
Basic	132,007,556	129,288,629
Diluted	139,676,548	137,139,560
Cash dividends paid per common share	$ 1.00	$ 0.90

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,	
	2021	2020
Net income	$ 215,501	$ 116,162
Other comprehensive income (loss):		
Change in fair value of interest rate swaps	23,013	(89,244)
Total comprehensive income	238,514	26,918
Less: comprehensive income attributable to noncontrolling interests	13,603	3,613
Comprehensive income attributable to common stockholders	$ 224,911	$ 23,305

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 Interests			Extra Space Storage Inc. Stockholders' Equity					
	Preferred Operating Partnership	Operating Partnership	Other	Shares	Par Value	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Noncontrolling Interests and Equity
Balances at December 31, 2019	**$ 175,948**	**$ 205,419**	**$ 366**	**129,534,407**	**$1,295**	**$2,868,681**	**$ (28,966)**	**$ (301,049)**	**$ 2,921,694**
Issuance of common stock upon the exercise of options	—	—	—	77,400	1	943	—	—	944
Issuance of common stock in connection with share based compensation	—	—	—	73,602	1	2,979	—	—	2,980
Restricted stock grants cancelled	—	—	—	(1,767)	—	—	—	—	—
Buyback of common stock, net of offering costs	—	—	—	(653,597)	(7)	—	—	(52,197)	(52,204)
Redemption of Operating Partnership units for stock	—	(330)	—	8,862	—	330	—	—	—
Net income (loss)	3,112	4,877	(6)	—	—	—	—	108,179	116,162
Other comprehensive loss	(563)	(3,807)	—	—	—	—	(84,874)	—	(89,244)
Distributions to Operating Partnership units held by noncontrolling interests	(3,178)	(5,327)	—	—	—	—	—	—	(8,505)
Dividends paid on common stock at $0.90 per share	—	—	—	—	—	—	—	(117,197)	(117,197)
Balances at March 31, 2020	**$ 175,319**	**$ 200,832**	**$ 360**	**129,038,907**	**$1,290**	**$2,872,933**	**$ (113,840)**	**$ (362,264)**	**$ 2,774,630**

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 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**

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, 2021	2020
Cash flows from operating activities:		
Net income	$ 215,501	$ 116,162
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	58,599	55,275
Amortization of deferred financing costs	2,286	2,830
Non-cash interest expense related to amortization of discount on equity component of exchangeable senior notes	—	1,209
Non-cash lease expense	487	353
Compensation expense related to stock-based awards	3,652	2,980
Accrual of interest income added to principal of debt securities and notes receivable	(8,533)	—
Gain on real estate transactions	(63,883)	—
Distributions from unconsolidated real estate ventures in excess of earnings	1,863	2,539
Changes in operating assets and liabilities:		
Other assets	(2,737)	2,490
Accounts payable and accrued expenses	(2,691)	3,727
Other liabilities	(664)	1,691
Net cash provided by operating activities	203,880	189,256
Cash flows from investing activities:		
Acquisition of real estate assets	(161,752)	(30,164)
Development and redevelopment of real estate assets	(14,086)	(15,373)
Proceeds from sale of real estate assets	132,733	—
Investment in unconsolidated real estate entities	(250)	(6,441)
Return of investment in unconsolidated real estate ventures	31,169	—
Issuance and purchase of notes receivable	(25,772)	(7,500)
Proceeds from sale of notes receivable	81,250	—
Purchase of equipment and fixtures	(697)	(1,095)
Net cash provided by (used in) investing activities	42,595	(60,573)
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	1,747,000	268,000
Principal payments on notes payable and revolving lines of credit	(2,193,409)	(192,508)
Deferred financing costs	(1,689)	(16)
Net proceeds from exercise of stock options	4,254	944
Repurchase of common stock	—	(52,204)
Dividends paid on common stock	(132,540)	(117,197)
Distributions to noncontrolling interests	(9,025)	(8,505)
Net cash used in financing activities	(311,689)	(101,486)
Net increase (decrease) in cash, cash equivalents, and restricted cash	(65,214)	27,197
Cash, cash equivalents, and restricted cash, beginning of the period	128,009	70,733
Cash, cash equivalents, and restricted cash, end of the period	$ 62,795	$ 97,930

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

	For the Three Months Ended March 31,	
	2021	2020
Supplemental schedule of cash flow information		
Interest paid	$ 44,887	$ 41,013
Income taxes paid	1,047	976
Supplemental schedule of noncash investing and financing activities:		
Redemption of Operating Partnership units held by noncontrolling interests for common stock		
Noncontrolling interests in Operating Partnership	$ (4,005)	$ (330)
Common stock and paid-in capital	4,005	330
Establishment of operating lease right of use assets and lease liabilities		
Real estate assets - operating lease right-of-use assets	$ 2,369	$ —
Operating lease liabilities	(2,369)	—
Acquisitions of real estate assets		
Real estate assets, net	$ (41,491)	$ —
Finance lease liability	41,491	—
Accrued construction costs and capital expenditures		
Acquisition of real estate assets	$ 1,723	$ 960
Accounts payable and accrued expenses	(1,723)	(960)
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 professionally managed 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, 2021, the Company had direct and indirect equity interests in 1,206 stores. In addition, the Company managed 763 stores for third parties, bringing the total number of stores which it owns and/or manages to 1,969. These stores are located in 40 states, Washington, D.C. and Puerto Rico. 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, 2021 are not necessarily indicative of results that may be expected for the year ending December 31, 2021. The condensed consolidated balance sheet as of December 31, 2020 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, 2020, as filed with the Securities and Exchange Commission.

Recently Issued Accounting Standards

In March 2020, the FASB issued ASU 2020-04, "*Reference Rate Reform (Topic 848)*." ASU 2020-04 and subsequent amendments contain practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. The guidance in ASU 2020-04 is optional and may be elected over time as reference rate reform activities occur through December 31, 2022. The Company continues to evaluate the impact of the guidance and may apply other elections as applicable as additional changes in the market occur.

In August 2020, the FASB issued ASU 2020-06, "*Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40)*." ASU 2020-06 simplifies the accounting for convertible instruments and contracts in an entity's own equity, and amended related earnings per share guidance. The guidance in ASU 2020-06 becomes effective for fiscal years beginning after December 15, 2021. Early adoption is permitted no earlier than the fiscal years beginning after December 15, 2020. The guidance may be adopted on a modified or fully retrospective basis. The Company is currently assessing the impact of the adoption of ASU 2020-06 on its consolidated financial statements.

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, 2021, 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, 2021, 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	$ —	$ —	$ —
Other liabilities - Cash flow hedge swap agreements	$ —	$ 75,240	$ —

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, 2021 or December 31, 2020.

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, 2021, the Company had no 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, 2021 and December 31, 2020 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, 2021		December 31, 2020	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Notes receivable from Preferred and Common Operating Partnership unit holders	$ 100,511	$ 102,311	$ 102,333	$ 102,311
Fixed rate notes receivable	$ 107,964	$ 104,000	$ 114,145	$ 104,000
Fixed rate notes payable	$ 3,640,531	$ 3,563,435	$ 3,816,530	$ 3,637,220

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

4. 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, 2021 and 2020, there were no anti-dilutive options.

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, 2021 and 2020 was $121.07 and $104.13, 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,	
	2021	2020
	Equivalent Shares (if converted)	Equivalent Shares (if converted)
Series B Units	337,839	402,403
Series D Units	—	1,153,233
	337,839	1,555,636

As of March 31, 2021, the Operating Partnership had no exchangeable senior notes issued or outstanding. The Operating Partnership had $575,000 of its 3.125% Exchangeable Senior Notes due 2035 (the “2015 Notes”) issued and outstanding as of March 31, 2020. In October and November 2020, a portion of the 2015 Notes were exchanged for cash and shares of the Company’s common stock and the remaining 2015 Notes were redeemed for cash. The 2015 Notes could potentially have had a dilutive impact on the Company’s earnings per share calculations. The 2015 Notes were exchangeable by holders into shares of the Company’s common stock under certain circumstances per the terms of the indenture governing the 2015 Notes. The Company had irrevocably agreed to pay only cash for the accreted principal amount of the 2015 Notes relative to its exchange obligations, but retained the right to satisfy the exchange obligation in excess of the accreted principal amount in cash and/or common stock.

Although the Company had retained the right to satisfy the exchange obligation in excess of the accreted principal amount of the 2015 Notes in cash and/or common stock, Accounting Standards Codification (“ASC”) 260, *“Earnings per Share,”* requires an assumption that shares would be used to pay the exchange obligation in excess of the accreted principal amount, and requires that those shares be included in the Company’s calculation of weighted average common shares outstanding for the diluted earnings per share computation. For the three months ended March 31, 2021 and 2020, zero and 764,703 shares, respectively, related to the 2015 Notes were included in the computation for diluted earnings per share.

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

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,	
	2021	**2020**
Net income attributable to common stockholders	$ 202,998	$ 108,179
Earnings and dividends allocated to participating securities	(312)	(163)
Earnings for basic computations	202,686	108,016
Earnings and dividends allocated to participating securities	—	163
Income allocated to noncontrolling interest - Preferred Operating Partnership Units and Operating Partnership Units	11,894	6,171
Fixed component of income allocated to noncontrolling interest - Preferred Operating Partnership (Series A Units)	(572)	(572)
Net income for diluted computations	$ 214,008	$ 113,778
Weighted average common shares outstanding:		
Average number of common shares outstanding - basic	132,007,556	129,288,629
OP Units	5,800,729	5,919,705
Series A Units	875,480	875,480
Series D Units	969,374	—
Unvested restricted stock awards included for treasury stock method	—	211,602
Shares related to exchangeable senior notes and dilutive stock options	23,409	844,144
Average number of common shares outstanding - diluted	139,676,548	137,139,560
Earnings per common share		
Basic	$ 1.54	$ 0.84
Diluted	$ 1.53	$ 0.83

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

5. STORE ACQUISITIONS AND DISPOSITIONS

Store Acquisitions

The following table shows the Company's acquisitions of stores for the three months ended March 31, 2021 and 2020. 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**	**Total**	**Cash Paid**	**Net Liabilities/ (Assets) Assumed**	**Real estate assets**
Q1 2021	9	$ 151,884	$ 148,940	$ 2,944	$ 151,884
Q1 2020	2	$ 19,399	$ 19,354	$ 45	$ 19,399

Store Dispositions

On March 1, 2021, the Company sold 16 stores that had been classified as held for sale to a newly established unconsolidated joint venture. The Company received cash of $132,759 and an interest in the new joint venture valued at $33,878. The Company recognized a gain of $64,424 related to the sale of these properties.

6. 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, 2021	December 31, 2020
PR EXR Self Storage, LLC	5	25%	40%	$ 60,120	$ 60,092
WICNN JV LLC	10	10%	35%	35,915	36,032
ESS-CA TIVS JV LP (2)	16	55%	60%	33,960	—
GFN JV, LLC	7	10%	30%	18,358	18,397
ESS-NYFL JV LP	11	16%	26%	12,250	12,211
PRISA Self Storage LLC	85	4%	4%	8,732	8,815
Alan Jathoo JV LLC	9	10%	10%	7,752	7,780
Storage Portfolio III JV LLC	5	10%	30%	5,686	5,726
ESS Bristol Investments LLC	8	10%	30%	2,770	2,810
Extra Space Northern Properties Six LLC	10	10%	35%	(2,666)	(2,541)
Storage Portfolio II JV LLC	36	10%	30%	(5,531)	(5,441)
VRS Self Storage, LLC	16	45%	54%	(14,362)	17,186
Storage Portfolio I LLC	24	34%	49%	(39,530)	(39,144)
Other minority owned stores	21	10-50%	19-50%	27,960	28,395
SmartStop Self Storage REIT, Inc. Preferred Stock (3)	n/a	n/a	n/a	200,000	200,000
Net Investments in and Cash distributions in unconsolidated real estate entities	263			$ 351,414	$ 350,318

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

(2) The Company sold 16 operating stores to this newly formed joint venture in March 2021. The Company received cash of $132,759 and an interest in the new joint venture valued at $33,878. This joint venture is unconsolidated and the Company accounts for its investment under the equity method of accounting as the Company does not have voting control but does exercise significant influence over the joint venture.

(3) 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.

7. 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, 2021	December 31, 2020
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	129,119	187,368
Notes Receivable-Senior Mezzanine Loan	101,636	101,553
Dividends Receivable	12,970	4,889
	$ 543,725	$ 593,810

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.

The Company provides bridge loan financing to third-party self-storage operators. These notes receivable consist of primary mortgage and mezzanine 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 and keep the mezzanine receivables to maturity. During the three months ended March 31, 2021, the Company sold a total principal amount of $81,764 of its mortgage bridge loans receivable to third parties for a total of $81,250 in cash and closed on $25,772 in new mortgage and mezzanine bridge loans.

In July 2020, the Company purchased a senior mezzanine note receivable with a principal amount of $103,000. This note receivable bears interest at 5.5%, and matures in December 2023. The Company paid cash of $101,142 for the loan receivable and accounts for the discount at amortized cost. The discount is being amortized over the term of the loan receivable.

8. 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.

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, 2021 and 2020, 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 $35,059 will be reclassified and increase interest expense.

The Company held 22 derivative financial instruments which had a total combined notional amount of $2,087,311 as of March 31, 2021.

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

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	
	March 31, 2021	December 31, 2020
Derivatives designated as hedging instruments:	Fair Value	
Other assets	$ —	$ —
Other liabilities	$ 75,240	$ 98,325

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	2021	2020		2021	2020
Swap Agreements	$ 14,176	$ (89,710)	Interest expense	$ (8,845)	$ (563)

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, 2021, 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 $78,042. As of March 31, 2021, the Company had not posted any collateral related to these agreements. If the Company had breached any of these provisions as of March 31, 2021, it could have been required to cash settle its obligations under the agreements at their termination value of $78,042, including accrued interest.

9. EXCHANGEABLE SENIOR NOTES

In September 2015, the Operating Partnership issued $575,000 of its 3.125% Exchangeable Senior Notes due 2035. Costs incurred to issue the 2015 Notes were approximately $11,992, consisting primarily of a 2.0% underwriting fee. These costs were amortized as an adjustment to interest expense over five years, which represented the estimated term based on the first available redemption date, and are included in exchangeable senior notes, net, in the condensed consolidated balance sheets. Prior to the full redemption of the 2015 Notes in November 2020 as described below, the 2015 Notes were general unsecured senior obligations of the Operating Partnership and were fully guaranteed by the Company. Interest was payable on April 1 and October 1 of each year beginning April 1, 2016, until the maturity date of October 1, 2035. The 2015 Notes bore interest at 3.125% per annum and contained an exchange settlement feature, which provided that the 2015 Notes could have been, under certain circumstances, exchangeable for cash (for the principal amount of the 2015 Notes) and, with respect to any excess exchange value, for cash, shares of the Company's common stock, or a combination of cash and shares of the Company's common stock, at the Company's option.

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

GAAP requires entities with convertible debt instruments that may be settled entirely or partially in cash upon conversion to separately account for the liability and equity components of the instrument in a manner that reflects the issuer's economic interest cost. The Company therefore accounted for the liability and equity components of the 2015 Notes separately. The equity components are included in paid-in capital in stockholders' equity in the condensed consolidated balance sheets, and the value of the equity components are treated as original issue discount for purposes of accounting for the debt components. The discounts were amortized as interest expense over the remaining period of the debt through its first redemption date of October 1, 2020. The effective interest rate on the liability components of the 2015 Notes was 4.0%, which approximated the market rate of interest of similar debt without exchange features (i.e. nonconvertible debt) at the time of issuance.

The amount of interest cost recognized relating to the contractual interest rate and the amortization of the discount on the liability component of the Notes were as follows for the periods indicated:

	For the Three Months Ended March 31,	
	2021	2020
Contractual interest	$ —	$ 4,492
Amortization of discount	—	1,209
Total interest expense recognized	$ —	$ 5,701

On October 1, 2020, the holders of $71,513 principal amount of the 2015 Notes exchanged their Notes. The Company paid cash of $71,513 for the principal amount and issued 124,819 shares of common stock with a value of $13,495 for the exchange value in excess of the principal amount. On November 2, 2020, the holders of an additional $503,432 principal amount of the 2015 Notes exchanged their Notes. The Company paid cash of $503,432 for the principal amount and issued 1,198,962 shares of common stock with a value of $138,900 for the exchange value in excess of the principal amount. Also on November 2, 2020, the Company redeemed the remaining $55 of outstanding principal amount of the 2015 Notes for cash.

10. STOCKHOLDERS' EQUITY

On May 15, 2019, the Company filed its $500,000 "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 nine sales agents.

During the three months ended March 31, 2021, the Company sold 585,685 shares of common stock under its "at the market" equity program resulting in net proceeds of $67,147. As of March 12, 2021, the Company does not have any shares available for issuance under its ATM program, and anticipates filing a new plan in the second quarter of 2021. 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 $206,573.

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 were repurchased during the three months ended March 31, 2021.

11. 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

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

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, 2021 and December 31, 2020, 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, 2021 and December 31, 2020, 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, 2021	December 31, 2020
Series A Units	$ 14,388	$ 13,788
Series B Units	40,902	40,902
Series D Units	117,362	117,362
	$ 172,652	$ 172,052

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 receivable 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 and have a liquidation value of $25.00 per unit for a fixed liquidation value of $40,902, which represents 1,636,087 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.

Series C Convertible 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.

The Series C Units were issued in 2013 and 2014 and had a liquidation value of $42.10 per unit. The Series C Units became redeemable at the option of the holder one year from the date of issuance, which redemption obligation could be satisfied at the Company's option in cash or shares of its common stock. The Series C Units were convertible into OP Units at the option of the holder at a rate of 0.9145 OP Units per Series C Unit converted. This conversion option expired upon the fifth anniversary of the date of issuance.

In December 2014, the Operating Partnership loaned certain holders of the Series C Units $20,230. The loan receivable, which was collateralized by the Series C Units, bears interest at 5.0% per annum and matures on December 15, 2024. The Series C Units were shown on the balance sheet net of the loan balance because the borrower under the loan receivable was also the holder of the Series C Units.

On December 1, 2018, certain holders of the Series C Units converted their Series C Units into OP Units, with a total of 407,996 Series C Units being converted into a total of 373,113 OP Units. On April 25, 2019, the remaining 296,020 Series C Units were converted into 270,709 OP Units. The remaining outstanding balance of the loan receivable of $2,311 is shown as a reduction of the noncontrolling interests related to the OP Units as of March 31, 2021 and December 31, 2020. See footnote 12 for further discussion of noncontrolling interests.

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 been issued at various times from 2014 to 2019. During the six months ended June 30, 2019, the Operating Partnership issued 1,120,924 Series D Units valued at $28,022 in conjunction with joint venture acquisitions.

The Series D Units have a liquidation value of $25.00 per unit, for a fixed liquidation value of $117,362, which represents 4,694,485 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.

12. 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 94.4% ownership interest in the Operating Partnership as of March 31, 2021. The remaining ownership interests in the Operating Partnership (including Preferred OP Units) of 5.6% are held by certain former owners of assets acquired by the Operating Partnership. As of March 31, 2021 and December 31, 2020, the noncontrolling interests in the Operating Partnership are shown on the balance sheet net of notes receivable of $2,311 because the borrowers under the loan receivable are also holders of OP Units (Note 11). This loan receivable 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, 2021, the ten-day average closing price of the Company's common stock was $131.03 and there were 5,795,785 OP Units outstanding. Assuming that all of the OP Unit holders exercised their right to redeem all of their OP Units on March 31, 2021 and the Company elected to pay the OP Unit holders cash, the Company would have paid $759,422 in cash consideration to redeem the units.

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

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

	For the Three Months Ended March 31,	
	2021	**2020**
OP Units redeemed for common stock	5,000	8,862

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 two consolidated joint ventures as of March 31, 2021. One joint venture owns four operating stores, and the other joint venture owns two operating stores. The voting interests of the third-party owners are between 5.0% and 20.0%.

13. 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,	
	2021	2020
Revenues:		
Self-Storage Operations	$ 303,593	$ 286,703
Tenant Reinsurance	39,619	33,613
Total segment revenues	$ 343,212	$ 320,316
Operating expenses:		
Self-Storage Operations	$ 92,367	$ 90,297
Tenant Reinsurance	7,161	6,678
Total segment operating expenses	$ 99,528	$ 96,975
Net operating income:		
Self-Storage Operations	$ 211,226	$ 196,406
Tenant Reinsurance	32,458	26,935
Total segment net operating income:	$ 243,684	$ 223,341
Other components of net income (loss):		
Management fees and other income	$ 15,645	$ 12,136
General and administrative expense	(23,540)	(23,011)
Depreciation and amortization expense	(58,599)	(55,275)
Gain on real estate transactions	63,883	—
Interest expense	(40,695)	(44,358)
Non-cash interest expense related to amortization of discount on equity component of exchangeable senior notes	—	(1,209)
Interest income	12,304	1,674
Equity in earnings and dividend income from unconsolidated real estate entities	6,956	5,043
Income tax expense	(4,137)	(2,179)
Net income	$ 215,501	$ 116,162

14. COMMITMENTS AND CONTINGENCIES

As of March 31, 2021, 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, 2021, the Company was under agreement to acquire six stores at a total purchase price of $66,300. All six stores are scheduled to close in 2021. Additionally, the Company is under agreement to acquire three stores with joint venture partners, for a total investment of $4,213. These stores are also expected to close in 2021.

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, 2020. 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, 2020 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.

CURRENT MATERIAL DEVELOPMENT - THE COVID 19 PANDEMIC

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 we have started to see certain governmental restrictions 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.

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.

PROPERTIES

As of March 31, 2021, we owned or had ownership interests in 1,206 operating stores. Of these stores, 937 are wholly-owned, six are in consolidated joint ventures, and 263 are in unconsolidated joint ventures. In addition, we managed an additional 763 stores for third parties bringing the total number of stores which we own and/or manage to 1,969. These stores are located in 40 states, Washington, D.C. and Puerto Rico. 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, 2021, approximately 1,180,000 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, 2021, the average length of stay was approximately 15.4 months.

The average annual rent per square foot for our existing customers at stabilized stores, net of discounts and bad debt, was $16.35 for the three months ended March 31, 2021, compared to $16.11 for the three months ended March 31, 2020. Average annual rent per square foot for new leases was $16.57 for the three months ended March 31, 2021, compared to $14.65 for the three months ended March 31, 2020. The average discounts, as a percentage of rental revenues, at all stabilized properties during these periods were 2.8% and 3.3%, 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.

Location	March 31, 2021							
	REIT Owned		Joint Venture Owned		Managed		Total	
	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	10	688,190	1	75,801	13	926,479	24	1,690,470
Arizona	23	1,623,081	7	468,871	16	1,312,131	46	3,404,083
California	162	12,492,497	47	3,435,923	69	6,709,746	278	22,638,166
Colorado	17	1,153,191	2	186,273	25	1,834,676	44	3,174,140
Connecticut	7	531,198	7	629,770	7	507,310	21	1,668,278
Delaware	—	—	1	76,645	2	138,539	3	215,184
Florida	93	7,160,599	32	2,753,827	116	9,141,020	241	19,055,446
Georgia	66	5,147,190	6	510,922	27	1,966,782	99	7,624,894
Hawaii	13	862,785	—	—	4	211,874	17	1,074,659
Idaho	—	—	—	—	7	712,402	7	712,402
Illinois	35	3,139,054	11	872,907	27	1,993,845	73	6,005,806
Indiana	15	950,020	1	58,166	14	877,329	30	1,885,515
Kansas	1	50,209	2	108,920	6	466,455	9	625,584
Kentucky	11	931,505	1	51,148	6	507,223	18	1,489,876
Louisiana	2	164,114	—	—	7	612,419	9	776,533
Maryland	31	2,592,942	8	549,029	36	2,664,241	75	5,806,212
Massachusetts	46	2,968,004	10	640,979	14	902,213	70	4,511,196
Michigan	7	561,629	4	308,936	4	340,993	15	1,211,558
Minnesota	6	477,327	4	306,101	14	1,081,012	24	1,864,440
Mississippi	3	221,222	—	—	—	—	3	221,222
Missouri	5	332,695	2	119,275	10	690,476	17	1,142,446
Nebraska	—	—	—	—	4	390,565	4	390,565
Nevada	14	1,040,105	4	473,751	7	709,158	25	2,223,014
New Hampshire	2	135,835	2	84,165	3	190,839	7	410,839
New Jersey	60	4,824,846	17	1,246,749	23	1,758,063	100	7,829,658
New Mexico	11	718,681	6	354,485	12	890,640	29	1,963,806
New York	28	2,029,374	18	1,512,482	24	1,470,466	70	5,012,322
North Carolina	20	1,505,208	5	373,794	19	1,435,429	44	3,314,431
Ohio	17	1,316,166	5	325,713	6	492,451	28	2,134,330
Oklahoma	—	—	—	—	20	1,620,263	20	1,620,263
Oregon	6	400,193	4	281,646	9	664,815	19	1,346,654
Pennsylvania	20	1,491,417	7	513,495	29	2,110,283	56	4,115,195
Rhode Island	2	133,566	—	—	2	166,551	4	300,117
South Carolina	23	1,808,905	8	537,319	17	1,419,242	48	3,765,466
Tennessee	21	1,776,016	12	807,246	12	836,054	45	3,419,316
Texas	101	8,673,544	14	1,077,661	74	5,974,222	189	15,725,427
Utah	10	710,637	—	—	23	1,811,428	33	2,522,065
Virginia	46	3,710,029	8	627,413	24	1,858,140	78	6,195,582
Washington	8	622,052	1	57,290	13	1,054,372	22	1,733,714
Washington, DC	1	100,039	1	103,766	5	484,475	7	688,280
Wisconsin	—	—	5	523,574	5	430,313	10	953,887
Puerto Rico	—	—	—	—	8	918,757	8	918,757
Totals	943	73,044,065	263	20,054,042	763	60,283,691	1,969	153,381,798

(1) Includes six consolidated joint venture stores.

RESULTS OF OPERATIONS

Comparison of the three months ended March 31, 2021 and 2020

Overview

Results for the three months ended March 31, 2021 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) compared to the results for the three months ended March 31, 2020, which included the operations of 1,176 stores (927 wholly-owned, five in consolidated joint ventures, and 244 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,			
	2021	2020	$ Change	% Change
Revenues:				
Property rental	$ 303,593	$ 286,703	$ 16,890	5.9 %
Tenant reinsurance	39,619	33,613	6,006	17.9 %
Management fees and other income	15,645	12,136	3,509	28.9 %
Total revenues	$ 358,857	$ 332,452	$ 26,405	7.9 %

Property Rental—The increase in property rental revenues for the three months ended March 31, 2021 was primarily the result of an increase of $11,575 related to higher occupancy at our stabilized stores. An additional increase of $5,596 was attributable to store acquisitions completed in 2021 and 2020. We acquired nine wholly-owned stores during the three months ended March 31, 2021 and a total of 23 stores during the year ended December 31, 2020.

Tenant Reinsurance—The increase in our tenant reinsurance revenues was due primarily to an increase in the number of stores operated and higher occupancy . We operated 1,969 stores at March 31, 2021 compared to 1,852 stores at March 31, 2020.

Management Fees and Other Income—Management fees and other income primarily represent the fee 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, 2021 was primarily due to an increase in the number of stores managed and other transaction fee income. As of March 31, 2021, we managed 1,032 stores for joint ventures and third parties, compared to 925 stores as of March 31, 2020.

Expenses

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

	For the Three Months Ended March 31,			
	2021	2020	$ Change	% Change
Expenses:				
Property operations	$ 92,367	$ 90,297	$ 2,070	2.3 %
Tenant reinsurance	7,161	6,678	483	7.2 %
General and administrative	23,540	23,011	529	2.3 %
Depreciation and amortization	58,599	55,275	3,324	6.0 %
Total expenses	$ 181,667	$ 175,261	$ 6,406	3.7 %

Property Operations—The increase in property operations expense during the three months ended March 31, 2021 was due primarily to an increase of $2,627 attributable to store acquisitions completed in 2021 and 2020. We acquired nine wholly-owned stores during the three months ended March 31, 2021 and a total of 23 stores during the year ended December 31, 2020. This increase was partially offset by a decrease in expenses at stabilized stores.

Tenant Reinsurance—Tenant reinsurance expense represents the costs that are incurred to provide tenant reinsurance. The increase in tenant reinsurance expense for the three months ended March 31, 2021 was due primarily to an increase in the number of stores operated and higher occupancy. We operated 1,969 stores at March 31, 2021 compared to 1,852 stores at March 31, 2020.

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. We did not observe any material trends in specific payroll, 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 nine wholly-owned stores during the three months ended March 31, 2021 and a total of 23 stores during the year ended December 31, 2020.

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,			
	2021	2020	$ Change	% Change
Gain on real estate transactions	$ 63,883	$ —	$ 63,883	100.0
Interest expense	$ (40,695)	$ (44,358)	$ 3,663	(8.3)%
Non-cash interest expense related to amortization of discount on equity component of exchangeable senior notes	—	(1,209)	1,209	(100.0)%
Interest income	12,304	1,674	10,630	635.0 %
Equity in earnings and dividend income from unconsolidated real estate entities	6,956	5,043	1,913	37.9 %
Income tax expense	(4,137)	(2,179)	(1,958)	89.9 %
Total other revenues & expenses, net	$ 38,311	$ (41,029)	$ 79,340	(193.4)%

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 decrease in interest expense during the three months ended March 31, 2021 was primarily the result of a lower average variable interest rates compared to the same period in the prior year. The average interest rate for the three months ended March 31, 2021 was 2.7%, compared to an average interest rate of 3.3% for the three months ended March 31, 2020.

Non-cash Interest Expense Related to Amortization of Discount on Equity Component of Exchangeable Senior Notes—Represents the amortization of the discounts related to the equity components of the exchangeable senior notes issued by our Operating Partnership. The 2015 Notes had an effective interest rate of 4.0% relative to the carrying amount of the liability. The exchangeable senior notes were paid off in full during October and November 2020.

Interest Income—Interest income represents interest earned on bridge loans and debt securities and income earned on notes receivable from Common and Preferred Operating Partnership unit holders. In late 2018 we began to provide bridge financing on completed properties owned by third parties that we manage. We also purchased a senior mezzanine note receivable with a principal amount of $103,000 in July 2020. The increase in interest income during the three months ended March 31, 2021 was primarily the result of interest earned on these loans as well as interest earned from our investment in preferred stock of JCAP, which was purchased in November 2020 for $300,000. The interest related to this investment accrues quarterly. A portion of the interest accrued will be paid out each quarter beginning on the first anniversary of the issuance date, with the remainder to be received upon maturity.

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. The increase for the three months ended March 31, 2021 related primarily to the dividend income related to the SmartStop preferred stock.

Income Tax Expense—For the three months ended March 31, 2021, the increase in income tax expense was the result of an increase in income earned by our taxable REIT subsidiary 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,	
	2021	2020
Net income attributable to common stockholders	$ 202,998	$ 108,179
Adjustments:		
Real estate depreciation	55,815	52,926
Amortization of intangibles	693	617
Gain on real estate transactions	(63,883)	—
Unconsolidated joint venture real estate depreciation and amortization	2,505	2,164
Distributions paid on Series A Preferred Operating Partnership units	(572)	(572)
Income allocated to Operating Partnership noncontrolling interests	12,503	7,983
Funds from operations attributable to common stockholders and unit holders	$ 210,059	$ 171,297

SAME-STORE RESULTS

Our same-store pool for the periods presented consists of 860 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,		Percent
	2021	2020	Change
Same-store rental revenues	$ 278,881	$ 266,733	4.6 %
Same-store operating expenses	77,889	78,008	(0.2)%
Same-store net operating income	$ 200,992	$ 188,725	6.5 %
Same-store square foot occupancy as of quarter end	95.7%	90.9%	
Properties included in same-store	860	860	

Same-store revenues for the three months ended March 31, 2021 increased due to higher average occupancy and higher average rates to customers for the quarter, partially offset by lower late fees. Same-store expenses were lower for the three months ended March 31, 2021 primarily due to decreases in payroll and marketing expenses partially offset by an increase in property taxes and repairs and maintenance due to elevated snow removal 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,	
	2021	2020
Net Income	$ 215,501	$ 116,162
Adjusted to exclude:		
Gain on real estate transactions	(63,883)	—
Equity in earnings and dividend income from unconsolidated real estate entities	(6,956)	(5,043)
Interest expense	40,695	45,567
Depreciation and amortization	58,599	55,275
Income tax expense	4,137	2,179
General and administrative	23,540	23,011
Management fees, other income and interest income	(27,949)	(13,810)
Net tenant insurance	(32,458)	(26,935)
Non-same store rental revenue	(24,712)	(19,970)
Non-same store operating expense	14,478	12,289
Total Same-store net operating income	$ 200,992	$ 188,725
Same-store rental revenues	$ 278,881	$ 266,733
Same-store operating expenses	77,889	78,008
Same-store net operating income	$ 200,992	$ 188,725

CASH FLOWS

Cash flows from operating activities for the three months ended March 31, 2021 increased when compared to the same period in the prior year as a result of our continued total revenue growth. This growth was due to an increase in the number of stores we own and operate and higher average occupancy at our stores. 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,	
	2021	2020
Net cash provided by operating activities	$ 203,880	$ 189,256
Net cash provided by (used in) investing activities	42,595	(60,573)
Net cash used in financing activities	(311,689)	(101,486)
Significant components of net cash flow included:		
Net income	$ 215,501	$ 116,162
Depreciation and amortization	58,599	55,275
Acquisition and development of real estate assets	(175,838)	(45,537)
Proceeds from sale of real estate assets	132,733	—
Issuance and purchase of notes receivable	(25,772)	(7,500)
Proceeds from sale of notes receivable	81,250	—
Proceeds from the sale of common stock, net of offering costs	273,720	—
Proceeds from notes payable and revolving lines of credit	1,747,000	268,000
Principal payments on notes payable and revolving lines of credit	(2,193,409)	(192,508)
Dividends paid on common stock	(132,540)	(117,197)

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 2021, 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, 2021, we had $60,330 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 2021 and 2020, 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, 2021, we had $5,321,362 face value of debt, resulting in a debt to total enterprise value ratio of 22.1%. As of March 31, 2021, the ratio of total fixed-rate debt and other instruments to total debt was 67.0% ($3,563,435 total fixed-rate debt including $2,087,310 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, 2021 was 2.7%. 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, 2021.

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.

The following table presents our secured and unsecured debt:

	March 31, 2021	Weighted Average Rate
Secured Fixed-rate debt:	$ 1,038,435	3.2%
Secured Variable-rate debt:	890,927	1.6%
Unsecured Fixed-rate debt:	2,525,000	3.5%
Unsecured Variable-rate debt:	867,000	1.4%
Total Face Value Debt	$ 5,321,362	2.7%

The following table summarizes the schedule of maturities for our face value of debt including available extensions as of March 31, 2021:

Year	Unsecured	Secured	Total	Weighted Average Rate
2021	$ 100,000	$ 93,388	$ 193,388	1.8%
2022	—	496,281	496,281	2.6%
2023	220,000	142,918	362,918	2.6%
2024	1,247,000	308,260	1,555,260	2.1%
2025	245,000	687,641	932,641	2.6%
2026	255,000	125,000	380,000	3.3%
2027	300,000	13,212	313,212	3.9%
2028	300,000	54,261	354,261	4.0%
2029	300,000	—	300,000	3.5%
2030	425,000	8,401	433,401	3.5%
Total	$ 3,392,000	$ 1,929,362	$ 5,321,362	2.7%

Unencumbered stores as defined by our revolving credit facility are as follows:

	March 31, 2021
Total Unencumbered Stores	619
Total Unencumbered Asset Value [(1)]	$ 9,501,308
Total Asset Value [(2)]	$ 15,110,021

(1) Total unencumbered asset value as calculated per our Revolving Credit Facility.
(2) Total asset value as calculated per our Revolving Credit Facility.

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, 2021, we had approximately $5.3 billion in total face value of debt, of which approximately $1.8 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 $17.6 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, 2020, 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, 2020. 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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

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, 2021, 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: April 30, 2021	/s/ Joseph D. Margolis
	Joseph D. Margolis *Chief Executive Officer* *(Principal Executive Officer)*
Date: April 30, 2021	/s/ P. Scott Stubbs
	P. Scott Stubbs *Executive Vice President and Chief Financial Officer* *(Principal Financial Officer)*

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: April 30, 2021	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: April 30, 2021	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, 2021 (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:	April 30, 2021

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, 2021 (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:	April 30, 2021