



November 8, 2021

SmartStop Self Storage REIT, Inc. Reports Strong Third Quarter 2021 Results with Best in Class Same-Store Revenue & NOI Growth

LADERA RANCH, CA – November 8, 2021 – SmartStop Self Storage REIT, Inc. (“SmartStop”), a self-managed and fully-integrated self storage company, announced its overall results for the three and nine months ended September 30, 2021.

“This was a truly exciting quarter for SmartStop. We posted year-over-year same-store revenue and NOI growth of 19.4% and 28.1% for the quarter, respectively, both higher than all of our publicly-traded peers,” said H. Michael Schwartz, Chairman and Chief Executive Officer of SmartStop. “Gross margins on our same-store pool improved to 71.4%, a year-over-year increase of 480 basis points, and the highest in our Company’s history. Our exceptional property performance, coupled with our disciplined investment strategy, led to year-over-year growth of FFO, as adjusted per share of approximately 125% in the quarter. With ample attractively priced capital, a strong balance sheet and a robust operating environment, we believe SmartStop is well positioned to continue executing our growth initiatives, driving stockholder value in 2021 and beyond.”

Three Months Ended September 30, 2021 Financial Highlights:

- Net loss attributable to common stockholders was approximately \$2.2 million for the three months ended September 30, 2021. This represents a decrease of approximately \$4.0 million when compared to the same period in 2020. Net loss per Class A and Class T shares (basic and diluted) was \$0.03, a decrease of \$0.07, or 70%, when compared to the same period in 2020.
- Total self storage-related revenues increased by approximately \$14.6 million, or 51.8%, when compared to the same period in 2020.
- FFO, as adjusted (attributable to common stockholders and Operating Partnership (“OP”) unit holders), was approximately \$13.6 million. This represents an increase of approximately \$9.2 million, or 209%, when compared to the same period in 2020.
- FFO, as adjusted per share and OP unit outstanding—diluted was \$0.14, an increase of \$0.08, or 124.7%, when compared to the same period in 2020.
- Same-store revenues, expenses and NOI increased by 19.4%, 2.3% and 28.1%, respectively compared to the same period in 2020.
- Same-store average physical occupancy increased by 4.2% to 95.9% compared to 91.7% during the same period in 2020.
- Same-store annualized rent per occupied square foot was approximately \$16.92, which represented an increase of approximately 15.3% when compared to the same period in 2020.

Nine Months Ended September 30, 2021 Financial Highlights:

- Net loss attributable to common stockholders was approximately \$20.0 million for the nine months ended September 30, 2021. This represents a decrease of approximately \$29.8 million when compared to the same period in 2020. Net loss per Class A and Class T shares (basic and diluted) was \$0.26, a decrease of \$0.58, or 69.0%, when compared to the same period in 2020.
- Total self storage-related revenues increased by approximately \$32.9 million, or 40.6%, when compared to the same period in 2020.
- Same-store revenues, expenses and NOI increased by 16.9%, 3.5% and 23.7%, respectively compared to the same period in 2020.

-
- Same-store average physical occupancy increased by 4.8% to 94.9%, compared to 90.1% during the same period in 2020.
 - Same-store annualized rent per occupied square foot was approximately \$16.11, which represented an increase of approximately 9.9% when compared to the same period in 2020.

External Growth

In August, the Company opened a newly constructed four story self storage facility in Oshawa, Ontario, Canada in partnership with SmartCentres (TSX: SRU.UN). This facility serves the communities of Vanier, Mclaughlin, Whitby, Eastdale, Stevenson, and Farewell and is conveniently located adjacent to the SmartCentres Oshawa South shopping center, the Walmart Supercenter and Lowe's Home Improvement. The property's 950 units are 100% climate-controlled across approximately 95,000 square feet. This is SmartStop's 18th owned or managed location in the Greater Toronto Area (GTA).

Subsequent to quarter end, the Company acquired a self storage facility in Lakewood, CO. The facility serves the communities of Green Mountain, Foothills, Briarwood Hills, West Lochwood and Chateau Ridge Estates. The property's 770 units span across approximately 87,000 square feet. The property offers customers a variety of amenities including a gated drive-in loading area, state-of-the-art security systems, keypad access and large truck accessibility. This is SmartStop's seventh owned or managed location in the Denver market.

Capital Markets Activity

Subsequent to quarter end, the Company exercised \$200 million of its accordion (the "Accordion") under its existing multi-currency credit facility (the "Credit Facility") with a syndicate of banks led by KeyBank National Association, Wells Fargo, N.A., Citibank, N.A. and Bank of Montreal. The increased commitment was entirely on the revolving portion of the Credit Facility (the "Revolver"). The Credit Facility now consists of a \$450 million Revolver and a \$250 million term loan (the "Term Loan") for a total commitment of \$700 million. The Accordion was also amended to permit expansion up to \$1.05 billion, subject to certain conditions. The other terms and conditions of the Credit Facility remain unchanged.

Net Asset Value

Subsequent to quarter end, the Company announced that its board of directors has declared an updated estimated Net Asset Value ("NAV") per share of \$15.08 for its Class A and Class T shares, as of June 30, 2021. SmartStop's previous estimated NAV per share was \$10.40 as of December 31, 2019. Please see SmartStop's Form 8-K filed on October 20, 2021 for a description of the methodologies and assumptions used to determine, and the limitations of, the estimated NAV per share.

Declared Distributions

On September 23, 2021, SmartStop's board of directors declared a distribution rate for the fourth quarter of 2021, of approximately \$0.00164 per day per share on the outstanding shares of common stock payable to both Class A and Class T stockholders. In connection with these distributions, after the stockholder servicing fee is paid, approximately \$0.0014 per day will be paid per Class T share. Such distributions payable to each stockholder of record during a month will be paid the following month.

Contact:

David Corak

VP of Corporate Finance
SmartStop Self Storage REIT, Inc.
949-542-3331
ir@smartstop.com

SMARTSTOP SELF STORAGE REIT, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	<u>September 30,</u> <u>2021</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2020</u>
ASSETS		
Real estate facilities:		
Land	\$ 395,335,230	\$ 335,800,354
Buildings	1,100,318,293	810,480,845
Site improvements	77,793,874	63,821,383
	<u>1,573,447,397</u>	<u>1,210,102,582</u>
Accumulated depreciation	(145,213,522)	(115,903,045)
	<u>1,428,233,875</u>	<u>1,094,199,537</u>
Construction in process	1,718,223	1,761,303
Real estate facilities, net	<u>1,429,952,098</u>	<u>1,095,960,840</u>
Cash and cash equivalents	29,247,388	72,705,624
Restricted cash	8,491,787	7,952,052
Investments in unconsolidated real estate ventures	18,494,815	—
Investments in and advances to Managed REITs	12,332,654	15,624,389
Other assets, net	18,331,410	7,734,276
Intangible assets, net of accumulated amortization	17,472,470	12,406,427
Trademarks, net of accumulated amortization	16,088,235	16,194,118
Goodwill	53,643,331	53,643,331
Debt issuance costs, net of accumulated amortization	2,049,573	—
Total assets	<u>\$1,606,103,761</u>	<u>\$1,282,221,057</u>
LIABILITIES AND EQUITY		
Debt, net	\$ 848,818,212	\$ 717,952,233
Accounts payable and accrued liabilities	26,552,056	23,038,976
Due to affiliates	538,805	667,429
Distributions payable	8,135,131	6,650,317
Contingent earnout	20,600,000	28,600,000
Deferred tax liabilities	7,240,713	8,380,215
Total liabilities	<u>911,884,917</u>	<u>785,289,170</u>
Commitments and contingencies		
Redeemable common stock	67,684,603	57,335,575
Preferred stock, \$0.001 par value; 200,000,000 shares authorized:		
Series A Convertible Preferred Stock, \$0.001 par value; 200,000 shares authorized; 200,000 and 200,000 shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively, with aggregate liquidation preferences of \$203,150,685 and \$202,928,620 at September 30, 2021 and December 31, 2020, respectively	196,356,107	196,356,107
Equity:		
SmartStop Self Storage REIT, Inc. equity:		
Class A common stock, \$0.001 par value; 350,000,000 shares authorized; 76,856,872 and 52,660,402 shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively	76,857	52,661
Class T common stock, \$0.001 par value; 350,000,000 shares authorized; 8,027,159 and 7,903,911 shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively	8,027	7,904
Additional paid-in capital	724,585,663	492,408,006
Distributions	(198,291,010)	(163,953,169)
Accumulated deficit	(161,445,849)	(141,444,880)
Accumulated other comprehensive loss	(1,189,529)	(3,834,228)
Total SmartStop Self Storage REIT, Inc. equity	<u>363,744,159</u>	<u>183,236,294</u>
Noncontrolling interests in our Operating Partnership	66,423,075	59,982,111
Other noncontrolling interests	10,900	21,800
Total noncontrolling interests	<u>66,433,975</u>	<u>60,003,911</u>
Total equity	<u>430,178,134</u>	<u>243,240,205</u>
Total liabilities and equity	<u>\$1,606,103,761</u>	<u>\$1,282,221,057</u>

SMARTSTOP SELF STORAGE REIT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenues:				
Self storage rental revenue	\$40,695,622	\$26,706,201	\$108,303,763	\$ 77,221,013
Ancillary operating revenue	2,007,411	1,431,952	5,591,882	3,768,213
Managed REIT Platform revenue	1,263,029	2,051,021	4,609,060	5,687,701
Reimbursable costs from Managed REITs	972,551	1,173,948	3,250,213	4,453,863
Total revenues	<u>44,938,613</u>	<u>31,363,122</u>	<u>121,754,918</u>	<u>91,130,790</u>
Operating expenses:				
Property operating expenses	12,593,191	9,816,774	35,416,441	28,686,843
Managed REIT Platform expenses	587,704	329,280	1,223,736	2,512,103
Reimbursable costs from Managed REITs	972,551	1,173,948	3,250,213	4,453,863
General and administrative	5,232,950	4,012,072	16,797,252	11,829,732
Depreciation	10,748,337	8,003,587	30,035,065	23,562,701
Intangible amortization expense	3,710,736	1,587,899	8,623,964	8,475,682
Acquisition expenses	211,985	468,577	548,083	593,903
Contingent earnout adjustment	700,000	1,600,000	3,219,744	(5,100,000)
Impairment of goodwill and intangible assets	—	—	—	36,465,732
Impairment of investments in Managed REITs	—	—	—	4,376,879
Write-off of equity interest and preexisting relationships in SST IV upon acquisition of control	—	—	8,389,573	—
Total operating expenses	<u>34,757,454</u>	<u>26,992,137</u>	<u>107,504,071</u>	<u>115,857,438</u>
Gain on sale of real estate	—	—	178,631	—
Income (loss) from operations	<u>10,181,159</u>	<u>4,370,985</u>	<u>14,429,478</u>	<u>(24,726,648)</u>
Other income (expense):				
Interest expense	(7,818,311)	(8,093,476)	(23,744,477)	(24,717,208)
Interest expense – accretion of fair market value of secured debt	29,228	32,788	92,344	98,337
Interest expense – debt issuance costs	(499,132)	(952,479)	(1,668,502)	(2,832,240)
Net loss on extinguishment of debt	—	—	(2,444,788)	—
Other	(833,702)	185,685	780,883	2,914,840
Net income (loss)	<u>1,059,242</u>	<u>(4,456,497)</u>	<u>(12,555,062)</u>	<u>(49,262,919)</u>
Net (income) loss attributable to the noncontrolling interests in our Operating Partnership	<u>(119,678)</u>	<u>585,360</u>	<u>1,903,408</u>	<u>6,550,455</u>
Less: Distributions to preferred stockholders	<u>(3,150,685)</u>	<u>(2,387,977)</u>	<u>(9,349,315)</u>	<u>(7,112,022)</u>
Net loss attributable to SmartStop Self Storage REIT, Inc. common stockholders	<u>\$ (2,211,121)</u>	<u>\$ (6,259,114)</u>	<u>\$ (20,000,969)</u>	<u>\$ (49,824,486)</u>
Net loss per Class A share – basic and diluted	\$ (0.03)	\$ (0.10)	\$ (0.26)	\$ (0.84)
Net loss per Class T share – basic and diluted	\$ (0.03)	\$ (0.10)	\$ (0.26)	\$ (0.84)
Weighted average Class A shares outstanding – basic and diluted	76,407,968	52,019,749	69,674,568	51,654,459
Weighted average Class T shares outstanding – basic and diluted	8,003,062	7,827,572	7,964,237	7,776,909

SMARTSTOP SELF STORAGE REIT, INC. AND SUBSIDIARIES
NON-GAAP MEASURE – COMPUTATION OF FUNDS FROM OPERATIONS, AS ADJUSTED
(Unaudited)

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Net loss (attributable to common stockholders)	\$ (2,211,121)	\$ (6,259,114)	\$ (20,000,969)	\$ (49,824,486)
Add:				
Depreciation of real estate	10,556,270	7,843,237	29,455,038	23,136,367
Depreciation and amortization of real estate and intangible assets from unconsolidated entities	256,233	—	487,229	—
Amortization of real estate related intangible assets	3,469,777	537,179	7,473,006	4,880,209
Gain on deconsolidation	—	—	(169,533)	—
Gain on sale of real estate	—	—	(178,631)	—
Deduct:				
Adjustment for noncontrolling interests	(1,545,084)	(1,101,471)	(4,162,008)	(3,704,678)
FFO (attributable to common stockholders)	<u>10,526,075</u>	<u>1,019,831</u>	<u>12,904,132</u>	<u>(25,512,588)</u>
Other Adjustments:				
Intangible amortization expense - contracts ⁽¹⁾	240,959	1,050,720	1,150,958	3,595,473
Acquisition expenses ⁽²⁾	211,985	468,577	548,083	593,903
Acquisition expenses and foreign currency (gains) losses, net from unconsolidated entities	27,767	—	135,155	—
Contingent earnout adjustment ⁽³⁾	700,000	1,600,000	3,219,744	(5,100,000)
Impairment of goodwill and intangible assets ⁽⁴⁾	—	—	—	36,465,732
Impairment of investments in Managed REITs ⁽⁴⁾	—	—	—	4,376,879
Write-off of equity interest and preexisting relationships in SST IV upon acquisition of control	—	—	8,389,573	—
Accretion of fair market value of secured debt ⁽⁵⁾	(29,228)	(32,788)	(92,344)	(98,337)
Net loss on extinguishment of debt ⁽⁶⁾	—	—	2,444,788	—
Foreign currency and interest rate derivative losses, net ⁽⁷⁾	536,428	53,503	110,879	163,346
Adjustment of deferred tax liabilities ⁽¹⁾	(290,942)	(276,216)	(2,220,688)	(3,299,329)
Adjustment for noncontrolling interests	(151,463)	(375,841)	(1,586,543)	(4,864,455)
FFO, as adjusted (attributable to common stockholders)	<u>\$11,771,581</u>	<u>\$ 3,507,786</u>	<u>\$ 25,003,737</u>	<u>\$ 6,320,624</u>

- (1) These items represent the amortization, accretion, or adjustment of intangible assets or deferred tax liabilities. As these items are non-cash and not primary drivers in SmartStop's decision-making process, FFO is adjusted for their effect to arrive at FFO, as adjusted, as a means of determining a comparable sustainable operating performance metric to other real estate companies.
- (2) In evaluating investments in real estate, SmartStop differentiates the costs to acquire the investment from the operations derived from the investment. Such information would be comparable only for publicly registered, non-traded REITs that have generally completed their acquisition activity and have other similar operating characteristics.
- (3) The contingent earnout adjustment represents the adjustment to the fair value of the Class A-2 Units issued in connection with the Self Administration Transaction. FFO is adjusted to arrive at FFO, as adjusted, as this acquisition related item is not a primary driver in SmartStop's decision-making process and excluding this provides investors a view of SmartStop's continuing operating portfolio performance over time.
- (4) The impairment charges relate to SmartStop's goodwill, intangible assets and investments in the Managed REIT Platform acquired in the Self Administration Transaction. SmartStop believes that adjusting for such non-recurring items provides useful supplemental information because such expenses may not be reflective of on-going operations and is consistent with management's analysis of SmartStop's operating performance and provides for a means of determining a comparable sustainable operating performance metric.

-
- (5) This represents the difference between the stated interest rate and the estimated market interest rate on assumed notes as of the date of acquisition. Such amounts have been excluded from FFO, as adjusted, because SmartStop believes FFO, as adjusted, provides useful supplementary information by focusing on operating fundamentals, rather than events not related to SmartStop's normal operations. SmartStop is responsible for managing interest rate risk and do not rely on another party to manage such risk.
 - (6) The net loss associated with the extinguishment of debt includes prepayment penalties, the write-off of unamortized deferred financing fees, and other fees incurred. SmartStop believes that adjusting for such non-recurring items provides useful supplemental information because such losses may not be reflective of on-going transactions and operations and is consistent with management's analysis of SmartStop's operating performance.
 - (7) This represents the mark-to-market adjustment for SmartStop's derivative instruments not designated for hedge accounting and the ineffective portion of the change in fair value of derivatives recognized in earnings, as well as changes in foreign currency related to SmartStop's foreign equity investments not classified as long term. These derivative contracts are intended to manage the Company's exposure to interest rate and foreign currency risk which may not be reflective of SmartStop's ongoing performance and may reflect unrealized impacts on SmartStop's operating performance. Such amounts are recorded in "Other" within SmartStop's consolidated statements of operations.

SMARTSTOP SELF STORAGE REIT, INC. AND SUBSIDIARIES
NON-GAAP MEASURE – COMPUTATION OF FUNDS FROM OPERATIONS, AS ADJUSTED PER SHARE AND OP UNIT
OUTSTANDING
(Unaudited)

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020
FFO, as adjusted (attributable to common stockholders)	\$11,771,581	\$ 3,507,786
Fully Diluted FFO, as adjusted calculation:		
Net income (loss) attributable noncontrolling interests in our OP	119,678	(585,360)
Adjustment for noncontrolling interests	<u>1,696,547</u>	<u>1,477,312</u>
FFO, as adjusted (attributable to common stockholders and OP unit holders)	<u>\$13,587,806</u>	<u>\$ 4,399,738</u>
Weighted average Class A & T shares outstanding	84,411,030	59,847,321
Weighted average OP units outstanding	10,270,455	9,095,029
Weighted average other dilutive securities	<u>247,690</u>	<u>132,215</u>
Weighted average shares & OP units outstanding – diluted ⁽¹⁾	94,929,175	69,074,565
FFO, as adjusted per share & unit outstanding – diluted	\$ 0.14	\$ 0.06

- (1) Includes all Class A Shares, Class T Shares and OP Units, as well as the dilutive effect of both unvested restricted stock and long term incentive plan units (both time-based units and performance based-units). The outstanding convertible preferred stock was excluded as the conversion of such shares was antidilutive.

SMARTSTOP SELF STORAGE REIT, INC. AND SUBSIDIARIES
COMPUTATION OF SAME-STORE OPERATING RESULTS
(Unaudited)

The following table sets forth operating data for SmartStop's same-store facilities (those properties included in the consolidated results of operations since January 1, 2020, excluding nine lease-up properties SmartStop owned as of January 1, 2020) for the three months ended September 30, 2021 and 2020. SmartStop considers the following data to be meaningful as this allows for the comparison of results without the effects of acquisition, lease up, or development activity.

	Same-Store Facilities			Non Same-Store Facilities			Total		
	2021	2020	% Change	2021	2020	% Change	2021	2020	% Change
Revenue (1)	\$31,556,940	\$26,419,911	19.4%	\$11,146,093	\$1,718,242	N/M	\$42,703,033	\$28,138,153	51.8%
Property operating expenses (2)	9,027,676	8,827,519	2.3%	3,565,515	989,255	N/M	12,593,191	9,816,774	28.3%
Net operating income	\$22,529,264	\$17,592,392	28.1%	\$ 7,580,578	\$ 728,987	N/M	\$30,109,842	\$18,321,379	64.3%
Number of facilities	103	103		35	9		138	112	
Rentable square feet (3)	7,595,600	7,557,300		2,898,200	680,300		10,493,800	8,237,600	
Average physical occupancy (4)	95.9%	91.7%		N/M	N/M		95.6%	90.9%	
Annualized rent per occupied square foot (5)	\$ 16.92	\$ 14.67		N/M	N/M		\$ 16.67	\$ 14.39	

N/M Not meaningful

- (1) Revenue includes rental revenue, Tenant Programs revenue, ancillary revenue, and administrative and late fees.
- (2) Property operating expenses excludes corporate general and administrative expenses, interest expense, depreciation, amortization expense, and acquisition expenses.
- (3) Of the total rentable square feet, parking represented approximately 940,000 square feet and 680,000 square feet as of September 30, 2021 and 2020, respectively. On a same-store basis, for the same periods, parking represented approximately 680,000 square feet.
- (4) Determined by dividing the sum of the month-end occupied square feet for the applicable group of facilities for each applicable period by the sum of their month-end rentable square feet for the period.
- (5) Determined by dividing the aggregate realized rental income for each applicable period by the aggregate of the month-end occupied square feet for the period. Properties are included in the respective calculations in their first full month of operations, as appropriate. SmartStop has excluded the realized rental revenue and occupied square feet related to parking herein for the purpose of calculating annualized rent per occupied square foot.

SmartStop's same-store revenue increased by approximately \$5.1 million or approximately 19% for the three months ended September 30, 2021 compared to the three months ended September 30, 2020 primarily due to higher annualized rent per occupied square foot as well as increased occupancy.

The following table presents a reconciliation of net income (loss) as presented on SmartStop's consolidated statements of operations to net operating income, as stated above, for the periods indicated:

	For the Three Months Ended	
	September 30,	
	<u>2021</u>	<u>2020</u>
Net income (loss)	\$ 1,059,242	\$ (4,456,497)
Adjusted to exclude:		
Managed REIT Platform revenue	(1,263,029)	(2,051,021)
Managed REIT Platform expenses	587,704	329,280
General and administrative	5,232,950	4,012,072
Depreciation	10,748,337	8,003,587
Intangible amortization expense	3,710,736	1,587,899
Acquisition expenses	211,985	468,577
Contingent earnout adjustment	700,000	1,600,000
Gain on sale of real estate	—	—
Interest expense	7,818,311	8,093,476
Interest expense – accretion of fair market value of secured debt	(29,228)	(32,788)
Interest expense – debt issuance costs	499,132	952,479
Other	833,702	(185,685)
Total net operating income	<u>\$30,109,842</u>	<u>\$18,321,379</u>

The following table sets forth operating data for SmartStop's same-store facilities (those properties included in the consolidated results of operations since January 1, 2020, excluding nine lease-up properties SmartStop owned as of January 1, 2020) for the nine months ended September 30, 2021 and 2020. SmartStop considers the following data to be meaningful as this allows for the comparison of results without the effects of acquisition, lease up, or development activity.

	Same-Store Facilities			Non Same-Store Facilities			Total		
	2021	2020	% Change	2021	2020	% Change	2021	2020	% Change
Revenue (1)	\$89,439,876	\$76,527,018	16.9%	\$24,455,769	\$4,462,208	N/M	\$ 113,895,645	\$80,989,226	40.6%
Property operating expenses (2)	26,724,027	25,823,677	3.5%	8,692,414	2,863,166	N/M	35,416,441	28,686,843	23.5%
Net operating income	\$62,715,849	\$50,703,341	23.7%	\$15,763,355	\$1,599,042	N/M	\$ 78,479,204	\$52,302,383	50.0%
Number of facilities	103	103		36 ⁽⁶⁾	9		139 ⁽⁶⁾	112	
Rentable square feet (3)	7,595,600	7,557,300		2,982,400	680,300		10,578,000 ⁽⁶⁾	8,237,600	
Average physical occupancy (4)	94.9%	90.1%		N/M	N/M		94.1%	88.6%	
Annualized rent per occupied square foot (5)	\$ 16.11	\$ 14.66		N/M	N/M		\$ 15.89	\$ 14.40	

N/M Not meaningful

- (1) Revenue includes rental revenue, Tenant Programs revenue, ancillary revenue, and administrative and late fees.
- (2) Property operating expenses excludes corporate general and administrative expenses, interest expense, depreciation, amortization expense, and acquisition expenses. Property operating expenses for the nine months ended September 30, 2020 also includes COVID-19 related costs, including specialized cleaning costs, the purchase of personal protective equipment, and bonuses to SmartStop's store personnel, totaling approximately \$0.6 million. On a same-store basis, COVID-19 related costs represented approximately \$0.5 million of the total property operating expenses for the nine months ended September 30, 2020.
- (3) Of the total rentable square feet, parking represented approximately 940,000 square feet and 680,000 square feet as of September 30, 2021 and 2020, respectively. On a same-store basis, for the same periods, parking represented approximately 680,000 square feet.
- (4) Determined by dividing the sum of the month-end occupied square feet for the applicable group of facilities for each applicable period by the sum of their month-end rentable square feet for the period.
- (5) Determined by dividing the aggregate realized rental income for each applicable period by the aggregate of the month-end occupied square feet for the period. Properties are included in the respective calculations in their first full month of operations, as appropriate. SmartStop has excluded the realized rental revenue and occupied square feet related to parking herein for the purpose of calculating annualized rent per occupied square foot.
- (6) Included in the non same-store data is a self storage facility consisting of approximately 84,000 square feet owned by SST VI OP for the period during which SmartStop consolidated their financial statements. As of June 30, 2021, SmartStop was no longer required to consolidate their financial statements.

SmartStop's same-store revenue increased by approximately \$12.9 million for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020 due to higher annualized rent per occupied square foot and increased occupancy.

The following table presents a reconciliation of net loss as presented on SmartStop's consolidated statements of operations to net operating income, as stated above, for the periods indicated:

	For the Nine Months Ended	
	September 30,	
	2021	2020
Net loss	\$(12,555,062)	\$(49,262,919)
Adjusted to exclude:		
Managed REIT Platform revenue	(4,609,060)	(5,687,701)
Managed REIT Platform expenses	1,223,736	2,512,103
General and administrative	16,797,252	11,829,732
Depreciation	30,035,065	23,562,701
Intangible amortization expense	8,623,964	8,475,682
Acquisition expenses	548,083	593,903
Contingent earnout adjustment	3,219,744	(5,100,000)
Impairment of goodwill and intangible assets	—	36,465,732
Impairment of investments in Managed REITs	—	4,376,879
Write-off of equity interest and preexisting relationships in SST IV upon acquisition of control	8,389,573	—
Gain on sale of real estate	(178,631)	—
Interest expense	23,744,477	24,717,208
Interest expense – accretion of fair market value of secured debt	(92,344)	(98,337)
Interest expense – debt issuance costs	1,668,502	2,832,240
Net loss on extinguishment of debt	2,444,788	—
Other	(780,883)	(2,914,840)
Total net operating income	\$ 78,479,204	\$ 52,302,383

ADDITIONAL INFORMATION REGARDING NOI, FFO, and FFO, as adjusted

Net Operating Income (“NOI”)

NOI is a non-GAAP measure that SmartStop defines as net income (loss), computed in accordance with GAAP, generated from properties before corporate general and administrative expenses, asset management fees, interest expense, depreciation, amortization, acquisition expenses and other non-property related expenses. SmartStop believes that NOI is useful for investors as it provides a measure of the operating performance of its operating assets because NOI excludes certain items that are not associated with the ongoing operation of the properties. Additionally, SmartStop believes that NOI (also referred to as property operating income) is a widely accepted measure of comparative operating performance in the real estate community. However, SmartStop’s use of the term NOI may not be comparable to that of other real estate companies as they may have different methodologies for computing this amount.

Funds from Operations (“FFO”) and FFO, as Adjusted

Funds from Operations

Funds from operations (“FFO”) is an industry wide metric promulgated by the National Association of Real Estate Investment Trusts, or NAREIT, which SmartStop believes to be an appropriate supplemental measure to reflect the operating performance of a REIT. The use of FFO is recommended by the REIT industry as a supplemental performance measure.

SmartStop defines FFO, a non-GAAP measure, consistent with the standards established by the White Paper on FFO approved by the Board of Governors of NAREIT, or the White Paper. The White Paper defines FFO as net income (loss) computed in accordance with GAAP, excluding gains or losses from sales of property and asset impairment write downs, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Additionally, gains and losses from change in control are excluded from the determination of FFO. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO on the same basis. SmartStop’s FFO calculation complies with NAREIT’s policy described above.

FFO, as Adjusted

SmartStop uses FFO, as adjusted, as an additional non-GAAP financial measure to evaluate its operating performance. SmartStop previously used Modified Funds from Operations (“MFFO”) (as defined by the Institute for Portfolio Alternatives) as a non-GAAP measure of operating performance. Management replaced the MFFO measure with FFO, as adjusted, because FFO, as adjusted, provides investors with supplemental performance information that is consistent with the performance models and analysis used by management. In addition, FFO, as adjusted, is a measure used among SmartStop’s peer group, which includes publicly traded REITs. Further, SmartStop believes FFO, as adjusted, is useful in comparing the sustainability of its operating performance with the sustainability of the operating performance of other real estate companies.

In determining FFO, as adjusted, SmartStop makes further adjustments to the NAREIT computation of FFO to exclude the effects of non-real estate related asset impairments and intangible amortization, acquisition related costs, other write-offs incurred in connection with acquisitions, contingent earnout adjustments, adjustments of fair value of debt adjustments, gains or losses from extinguishment of debt, accretion of deferred tax liabilities, realized and unrealized gains/losses on foreign exchange transactions, and gains/losses on foreign exchange and interest rate derivatives not designated for hedge accounting, which SmartStop believes are not indicative of the Company’s overall long-term operating performance. SmartStop excludes these items from GAAP net income to arrive at FFO, as adjusted, as they are not the primary drivers in its decision-making process and excluding these items provides investors a view of its continuing operating portfolio performance over time and makes its results more comparable period to period and to other REITs, which in any respective period may experience fluctuations in such acquisition, merger or other similar activities that are not of a long-term operating performance nature. FFO, as adjusted, also reflects adjustments for unconsolidated partnerships and jointly owned investments. SmartStop uses FFO, as adjusted, as one measure of operating performance when SmartStop formulates corporate goals and evaluate the effectiveness of its strategies.

Presentation of FFO and FFO, as adjusted, is intended to provide useful information to investors as they compare the operating performance of different REITs, although it should be noted that not all REITs calculate FFO and FFO, as adjusted, the same way, so comparisons with other REITs may not be meaningful. Furthermore, FFO and FFO, as adjusted, are not necessarily indicative of cash flow available to fund cash needs and should not be considered as an alternative to net income (loss) or income (loss) from continuing operations as an indication of SmartStop’s performance, as an alternative to cash flows from operations, which is an indication of liquidity, or indicative of funds available to fund SmartStop’s cash needs including SmartStop’s ability to make distributions to its stockholders. FFO and FFO, as adjusted, should not be considered as an alternative to net income (determined in accordance with GAAP) and should be reviewed in conjunction with other measurements as an indication of SmartStop’s performance.

Neither the SEC, NAREIT, nor any other regulatory body has passed judgment on the acceptability of the adjustments that SmartStop uses to calculate FFO or FFO, as adjusted. In the future, the SEC, NAREIT or another regulatory body may decide to standardize the allowable adjustments across the publicly registered, non-traded REIT industry and SmartStop would have to adjust its calculation and characterization of FFO or FFO, as adjusted.

About SmartStop Self Storage REIT, Inc. (“SmartStop”):

SmartStop is a self-managed REIT with a fully integrated operations team of approximately 400 self storage professionals focused on growing the SmartStop® Self Storage brand. SmartStop, through its indirect subsidiary SmartStop REIT Advisors, LLC, also sponsors other self storage programs. SmartStop is one of the largest self storage companies in North America, with an owned and managed portfolio of 158 properties in 19 states and Ontario, Canada and comprising approximately 107,000 units and 12.2 million rentable square feet. SmartStop and its affiliates own or manage 18 operating self storage properties in the Greater Toronto Area, which total approximately 15,200 units and 1.6 million rentable square feet. Additional information regarding SmartStop is available at www.smartstopselfstorage.com.

Certain of the matters discussed in this communication constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements can generally be identified by our use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “anticipate,” “estimate,” “believe,” “continue,” or other similar words. Readers are cautioned not to place undue reliance on these forward-looking statements and any such forward-looking statements are qualified in their entirety by reference to the following cautionary statements.

All forward-looking statements speak only as of the date hereof and are based on current expectations and involve a number of assumptions, risks and uncertainties that could cause the actual results to differ materially from such forward-looking statements. Such forward-looking statements include, but are not limited to, statements about the expected effects and benefits of the SST IV merger, the SSGT merger, the self administration transaction and the Series A Preferred equity investment, including anticipated future financial and operating results and synergies, as well as all other statements in this press release, other than historical facts. There are several factors which could cause actual plans and results to differ materially from those expressed or implied in forward-looking statements, including, without limitation, the following: (i) risks related to disruption of management’s attention from SmartStop’s ongoing business operations due to the SST IV merger, the self administration transaction, or other business matters; (ii) significant transaction costs, including financing costs, and unknown liabilities; (iii) failure to realize the expected benefits and synergies of either of the SST IV merger, the SSGT merger or the self administration transaction in the expected timeframes or at all; (iv) costs or difficulties related to the integration of acquired self storage facilities and operations, including facilities acquired through the SST IV merger, the SSGT merger and operations acquired through the self administration transaction; (v) changes in the political and economic climate, economic conditions and fiscal imbalances in the United States, and other major developments, including wars, natural disasters, epidemics and pandemics, including the outbreak of novel coronavirus (COVID-19), military actions, and terrorist attacks; (vi) changes in tax and other laws and regulations; or (vii) difficulties in SmartStop’s ability to attract and retain qualified personnel and management.

Actual results may differ materially from those indicated by such forward-looking statements. In addition, the forward-looking statements represent SmartStop’s views as of the date on which such statements were made. SmartStop anticipates that subsequent events and developments may cause its views to change. These forward-looking statements should not be relied upon as representing SmartStop’s views as of any date subsequent to the date hereof. Additional factors that may affect the business or financial results of SmartStop are described in the risk factors included in SmartStop’s filings with the SEC, including SmartStop’s Annual Report on Form 10-K for the fiscal year ended December 31, 2020 and subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, which factors are incorporated herein by reference, all of which are filed with the SEC and available at www.sec.gov. SmartStop expressly disclaims a duty to provide updates to forward-looking statements, whether as a result of new information, future events or other occurrences.