

PROSPER



NATIONAL STORAGE
AFFILIATES

2018 Joint Venture and Portfolio Acquisition

August 2018

Forward-Looking Statements

FORWARD-LOOKING STATEMENTS: We make forward-looking statements in this presentation that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. When we use the words “believe,” “expect,” “anticipate,” “estimate,” “plan,” “continue,” “intend,” “should,” “may” or similar expressions, we intend to identify forward-looking statements. The forward-looking statements contained in this presentation reflect our current views about future events and are subject to numerous known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause our actual results to differ significantly from those expressed in any forward-looking statement.

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. Forward-looking statements are not predictions of future events. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. Some of these factors are described in the current report on Form 8-K filed with the SEC on July 10, 2018 and the annual report on Form 10-K filed with the SEC on February 27, 2018 under the headings “business,” “risk factors,” “properties,” and “management’s discussion and analysis of financial condition and results of operations,” as applicable. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise over time, and it is not possible for us to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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Highlights

I	Transaction Overview
II	Strategic Joint Venture Provides Access to Private Capital
III	Transformational Portfolio Acquisition Provides Scale and Broadens Geographic Footprint
IV	Accretive Joint Venture Acquisition Drives Growth

I. Transaction Overview

Transaction Highlights

- ✓ NSA 2018 Joint Venture (“JV”) with an affiliate of Heitman America Real Estate REIT LLC (“JV Investor”) is under contract to acquire a self storage portfolio of 112 properties from a leading owner and operator
- ✓ 112 property portfolio: \$1.325 billion
 - 105 properties to be owned directly by JV: \$1.261 billion at a 5.6% underwritten cap rate⁽¹⁾
 - 7 properties to be owned directly by NSA: \$64 million
- ✓ NSA total capital commitment: ~\$225 million
- ✓ Transaction expected to be immediately accretive to NSA’s Core FFO per share
- ✓ Expected closing: September 2018

Portfolio Summary⁽²⁾

Properties / Units	112 / 68,500
States	17 + Puerto Rico
Rentable Storage SF	8.7 Million
Occupancy	92%
Rent per Occupied SF	\$13.26

Brookhaven: Chamblee, GA



Redford: Redford, MI



(1) The 5.6% capitalization rate is based on Pro Forma net operating income. For a discussion of the calculation of underwritten cap rate and additional information relating thereto, please see our current report on Form 8-K filed with the SEC on July 10, 2018.

(2) As of June 30, 2018.



II. Joint Venture Summary

Capital Structure	<u>JV Capitalization:</u> - 50% Equity - 50% Senior Secured Non-Recourse Debt	<u>Equity:</u> - 25% NSA - 75% JV Investor	<u>Capital Commitment:</u> - NSA: \$160.8 million - JV Investor: \$482.3 million
Summary of Terms	NSA will receive fees for its management platform services, including property management, property acquisitions and tenant insurance	NSA and JV Investor will receive initial investment returns on a pari-passu basis, and NSA will have a promoted interest above target return thresholds	\$300 million of capital committed to future acquisitions by JV in select geographic areas
Joint Venture Portfolio ⁽¹⁾	JV is under contract to acquire a 112 property portfolio valued at \$1.325 billion via an off-market transaction	105 properties valued at \$1.261 billion, located in 17 states will remain in the JV portfolio post-closing	- 8.1 million square feet of storage - 63,000 storage units

(1) Contractual obligation includes seven assets valued at \$64 million in the aggregate that will be immediately spun off to NSA.

II. Joint Venture Capitalization (including transaction costs)

Debt⁽¹⁾

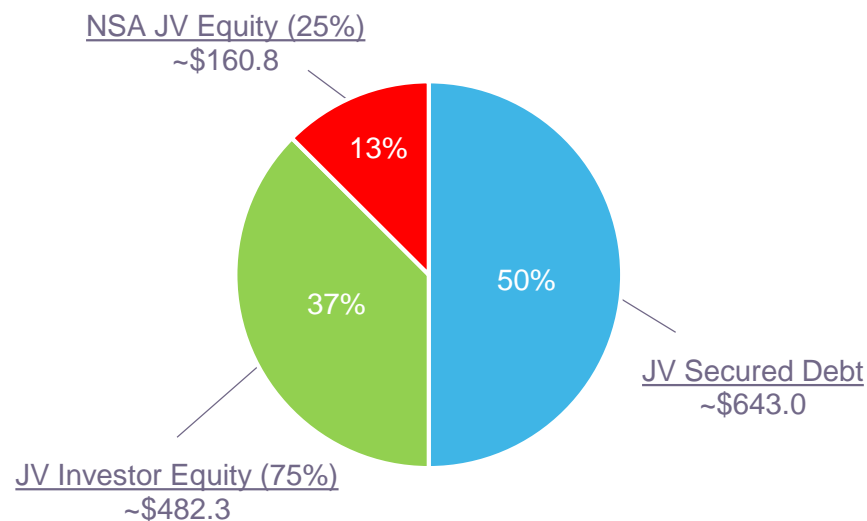
- ✓ 50% LTV: ~\$643.0 million secured financing
- ✓ Executed term sheet with two large life insurance co-lenders
- ✓ Terms:
 - 4.34%
 - Interest only
 - 10-year maturity

Equity (\$ millions)

- ✓ JV – 50% Equity Funding: ~\$643.0 million

JV Investor	\$482.3
NSA	\$160.8

Capitalization (\$ millions)



(1) Although the Company expects the Joint Venture's debt financing to be agreed upon as outlined in the term sheet, the term sheet does not represent a binding commitment, and there can be no assurance that the debt financing needed by the Joint Venture to complete the acquisition will actually be arranged on the above terms or at all.



III. Transformational Acquisition

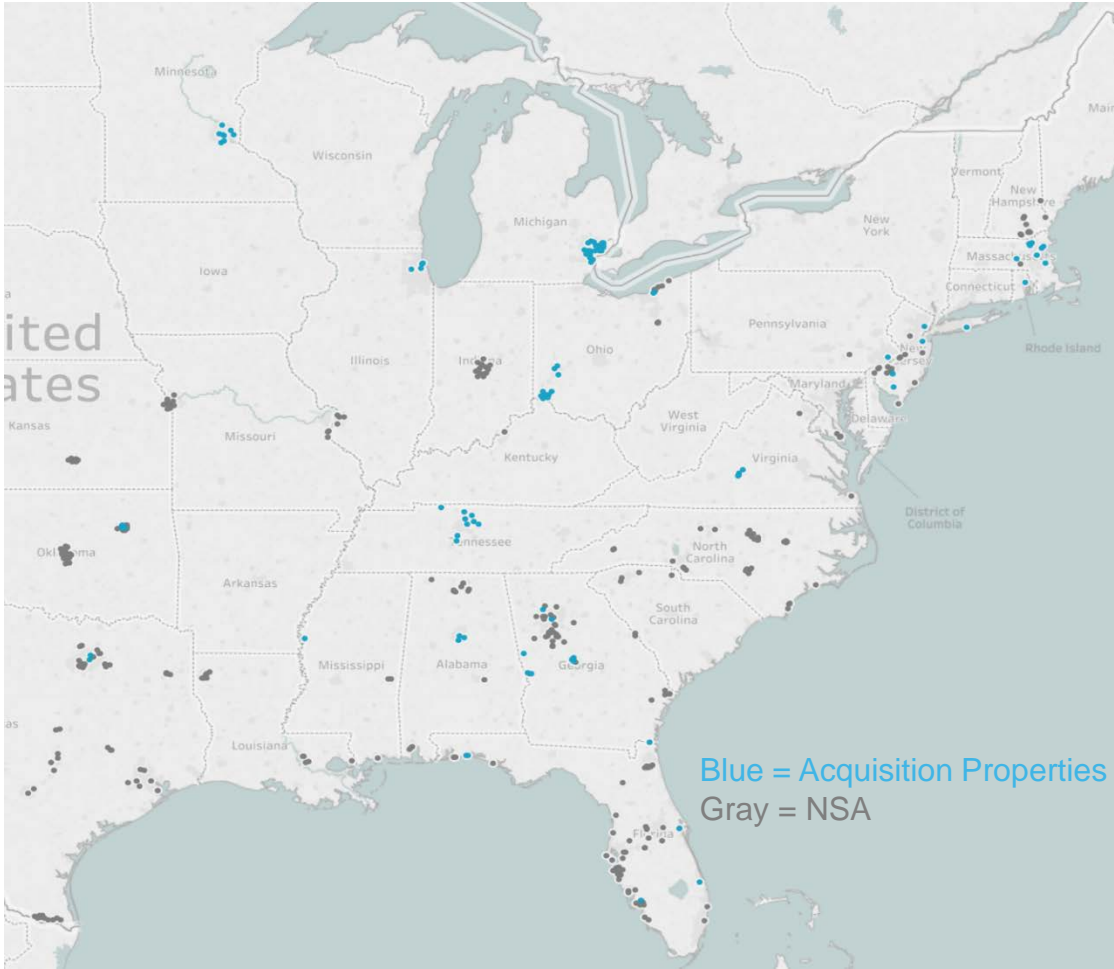
The Fourth Largest Transaction in the History of the Self Storage Sector⁽¹⁾

112 Stores

8.7 Million Square Feet

68,500 Units

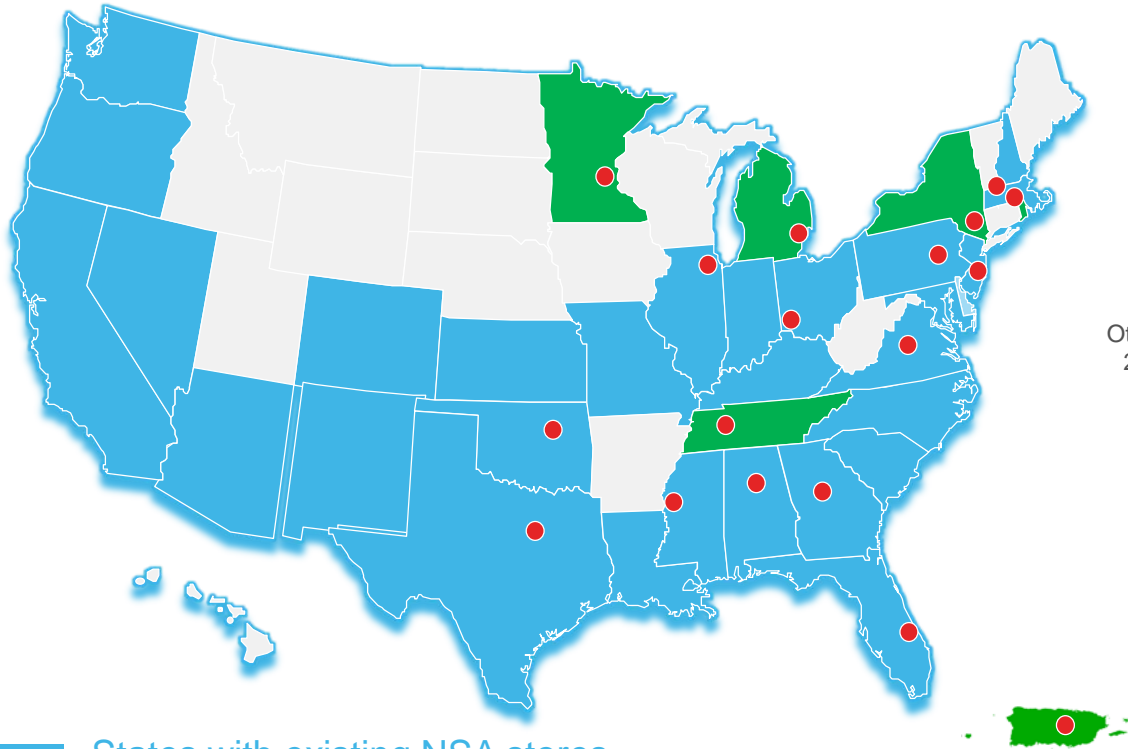
17 States + Puerto Rico



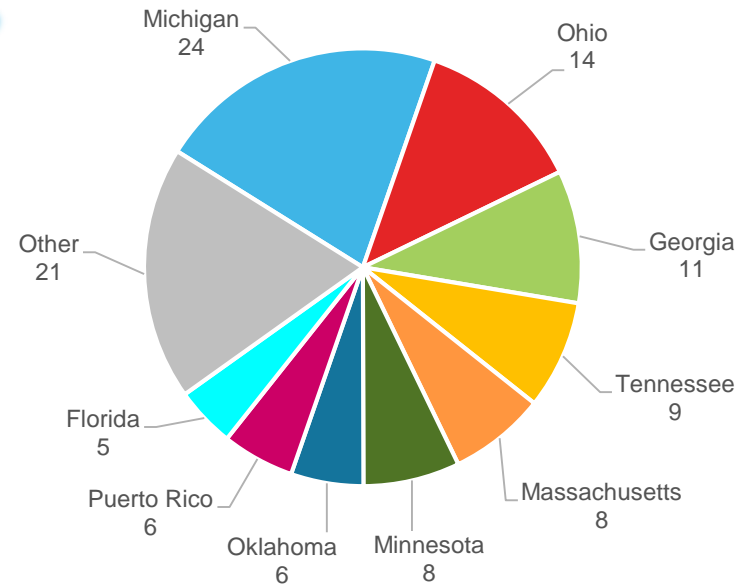
(1) Source: BMO, S&P Global, Thompson Reuters, by enterprise value.

III. Broadens Geographic Footprint

Portfolio Acquisition Enhances Presence in Existing Markets and Adds New Densely Populated Markets for Growth



Geographic Diversification
17 States + Puerto Rico



States with existing NSA stores

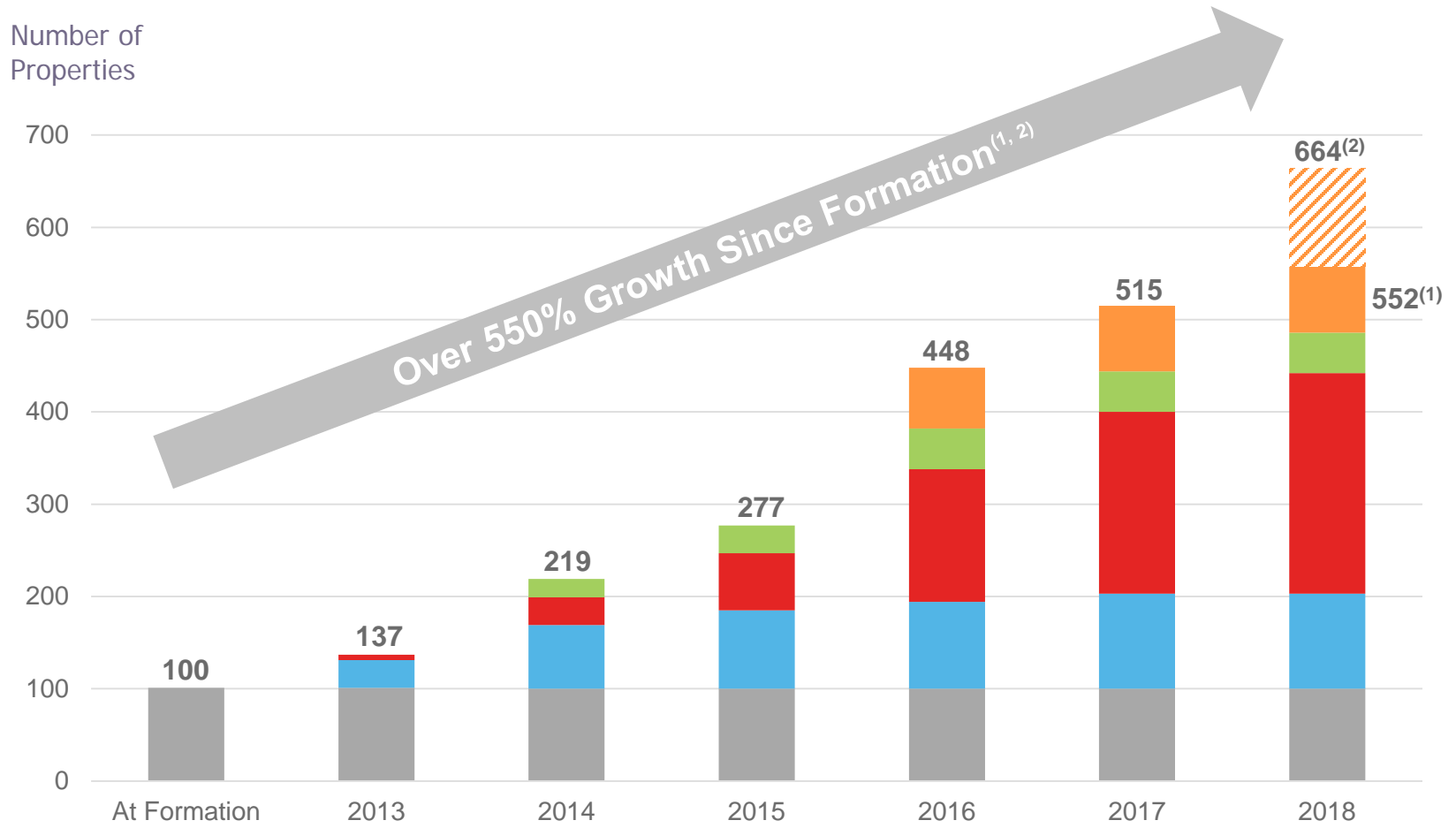
New states upon closing of the transaction: MI, MN, NY, RI, TN + Puerto Rico

Significant acquisition markets

IV. Illustrative Example of Potential Management Fees Associated with 105 Property Portfolio Acquisition

Joint Venture Assumptions	Annual Range Estimates (\$ in millions)
Revenues:	
Annual Gross Revenues	\$103 to \$105
Calculation of Illustrative Management Fees Based on Foregoing Assumptions	
Property Management Fees	\$6.0 to \$6.1
Platform Services Fees	\$1.5 to \$1.6
Portfolio Acquisition Fee (earned ratably over first 4 years)	\$4.0
Tenant Insurance Revenues	\$2.5 to \$2.8
Total Illustrative Fee Revenues for Year 1	\$11.0 to \$11.5
Expenses Associated with Fee Revenue	
Projected Incremental Expenses Associated with Fee Revenues for Year 1	\$7.0 to \$7.5

IV. Exceptional Track Record of Portfolio Growth



- 1 Captive Pipeline
- 2 3rd Party Acquisitions
- 3 New PROs
- 4 Strategic Joint Ventures

(1) As of July 31, 2018, the portfolio consisted of 480 wholly-owned properties and 72 JV-owned properties.
 (2) Including the JV acquisition, which prospectively adds 112 properties (consisting of 7 wholly-owned properties and 105 JV-owned properties).



IV. 2018 External Growth

Announced Portfolio Growth Valued at Approximately \$1.5 Billion During 2018

Total Consolidated Portfolio as of 12/31/17		2018 Acquisitions, Consolidated ⁽¹⁾	Unconsolidated 2016 JV ⁽²⁾	Unconsolidated 2018 JV ⁽³⁾	Pro Forma Total Consolidated & Unconsolidated Portfolio	
States	Stores	Stores	Stores	Stores	Stores	%
California	81	1	11		93	14%
Texas	58	2	2	2	64	10%
Oregon	58				58	9%
Florida	30	1	21	5	57	9%
Georgia	33	1	2	11	47	7%
Oklahoma	30			6	36	5%
Arizona	16	13	2		31	5%
North Carolina	29	1			30	5%
Michigan				24	24	4%
Ohio	7		1	14	22	3%
Indiana	16				16	2%
Nevada	11	1	4		16	2%
Alabama	1		11	3	15	2%
Kansas	3	12			15	2%
New Jersey			11	4	15	2%
Washington	15				15	2%
Louisiana	14				14	2%
Colorado	11				11	2%
New Hampshire	10				10	2%
Massachusetts	1			8	9	1%
Tennessee				9	9	1%
Illinois	4			4	8	1%
Minnesota				8	8	1%
Other	16	4	7	14	41	6%
Total Consolidated and Unconsolidated	444	36	72	112	664	100%

(1) Reflects the disposition of 1 store during Q1 2018 and 1 store during Q2 2018.

(2) Includes the acquisition of 4 stores during Q2 2017, 1 store during Q4 2017 and 1 store during Q1 2018.

(3) Includes 6 Puerto Rico stores and 1 Ohio store to be spun off to NSA.





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National Storage Affiliates Trust

NYSE: NSA