

August 2, 2017



# National Storage Affiliates Trust Reports Second Quarter 2017 Results; Net Income Increases \$9.6 Million; Core FFO Per Share Increases 10.7%; Same Store NOI Increases 8.4%; Acquired 10 Self Storage Properties

GREENWOOD VILLAGE, Colo.--(BUSINESS WIRE)-- National Storage Affiliates Trust ("NSA" or the "Company") (NYSE: NSA) today reported the Company's second quarter 2017 results.

## Key Highlights

- Net income was \$15.6 million for the second quarter of 2017, an increase of \$9.6 million compared to \$6.0 million for the second quarter of 2016.
- Core funds from operations ("Core FFO") was \$22.5 million, or \$0.31 per share, for the second quarter of 2017, an increase of 10.7% per share compared to \$14.7 million, or \$0.28 per share, for the second quarter of 2016.
- Same store total revenues were \$42.7 million for the second quarter of 2017, an increase of 5.8% compared to \$40.3 million for the second quarter of 2016.
- Same store NOI was \$29.7 million for the second quarter of 2017, an increase of 8.4% compared to \$27.4 million for the second quarter of 2016.
- Acquired 10 self storage properties during the second quarter of 2017 for \$70.0 million.
- Increased quarterly cash dividend to \$0.26 per common share, which represents an 8% increase over the first quarter 2017 quarterly cash dividend of \$0.24 per common share.

Arlen Nordhagen, Chief Executive Officer and Chairman, commented, "We are very pleased with our 2017 operating results to date, with second quarter same store revenues and NOI growing 5.8% and 8.4%, respectively, over the same period last year. Although the slower pace of acquisitions has delayed some of our anticipated growth in FFO, our acquisition pace has recently accelerated and we remain optimistic that we'll end the year near the midpoint of our original guidance of \$350 million invested during 2017. Finally, our iStorage joint venture continues to perform very well and our strong balance sheet provides us with the capital base we need to continue to drive long term shareholder value."

## Financial Results

(\$ in thousands, except per share and unit data)	Three Months Ended June 30,		
	2017	2016	Growth
<b>Net income</b>	<u>\$ 15,576</u>	<u>\$ 6,045</u>	<u>157.7%</u>
<b>Funds From Operations ("FFO")<sup>(1)</sup></b>	<b>\$ 22,297</b>	<b>\$ 12,830</b>	<b>73.8%</b>
Add back acquisition costs, NSA's share of unconsolidated real estate venture acquisition costs and loss on early extinguishment of debt	169	1,844	(90.8)%
<b>Core FFO<sup>(1)</sup></b>	<u><b>\$ 22,466</b></u>	<u><b>\$ 14,674</b></u>	<u><b>53.1%</b></u>
<b>Earnings (loss) per share - basic</b>	<u><b>\$ 0.05</b></u>	<u><b>\$ 0.32</b></u>	<u><b>(84.4)%</b></u>
<b>Earnings (loss) per share - diluted</b>	<u><b>\$ 0.05</b></u>	<u><b>\$ 0.08</b></u>	<u><b>(37.5)%</b></u>
<b>FFO per share and unit<sup>(1)</sup></b>	<u><b>\$ 0.31</b></u>	<u><b>\$ 0.25</b></u>	<u><b>24.0%</b></u>
<b>Core FFO per share and unit<sup>(1)</sup></b>	<u><b>\$ 0.31</b></u>	<u><b>\$ 0.28</b></u>	<u><b>10.7%</b></u>

(1) Non-GAAP financial measures, including FFO, Core FFO and NOI, are reconciled to their most directly comparable GAAP measure and defined (together with other words and phrases used herein) in the Schedules to this press release and in the supplemental financial information.

Second quarter 2017 net income increased \$9.6 million, driven primarily by incremental NOI generated from 80 self storage properties acquired between July 1, 2016 and June 30, 2017, gains from the sale of two self storage properties and same store NOI growth, partially offset by increases in depreciation and amortization, interest expense and general and administrative expenses.

Second quarter 2017 basic earnings per share decreased \$0.27 per share and diluted earnings per share decreased \$0.03 per share. In addition to the items affecting net income described above, the comparison of earnings per share amounts between periods is affected by the allocation of net income to noncontrolling interests pursuant to GAAP. Additional information on NSA's allocation of net income (loss) can be found in the Glossary to the supplemental financial information under "Hypothetical Liquidation at Book Value Method."

Second quarter 2017 FFO per share increased 24.0% and Core FFO per share increased 10.7%. The increases in FFO and Core FFO were primarily the result of \$7.8 million of incremental NOI from 80 self storage properties acquired between July 1, 2016 and June 30, 2017, same store NOI growth of \$2.3 million, \$2.1 million of management fees and other revenue and \$1.2 million of the Company's share of FFO and Core FFO from its unconsolidated real estate venture, partially offset by increases of \$2.6 million of general and administrative expenses, \$2.3 million of interest expense and \$0.8 million of distributions to subordinated performance unitholders.

### Total Consolidated Portfolio Operating Results

	Three Months Ended June 30,		
	2017	2016	Growth
(\$ in thousands, except per square foot data)			
Total rental and other property-related revenue	\$62,199	\$47,284	31.5%
Property operating expenses	19,803	15,457	28.1%
<b>Net Operating Income (NOI)</b>	<b>\$42,396</b>	<b>\$31,827</b>	<b>33.2%</b>
<b>Average Occupancy</b>	<b>89.4%</b>	<b>90.4%</b>	<b>(1.0)%</b>
<b>Average Annualized Rental Revenue Per Occupied Square Foot</b>	<b>\$ 11.49</b>	<b>\$ 10.98</b>	<b>4.6%</b>

Second quarter 2017 total rental and other property-related revenue increased 31.5%, driven by \$12.0 million of incremental revenues from 80 self storage properties acquired between July 1, 2016 and June 30, 2017 and a \$2.3 million increase in same store total revenues.

Second quarter 2017 total property operating expenses increased 28.1% resulting from \$4.2 million of incremental property operating expenses generated by 80 self storage properties acquired between July 1, 2016 and June 30, 2017, and an increase of \$0.1 million in same store property operating expenses.

Total consolidated portfolio NOI was \$42.4 million for the second quarter of 2017, an increase of 33.2% compared to NOI of \$31.8 million for the second quarter of 2016.

NSA's consolidated portfolio included 394 self storage properties, approximately 23.9 million rentable square feet, with period-end occupancy of 90.5% as of June 30, 2017.

### Same Store Operating Results (277 Properties)

	Three Months Ended June 30,		
	2017	2016	Growth
(\$ in thousands, except per square foot data)			
Total rental and other property-related revenue	\$42,687	\$40,342	5.8%
Property operating expenses	13,016	12,966	0.4%

<b>Net Operating Income (NOI)</b>	<b>\$29,671</b>	<b>\$27,376</b>	<b>8.4%</b>
<b>NOI Margin</b>	<b>69.5%</b>	<b>67.9%</b>	<b>1.6%</b>
<b>Average Occupancy</b>	<b>90.2%</b>	<b>90.8%</b>	<b>(0.6)%</b>
<b>Average Annualized Rental Revenue Per Occupied Square Foot</b>	<b>\$ 11.54</b>	<b>\$ 10.86</b>	<b>6.3%</b>

### Investment Activity

During the second quarter of 2017, NSA invested \$70.0 million in the acquisition of 10 consolidated self storage properties located in five states, encompassing 0.7 million rentable square feet configured in over 4,900 storage units.

NSA's unconsolidated real estate venture invested \$49.8 million in the acquisition of four self storage properties located in two states, encompassing 0.3 million rentable square feet configured in approximately 3,100 storage units. NSA owns a 25% interest in its unconsolidated real estate venture and contributed approximately \$12.5 million to the venture to fund the acquisitions.

Additionally, during the second quarter of 2017, NSA sold two self storage properties to an unrelated third party for gross proceeds of \$10.3 million.

Subsequent to June 30, 2017, NSA acquired four additional self storage properties for a total investment of approximately \$41 million encompassing approximately 0.3 million rentable square feet configured in approximately 2,500 storage units.

### Dividends

On May 25, 2017, NSA's Board of Trustees declared a quarterly cash dividend of \$0.26 per common share, which was paid on June 30, 2017 to shareholders of record as of June 15, 2017, and represents an 8% increase over the first quarter 2017 dividend.

### 2017 Guidance Updates

The following table outlines updates to NSA's guidance estimates for the year ended December 31, 2017:

	<b>Ranges for Full Year 2017</b>	
	<b>Low</b>	<b>High</b>
Same store operations (277 stores)		
Total rental and other property-related revenue growth	5.0%	6.0%
Property operating expenses growth	1.5%	2.5%
NOI growth	7.0%	8.0%
General and administrative expenses (as a percent of revenue)	10.5%	12.0%
General and administrative expenses (excluding equity-based compensation)	9.5%	10.5%
Equity-based compensation	1.0%	1.5%
Management fees and other revenue, in millions	\$7.5	\$8.0
Core FFO from unconsolidated real estate venture, in millions	\$4.5	\$5.0
Subordinated performance unit distributions, in millions	\$28.0	\$30.0
Consolidated acquisitions, in millions	\$250.0	\$350.0
Unconsolidated real estate venture acquisitions, in millions	\$50.0	\$100.0
Core FFO per share <sup>(1)</sup>	\$1.23	\$1.27

(1) The following table provides a reconciliation of the range of estimated earnings (loss) per share - diluted to estimated Core FFO per share and unit. See "Hypothetical Liquidation at Book Value Method" in the Glossary to the supplemental financial information for additional information regarding earnings (loss) per share.

	<b>Ranges for Full Year 2017</b>	
	<b>Low</b>	<b>High</b>
<b>Earnings (loss) per share - diluted</b>	<b>\$ 0.09</b>	<b>\$ 0.14</b>
Impact of the difference in weighted average number of shares and GAAP accounting for noncontrolling interests, two-class method and treasury stock method	0.53	0.51
Add real estate depreciation and amortization, including NSA's share of unconsolidated real estate venture real estate depreciation and amortization	1.07	1.11
Subtract gain on sale of self storage properties	(0.08)	(0.08)
FFO attributable to subordinated performance unitholders	(0.38)	(0.41)
<b>Core FFO per share and unit</b>	<b>\$ 1.23</b>	<b>\$ 1.27</b>

## Supplemental Financial Information

The full text of this earnings release and supplemental financial information, including certain financial information referenced in this release, are available on NSA's website at <http://ir.nationalstorageaffiliates.com/quarterly-reporting> and as exhibit 99.1 to the Company's Form 8-K furnished to the SEC on August 2, 2017.

## Non-GAAP Financial Measures & Glossary

This press release contains certain non-GAAP financial measures. These non-GAAP measures are presented because NSA's management believes these measures help investors understand NSA's business, performance and ability to earn and distribute cash to its shareholders by providing perspectives not immediately apparent from net income (loss). These measures are also frequently used by securities analysts, investors and other interested parties. The presentation of FFO, Core FFO and NOI in this press release are not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. In addition, NSA's method of calculating these measures may be different from methods used by other companies, and, accordingly, may not be comparable to similar measures as calculated by other companies that do not use the same methodology as NSA. These measures, and other words and phrases used herein, are defined in the Glossary in the supplemental financial information and, where appropriate, reconciliations of these measures and other non-GAAP financial measures to their most directly comparable GAAP measures are included in the Schedules to this press release and in the supplemental financial information.

## Quarterly Teleconference and Webcast

The Company will host a conference call at 1:00pm Eastern Time on Thursday, August 3, 2017 to discuss its financial results. At the conclusion of the call, management will accept questions from certified financial analysts. All other participants are encouraged to listen to a webcast of the call by accessing the link found on the Company's website at [www.nationalstorageaffiliates.com](http://www.nationalstorageaffiliates.com).

### Conference Call and Webcast:

Date/Time: Thursday, August 3, 2017, 1:00pm ET

Webcast available at: [www.nationalstorageaffiliates.com](http://www.nationalstorageaffiliates.com)

Domestic (Toll Free US & Canada): 877.407.9711

International: 412.902.1014

### Replay:

Domestic (Toll Free US & Canada): 877.660.6853

International: 201.612.7415

Conference ID: 13646795

A replay of the call will be available for one week through Thursday, August 10, 2017. A replay of the webcast will be available for 30 days on NSA's website at [www.nationalstorageaffiliates.com](http://www.nationalstorageaffiliates.com).

## Upcoming Industry Conferences

NSA management is scheduled to participate in the Self Storage Association 2017 Fall Conference & Trade Show in Las Vegas, Nevada on September 5 - 8, 2017 and the BMO Capital Markets 12th Annual Real Estate Conference in Chicago, Illinois on September 25 - 26, 2017.

## About National Storage Affiliates Trust

National Storage Affiliates Trust is a Maryland real estate investment trust focused on the ownership, operation and acquisition of self storage properties located within the top 100 metropolitan statistical areas throughout the United States. The Company currently holds ownership interests in and operates 468 self storage properties located in 26 states with approximately 29 million rentable square feet. NSA is the sixth largest owner and operator of self storage properties among public and private companies in the U.S. For more information, please visit the Company's website at [www.nationalstorageaffiliates.com](http://www.nationalstorageaffiliates.com). NSA is included in the MSCI US REIT Index (RMS/RMZ), the Russell 2000 Index of Companies and the S&P SmallCap 600 Index.

### NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements contained in this press release constitute forward-looking statements as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and such statements are intended to be covered by the safe harbor provided by the same. Forward-looking statements are subject to substantial risks and uncertainties, many of which are difficult to predict and are generally beyond the Company's control. These forward-looking statements include information about possible or assumed future results of the Company's business, financial condition, liquidity, results of operations, plans and objectives. Changes in any circumstances may cause the Company's actual results to differ significantly from those expressed in any forward-looking statement. When used in this release, the words "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "may" or similar expressions are intended to identify forward-looking statements. Statements regarding the following subjects, among others, may be forward-looking: market trends in the Company's industry, interest rates, the debt and lending markets or the general economy; the Company's business and investment strategy; and the acquisition of properties, including the timing of acquisitions. For a further list and description of such risks and uncertainties, see the Company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission, and the other documents filed by the Company with the Securities and Exchange Commission. The forward-looking statements, and other risks, uncertainties and factors are based on the Company's beliefs, assumptions and expectations of its future performance, taking into account all information currently available to the Company. Forward-looking statements are not predictions of future events. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

### National Storage Affiliates Trust Consolidated Statements of Operations (in thousands, except per share amounts) (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
<b>REVENUE</b>				
Rental revenue	\$ 60,154	\$ 45,784	\$ 117,998	\$ 84,285
Other property-related revenue	2,045	1,500	3,926	2,648
Management fees and other revenue	2,142	—	3,980	—
Total revenue	64,341	47,284	125,904	86,933
<b>OPERATING EXPENSES</b>				
Property operating expenses	19,803	15,457	39,552	28,734
General and administrative expenses	7,405	4,837	14,586	9,172
Depreciation and amortization	17,800	13,088	36,483	23,980
Total operating expenses	45,008	33,382	90,621	61,886
Income from operations	19,333	13,902	35,283	25,047
<b>OTHER (EXPENSE) INCOME</b>				
Interest expense	(8,160)	(5,844)	(15,631)	(10,785)
Loss on early extinguishment of debt	—	(136)	—	(136)
Equity in losses of unconsolidated real estate venture	(765)	—	(1,550)	—
Acquisition costs	(167)	(1,708)	(311)	(2,996)
Non-operating expense	(14)	(57)	(66)	(62)
Gain on sale of self storage properties	5,637	—	5,637	—
Other expense	(3,469)	(7,745)	(11,921)	(13,979)
<b>Income before income taxes</b>	15,864	6,157	23,362	11,068
Income tax expense	(288)	(112)	(605)	(221)

<b>Net income</b>	15,576	6,045	22,757	10,847
Net (income) loss attributable to noncontrolling interests	(13,209)	1,325	(19,835)	(1,267)
<b>Net income attributable to National Storage Affiliates Trust</b>	<u>\$ 2,367</u>	<u>\$ 7,370</u>	<u>\$ 2,922</u>	<u>\$ 9,580</u>
<b>Earnings (loss) per share - basic</b>	<u>\$ 0.05</u>	<u>\$ 0.32</u>	<u>\$ 0.07</u>	<u>\$ 0.42</u>
<b>Earnings (loss) per share - diluted</b>	<u>\$ 0.05</u>	<u>\$ 0.08</u>	<u>\$ 0.07</u>	<u>\$ 0.15</u>
<b>Weighted average shares outstanding - basic</b>	<u>44,223</u>	<u>23,078</u>	<u>43,814</u>	<u>23,041</u>
<b>Weighted average shares outstanding - diluted</b>	<u>44,223</u>	<u>73,531</u>	<u>43,814</u>	<u>70,763</u>

**National Storage Affiliates Trust  
Consolidated Balance Sheets**  
(dollars in thousands, except per share amounts)  
(unaudited)

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
<b>ASSETS</b>		
Real estate		
Self storage properties	\$1,954,056	\$ 1,844,336
Less accumulated depreciation	<u>(138,726)</u>	<u>(110,803)</u>
Self storage properties, net	1,815,330	1,733,533
Cash and cash equivalents	13,591	12,570
Restricted cash	13,954	2,767
Debt issuance costs, net	2,668	3,069
Investment in unconsolidated real estate venture	89,916	81,486
Other assets, net	42,083	44,730
Assets held for sale	—	13,937
Total assets	<u>\$1,977,542</u>	<u>\$ 1,892,092</u>
<b>LIABILITIES AND EQUITY</b>		
Liabilities		
Debt financing	\$ 969,140	\$ 878,954
Accounts payable and accrued liabilities	21,050	21,616
Deferred revenue	12,685	12,454
Total liabilities	<u>1,002,875</u>	<u>913,024</u>
Equity		
Common shares of beneficial interest, par value \$0.01 per share. 250,000,000 shares authorized, 44,279,824 and 43,110,362 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	443	431
Additional paid-in capital	594,192	576,365
Distributions in excess of earnings	(27,870)	(8,719)
Accumulated other comprehensive income	8,748	9,025
Total shareholders' equity	<u>575,513</u>	<u>577,102</u>
Noncontrolling interests	399,154	401,966
Total equity	<u>974,667</u>	<u>979,068</u>
Total liabilities and equity	<u>\$1,977,542</u>	<u>\$ 1,892,092</u>

**Reconciliation of Net Income to FFO and Core FFO**  
(in thousands, except per share and unit amounts) (unaudited)

<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>

<b>Net income</b>	<b>\$ 15,576</b>	<b>\$ 6,045</b>	<b>\$ 22,757</b>	<b>\$ 10,847</b>
Add (subtract):				
Real estate depreciation and amortization	17,343	12,935	35,586	23,714
Company's share of unconsolidated real estate venture real estate depreciation and amortization	1,918	—	3,790	—
Gain on sale of self storage properties	(5,637)	—	(5,637)	—
FFO attributable to subordinated performance unitholders <sup>(1)</sup>	(6,903)	(6,150)	(13,044)	(10,493)
<b>FFO attributable to common shareholders, OP unitholders, and LTIP unitholders</b>	<b>22,297</b>	<b>12,830</b>	<b>43,452</b>	<b>24,068</b>
Add:				
Acquisition costs	167	1,708	311	2,996
Company's share of unconsolidated real estate venture acquisition costs	2	—	21	—
Loss on early extinguishment of debt	—	136	—	136
<b>Core FFO attributable to common shareholders, OP unitholders, and LTIP unitholders</b>	<b>\$ 22,466</b>	<b>\$ 14,674</b>	<b>\$ 43,784</b>	<b>\$ 27,200</b>
<b>Weighted average shares and units outstanding - FFO and Core FFO:<sup>(2)</sup></b>				
Weighted average shares outstanding - basic	44,223	23,078	43,814	23,041
Weighted average restricted common shares outstanding	27	19	22	18
Weighted average OP units outstanding	25,628	24,733	25,793	23,484
Weighted average DownREIT OP unit equivalents outstanding	1,835	1,835	1,835	1,835
Weighted average LTIP units outstanding	1,224	2,558	1,345	2,507
<b>Total weighted average shares and units outstanding - FFO and Core FFO</b>	<b>72,937</b>	<b>52,223</b>	<b>72,809</b>	<b>50,885</b>
<b>FFO per share and unit</b>	<b>\$ 0.31</b>	<b>\$ 0.25</b>	<b>\$ 0.60</b>	<b>\$ 0.47</b>
<b>Core FFO per share and unit</b>	<b>\$ 0.31</b>	<b>\$ 0.28</b>	<b>\$ 0.60</b>	<b>\$ 0.53</b>

(1) Amounts represent distributions declared for subordinated performance unitholders and DownREIT subordinated performance unitholders for the periods presented.

(2) NSA combines OP units and DownREIT OP units with common shares because, after the applicable lock-out periods, OP units in the Company's operating partnership are redeemable for cash or, at NSA's option, exchangeable for common shares on a one-for-one basis and DownREIT OP units are also redeemable for cash or, at NSA's option, exchangeable for OP units in the Company's operating partnership on a one-for-one basis, subject to certain adjustments in each case. Subordinated performance units, DownREIT subordinated performance units, and LTIP units may also, under certain circumstances, be convertible into or exchangeable for common shares (or other units that are convertible into or exchangeable for common shares). See footnote(3) for additional discussion of subordinated performance units, DownREIT subordinated performance units, and LTIP units in the calculation of FFO and Core FFO per share and unit.

**Reconciliation of Earnings (Loss) Per Share - Diluted to FFO and Core FFO Per Share and Unit**  
(in thousands, except per share and unit amounts) (unaudited)

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Earnings (loss) per share - diluted</b>	<b>\$ 0.05</b>	<b>\$ 0.08</b>	<b>\$ 0.07</b>	<b>\$ 0.15</b>
Impact of the difference in weighted average number of shares <sup>(3)</sup>	(0.02)	0.04	(0.02)	0.06
Impact of GAAP accounting for noncontrolling interests, two-class method and treasury stock method <sup>(4)</sup>	0.18	—	0.27	—

Add real estate depreciation and amortization	0.24	0.25	0.49	0.47
Add Company's share of unconsolidated real estate venture real estate depreciation and amortization	0.03	—	0.05	—
Subtract gain on sale of self storage properties	(0.08)	—	(0.08)	—
FFO attributable to subordinated performance unitholders	(0.09)	(0.12)	(0.18)	(0.21)
<b>FFO per share and unit</b>	<b>0.31</b>	<b>0.25</b>	<b>0.60</b>	<b>0.47</b>
Add acquisition costs, Company's share of unconsolidated real estate venture acquisition costs, and loss on early extinguishment of debt	—	0.03	—	0.06
<b>Core FFO per share and unit</b>	<b>\$ 0.31</b>	<b>\$ 0.28</b>	<b>\$ 0.60</b>	<b>\$ 0.53</b>

(3) Adjustment accounts for the difference between the weighted average number of shares used to calculate diluted earnings per share and the weighted average number of shares used to calculate FFO and Core FFO per share and unit. Diluted earnings per share is calculated using the two-class method for the company's restricted common shares, the treasury stock method for certain unvested LTIP units, and includes the assumption of a hypothetical conversion of subordinated performance units, DownREIT subordinated performance units and LTIP units into OP units, even though such units may only be convertible into OP units (i) after a lock-out period and (ii) upon certain events or conditions. For additional information about the conversion of subordinated performance units and DownREIT subordinated performance units into OP units, see Note 10 to the Company's most recent Annual Report on Form 10-K, filed with the Securities and Exchange Commission. The computation of weighted average shares and units for FFO and Core FFO per share and unit includes all restricted common shares and LTIP units that participate in distributions and excludes all subordinated performance units and DownREIT subordinated performance units because their effect has been accounted for through the allocation of FFO to the related unitholders based on distributions declared.

(4) Represents the effect of adjusting the numerator to consolidated net income (loss) prior to GAAP allocations for noncontrolling interests and the application of the two-class method and treasury stock method, as described in footnote (3).

### Net Operating Income

(dollars in thousands) (unaudited)

	Three Months Ended June		Six Months Ended June	
	30,		30,	
	2017	2016	2017	2016
<b>Net income</b>	<b>\$ 15,576</b>	<b>\$ 6,045</b>	<b>\$ 22,757</b>	<b>\$ 10,847</b>
(Subtract) add:				
Management fees and other revenue	(2,142)	—	(3,980)	—
General and administrative expenses	7,405	4,837	14,586	9,172
Depreciation and amortization	17,800	13,088	36,483	23,980
Interest expense	8,160	5,844	15,631	10,785
Equity in losses of unconsolidated real estate venture	765	—	1,550	—
Loss on early extinguishment of debt	—	136	—	136
Acquisition costs	167	1,708	311	2,996
Income tax expense	288	112	605	221
Gain on sale of self storage properties	(5,637)	—	(5,637)	—
Non-operating expense	14	57	66	62
<b>Net Operating Income</b>	<b>\$ 42,396</b>	<b>\$ 31,827</b>	<b>\$ 82,372</b>	<b>\$ 58,199</b>

### EBITDA and Adjusted EBITDA

(dollars in thousands) (unaudited)

	Three Months Ended June		Six Months Ended June	
	30,		30,	
	2017	2016	2017	2016
<b>Net income</b>	<b>\$ 15,576</b>	<b>\$ 6,045</b>	<b>\$ 22,757</b>	<b>\$ 10,847</b>
Add:				
Depreciation and amortization	17,800	13,088	36,483	23,980



Company's share of unconsolidated real estate venture

depreciation and amortization	1,918	—	3,790	—
Interest expense	8,160	5,844	15,631	10,785
Income tax expense	288	112	605	221
Loss on early extinguishment of debt	—	136	—	136
<b>EBITDA</b>	<b>43,742</b>	<b>25,225</b>	<b>79,266</b>	<b>45,969</b>
Add:				
Acquisition costs	167	1,708	311	2,996
Company's share of unconsolidated real estate venture acquisition costs	2	—	21	—
Gain on sale of self storage properties	(5,637)	—	(5,637)	—
Equity-based compensation expense <sup>(1)</sup>	940	630	1,923	1,228
<b>Adjusted EBITDA</b>	<b>\$ 39,214</b>	<b>\$ 27,563</b>	<b>\$ 75,884</b>	<b>\$ 50,193</b>

(1) Equity-based compensation expense is a non-cash item that is included in general and administrative expenses in NSA's consolidated statements of operations.

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**National Storage Affiliates Trust**  
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