

February 27, 2017



National Storage Affiliates Trust Reports Fourth Quarter and Full Year 2016 Results; Full Year Net Income Increases \$20.1 Million; Core FFO per Share Increases 21.7%; Same Store NOI Increases 10.2%; Acquired 107 Self Storage Properties

Provides Full-Year 2017 Guidance

GREENWOOD VILLAGE, Colo.--(BUSINESS WIRE)-- National Storage Affiliates Trust ("NSA" or the "Company") (NYSE: NSA) today reported the Company's fourth quarter and full year 2016 results.

Fourth Quarter 2016 Highlights

- Net income was \$6.1 million for the fourth quarter of 2016, an increase of \$0.7 million compared to \$5.4 million for the fourth quarter of 2015.
- Core funds from operations ("Core FFO") was \$20.0 million, or \$0.30 per share, for the fourth quarter of 2016, an increase of 25.0% per share compared to \$11.6 million, or \$0.24 per share, for the fourth quarter of 2015.
- Same store total revenues were \$32.3 million for the fourth quarter of 2016, an increase of 6.3% compared to \$30.4 million for the fourth quarter of 2015.
- Same store NOI was \$22.2 million for the fourth quarter of 2016, an increase of 9.2% compared to \$20.3 million for the fourth quarter of 2015.
- Acquired 31 self storage properties during the fourth quarter of 2016 for approximately \$228 million.
- Formed a joint venture ("JV") with a major state pension fund; JV acquired the 66-property iStorage portfolio for \$630 million.
- Received approximately \$139 million of net proceeds from the sale of 6.9 million common shares of beneficial interest ("common shares") during the fourth quarter of 2016.

Full Year 2016 Highlights

- Net income was \$24.9 million for full year 2016, an increase of \$20.1 million compared to \$4.8 million for full year 2015.
- Core FFO was \$65.5 million, or \$1.12 per share, for full year 2016, an increase of 21.7% per share compared to \$35.8 million, or \$0.92 per share, for full year 2015.
- Same store total revenues were \$127.6 million for full year 2016, an increase of 7.7% compared to \$118.4 million for full year 2015.
- Same store NOI was \$86.6 million for full year 2016, an increase of 10.2% compared to \$78.6 million for full year 2015.
- Acquired 107 self storage properties and formed new JV, investing a total of over \$1.3 billion in consolidated and unconsolidated self storage property acquisitions during full year 2016.
- Issued over \$500 million of equity during 2016, including over \$120 million of OP equity for the acquisition of self storage properties and \$389 million of gross proceeds from the sale of common shares.

Arlen Nordhagen, Chief Executive Officer and Chairman, commented, "2016 was an exceptional year on all fronts for NSA, reflecting the continued execution of our strategic internal and external growth initiatives. We achieved a 10.2% increase in same store NOI and a 21.7% per share increase in Core FFO. Operationally, we drove same store revenue and NOI growth of 7.7% and 10.2%, respectively, while on the external growth front we continue to identify and close high-quality self storage acquisitions in our core growth markets. During 2016, we acquired and made investments in properties totaling over \$1.3 billion in value, which included 107 consolidated properties and our entrance into a new joint venture with a portfolio of 66 properties."

Mr. Nordhagen, continued, "As importantly, during the fourth quarter we raised approximately \$105 million of common equity through a well-received follow-on offering, and approximately \$34 million under the company's ATM program, ending the year with a strong balance sheet and ample flexibility to support our growth objectives. Finally, we are extremely pleased to announce that we have entered into agreements to add our eighth Participating Regional Operator ("PRO"), Personal Mini Storage of Orlando, Florida. Marc Smith, President of Personal Mini, brings over twenty years of self storage industry experience, is a highly respected leader within the industry and served as the Chairman of the National Self Storage Association in 2016. The mark of adding our eighth PRO combined with our recently completed iStorage joint venture enhances NSA's competitive advantage in the public self storage space. As we move forward into 2017, we look to further expand our platform, drive strong core FFO growth and create value for our shareholders over the long-term."

Financial Results

(\$ in thousands, except per share and unit data)

Three Months Ended			Year Ended December 31,		
December 31,			December 31,		
2016	2015	Growth	2016	2015	Growth

Net income	<u>\$ 6,075</u>	<u>\$ 5,365</u>	<u>13.2 %</u>	<u>\$24,866</u>	<u>\$ 4,796</u>	<u>418.5 %</u>
Funds From Operations ("FFO")⁽¹⁾	\$17,198	\$11,045	55.7 %	\$57,776	\$30,102	91.9 %
Add back acquisition costs and NSA's share of unconsolidated venture acquisition costs	2,819	573	392.0 %	7,688	5,737	34.0 %
Core FFO⁽¹⁾	<u>\$20,017</u>	<u>\$11,618</u>	<u>72.3 %</u>	<u>\$65,464</u>	<u>\$35,839</u>	<u>82.7 %</u>
Earnings (loss) per share - basic	<u>\$ 0.22</u>	<u>\$ 0.20</u>	<u>10.0 %</u>	<u>\$ 0.60</u>	<u>\$ 0.80</u>	<u>(25.0)%</u>
Earnings (loss) per share - diluted	<u>\$ 0.07</u>	<u>\$ 0.08</u>	<u>(12.5)%</u>	<u>\$ 0.31</u>	<u>\$ 0.17</u>	<u>82.4 %</u>
FFO per share and unit⁽¹⁾	<u>\$ 0.26</u>	<u>\$ 0.23</u>	<u>13.0 %</u>	<u>\$ 0.99</u>	<u>\$ 0.77</u>	<u>28.6 %</u>
Core FFO per share and unit⁽¹⁾	<u>\$ 0.30</u>	<u>\$ 0.24</u>	<u>25.0 %</u>	<u>\$ 1.12</u>	<u>\$ 0.92</u>	<u>21.7 %</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.

Fourth Quarter 2016

Fourth quarter 2016 net income increased \$0.7 million, driven primarily by incremental NOI generated from 107 self storage properties acquired during 2016 and same store NOI growth, partially offset by increases in depreciation and amortization, interest expense, general and administrative expenses, and acquisition costs.

Fourth quarter 2016 basic earnings per share increased \$0.02 per share and diluted earnings per share decreased \$0.01 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."

Fourth quarter 2016 FFO per share increased 13.0% and Core FFO per share increased 25.0%. The increases in FFO and Core FFO were primarily the result of \$10.3 million of incremental NOI from 107 self storage properties acquired during 2016 and same store NOI growth of \$1.9 million, partially offset by increases of \$2.3 million of interest expense, \$2.7 million of general and administrative expenses and \$2.1 million of distributions to subordinated performance unitholders.

Full Year 2016

Full year 2016 net income increased \$20.1 million, driven primarily by additional NOI generated from non-same store self storage properties acquired during 2016 and 2015 and same store NOI growth, partially offset by increases in depreciation and amortization, general and administrative expenses, interest expense, and acquisition costs.

Full year 2016 basic earnings per share decreased \$0.20 per share and diluted earnings per share increased \$0.14 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.

Full year 2016 FFO per share increased 28.6% and Core FFO per share increased 21.7%. The increases in FFO and Core FFO were primarily the result of \$35.9 million of incremental NOI from non-same store properties acquired in 2016 and 2015, same store NOI growth of \$8.0 million, partially offset by increases of \$3.3 million of interest expense, \$5.3 million of general and administrative expenses and \$7.8 million of distributions to subordinated performance unitholders.

Non-GAAP financial measures, including FFO, Core FFO and NOI, are defined and reconciled to their most directly comparable GAAP measure in the Schedules to this press release and in the supplemental financial information.

Total Consolidated Portfolio Operating Results

(\$ in thousands, except per square foot data)

	Three Months Ended December 31,			Year Ended December 31,		
	2016	2015	Growth	2016	2015	Growth
Total rental and other property-related revenue	\$57,355	\$38,300	49.8%	\$197,237	\$133,919	47.3%
Property operating expenses	18,734	12,744	47.0%	64,798	45,412	42.7%
Net Operating Income (NOI)	\$38,621	\$25,556	51.1%	\$132,439	\$ 88,507	49.6%
Average Occupancy	89.1%	88.8%	0.3%	89.7%	87.9%	1.8%
Average Annualized Rental Revenue Per Occupied Square Foot	\$ 11.28	\$ 10.65	5.9%	\$ 11.00	\$ 10.62	3.6%

Fourth Quarter 2016

Year-over-year, fourth quarter 2016 total rental and other property-related revenue increased 49.8%, driven by \$16.2 million of incremental revenues from 107 self storage properties acquired during 2016 and a \$1.9 million increase in same store total revenues.

Fourth quarter 2016 total property operating expenses increased 47.0% year-over-year, resulting from \$5.9 million of incremental property operating expenses generated by 107 self storage properties acquired during 2016, and an increase of less than \$0.1 million in same store property operating expenses.

Total portfolio NOI was \$38.6 million for the fourth quarter of 2016, an increase of 51.1% compared to NOI of \$25.6 million for the fourth quarter of 2015.

Full Year 2016

Total rental and other property-related revenue was \$197.2 million for full year 2016, an increase of 47.3% compared to total rental and other property-related revenue of \$133.9 million for full year 2015. The increase resulted from incremental revenues of \$35.6 million from 107 self storage properties acquired during 2016 and \$18.5 million from 53 self storage properties acquired from January 2, 2015 to December 31, 2015, and a \$9.2 million increase in same store total revenues.

Total property operating expenses were \$64.8 million for full year 2016, and increase of 42.7% compared to total property operating expenses of \$45.4 million for full year 2015. The increase resulted from incremental expenses of \$13.0 million from 107 self storage properties acquired during 2016, and \$5.2 million from 53 self storage properties acquired from January 2, 2015 to December 31, 2015, and a \$1.2 million increase in same store property operating expenses.

Total portfolio NOI was \$132.4 million for full year 2016, an increase of 49.6% compared to NOI of \$88.5 million for full year 2015.

NSA's total consolidated portfolio included 382 self storage properties, approximately 23.1 million rentable square feet, with period-end occupancy of 88.4% as of December 31, 2016.

Same Store Operating Results

(\$ in thousands, except per square foot data)

	Three Months Ended			Year Ended December 31,		
	December 31,			December 31,		
	2016	2015	Growth	2016	2015	Growth
Total rental and other property-related revenue	\$32,299	\$30,380	6.3 %	\$127,550	\$118,390	7.7%
Property operating expenses	10,137	10,087	0.5 %	40,929	39,761	2.9%
Net Operating Income (NOI)	\$22,162	\$20,293	9.2 %	\$ 86,621	\$ 78,629	10.2%

NOI Margin	<u>68.6%</u>	<u>66.8%</u>	<u>1.8 %</u>	<u>67.9%</u>	<u>66.4%</u>	<u>1.5%</u>
Average Occupancy	<u>89.1%</u>	<u>89.4%</u>	<u>(0.3)%</u>	<u>90.0%</u>	<u>87.9%</u>	<u>2.1%</u>
Average Annualized Rental Revenue Per Occupied Square Foot	<u>\$ 11.46</u>	<u>\$ 10.74</u>	<u>6.7 %</u>	<u>\$ 11.18</u>	<u>\$ 10.62</u>	<u>5.3%</u>

Fourth Quarter 2016

Year-over-year, fourth quarter 2016 same store total rental and other property-related revenue increased 6.3%. Fourth quarter 2016 increases were driven by a 6.7% increase in average annualized rental revenue per occupied square foot partially offset by a 30 basis point decrease in average occupancy. Same store property operating expenses increased less than \$0.1 million for the fourth quarter of 2016 compared to the fourth quarter of 2015.

Full Year 2016

Year-over-year, full year 2016 same store total rental and other property-related revenue increased 7.7%. Full year 2016 increases were driven by a 5.3% increase in average annualized rental revenue per occupied square foot and a 210 basis point increase in average occupancy. Same store property operating expenses increased \$1.2 million for full year 2016 compared to full year 2015.

NSA's same store portfolio included 222 self storage properties, approximately 12.3 million rentable square feet, with period-end occupancy of 88.4% as of December 31, 2016.

Investment Activity

During the fourth quarter of 2016, NSA invested approximately \$228 million in the acquisition of 31 self storage properties located throughout eight states. These fourth quarter acquisitions encompass approximately 2.1 million rentable square feet configured in over 16,600 storage units. Subsequent to December 31, 2016, NSA acquired five additional self storage properties for a total investment of approximately \$32 million encompassing approximately 0.3 million rentable square feet configured in over 2,200 storage units.

In addition, during the fourth quarter of 2016, NSA's JV with a major state pension fund (the "JV Investor") completed its acquisition of the 66 property iStorage portfolio for aggregate consideration of approximately \$630 million. The JV financed the acquisition with approximately \$320 million in equity (approximately \$80 million from NSA in exchange for a 25% ownership interest and approximately \$240 million from the JV Investor in exchange for a 75% ownership interest) with the balance of the consideration funded with proceeds from JV debt financing. The Company also completed its acquisition of the

iStorage property management platform for approximately \$20 million, including a property management company, a captive insurance company, and the iStorage brand.

Capital Transactions

NSA received approximately \$139 million of net proceeds from the sale of 6.9 million common shares during the fourth quarter of 2016. This included an offering of 5,175,000 of common shares, including 675,000 common shares sold upon the exercise in full by the underwriters of their option to purchase additional common shares. The shares were issued at \$20.48 per share, resulting in net proceeds to NSA of approximately \$105 million. In addition, NSA issued 1,740,949 of its common shares under the Company's at the market ("ATM") program for net proceeds of approximately \$34 million after deducting the underwriting discount. NSA used the net proceeds from these offerings for general corporate purposes, including the repayment of outstanding amounts under its revolving line of credit and the acquisition of additional self storage properties. Finally, NSA issued \$16.7 million of OP equity in connection with the acquisition of five self storage properties during the fourth quarter of 2016.

During December 2016 and February 2017, NSA entered into agreements with a syndicated group of lenders to partially exercise its expansion option under its credit facility, increasing total capacity by \$220 million for a total credit facility of \$895 million. This expansion increased the total borrowing capacity under NSA's revolving line of credit by \$50 million, and increased the outstanding balances of NSA's five and six-year term loan tranches by \$10 million and \$55 million, respectively, along with a new \$105 million seven-year term loan tranche.

Dividends

On February 23, 2017, NSA's Board of Trustees declared a quarterly cash dividend of \$0.24 per common share, which will be paid on March 30, 2017 to holders of record on March 15, 2017. This dividend represents an annualized dividend rate of \$0.96, a 20% increase over the first quarter 2016 annualized dividend rate of \$0.80 per share.

2017 Guidance

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

	Ranges for Full Year 2017	
	Low	High
Same store operations (277 stores)		
Total rental and other property-related revenue growth	5.0%	7.0%
Property operating expenses growth	3.0%	4.0%
NOI growth	6.0%	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	\$7.0	\$8.0
Core FFO from unconsolidated real estate venture, in millions	\$4.0	\$4.5
Subordinated performance unit distributions, in millions	\$28.0	\$32.0
Acquisitions, in millions	\$200.0	\$500.0
Core FFO per share ⁽¹⁾	\$1.22	\$1.29

(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:

	Ranges for Full Year 2017	
	Low	High
Earnings (loss) per share - diluted	\$ 0.23	\$ 0.40
Impact of the difference in weighted average number of shares and GAAP accounting for noncontrolling interests, two-class method and treasury stock method	0.38	0.24
Add real estate depreciation and amortization, including NSA's share of unconsolidated venture real estate depreciation and amortization	0.99	1.09
FFO attributable to subordinated performance unitholders	(0.38)	(0.44)
Core FFO per share and unit	\$ 1.22	\$ 1.29

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 February 27, 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 Tuesday, February 28, 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.

Conference Call and Webcast:

Date/Time: Tuesday, February 28, 2017, 1:00pm ET
Webcast available at: 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 Tuesday, March 7, 2017. A replay of the webcast will be available for 30 days on NSA's website at www.nationalstorageaffiliates.com.

Upcoming Industry Conference

NSA management is scheduled to participate in the upcoming Wells Fargo 20th Annual Real Estate Securities Conference in New York, New York on March 1-2, 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 453 self storage properties located in 23 states with approximately 28 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. NSA is included in the MSCI US REIT Index (RMS/RMZ) and the Russell 2000 Index of

Companies.

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		Year Ended	
	Ended		December 31,	
	December 31,	December 31,	December 31,	December 31,
	2016	2015	2016	2015
REVENUE				
Rental revenue	\$55,630	\$37,219	\$191,178	\$129,869
Other property-related revenue	1,725	1,081	6,059	4,050
Management fees and other revenue	1,809	—	1,809	—
Total revenue	<u>59,164</u>	<u>38,300</u>	<u>199,046</u>	<u>133,919</u>
OPERATING EXPENSES				
Property operating expenses	18,734	12,744	64,798	45,412

General and administrative expenses	7,097	4,409	21,528	16,265
Depreciation and amortization	16,765	10,459	55,064	40,651
Total operating expenses	<u>42,596</u>	<u>27,612</u>	<u>141,390</u>	<u>102,328</u>
Income from operations	16,568	10,688	57,656	31,591
OTHER INCOME (EXPENSE)				
Interest expense	(7,059)	(4,727)	(24,109)	(20,779)
Loss on early extinguishment of debt	—	—	(136)	(914)
Equity in losses of unconsolidated real estate venture	(1,484)	—	(1,484)	—
Acquisition costs	(1,813)	(573)	(6,546)	(4,765)
Organizational and offering expenses	—	—	—	(58)
Non-operating expense	(137)	(23)	(515)	(279)
Other income (expense)	<u>(10,493)</u>	<u>(5,323)</u>	<u>(32,790)</u>	<u>(26,795)</u>
Net income	6,075	5,365	24,866	4,796
Net loss (income) attributable to noncontrolling interests	<u>2,321</u>	<u>(761)</u>	<u>(6,901)</u>	<u>7,644</u>
Net income attributable to National Storage Affiliates Trust	<u>\$ 8,396</u>	<u>\$ 4,604</u>	<u>\$ 17,965</u>	<u>\$ 12,440</u>
Earnings (loss) per share - basic	<u>\$ 0.22</u>	<u>\$ 0.20</u>	<u>\$ 0.60</u>	<u>\$ 0.80</u>
Earnings (loss) per share - diluted	<u>\$ 0.07</u>	<u>\$ 0.08</u>	<u>\$ 0.31</u>	<u>\$ 0.17</u>
Weighted average shares outstanding - basic	<u>38,235</u>	<u>23,000</u>	<u>29,887</u>	<u>15,463</u>
Weighted average shares outstanding - diluted	<u>88,460</u>	<u>65,280</u>	<u>78,747</u>	<u>45,409</u>

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

	<u>December 31,</u>	
	<u>2016</u>	<u>2015</u>
ASSETS		
Real estate		
Self storage properties	\$1,844,336	\$1,147,201
Less accumulated depreciation	<u>(110,803)</u>	<u>(68,100)</u>
Self storage properties, net	1,733,533	1,079,101
Cash and cash equivalents	12,570	6,665
Restricted cash	2,767	2,712

Debt issuance costs, net	3,069	1,923
Investment in unconsolidated real estate venture	81,486	—
Other assets, net	44,730	8,648
Assets held for sale	13,937	—
Total assets	<u>\$1,892,092</u>	<u>\$1,099,049</u>

LIABILITIES AND EQUITY

Liabilities		
Debt financing	\$ 878,954	\$ 567,795
Accounts payable and accrued liabilities	21,616	9,694
Deferred revenue	12,454	5,513
Total liabilities	<u>913,024</u>	<u>583,002</u>
Equity		
Common shares of beneficial interest, par value \$0.01 per share. 250,000,000 shares authorized, 43,110,362 and 23,015,751 shares issued and outstanding at December 31, 2016 and 2015, respectively	431	230
Additional paid-in capital	576,365	236,392
Retained (deficit) earnings	(8,719)	11
Accumulated other comprehensive income	9,025	—
Total shareholders' equity	<u>577,102</u>	<u>236,633</u>
Noncontrolling interests	<u>401,966</u>	<u>279,414</u>
Total equity	<u>979,068</u>	<u>516,047</u>
Total liabilities and equity	<u>\$1,892,092</u>	<u>\$1,099,049</u>

Reconciliation of Net Income (Loss) to FFO and Core FFO

	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
Net income	<u>\$ 6,075</u>	<u>\$ 5,365</u>	<u>\$24,866</u>	<u>\$ 4,796</u>
Add (subtract):				
Real estate depreciation and amortization	16,362	10,360	54,193	40,303
Company's share of unconsolidated real estate venture real estate depreciation and amortization	1,559	—	1,559	—
FFO attributable to subordinated performance unitholders ⁽¹⁾	<u>(6,798)</u>	<u>(4,680)</u>	<u>(22,842)</u>	<u>(14,997)</u>
FFO attributable to common shareholders, OP unitholders, and LTIP unitholders	17,198	11,045	57,776	30,102

Add:

Acquisition costs	1,813	573	6,546	4,765
Company's share of unconsolidated real estate venture acquisition costs	1,006	—	1,006	—
Organizational and offering expenses	—	—	—	58
Loss on early extinguishment of debt	—	—	136	914
Core FFO attributable to common shareholders, OP unitholders, and LTIP unitholders	<u>\$20,017</u>	<u>\$11,618</u>	<u>\$65,464</u>	<u>\$35,839</u>

Weighted average shares and units outstanding - FFO and Core FFO⁽²⁾

Weighted average shares outstanding - basic	38,235	23,000	29,887	15,463
Weighted average restricted common shares outstanding	19	17	18	9
Weighted average OP units outstanding	25,771	21,472	24,262	20,507
Weighted average DownREIT OP unit equivalents outstanding	1,835	1,835	1,835	1,518
Weighted average LTIP units outstanding ⁽³⁾	1,286	2,361	2,212	1,548
Total weighted average shares and units outstanding - FFO and Core FFO	<u>67,146</u>	<u>48,685</u>	<u>58,214</u>	<u>39,045</u>

FFO per share and unit	\$ 0.26	\$ 0.23	\$ 0.99	\$ 0.77
Core FFO per share and unit	\$ 0.30	\$ 0.24	\$ 1.12	\$ 0.92

- (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 our 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⁽⁴⁾ 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.
- (3) LTIP units have been excluded from the calculations of weighted average shares and units outstanding prior to April 28, 2015 because such units did not participate in distributions prior to the Company's initial public offering.

Reconciliation of Earnings (Loss) Per Share - Diluted to FFO and Core FFO Per Share and Unit

	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
Earnings (loss) per share - diluted	\$ 0.07	\$ 0.08	\$0.31	\$0.17
Impact of the difference in weighted average number of shares ⁽⁴⁾	0.03	0.03	0.11	0.02
Impact of GAAP accounting for noncontrolling interests, two-class method and treasury stock method ⁽⁵⁾	—	—	—	(0.07)
Add real estate depreciation and amortization	0.24	0.21	0.93	1.03
Add Company's share of unconsolidated venture real estate depreciation and amortization	0.02	—	0.03	—
FFO attributable to subordinated performance unitholders	(0.10)	(0.09)	(0.39)	(0.38)
FFO per share and unit	0.26	0.23	0.99	0.77
Add acquisition costs, Company's share of unconsolidated real estate venture acquisition costs, organizational and offering expenses, and loss on early extinguishment of debt	0.04	0.01	0.13	0.15
Core FFO per share and unit	0.30	0.24	1.12	0.92

(4) 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 8 in Item 1 to the Company's most recent Quarterly Report on Form 10-Q or, if more recent, 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.

(5) 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 ⁽⁴⁾.

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