

May 9, 2016



# National Storage Affiliates Trust Reports First Quarter 2016 Results; Core FFO Per Share Increases 19.0%; Same Store NOI Increases 11.3%; Acquired 17 Self Storage Properties

GREENWOOD VILLAGE, Colo.-- National Storage Affiliates Trust ("NSA" or the "Company") (NYSE: NSA) today reported the Company's first quarter 2016 results.

## Key Highlights

- Core funds from operations ("Core FFO") was \$12.5 million, or \$0.25 per share, for the first quarter of 2016, an increase of 19.0% per share compared to Core FFO of \$4.4 million, or \$0.21 per share, for the first quarter of 2015.
- Net operating income ("NOI") was \$26.4 million for the first quarter of 2016, an increase of 42.9% compared to NOI of \$18.4 million for the first quarter of 2015.
- Same store NOI was \$20.4 million for the first quarter of 2016, an increase of 11.3% compared to same store NOI of \$18.3 million for the first quarter of 2015.
- Same store total revenue was \$30.5 million for the first quarter of 2016, an increase of 9.1% compared to same store total revenue of \$28.0 million for the first quarter of 2015.
- Acquired 17 self storage properties during the first quarter of 2016 for approximately \$89 million.

Arlen Nordhagen, Chief Executive Officer, commented, "NSA kicked off 2016 with robust first quarter results. Same store average occupancy was up 440 basis points year-over-year, which drove same store revenue growth of 9.1% and same store NOI growth of 11.3%. We are very pleased that the combination of our expanded portfolio and solid property operating results produced first quarter Core FFO per share of \$0.25, an increase of 19% over the same period last year. Our acquisition activity has exceeded our expectations as we closed on 17 self storage properties during the first quarter of 2016."

Mr. Nordhagen continued, "Second quarter 2016 is also producing strong results. The addition of our seventh Participating Regional Operator ("PRO"), Hide-Away Storage Services, Inc. ("Hide-Away"), on April 1, demonstrates our ability to continue to grow our PRO network, expanding our portfolio of self storage properties. Since March 31st, we

have already acquired an additional 22 properties, including 14 properties from Hide-Away. Year to date, we have invested over \$260 million in self storage property acquisitions, adding over 2.7 million rentable square feet, which equates to more than a 17% increase in the Company's geographic footprint since December 31, 2015. Finally, we recently increased our balance sheet flexibility by expanding and extending our credit facility, positioning the Company well for its planned future growth."

## Financial Results

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
(\$ in thousands, except per share and unit data)		
<b>Net income (loss)</b>	<b>\$ 4,802</b>	<b>\$ (2,771)</b>
<b>Funds From Operations ("FFO")</b>	<b>11,238</b>	<b>3,760</b>
Add back acquisition costs and organizational and offering expenses	1,288	657
<b>Core FFO</b>	<b>\$ 12,526</b>	<b>\$ 4,417</b>
<b>Earnings (loss) per share - basic</b>	<b>\$ 0.10</b>	<b>\$ —</b>
<b>Earnings (loss) per share - diluted</b>	<b>\$ 0.07</b>	<b>\$ —</b>
<b>FFO per share and unit</b>	<b>\$ 0.23</b>	<b>\$ 0.18</b>
<b>Core FFO per share and unit</b>	<b>\$ 0.25</b>	<b>\$ 0.21</b>

FFO was \$11.2 million, or \$0.23 per share, for the first quarter of 2016, compared to FFO of \$3.8 million, or \$0.18 per share, for the first quarter of 2015, an increase of 27.8% per share. Core FFO was \$12.5 million, or \$0.25 per share for the first quarter of 2016, an increase of 19.0% per share compared to Core FFO of \$4.4 million, or \$0.21 per share, for the first quarter of 2015. The increases in FFO and Core FFO were primarily the result of \$5.1 million of incremental NOI from 52 self storage properties acquired between April 1, 2015 and December 31, 2015, same store NOI growth of \$2.1 million, and reductions in interest expense.

Net income was \$4.8 million for the first quarter of 2016, compared to a net loss of \$2.8 million for the first quarter of 2015, an increase of \$7.6 million. The increase was primarily due to NOI from self storage property acquisitions and reductions in interest expense, partially offset by increases in depreciation and amortization.

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 Portfolio Operating Results

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

	Three Months Ended March 31,		
	2016	2015	Growth
Total revenue	\$39,649	\$28,291	40.1 %
Property operating expenses	13,277	9,842	34.9 %
<b>Net Operating Income (NOI)</b>	<b>\$26,372</b>	<b>\$18,449</b>	<b>42.9 %</b>
<b>Average Occupancy</b>	<b>88.7%</b>	<b>84.8%</b>	<b>3.9 %</b>
<b>Average annualized rental revenue per occupied square foot</b>	<b>\$ 10.63</b>	<b>\$ 10.41</b>	<b>2.1 %</b>

NSA's total portfolio included 293 self storage properties encompassing approximately 16.8 million rentable square feet with period-end occupancy of 89.4% as of March 31, 2016.

Total revenues were \$39.6 million for the first quarter of 2016, an increase of 40.1% compared to total revenues of \$28.3 million for the first quarter of 2015. Revenue increases were predominately driven by \$8.7 million of incremental revenue from 69 self storage properties acquired between April 1, 2015 and March 31, 2016 and a \$2.5 million increase in same store total revenues, as discussed in greater detail below.

Total property operating expenses were \$13.3 million for the first quarter of 2016, an increase of 34.9% compared to total property operating expenses of \$9.8 million for the first quarter of 2015. The increase in property operating expenses was the result of \$2.9 million of incremental property operating expenses from 69 self storage properties acquired between April 1, 2015 and March 31, 2016 and an increase of \$0.5 million in same store property operating expenses.

The increases in total revenues and property operating expenses resulted in total portfolio NOI of \$26.4 million for the first quarter of 2016, an increase of 42.9% compared to total portfolio NOI of \$18.4 million for the first quarter of 2015.

## Same Store Operating Results

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

	Three Months Ended March 31,		
	2016	2015	Growth
Total revenue	\$30,500	\$27,966	9.1 %
Property operating expenses	10,141	9,676	4.8 %
<b>Net Operating Income (NOI)</b>	<b>\$20,359</b>	<b>\$18,290</b>	<b>11.3 %</b>
<b>NOI Margin</b>	<b>66.8%</b>	<b>65.4%</b>	<b>1.4 %</b>

<b>Average Occupancy</b>	<u>89.2%</u>	<u>84.8%</u>	<u>4.4 %</u>
<b>Average annualized rental revenue per occupied square foot</b>	<u>\$ 10.80</u>	<u>\$ 10.39</u>	<u>3.9 %</u>

NSA's same store portfolio included 222 self storage properties encompassing approximately 12.3 million rentable square feet with period-end occupancy of 89.8% as of March 31, 2016.

Same store total revenues were \$30.5 million for the first quarter of 2016, an increase of 9.1% compared to \$28.0 million for the first quarter of 2015. Revenue increases were driven by a 440 basis point increase in average occupancy for the first quarter of 2016 compared to the first quarter of 2015, combined with a 3.9% increase in average annualized rental revenue per occupied square foot compared to the prior year. Same store property operating expenses were \$10.1 million for the first quarter of 2016, an increase of 4.8% compared to total property operating expenses of \$9.7 million for the first quarter of 2015.

The increases in same store total revenues and property operating expenses resulted in same store NOI of \$20.4 million for the first quarter of 2016, an increase of 11.3% compared to same store NOI of \$18.3 million for the first quarter of 2015.

### **Investment Activity**

During the first quarter of 2016, NSA invested approximately \$89 million in the acquisition of 17 self storage properties located throughout six states. These first quarter acquisitions encompass approximately 1.1 million rentable square feet configured in over 7,600 storage units.

Subsequent to March 31, 2016, NSA acquired 22 self storage properties for a total investment of approximately \$174 million, encompassing approximately 1.7 million rentable square feet configured in approximately 15,600 storage units. These acquisitions included a portfolio of 14 self storage properties from parties related to Hide-Away of Sarasota, Florida, culminating in the addition of Hide-Away as the Company's seventh PRO.

### **Debt and Credit Facility Activity**

At March 31, 2016, the Company had approximately \$630 million of total principal debt outstanding including approximately \$260 million of outstanding debt under its revolving line of credit. On May 6, 2016, the Company entered into an amendment with a syndicated group of lenders to modify its credit facility, increasing the total capacity to \$675 million, bringing terms to market and extending the maturities. The Company reallocated \$325 million of its borrowings to five and six year term loan tranches with \$182 million that remains outstanding under its revolving line of credit as of May 6, 2016.

### **Dividends**

On February 25, 2016, NSA's Board of Trustees declared a quarterly cash dividend of \$0.20 per common share which was paid on March 30, 2016 to holders of record at March 15, 2016.

## **2016 Guidance Update**

The following outlines updates to the Company's estimates for the year ended December 31, 2016:

- Same store NOI growth of 7.5% to 9.5%
- Acquisitions of \$400 million to \$550 million
- Core FFO per share of \$1.04 to \$1.08

## **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 May 9, 2016.

## **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, May 10, 2016 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: Tuesday, May 10, 2016, 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: 13613621

A replay of the call will be available for one week through Tuesday, May 17, 2016. 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 Conference**

NSA management is scheduled to present at the upcoming NAREIT REITWeek 2016 Investor Forum in New York, New York on June 8, 2016.

### **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 owns and operates 315 self storage properties located in 18 states with approximately 18.5 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 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 Annual Report on Form 10-

K filed with the Securities and Exchange Commission on March 10, 2016, 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)

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>REVENUE</b>		
Rental revenue	\$38,501	\$27,418
Other property-related revenue	1,148	873
Total revenue	<u>39,649</u>	<u>28,291</u>
<b>OPERATING EXPENSES</b>		
Property operating expenses	13,277	9,842
General and administrative expenses	4,335	3,613
Depreciation and amortization	10,892	9,877
Total operating expenses	<u>28,504</u>	<u>23,332</u>
Income from operations	11,145	4,959
<b>OTHER INCOME (EXPENSE)</b>		
Interest expense	(4,941)	(6,982)
Acquisition costs	(1,288)	(599)
Organizational and offering expenses	—	(58)
Non-operating expense	(114)	(91)
Other income (expense)	<u>(6,343)</u>	<u>(7,730)</u>
<b>Net income (loss)</b>	4,802	(2,771)
Net (income) loss attributable to noncontrolling interests	<u>(2,592)</u>	<u>2,771</u>
<b>Net income (loss) attributable to National Storage Affiliates Trust</b>	<u>\$ 2,210</u>	<u>\$ —</u>
<b>Earnings (loss) per share - basic</b>	<u>\$ 0.10</u>	<u>\$ —</u>
<b>Earnings (loss) per share - diluted</b>	<u>\$ 0.07</u>	<u>\$ —</u>

<b>Weighted average shares outstanding - basic</b>	<u>23,005</u>	<u>1</u>
<b>Weighted average shares outstanding - diluted</b>	<u>67,994</u>	<u>1</u>

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

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
<b>ASSETS</b>		
Real estate		
Self storage properties	\$1,234,541	\$ 1,147,201
Less accumulated depreciation	(76,810)	(68,100)
Self storage properties, net	<u>1,157,731</u>	<u>1,079,101</u>
Cash and cash equivalents	8,489	6,665
Restricted cash	2,889	2,712
Debt issuance costs, net	1,530	1,923
Other assets, net	9,215	8,648
Total assets	<u>\$1,179,854</u>	<u>\$ 1,099,049</u>
<b>LIABILITIES AND EQUITY</b>		
Liabilities		
Debt financing	\$ 634,312	\$ 567,795
Accounts payable and accrued liabilities	14,380	9,694
Deferred revenue	6,058	5,513
Total liabilities	<u>654,750</u>	<u>583,002</u>
Equity		
Common shares of beneficial interest, par value \$0.01 per share. 250,000,000 shares authorized, 23,023,841 and 23,015,751 shares issued and outstanding at March 31, 2016 and December 31, 2015, respectively	230	230
Additional paid-in capital	239,014	236,392
Retained (deficit) earnings	(2,384)	11
Accumulated other comprehensive loss	(693)	—
Total shareholders' equity	<u>236,167</u>	<u>236,633</u>
Noncontrolling interests	288,937	279,414
Total equity	<u>525,104</u>	<u>516,047</u>
Total liabilities and equity	<u>\$1,179,854</u>	<u>\$ 1,099,049</u>



**Funds From Operations and Core Funds From Operations**  
(in thousands, except per share and unit amounts) (unaudited)

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

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Net income (loss)</b>	<b>\$ 4,802</b>	<b>\$(2,771)</b>
Add (subtract):		
Real estate depreciation and amortization	10,779	9,806
FFO attributable to subordinated performance unitholders <sup>(1)</sup>	(4,343)	(3,275)
<b>FFO attributable to common shareholders, OP unitholders,         and LTIP unitholders</b>	<b>11,238</b>	<b>3,760</b>
Add:		
Acquisition costs	1,288	599
Organizational and offering expenses	—	58
<b>Core FFO attributable to common shareholders, OP         unitholders, and LTIP unitholders</b>	<b>\$12,526</b>	<b>\$ 4,417</b>
<b>Weighted average shares and units outstanding - FFO and Core FFO<sup>(2)</sup></b>		
Weighted average shares outstanding - basic	23,005	1
Weighted average restricted common shares outstanding	16	—
Weighted average OP units outstanding	22,235	19,205
Weighted average DownREIT OP unit equivalents outstanding	1,835	1,386
Weighted average LTIP units outstanding <sup>(3)</sup>	2,456	—
<b>Total weighted average shares and units outstanding - FFO     and Core FFO</b>	<b>49,547</b>	<b>20,592</b>
<b>FFO per share and unit</b>	<b>\$ 0.23</b>	<b>\$ 0.18</b>
<b>Core FFO per share and unit</b>	<b>\$ 0.25</b>	<b>\$ 0.21</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 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 to FFO and Core FFO Per Share and Unit

	Three Months Ended March 31,	
	2016	2015
<b>Earnings (loss) per share - diluted</b>	<b>\$0.07</b>	<b>\$ —</b>
Impact of the difference in weighted average number of shares <sup>(4)</sup>	0.03	—
Impact of GAAP accounting for noncontrolling interests, two-class method and treasury stock method <sup>(5)</sup>	—	(0.14)
Add real estate depreciation and amortization	0.22	0.48
FFO attributable to subordinated performance unitholders	(0.09)	(0.16)
<b>FFO per share and unit</b>	<b>0.23</b>	<b>0.18</b>
Add acquisition costs and organizational and offering expenses	0.02	0.03
<b>Core FFO per share and unit</b>	<b>0.25</b>	<b>0.21</b>

- (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 and DownREIT subordinated performance 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 around the conversion of subordinated performance units and DownREIT subordinated performance units into OP units, see Note 8 in Item 1 to the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2016. 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).

## Other Non-GAAP Financial Measurements

(dollars in thousands) (unaudited)

### Net Operating Income

	Three Months Ended March 31,	
	2016	2015
<b>Net income (loss)</b>	<b>\$ 4,802</b>	<b>\$ (2,771)</b>
Add:		
General and administrative expenses	4,335	3,613
Depreciation and amortization	10,892	9,877
Interest expense	4,941	6,982
Acquisition costs	1,288	599
Organizational and offering expenses	—	58
Non-operating expense	114	91
<b>Net Operating Income</b>	<b>\$ 26,372</b>	<b>\$ 18,449</b>

### EBITDA and Adjusted EBITDA

	Three Months Ended March 31,	
	2016	2015
<b>Net income (loss)</b>	<b>\$ 4,802</b>	<b>\$ (2,771)</b>
Add:		
Depreciation and amortization	10,892	9,877
Interest expense	4,941	6,982
<b>EBITDA</b>	<b>20,635</b>	<b>14,088</b>
Add:		
Acquisition costs	1,288	599
Organizational and offering expenses	—	58
Equity-based compensation expense (1)	598	638
<b>Adjusted EBITDA</b>	<b>\$ 22,521</b>	<b>\$ 15,383</b>

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

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<http://www.businesswire.com/news/home/20160509006608/en/>

**National Storage Affiliates Trust**

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