

February 22, 2022



# National Storage Affiliates Trust Reports Fourth Quarter and Full Year 2021 Results

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 2021 results.

## Fourth Quarter 2021 Highlights

- Reported net income of \$42.9 million for the fourth quarter of 2021, an increase of 75.0% compared to the fourth quarter of 2020. Reported diluted earnings per share of \$0.25 for the fourth quarter of 2021 compared to \$0.18 for the fourth quarter of 2020.
- Reported core funds from operations ("Core FFO") of \$78.9 million, or \$0.64 per share for the fourth quarter of 2021, an increase of 39.1% per share compared to the fourth quarter of 2020.
- Reported an increase in same store net operating income ("NOI") of 21.7% for the fourth quarter of 2021 compared to the same period in 2020, driven by a 17.4% increase in same store total revenues partially offset by an increase of 6.5% in same store property operating expenses.
- Reported same store period-end occupancy of 94.8% as of December 31, 2021, an increase of 310 basis points compared to December 31, 2020.
- Acquired 110 wholly-owned self storage properties for over \$1.1 billion during the fourth quarter of 2021. Consideration for these acquisitions included the issuance of \$117.0 million of OP equity.
- Issued \$75.0 million of 2.72% senior unsecured notes due November 30, 2030, \$175.0 million of 2.81% senior unsecured notes due November 30, 2031 and \$75.0 million of 3.06% senior unsecured notes due November 30, 2036 in a private placement.
- Increased the total commitments available under the Company's revolving line of credit ("Revolver") to \$650.0 million, an increase of \$150.0 million. As of December 31, 2021, the Company's unsecured credit facility provided for total borrowings of \$1.55 billion.
- Received approximately \$137.6 million of net proceeds from the sale of 2,212,000 common shares under the Company's at the market ("ATM") program.

## Full Year 2021 Highlights

- Reported net income of \$146.9 million for full year 2021, an increase of 84.9% compared to full year 2020. Reported diluted earnings per share of \$0.98 for full year 2021 compared to \$0.53 for full year 2020.
- Reported Core FFO of \$257.3 million, or \$2.26 per share for full year 2021, an increase of 32.2% per share compared to full year 2020.
- Reported an increase in same store NOI of 19.8% for full year 2021 compared to full year 2020, driven by a 15.1% increase in same store total revenues partially offset by

an increase of 4.0% in same store property operating expenses.

- Acquired 229 wholly-owned self storage properties for approximately \$2.2 billion during full year 2021. Consideration for these acquisitions included the issuance of \$195.1 million of OP equity.

### **Highlights Subsequent to Quarter-End**

- One of the Company's largest participating regional operators ("PROs"), Kevin Howard Real Estate, Inc., d/b/a Northwest Self Storage and its controlled affiliates ("Northwest"), retired effective January 1, 2022. As a result of the retirement, on January 1, 2022, management of the Company's properties in the Northwest managed portfolio was transferred to NSA and the Northwest brand name and related intellectual property were internalized by the Company. In addition, NSA will no longer pay supervisory and administrative fees or reimbursements to Northwest and on January 1, 2022, issued a notice of non-voluntary conversion to cause all subordinated performance units related to Northwest's managed portfolio to convert into OP units. As part of the internalization, most of Northwest's employees were offered and provided employment by the Company to continue managing Northwest's portfolio of properties as members of NSA's existing property management platform.
- Issued the previously announced \$125.0 million of 2.96% senior unsecured notes due November 30, 2033 in a private placement to certain institutional investors.

Tamara Fischer, President and Chief Executive Officer, commented, "2021 was truly a record setting year for NSA on multiple fronts. We invested nearly \$2.2 billion in 229 self storage properties located in 37 states and eclipsed the 1,000 store milestone. Our property operating results exceeded our already lofty expectations and we achieved same store NOI growth of 20% year over year. Our significant acquisition volume combined with outstanding property operating results allowed us to deliver growth in Core FFO per share of 39% for the fourth quarter and 32% for full year 2021, representing the largest increases in Core FFO per share growth since NSA went public in 2015."

Ms. Fischer continued, "We are carrying this positive momentum forward into 2022 with the retirement and internalization of one of our largest PROs, Northwest Self Storage. This is the second PRO to be internalized by the Company and further demonstrates the competitive advantage of our unique PRO structure to build scale and deliver value for all of our stakeholders over the long term."

### **Financial Results**

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

	Three Months Ended December 31,			Year Ended December 31,		
	2021	2020	Growth	2021	2020	Growth
<b>Net income</b>	<b>\$ 42,895</b>	<b>\$ 24,517</b>	<b>75.0%</b>	<b>\$ 146,935</b>	<b>\$ 79,478</b>	<b>84.9%</b>
<b>Funds From Operations ("FFO")<sup>(1)</sup></b>	<b>\$ 77,917</b>	<b>\$ 46,184</b>	<b>68.7%</b>	<b>\$ 255,393</b>	<b>\$ 166,911</b>	<b>53.0%</b>
Add back acquisition costs	1,019	743	37.1%	1,941	2,424	(19.9)%
<b>Core FFO<sup>(1)</sup></b>	<b>\$ 78,936</b>	<b>\$ 46,927</b>	<b>68.2%</b>	<b>\$ 257,334</b>	<b>\$ 169,335</b>	<b>52.0%</b>
<b>Earnings (loss) per share - basic</b>	<b>\$ 0.25</b>	<b>\$ 0.21</b>	<b>19.0%</b>	<b>\$ 1.13</b>	<b>\$ 0.53</b>	<b>113.2%</b>
<b>Earnings (loss) per share - diluted</b>	<b>\$ 0.25</b>	<b>\$ 0.18</b>	<b>38.9%</b>	<b>\$ 0.98</b>	<b>\$ 0.53</b>	<b>84.9%</b>
<b>FFO per share and unit<sup>(1)</sup></b>	<b>\$ 0.63</b>	<b>\$ 0.46</b>	<b>37.0%</b>	<b>\$ 2.24</b>	<b>\$ 1.69</b>	<b>32.5%</b>
<b>Core FFO per share and unit<sup>(1)</sup></b>	<b>\$ 0.64</b>	<b>\$ 0.46</b>	<b>39.1%</b>	<b>\$ 2.26</b>	<b>\$ 1.71</b>	<b>32.2%</b>

(1) Non-GAAP financial measures, including FFO, Core FFO and NOI, 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.

Net income increased \$18.4 million for the fourth quarter of 2021 and \$67.5 million for the year ended December 31, 2021 ("year-to-date") as compared to the same periods in 2020. These increases resulted primarily from additional NOI generated from the 229 self storage properties acquired during the year ended December 31, 2021, same store NOI growth and increases in equity in earnings from the Company's unconsolidated real estate ventures, partially offset by increases in depreciation and amortization, interest expense and general and administrative expenses.

The increases in FFO and Core FFO for the fourth quarter of 2021 and year-to-date were primarily the result of incremental NOI from properties acquired during the year ended December 31, 2021 and same store NOI growth, partially offset by increases in subordinated performance unit distributions.

## Same Store Operating Results (560 Stores)

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

	Three Months Ended December 31,			Year Ended December 31,		
	2021	2020	Growth	2021	2020	Growth
<b>Total revenues</b>	<b>\$ 116,561</b>	<b>\$ 99,264</b>	<b>17.4%</b>	<b>\$ 439,332</b>	<b>\$ 381,605</b>	<b>15.1%</b>
Property operating expenses	29,895	28,071	6.5%	117,672	113,165	4.0%
<b>Net Operating Income (NOI)</b>	<b>\$ 86,666</b>	<b>\$ 71,193</b>	<b>21.7%</b>	<b>\$ 321,660</b>	<b>\$ 268,440</b>	<b>19.8%</b>
<b>NOI Margin</b>	<b>74.4%</b>	<b>71.7%</b>	<b>2.7%</b>	<b>73.2%</b>	<b>70.3%</b>	<b>2.9%</b>
<b>Average Occupancy</b>	<b>95.5%</b>	<b>91.9%</b>	<b>3.6%</b>	<b>94.9%</b>	<b>89.3%</b>	<b>5.6%</b>
<b>Average Annualized Rental Revenue Per Occupied Square Foot</b>	<b>\$ 13.87</b>	<b>\$ 12.28</b>	<b>12.9%</b>	<b>\$ 13.15</b>	<b>\$ 12.14</b>	<b>8.3%</b>

Year-over-year same store total revenues increased 17.4% for the fourth quarter of 2021 and 15.1% year-to-date as compared to the same periods in 2020. The increase for the fourth quarter of 2021 was driven primarily by a 360 basis point increase in average occupancy and a 12.9% increase in average annualized rental revenue per occupied square foot. The year-to-date increase was driven primarily by a 560 basis point increase in average occupancy and an 8.3% increase in average annualized rental revenue per occupied square

foot. Markets which generated above portfolio average same store total revenue growth for the fourth quarter of 2021 include: Riverside-San Bernardino, Atlanta and Sarasota. Markets which generated below portfolio average same store total revenue growth for the fourth quarter of 2021 include: Oklahoma City, Dallas and Los Angeles. Markets which generated above portfolio average same store total revenue growth for the year ended December 31, 2021 include: Portland, Phoenix and Sarasota. Markets which generated below portfolio average same store total revenue growth for the year ended December 31, 2021 include: Oklahoma City, Dallas and Los Angeles.

Year-over-year same store property operating expenses increased 6.5% for the fourth quarter of 2021 and 4.0% year-to-date as compared to the same periods in 2020. The increases primarily resulted from increases in personnel expense, utilities and repairs and maintenance expense offset by decreases in marketing expense.

### **Investment Activity**

During the fourth quarter, NSA invested over \$1.1 billion in the acquisition of 110 self storage properties consisting of approximately 7.7 million rentable square feet configured in approximately 59,300 storage units. Total consideration for these acquisitions included approximately \$1.0 billion of net cash, the issuance of approximately \$111.2 million of OP units, \$5.6 million of subordinated performance units, \$0.2 million of 6.000% Series A-1 cumulative redeemable preferred units and the assumption of approximately \$5.3 million of other liabilities.

For full year 2021, NSA invested approximately \$2.2 billion to acquire 229 self storage properties consisting of approximately 16.0 million rentable square feet configured in approximately 120,000 storage units. Total consideration for these acquisitions included approximately \$2.0 billion of net cash, the issuance of approximately \$154.0 million of OP units, \$40.9 million of subordinated performance units, \$0.2 million of 6.000% Series A-1 cumulative redeemable preferred units and the assumption of approximately \$14.2 million of other liabilities.

### **Balance Sheet**

During the fourth quarter, the Company received approximately \$137.6 million of net proceeds from the sale of 2,212,000 common shares under the Company's ATM program. For full year 2021, the Company received approximately \$306.4 million of net proceeds from the sale of 6,026,726 common shares under the Company's ATM program. The Company used the net proceeds for self storage property acquisitions and to repay borrowings outstanding under its Revolver. As of February 21, 2022, the Company has approximately \$169.1 million of capacity remaining under its ATM program.

On November 9, 2021, the Company's operating partnership entered into an agreement to issue \$450.0 million of senior unsecured notes, comprised of \$75.0 million of 2.72% senior unsecured notes due November 30, 2030 (the "November 2030 Notes"), \$175.0 million of 2.81% senior unsecured notes due November 30, 2031 (the "November 2031 Notes"), \$125.0 million of 2.96% senior unsecured notes due November 30, 2033 (the "November 2033 Notes") and \$75.0 million of 3.06% senior unsecured notes due November 30, 2036 (the "2036 Notes"). On December 14, 2021, the operating partnership issued the November 2030 Notes, November 2031 Notes and the 2036 Notes. On January 28, 2022, the operating

partnership issued the November 2033 Notes. The Company used the proceeds for acquisitions, to repay outstanding amounts on its Revolver and for general corporate purposes.

On December 17, 2021, the Company increased the borrowing commitment under the Revolver by \$150.0 million to \$650.0 million, of which \$154.3 million was available at December 31, 2021. As a result of this expansion of Revolver capacity, NSA has total borrowing capacity of \$1.55 billion under its credit facility.

## Common Share Dividends

On November 18, 2021, NSA's Board of Trustees declared a quarterly cash dividend of \$0.45 per common share, representing a 28.6% increase from the fourth quarter 2020. The fourth quarter 2021 dividend was paid on December 30, 2021 to shareholders of record as of December 15, 2021.

For full year 2021, NSA's Board of Trustees declared cash dividends of \$1.59 per common share, representing a 17.8% increase from 2020.

## 2022 Guidance

The following table outlines NSA's FFO guidance estimates and related assumptions for the year ended December 31, 2022:

	Ranges for Full Year 2022		Actual Results for Full Year 2021
	Low	High	
Core FFO per share <sup>(1)</sup>	\$2.68	\$2.74	\$2.26
Same store operations <sup>(2)</sup>			
Total revenue growth	8.0%	9.5%	15.1%
Property operating expenses growth	5.25%	6.5%	4.0%
NOI growth	9.0%	11.0%	19.8%
General and administrative expenses			
General and administrative expenses (excluding equity-based compensation), in millions	\$51.0	\$53.0	\$45.5
Equity-based compensation, in millions	\$6.5	\$7.0	\$5.5
Management fees and other revenue, in millions	\$26.0	\$28.0	\$24.4
Core FFO from unconsolidated real estate ventures, in millions	\$22.0	\$23.0	\$20.7
Subordinated performance unit distributions, in millions	\$52.0	\$55.0	\$49.8
Acquisitions of self storage properties, in millions	\$400.0	\$600.0	\$2,175.0

	Ranges for Full Year 2022	
	Low	High
<b>Earnings (loss) per share - diluted</b>	<b>\$1.12</b>	<b>\$1.22</b>
Impact of the difference in weighted average number of shares and GAAP accounting for noncontrolling interests, two-class method and treasury stock method	0.19	0.07
Add real estate depreciation and amortization, including NSA's share of unconsolidated venture real estate depreciation and amortization	1.76	1.86
FFO attributable to subordinated unitholders	(0.40)	(0.43)
Add acquisition costs and NSA's share of unconsolidated real estate venture acquisition costs	0.01	0.02
<b>Core FFO per share and unit</b>	<b>\$2.68</b>	<b>\$2.74</b>

(1) The table above provides a reconciliation of the range of estimated earnings (loss) per share - diluted to estimated Core FFO per share and unit.

(2) 2022 guidance reflects NSA's 2022 same store pool comprising 631 stores. 2021 actual results reflect NSA's 2021 same store pool comprising 560 stores.

## 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 22, 2022.

## 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 presentations 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 1:00 pm Eastern Time on Tuesday, February 22, 2022 to discuss its fourth quarter 2021 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, February 22, 2022, 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: 13692161

A replay of the call will be available for one week through Tuesday, March 1, 2022. 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 participate in Citi's 2022 Global Property CEO Conference on March 6 - 9, 2022 in Hollywood, Florida.

### **About National Storage Affiliates Trust**

National Storage Affiliates Trust is a real estate investment trust headquartered in Greenwood Village, Colorado, focused on the ownership, operation and acquisition of self storage properties predominantly located within the top 100 metropolitan statistical areas throughout the United States. As of December 31, 2021, the Company held ownership interests in and operated 1,050 self storage properties located in 42 states and Puerto Rico with approximately 67.8 million rentable square feet. NSA is one of the largest owners and operators of self storage properties among public and private companies in the United States. 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 MidCap 400 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; the acquisition of properties, including those under contract and the Company's ability to execute on its acquisition pipeline; the timing of acquisitions under contract; the internalization of retiring participating regional operators ("PROs") into the Company; negative impacts from the COVID-19 pandemic on the economy, the self storage industry, the broader financial markets, the Company's financial condition, results of operations and cash flows and the ability of the Company's tenants to pay rent; and the Company's guidance estimates for the year ended December 31, 2022. For a further list and description of such risks and uncertainties, see the Company's most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-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)

	<b>Three Months Ended December 31,</b>		<b>Year Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>REVENUE</b>				
Rental revenue	\$ 161,690	\$ 104,266	\$ 541,547	\$ 394,660
Other property-related revenue	5,643	3,852	19,750	14,524
Management fees and other revenue	6,257	5,991	24,374	23,038
Total revenue	173,590	114,109	585,671	432,222
<b>OPERATING EXPENSES</b>				
Property operating expenses	44,542	31,091	155,265	123,486
General and administrative expenses	14,301	11,399	51,001	43,640
Depreciation and amortization	50,854	29,827	158,312	117,174
Other	1,152	(522)	2,853	808
Total operating expenses	110,849	71,795	367,431	285,108
<b>OTHER (EXPENSE) INCOME</b>				
Interest expense	(19,787)	(16,192)	(72,062)	(62,595)
Equity in earnings of unconsolidated real estate ventures	1,679	516	5,294	265
Acquisition costs	(1,019)	(743)	(1,941)	(2,424)
Non-operating expense	(344)	(582)	(906)	(1,211)
Other expense	(19,471)	(17,001)	(69,615)	(65,965)
Income before income taxes	43,270	25,313	148,625	81,149
Income tax expense	(375)	(796)	(1,690)	(1,671)
Net income	42,895	24,517	146,935	79,478
Net income attributable to noncontrolling interests	(17,422)	(6,465)	(41,682)	(30,869)
Net income attributable to National Storage Affiliates Trust	25,473	18,052	105,253	48,609
Distributions to preferred shareholders	(3,277)	(3,275)	(13,104)	(13,097)
Net income attributable to common shareholders	\$ 22,196	\$ 14,777	\$ 92,149	\$ 35,512
<b>Earnings (loss) per share - basic</b>				
	\$ 0.25	\$ 0.21	\$ 1.13	\$ 0.53
<b>Earnings (loss) per share - diluted</b>				
	\$ 0.25	\$ 0.18	\$ 0.98	\$ 0.53
<b>Weighted average shares outstanding - basic</b>				
	89,763	69,240	81,195	66,547
<b>Weighted average shares outstanding - diluted</b>				
	89,763	117,090	134,538	66,607

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

	December 31, 2021	December 31, 2020
<b>ASSETS</b>		
Real estate		
Self storage properties	\$ 5,798,188	\$ 3,639,192
Less accumulated depreciation	(578,717)	(443,623)
Self storage properties, net	5,219,471	3,195,569
Cash and cash equivalents	25,013	18,723
Restricted cash	2,862	2,978
Debt issuance costs, net	2,433	2,496
Investment in unconsolidated real estate ventures	188,187	202,533
Other assets, net	102,417	68,149
Operating lease right-of-use assets	22,211	23,129
Total assets	<u>\$ 5,562,594</u>	<u>\$ 3,513,577</u>
<b>LIABILITIES AND EQUITY</b>		
Liabilities		
Debt financing	\$ 2,940,931	\$ 1,916,971
Accounts payable and accrued liabilities	59,262	47,043
Interest rate swap liabilities	33,757	77,918
Operating lease liabilities	23,981	24,756
Deferred revenue	22,208	16,414
Total liabilities	3,080,139	2,083,102
Equity		
Preferred shares of beneficial interest, par value \$0.01 per share. 50,000,000 authorized, 8,736,719 and 8,732,719 issued and outstanding at December 31, 2021 and December 31, 2020, respectively, at liquidation preference	218,418	218,318
Common shares of beneficial interest, par value \$0.01 per share. 250,000,000 shares authorized, 91,198,929 and 71,293,117 shares issued and outstanding at December 31, 2021 and December 31, 2020, respectively	912	713
Additional paid-in capital	1,866,773	1,050,714
Distributions in excess of earnings	(291,263)	(251,704)
Accumulated other comprehensive loss	(19,611)	(49,084)
Total shareholders' equity	1,775,229	968,957
Noncontrolling interests	707,226	461,518
Total equity	2,482,455	1,430,475
Total liabilities and equity	<u>\$ 5,562,594</u>	<u>\$ 3,513,577</u>

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

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
<b>Net income</b>	<b>\$ 42,895</b>	<b>\$ 24,517</b>	<b>\$ 146,935</b>	<b>\$ 79,478</b>
Add (subtract):				
Real estate depreciation and amortization	50,526	29,474	156,930	115,757
Company's share of unconsolidated real estate venture real estate depreciation and amortization	3,845	3,869	15,408	15,297
Mark-to-market changes in value on equity securities	—	—	—	142
Distributions to preferred shareholders and unitholders	(3,519)	(3,514)	(14,070)	(14,055)
FFO attributable to subordinated performance unitholders <sup>(1)</sup>	(15,830)	(8,162)	(49,810)	(29,708)
<b>FFO attributable to common shareholders, OP unitholders, and LTIP unitholders</b>	<b>77,917</b>	<b>46,184</b>	<b>255,393</b>	<b>166,911</b>
Add:				
Acquisition costs	1,019	743	1,941	2,424
<b>Core FFO attributable to common shareholders, OP unitholders, and LTIP unitholders</b>	<b>\$ 78,936</b>	<b>\$ 46,927</b>	<b>\$ 257,334</b>	<b>\$ 169,335</b>
<b>Weighted average shares and units outstanding - FFO and Core FFO:<sup>(2)</sup></b>				
Weighted average shares outstanding - basic	89,763	69,240	81,195	66,547
Weighted average restricted common shares outstanding	34	31	33	30
Weighted average effect of forward offering agreement <sup>(3)</sup>	—	240	100	60
Weighted average OP units outstanding	30,681	29,471	30,127	29,863
Weighted average DownREIT OP unit equivalents outstanding	1,925	1,925	1,925	1,906
Weighted average LTIP units outstanding	523	507	542	543
<b>Total weighted average shares and units outstanding - FFO and Core FFO</b>	<b>122,926</b>	<b>101,414</b>	<b>113,922</b>	<b>98,949</b>
<b>FFO per share and unit</b>	<b>\$ 0.63</b>	<b>\$ 0.46</b>	<b>\$ 2.24</b>	<b>\$ 1.69</b>
<b>Core FFO per share and unit</b>	<b>\$ 0.64</b>	<b>\$ 0.46</b>	<b>\$ 2.26</b>	<b>\$ 1.71</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<sup>(4)</sup> 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) Represents the dilutive effect of the forward offering from the application of the treasury stock method.

**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)

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
<b>Earnings (loss) per share - diluted</b>	<b>\$ 0.25</b>	<b>\$ 0.18</b>	<b>\$ 0.98</b>	<b>\$ 0.53</b>
Impact of the difference in weighted average number of shares <sup>(4)</sup>	(0.07)	0.03	0.18	(0.16)
Impact of GAAP accounting for noncontrolling interests, two-class method and treasury stock method <sup>(5)</sup>	0.14	—	—	0.30
Add real estate depreciation and amortization	0.41	0.29	1.38	1.17
Add Company's share of unconsolidated real estate venture real estate depreciation and amortization	0.03	0.04	0.14	0.15
FFO attributable to subordinated performance unitholders	(0.13)	(0.08)	(0.44)	(0.30)
<b>FFO per share and unit</b>	<b>0.63</b>	<b>0.46</b>	<b>2.24</b>	<b>1.69</b>
Add acquisition costs	0.01	—	0.02	0.02
<b>Core FFO per share and unit</b>	<b>\$ 0.64</b>	<b>\$ 0.46</b>	<b>\$ 2.26</b>	<b>\$ 1.71</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 and the treasury stock method for certain unvested LTIP units, and assumes the conversion of vested LTIP units into OP units on a one-for-one basis and the 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 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.

(5) Represents the effect of adjusting the numerator to consolidated net income (loss) prior to GAAP allocations for noncontrolling interests, after deducting preferred share and unit distributions, and before the application of the two-class method and treasury stock method, as described in footnote<sup>(4)</sup>.

**Net Operating Income**

(dollars in thousands) (unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
<b>Net income</b>	<b>\$ 42,895</b>	<b>\$ 24,517</b>	<b>\$ 146,935</b>	<b>\$ 79,478</b>
(Subtract) add:				
Management fees and other revenue	(6,257)	(5,991)	(24,374)	(23,038)
General and administrative expenses	14,301	11,399	51,001	43,640
Other	1,152	(522)	2,853	808
Depreciation and amortization	50,854	29,827	158,312	117,174
Interest expense	19,787	16,192	72,062	62,595
Equity in earnings of unconsolidated real estate ventures	(1,679)	(516)	(5,294)	(265)
Acquisition costs	1,019	743	1,941	2,424
Income tax expense	375	796	1,690	1,671
Non-operating expense	344	582	906	1,211
<b>Net Operating Income</b>	<b>\$ 122,791</b>	<b>\$ 77,027</b>	<b>\$ 406,032</b>	<b>\$ 285,698</b>

**EBITDA and Adjusted EBITDA**  
(dollars in thousands) (unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
<b>Net income</b>	<b>\$ 42,895</b>	<b>\$ 24,517</b>	<b>\$ 146,935</b>	<b>\$ 79,478</b>
Add:				
Depreciation and amortization	50,854	29,827	158,312	117,174
Company's share of unconsolidated real estate venture depreciation and amortization	3,845	3,869	15,408	15,297
Interest expense	19,787	16,192	72,062	62,595
Income tax expense	375	796	1,690	1,671
<b>EBITDA</b>	<b>117,756</b>	<b>75,201</b>	<b>394,407</b>	<b>276,215</b>
Add (subtract):				
Acquisition costs	1,019	743	1,941	2,424
Equity-based compensation expense	1,374	1,170	5,462	4,278
<b>Adjusted EBITDA</b>	<b>\$ 120,149</b>	<b>\$ 77,114</b>	<b>\$ 401,810</b>	<b>\$ 282,917</b>

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