

August 7, 2023



National Storage Affiliates Trust Reports Second Quarter 2023 Results

GREENWOOD VILLAGE, Colo.--(BUSINESS WIRE)-- National Storage Affiliates Trust ("NSA" or the "Company") (NYSE: NSA) today reported the Company's second quarter 2023 results.

Second Quarter 2023 Highlights

- Reported net income of \$45.5 million for the second quarter of 2023, a decrease of 6.1% compared to the second quarter of 2022. Reported diluted earnings per share of \$0.28 for the second quarter of 2023 compared to \$0.24 for the second quarter of 2022.
- Reported core funds from operations ("Core FFO") of \$88.2 million, or \$0.68 per share for the second quarter of 2023, a decrease of 4.2% per share compared to the second quarter of 2022, driven by same store growth and net operating income ("NOI") contribution from non-same store properties, which was more than offset by elevated interest expense due primarily to higher interest rates.
- Reported an increase in same store NOI of 3.4% for the second quarter of 2023 compared to the same period in 2022, driven by a 2.8% increase in same store total revenues partially offset by an increase of 1.4% in same store property operating expenses.
- Reported same store period-end occupancy of 90.0% as of June 30, 2023, a decrease of 450 basis points compared to June 30, 2022.
- Acquired two properties that are considered annexes to existing properties for approximately \$13.8 million during the second quarter of 2023. Consideration for these acquisitions included the issuance of \$5.6 million of OP equity, consisting of subordinated performance units.
- Issued the previously announced \$120.0 million of senior unsecured notes due July 5, 2028, with an effective interest rate of 5.75%, in a private placement to certain institutional investors.

Highlights Subsequent to Quarter-End

- Acquired one self storage property for approximately \$17.8 million. Consideration for this acquisition included approximately \$7.8 million of net cash and OP equity of approximately \$9.9 million, consisting primarily of subordinated performance units.

David Cramer, President and Chief Executive Officer, commented, "Our team did a great job controlling expenses during the quarter as opex growth of just 1.4% helped drive same store NOI growth of 3.4%. Contract rates grew a healthy 7% year-over-year, and our average tenant duration is over 40 months which allowed us to remain assertive on our existing

customer rate increase program. We experienced a softer spring leasing season than we anticipated, and the interest rate environment was tougher than expected, leading us to lower our full-year same store and Core FFO per share guidance.”

Mr. Cramer further commented, “As we work through the tough year-over-year comps, we remain bullish on the medium and long-term outlook for both NSA and the overall self storage sector. We are confident in our targeted concentration in attractive Sunbelt markets and will continue to focus on enhancing our People, Process and Platform initiatives. We believe that this strategic focus will position us well to deliver on both operational initiatives to drive internal growth and balance sheet repositioning so we can opportunistically execute on external growth when the time is right.”

Financial Results

(\$ in thousands, except per share and unit data)	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Growth	2023	2022	Growth
Net income	\$ 45,476	\$ 48,425	(6.1)%	\$ 85,868	\$ 93,211	(7.9)%
Funds From Operations ("FFO")⁽¹⁾	\$ 88,478	\$ 90,932	(2.7)%	\$ 172,744	\$ 177,788	(2.8)%
Add back acquisition costs	239	682	(65.0)%	1,083	1,235	(12.3)%
Subtract casualty-related recoveries ⁽²⁾	(522)	—	— %	(522)	—	— %
Add loss on early extinguishment of debt	—	—	— %	758	—	— %
Core FFO⁽¹⁾	\$ 88,195	\$ 91,614	(3.7)%	\$ 174,063	\$ 179,023	(2.8)%
Earnings per share - basic and diluted	\$ 0.28	\$ 0.24	16.7 %	\$ 0.56	\$ 0.48	16.7 %
FFO per share and unit⁽¹⁾	\$ 0.68	\$ 0.70	(2.9)%	\$ 1.32	\$ 1.37	(3.6)%
Core FFO per share and unit⁽¹⁾	\$ 0.68	\$ 0.71	(4.2)%	\$ 1.34	\$ 1.38	(2.9)%

(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.

(2) Casualty-related recoveries relate to casualty-related expenses incurred during 2022.

Net income decreased \$2.9 million for the second quarter of 2023 and \$7.3 million for the six months ended June 30, 2023 ("year-to-date") as compared to the same periods in 2022, resulting from total revenue and NOI increasing by \$16.6 million and \$12.0 million, respectively, for the second quarter of 2023 and \$37.4 million and \$25.2 million, respectively, for the six months ended June 30, 2023 resulting primarily from additional NOI generated from the 41 wholly-owned self storage properties acquired between July 1, 2022 and June 30, 2023, and same store NOI growth. These increases in total revenue and NOI were offset by an increase in interest expense of \$15.2 million for the second quarter of 2023 and \$30.5 million for the six months ended June 30, 2023 as compared to the same periods in 2022.

The decrease in FFO and Core FFO for the second quarter of 2023 and year-to-date was primarily the result of a decrease in net income of 6.1% and 7.9%, respectively, partially offset by a decrease in distributions on subordinated performance units, as compared to the same periods in 2022.

Same Store Operating Results (834 Stores)

(\$ in thousands, except per square foot data)	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Growth	2023	2022	Growth
Total revenues	\$ 186,708	\$ 181,549	2.8 %	\$ 370,623	\$ 355,481	4.3 %
Property operating expenses	50,194	49,477	1.4 %	100,614	96,018	4.8 %
Net Operating Income (NOI)	\$ 136,514	\$ 132,072	3.4 %	\$ 270,009	\$ 259,463	4.1 %
NOI Margin	73.1%	72.7%	0.4 %	72.9%	73.0%	(0.1)%
Average Occupancy	90.0%	94.1%	(4.1)%	89.9%	93.9%	(4.0)%
Average Annualized Rental Revenue Per Occupied Square Foot	\$ 15.27	\$ 14.26	7.1 %	\$ 15.19	\$ 13.99	8.6 %

Year-over-year same store total revenues increased 2.8% for the second quarter of 2023 and 4.3% year-to-date as compared to the same period in 2022. The increase for the second quarter was driven primarily by a 7.1% increase in average annualized rental revenue per occupied square foot, partially offset by a 4.1% decrease in average occupancy. The year-to-date same store total revenue increase was driven primarily by an 8.6% increase in average annualized rental revenue per occupied square foot, partially offset by a 4.0% decrease in average occupancy. Markets which generated above portfolio average same store total revenue growth for the second quarter of 2023 include: Atlanta, McAllen and Oklahoma City. Markets which generated below portfolio average same store total revenue growth for the second quarter of 2023 include: Las Vegas, New Orleans and San Antonio.

Year-over-year same store property operating expenses increased 1.4% for the second quarter of 2023 and 4.8% year-to-date as compared to the same periods in 2022. The increase primarily resulted from increases in marketing and insurance expense, partially offset by decreases in personnel and repairs and maintenance expenses.

Investment Activity

During the second quarter, NSA invested \$13.8 million in the acquisition of two annexes to existing properties, consisting of approximately 81,600 rentable square feet configured in approximately 500 storage units. Total consideration for these acquisitions included approximately \$8.2 million of net cash, and \$5.6 million of subordinated performance units.

Balance Sheet

On April 27, 2023, NSA closed on its private placement of \$120.0 million of senior unsecured notes due July 5, 2028, with an effective interest rate of 5.75%, after taking into account the effect of interest rate swaps. NSA used the proceeds to repay outstanding amounts on its revolving line of credit and for general corporate purposes.

Common Share Dividends

On May 25, 2023, NSA's Board of Trustees declared a quarterly cash dividend of \$0.56 per common share, representing a 1.8% increase from the second quarter 2022 and from the previous quarter in 2023. The second quarter 2023 dividend was paid on June 30, 2023 to shareholders of record as of June 15, 2023.

2023 Guidance

The following table outlines NSA's updated and prior Core FFO guidance estimates and

related assumptions for the year ended December 31, 2023. The Company's revisions to Core FFO per share estimates are primarily driven by lower same store growth assumptions and higher interest rates. Due to an improvement in our tenant insurance program, "Management fees and other revenue" are expected to be higher than previously estimated.

	Current Ranges for Full Year 2023		Prior Ranges for Full Year 2023		Actual Results for Full Year 2022
	Low	High	Low	High	
Core FFO per share ⁽¹⁾	\$2.63	\$2.69	\$2.78	\$2.86	\$2.81
Same store operations ⁽²⁾					
Total revenue growth	1.50%	2.75%	3.75%	5.25%	12.1%
Property operating expenses growth	4.50%	5.75%	4.50%	6.00%	4.8%
NOI growth	0.25%	1.75%	3.00%	5.50%	14.9%
General and administrative expenses					
General and administrative expenses (excluding equity-based compensation), in millions	\$51.0	\$53.0	\$53.0	\$55.0	\$53.1
Equity-based compensation, in millions	\$6.5	\$7.0	\$6.5	\$7.0	\$6.3
Management fees and other revenue, in millions	\$32.0	\$34.0	\$28.0	\$30.0	\$27.6
Core FFO from unconsolidated real estate ventures, in millions	\$23.5	\$25.0	\$25.0	\$26.5	\$24.8
Subordinated performance unit distributions, in millions	\$46.0	\$48.0	\$51.0	\$53.0	\$58.8
Acquisitions of self storage properties, in millions	\$200.0	\$300.0	\$200.0	\$400.0	\$569.2

	Current Ranges for Full Year 2023		Prior Ranges for Full Year 2023	
	Low	High	Low	High
Earnings per share - diluted	\$1.12	\$1.16	\$1.25	\$1.31
Impact of the difference in weighted average number of shares and GAAP accounting for noncontrolling interests, two-class method and treasury stock method	0.01	0.01	0.07	0.02
Add real estate depreciation and amortization, including NSA's share of unconsolidated venture real estate depreciation and amortization	1.83	1.87	1.83	1.91
FFO attributable to subordinated unitholders	(0.35)	(0.37)	(0.38)	(0.41)
Add loss on early extinguishment of debt	0.01	0.01	—	0.01
Add acquisition costs and NSA's share of unconsolidated real estate venture acquisition costs	0.01	0.01	0.01	0.02
Core FFO per share and unit	\$2.63	\$2.69	\$2.78	\$2.86

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

(2) 2023 guidance reflects NSA's 2023 same store pool comprising 834 stores. 2022 actual results reflect NSA's 2022 same store pool comprising 628 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 August 7, 2023.

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 Daylight Time on Tuesday, August 8, 2023 to discuss its second quarter 2023 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, August 8, 2023, 1:00 pm EDT

Webcast available at: www.nationalstorageaffiliates.com

Domestic (Toll Free US & Canada): 877.407.9711

International: 412.902.1014

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 Bank of America Securities 2023 Global Real Estate Conference on September 12 - 13, 2023 in New York, New York and the Evercore ISI 9th Annual Storage Symposium on October 4, 2023 in New York, New York.

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 June 30, 2023, the Company held ownership interests in and operated 1,117 self storage properties located in 42 states and Puerto Rico with approximately 72.8 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. NSA is included in the MSCI US REIT Index (RMS/RMZ), the Russell 1000 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, inflation, 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; and the Company's guidance estimates for the year ended December 31, 2023. 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)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
REVENUE				
Rental revenue	\$ 199,311	\$ 184,636	\$ 393,440	\$ 359,105
Other property-related revenue	7,613	6,341	14,420	12,507
Management fees and other revenue	8,587	7,913	15,644	14,462
Total revenue	215,511	198,890	423,504	386,074
OPERATING EXPENSES				
Property operating expenses	57,094	53,188	113,577	102,546
General and administrative expenses	14,404	14,702	29,225	28,668
Depreciation and amortization	56,705	57,891	112,163	115,963
Other	3,220	525	4,393	995
Total operating expenses	131,423	126,306	259,358	248,172
OTHER (EXPENSE) INCOME				
Interest expense	(39,693)	(24,448)	(77,641)	(47,095)
Loss on early extinguishment of debt	—	—	(758)	—
Equity in earnings of unconsolidated real estate ventures	1,861	1,962	3,539	3,456
Acquisition costs	(239)	(682)	(1,083)	(1,235)
Non-operating income (expense)	196	(261)	(402)	(373)
Gain on sale of self storage properties	—	—	—	2,134
Other expense, net	(37,875)	(23,429)	(76,345)	(43,113)
Income before income taxes	46,213	49,155	87,801	94,789
Income tax expense	(737)	(730)	(1,933)	(1,578)
Net income	45,476	48,425	85,868	93,211
Net income attributable to noncontrolling interests	(16,028)	(23,387)	(27,461)	(42,945)
Net income attributable to National Storage Affiliates Trust	29,448	25,038	58,407	50,266
Distributions to preferred shareholders	(5,119)	(3,382)	(8,799)	(6,661)
Net income attributable to common shareholders	\$ 24,329	\$ 21,656	\$ 49,608	\$ 43,605
Earnings per share - basic and diluted				
	\$ 0.28	\$ 0.24	\$ 0.56	\$ 0.48
Weighted average shares outstanding - basic and diluted				
	88,312	91,541	88,902	91,433

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

	June 30, 2023	December 31, 2022
ASSETS		
Real estate		
Self storage properties	\$ 6,579,167	\$ 6,391,572
Less accumulated depreciation	(877,707)	(772,661)
Self storage properties, net	5,701,460	5,618,911
Cash and cash equivalents	44,022	35,312
Restricted cash	3,299	6,887
Debt issuance costs, net	9,607	1,393
Investment in unconsolidated real estate ventures	219,060	227,441
Other assets, net	160,618	156,228
Operating lease right-of-use assets	23,325	23,835
Total assets	\$ 6,161,391	\$ 6,070,007
LIABILITIES AND EQUITY		
Liabilities		
Debt financing	\$ 3,639,547	\$ 3,551,179
Accounts payable and accrued liabilities	87,007	80,377
Interest rate swap liabilities	—	483
Operating lease liabilities	25,314	25,741
Deferred revenue	25,122	23,213
Total liabilities	3,776,990	3,680,993
Equity		
Series A Preferred shares of beneficial interest, par value \$0.01 per share. 50,000,000 authorized, 9,017,588 and 9,017,588 issued and outstanding at June 30, 2023 and December 31, 2022, respectively, at liquidation preference	225,439	225,439
Series B Preferred shares of beneficial interest, par value \$0.01 per share. 7,000,000 authorized, 5,668,128 issued and outstanding at June 30, 2023	115,212	—
Common shares of beneficial interest, par value \$0.01 per share. 250,000,000 shares authorized, 88,649,794 and 89,842,145 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively	886	898
Additional paid-in capital	1,692,741	1,777,984
Distributions in excess of earnings	(445,813)	(396,650)
Accumulated other comprehensive income	36,906	40,530
Total shareholders' equity	1,625,371	1,648,201
Noncontrolling interests	759,030	740,813
Total equity	2,384,401	2,389,014
Total liabilities and equity	\$ 6,161,391	\$ 6,070,007

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income	\$ 45,476	\$ 48,425	\$ 85,868	\$ 93,211
Add (subtract):				
Real estate depreciation and amortization	56,398	57,581	111,551	115,340
Company's share of unconsolidated real estate venture real estate depreciation and amortization	4,315	4,324	8,786	8,170
Gain on sale of self storage properties	—	—	—	(2,134)
Distributions to preferred shareholders and unitholders	(5,402)	(3,652)	(9,365)	(7,204)
FFO attributable to subordinated performance unitholders ⁽¹⁾	(12,309)	(15,746)	(24,096)	(29,595)
FFO attributable to common shareholders, OP unitholders, and LTIP unitholders	88,478	90,932	172,744	177,788
Add (subtract):				
Acquisition costs	239	682	1,083	1,235
Casualty-related recoveries ⁽²⁾	(522)	—	(522)	—
Loss on early extinguishment of debt	—	—	758	—
Core FFO attributable to common shareholders, OP unitholders, and LTIP unitholders	\$ 88,195	\$ 91,614	\$ 174,063	\$ 179,023
Weighted average shares and units outstanding - FFO and Core FFO:⁽³⁾				
Weighted average shares outstanding - basic	88,312	91,541	88,902	91,433
Weighted average restricted common shares outstanding	28	28	26	28
Weighted average OP units outstanding	38,755	35,390	38,746	35,370
Weighted average DownREIT OP unit equivalents outstanding	2,120	1,925	2,120	1,925
Weighted average LTIP units outstanding	523	501	537	552
Total weighted average shares and units outstanding - FFO and Core FFO	129,738	129,385	130,331	129,308
FFO per share and unit	\$ 0.68	\$ 0.70	\$ 1.32	\$ 1.37
Core FFO per share and unit	\$ 0.68	\$ 0.71	\$ 1.34	\$ 1.38

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

(2) Casualty-related recoveries relate to casualty-related expenses incurred during 2022 and are recorded in the line item "Other" within operating expenses in our consolidated statement of operations.

(3) 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⁽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.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Earnings per share - diluted	\$ 0.28	\$ 0.24	\$ 0.56	\$ 0.48
Impact of the difference in weighted average number of shares ⁽⁴⁾	(0.09)	(0.07)	(0.18)	(0.14)
Impact of GAAP accounting for noncontrolling interests, two-class method and treasury stock method ⁽⁵⁾	0.12	0.18	0.21	0.33
Add real estate depreciation and amortization	0.43	0.44	0.85	0.89
Add Company's share of unconsolidated real estate venture real estate depreciation and amortization	0.03	0.03	0.06	0.06
Subtract gain on sale of self storage properties	—	—	—	(0.02)
FFO attributable to subordinated performance unitholders	(0.09)	(0.12)	(0.18)	(0.23)
FFO per share and unit	0.68	0.70	1.32	1.37
Add acquisition costs	—	0.01	0.01	0.01
Subtract casualty-related recoveries	—	—	—	—
Add loss on early extinguishment of debt	—	—	0.01	—
Core FFO per share and unit	\$ 0.68	\$ 0.71	\$ 1.34	\$ 1.38

(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 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⁽⁴⁾.

Net Operating Income

(dollars in thousands) (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income	\$ 45,476	\$ 48,425	\$ 85,868	\$ 93,211
(Subtract) add:				
Management fees and other revenue	(8,587)	(7,913)	(15,644)	(14,462)
General and administrative expenses	14,404	14,702	29,225	28,668
Other	3,220	525	4,393	995
Depreciation and amortization	56,705	57,891	112,163	115,963
Interest expense	39,693	24,448	77,641	47,095
Equity in earnings of unconsolidated real estate ventures	(1,861)	(1,962)	(3,539)	(3,456)
Loss on early extinguishment of debt	—	—	758	—
Acquisition costs	239	682	1,083	1,235
Income tax expense	737	730	1,933	1,578
Gain on sale of self storage properties	—	—	—	(2,134)
Non-operating (income) expense	(196)	261	402	373
Net Operating Income	\$ 149,830	\$ 137,789	\$ 294,283	\$ 269,066

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income	\$ 45,476	\$ 48,425	\$ 85,868	\$ 93,211
Add:				
Depreciation and amortization	56,705	57,891	112,163	115,963
Company's share of unconsolidated real estate venture depreciation and amortization	4,315	4,324	8,786	8,170
Interest expense	39,693	24,448	77,641	47,095
Income tax expense	737	730	1,933	1,578
Loss on early extinguishment of debt	—	—	758	—
EBITDA	146,926	135,818	287,149	266,017
Add (subtract):				
Acquisition costs	239	682	1,083	1,235
Gain on sale of self storage properties	—	—	—	(2,134)
Casualty-related recoveries	(522)	—	(522)	—
Equity-based compensation expense	1,677	1,580	3,326	3,124
Adjusted EBITDA	\$ 148,320	\$ 138,080	\$ 291,036	\$ 268,242

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Source: National Storage Affiliates Trust