

November 1, 2023



National Storage Affiliates Trust Reports Third Quarter 2023 Results

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

Third Quarter 2023 Highlights

- Reported net income of \$43.1 million for the third quarter of 2023, an increase of 7.2% compared to the third quarter of 2022. Reported diluted earnings per share of \$0.26 for the third quarter of 2023 compared to \$0.21 for the third quarter of 2022.
- Reported core funds from operations ("Core FFO") of \$85.8 million, or \$0.67 per share for the third quarter of 2023, a decrease of 6.9% per share compared to the third quarter of 2022. An increase in net operating income ("NOI") of \$6.0 million was more than offset by an increase in interest expense of \$14.2 million, primarily due to an increase in average effective interest rates.
- Reported a decrease in same store NOI of 0.1% for the third quarter of 2023 compared to the same period in 2022, driven by a 1.1% increase in same store total revenues, which was more than offset by an increase of 4.2% in same store property operating expenses.
- Reported same store period-end occupancy of 88.5% as of September 30, 2023, a decrease of 360 basis points compared to September 30, 2022.
- Acquired two wholly-owned self storage properties for approximately \$30.1 million during the third quarter of 2023. Consideration for these acquisitions included the issuance of \$16.4 million of OP equity.
- Repurchased 6,360,994 of the Company's common shares for approximately \$213.4 million under the previously announced share repurchase program.

Highlights Subsequent to Quarter-End

- Issued \$250.0 million of senior unsecured notes with a weighted average interest rate of 6.58% and a weighted average maturity of 5.8 years in a private placement with institutional investors.
- Acquired two wholly-owned self storage properties for approximately \$25.4 million. Consideration for these acquisitions included approximately \$17.1 million of net cash and OP equity of approximately \$8.1 million.

David Cramer, President and Chief Executive Officer, commented, “Despite the current headwinds in self storage demand, our team did a good job navigating and responding to this dynamic environment. As a result of these efforts, we’ve maintained our guidance ranges for full-year 2023.”

Mr. Cramer further commented, “We’re also pleased to have completed our \$250 million debt private placement prior to the recent increase in debt costs. This transaction demonstrates our healthy access to capital and commitment to enhancing our balance sheet through reducing our floating rate exposure and increasing our weighted average maturity.”

Financial Results

(\$ in thousands, except per share and unit data)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Growth	2023	2022	Growth
Net income	\$ 43,064	\$ 40,177	7.2%	\$ 128,932	\$ 133,388	(3.3)%
Funds From Operations ("FFO")⁽¹⁾	\$ 85,418	\$ 86,215	(0.9)%	\$ 258,161	\$ 264,003	(2.2)%
Add back acquisition costs	341	1,142	(70.1)%	1,424	2,377	(40.1)%
Add (Subtract) casualty-related expenses (recoveries) ⁽²⁾	—	5,754	—%	(522)	5,754	(109.1)%
Add loss on early extinguishment of debt	—	—	—%	758	—	—%
Core FFO⁽¹⁾	\$ 85,759	\$ 93,111	(7.9)%	\$ 259,821	\$ 272,134	(4.5)%
Earnings per share - basic	\$ 0.28	\$ 0.21	33.3%	\$ 0.83	\$ 0.68	22.1%
Earnings per share - diluted	\$ 0.26	\$ 0.21	23.8%	\$ 0.77	\$ 0.68	13.2%
FFO per share and unit⁽¹⁾	\$ 0.67	\$ 0.67	—%	\$ 1.99	\$ 2.04	(2.5)%
Core FFO per share and unit⁽¹⁾	\$ 0.67	\$ 0.72	(6.9)%	\$ 2.01	\$ 2.10	(4.3)%

(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 increased \$2.9 million for the third quarter of 2023 and decreased \$4.5 million for the nine months ended September 30, 2023 ("year-to-date") as compared to the same periods in 2022. The increase in net income in the third quarter of 2023 was primarily due to an increase in NOI of \$6.0 million and \$5.8 million of casualty-related expense in the third quarter of 2022 that did not recur in 2023, partially offset by an increase in interest expense of \$14.2 million. The year-to-date decrease in net income was a result of an increase in interest expense of \$44.7 million for the nine months ended September 30, 2023, partially offset by an increase in NOI of \$31.2 million year-to-date driven primarily from additional NOI generated from the 18 wholly-owned self storage properties acquired during 2023 and 45 self storage properties acquired during 2022, that were owned during the entire nine months ended September 30, 2023.

The decreases in FFO and Core FFO for the third quarter of 2023 and year-to-date were the result of an increase in NOI of 4.2% and 7.5%, respectively, which were more than offset by an increase in interest expense of 49.2% and 58.9%, respectfully, as compared to the same periods in 2022.

Same Store Operating Results (834 Stores)

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Growth	2023	2022	Growth
Total revenues	\$ 188,700	\$ 186,718	1.1%	\$ 559,323	\$ 542,199	3.2%
Property operating expenses	52,403	50,285	4.2%	153,017	146,306	4.6%
Net Operating Income (NOI)	\$ 136,297	\$ 136,433	(0.1)%	\$ 406,306	\$ 395,893	2.6%
NOI Margin	72.2%	73.1%	(0.9)%	72.6%	73.0%	(0.4)%
Average Occupancy	89.5%	93.5%	(4.0)%	89.6%	93.7%	(4.1)%
Average Annualized Rental Revenue Per Occupied Square Foot	\$ 15.51	\$ 14.77	5.0%	\$ 15.31	\$ 14.33	6.8%

Year-over-year same store total revenues increased 1.1% for the third quarter of 2023 and 3.2% year-to-date as compared to the same period in 2022. The increase for the third quarter was driven primarily by a 5.0% increase in average annualized rental revenue per occupied square foot, partially offset by a 4.0% decrease in average occupancy. The year-to-date same store total revenue increase was driven primarily by a 6.8% increase in average annualized rental revenue per occupied square foot, partially offset by a 4.1% decrease in average occupancy. Markets which generated above portfolio average same store total revenue growth for the third quarter of 2023 include: Riverside, McAllen and Oklahoma City. Markets which generated below portfolio average same store total revenue growth for the third quarter of 2023 include: Las Vegas, Phoenix and San Antonio.

Year-over-year same store property operating expenses increased 4.2% for the third quarter of 2023 and 4.6% year-to-date as compared to the same periods in 2022. The increases primarily resulted from increases in marketing and insurance expense, partially offset by decreases in personnel expense.

Investment Activity

During the third quarter, NSA invested \$30.1 million in the acquisition of two self storage properties sourced from our captive pipeline, consisting of approximately 144,200 rentable square feet configured in approximately 1,100 storage units. Total consideration for these acquisitions included approximately \$13.7 million of net cash, \$9.2 million of subordinated performance units, \$6.2 million of 6.000% Series A-1 cumulative redeemable preferred units, \$0.9 million of OP units and LTIP units and the assumption of approximately \$0.1 million of other liabilities.

Balance Sheet

During the third quarter, NSA repurchased 6,360,994 of the Company's common shares for approximately \$213.4 million under the previously announced share repurchase program. Under the program, the Company has remaining capacity of approximately \$27.6 million out of a total of \$400.0 million authorized.

On October 5, 2023, NSA issued \$65.0 million of 6.46% senior unsecured notes due October 5, 2026, \$100.0 million of 6.55% senior unsecured notes due October 5, 2028, \$35.0 million of 6.66% senior unsecured notes due October 5, 2030 and \$50.0 million of 6.73% senior unsecured notes due October 5, 2033 in a private placement with institutional investors. The Company used the proceeds to repay outstanding amounts on its revolving line of credit and for general corporate purposes. In Schedule 4 of the supplemental financial information, the Company has presented its debt summary as of September 30, 2023, giving

pro forma effect for the unsecured notes and repayment of outstanding amounts on the line of credit.

Common Share Dividends

On August 17, 2023, NSA's Board of Trustees declared a quarterly cash dividend of \$0.56 per common share, representing a 1.8% increase from the third quarter 2022. The third quarter 2023 dividend was paid on September 29, 2023 to shareholders of record as of September 15, 2023.

2023 Guidance

NSA reaffirms its previously provided Core FFO guidance estimates and related assumptions for the year ended December 31, 2023.

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

	Current Ranges for Full Year 2023	
	Low	High
Earnings per share - diluted	\$ 1.02	\$ 1.05
Impact of the difference in weighted average number of shares and GAAP accounting for noncontrolling interests, two-class method and treasury stock method	0.11	0.12
Add real estate depreciation and amortization, including NSA's share of unconsolidated venture real estate depreciation and amortization	1.83	1.87
FFO attributable to subordinated unitholders	(0.35)	(0.37)
Add loss on early extinguishment of debt	0.01	0.01
Add acquisition costs and NSA's share of unconsolidated real estate venture acquisition costs	0.01	0.01
Core FFO per share and unit	\$ 2.63	\$ 2.69

(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 November 1, 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 Thursday, November 2, 2023 to discuss its third 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: Thursday, November 2, 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 upcoming Nareit REITworld 2023 Annual Conference on November 14 – 16, 2023 in Los Angeles, California.

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 September 30, 2023, the Company held ownership interests in and operated 1,119 self storage properties located in 42 states and Puerto Rico with approximately 73.0 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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
REVENUE				
Rental revenue	\$ 201,833	\$ 193,724	\$ 595,273	\$ 552,829
Other property-related revenue	7,764	6,400	22,184	18,907
Management fees and other revenue	9,550	6,649	25,194	21,111
Total revenue	219,147	206,773	642,651	592,847
OPERATING EXPENSES				
Property operating expenses	58,581	55,132	172,158	157,678
General and administrative expenses	15,100	15,298	44,325	43,966
Depreciation and amortization	55,842	59,631	168,005	175,594
Other	4,138	6,356	8,531	7,351
Total operating expenses	133,661	136,417	393,019	384,589
OTHER (EXPENSE) INCOME				
Interest expense	(43,065)	(28,871)	(120,706)	(75,966)
Loss on early extinguishment of debt	—	—	(758)	—
Equity in earnings of unconsolidated real estate ventures	1,930	2,134	5,469	5,590
Acquisition costs	(341)	(1,142)	(1,424)	(2,377)
Non-operating income (expense)	(24)	(226)	(426)	(599)
Gain on sale of self storage properties	—	—	—	2,134
Other expense, net	(41,500)	(28,105)	(117,845)	(71,218)
Income before income taxes	43,986	42,251	131,787	137,040
Income tax expense	(922)	(2,074)	(2,855)	(3,652)
Net income	43,064	40,177	128,932	133,388
Net income attributable to noncontrolling interests	(13,827)	(17,966)	(41,290)	(60,911)
Net income attributable to National Storage Affiliates Trust	29,237	22,211	87,642	72,477
Distributions to preferred shareholders	(5,110)	(3,382)	(13,908)	(10,043)
Net income attributable to common shareholders	\$ 24,127	\$ 18,829	\$ 73,734	\$ 62,434
Earnings per share - basic				
	\$ 0.28	\$ 0.21	\$ 0.83	\$ 0.68
Earnings per share - diluted				
	\$ 0.26	\$ 0.21	\$ 0.77	\$ 0.68
Weighted average shares outstanding - basic				
	87,004	91,471	88,263	91,446
Weighted average shares outstanding - diluted				
	146,118	91,471	147,610	91,446

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

	September 30, 2023	December 31, 2022
ASSETS		
Real estate		
Self storage properties	\$6,616,687	\$6,391,572
Less accumulated depreciation	(930,885)	(772,661)
Self storage properties, net	5,685,802	5,618,911
Cash and cash equivalents	58,846	35,312
Restricted cash	1,801	6,887
Debt issuance costs, net	8,976	1,393
Investment in unconsolidated real estate ventures	215,150	227,441
Other assets, net	171,530	156,228
Operating lease right-of-use assets	23,067	23,835
Total assets	<u>\$6,165,172</u>	<u>\$6,070,007</u>
LIABILITIES AND EQUITY		
Liabilities		
Debt financing	\$3,846,976	\$3,551,179
Accounts payable and accrued liabilities	109,361	80,377
Interest rate swap liabilities	—	483
Operating lease liabilities	25,095	25,741
Deferred revenue	27,009	23,213
Total liabilities	4,008,441	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 September 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 September 30, 2023	115,212	—
Common shares of beneficial interest, par value \$0.01 per share. 250,000,000 shares authorized, 82,955,797 and 89,842,145 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	830	898
Additional paid-in capital	1,539,279	1,777,984
Distributions in excess of earnings	(468,611)	(396,650)
Accumulated other comprehensive income	44,402	40,530
Total shareholders' equity	1,456,551	1,648,201
Noncontrolling interests	700,180	740,813
Total equity	2,156,731	2,389,014
Total liabilities and equity	<u>\$ 6,165,172</u>	<u>\$ 6,070,007</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	\$ 43,064	\$ 40,177	\$ 128,932	\$ 133,388
Add (subtract):				
Real estate depreciation and amortization	55,528	59,303	167,078	174,643
Company's share of unconsolidated real estate venture real estate depreciation and amortization	4,287	4,441	13,073	12,611
Gain on sale of self storage properties	—	—	—	(2,134)
Distributions to preferred shareholders and unitholders	(5,393)	(3,653)	(14,758)	(10,857)
FFO attributable to subordinated performance unitholders ⁽¹⁾	(12,068)	(14,053)	(36,164)	(43,648)
FFO attributable to common shareholders, OP unitholders, and LTIP unitholders	85,418	86,215	258,161	264,003
Add (subtract):				
Acquisition costs	341	1,142	1,424	2,377
Casualty-related expense (recoveries) ⁽²⁾	—	5,754	(522)	5,754
Loss on early extinguishment of debt	—	—	758	—
Core FFO attributable to common shareholders, OP unitholders, and LTIP unitholders	\$ 85,759	\$ 93,111	\$ 259,821	\$ 272,134
Weighted average shares and units outstanding - FFO and Core FFO:⁽³⁾				
Weighted average shares outstanding - basic	87,004	91,471	88,263	91,446
Weighted average restricted common shares outstanding	25	26	26	27
Weighted average OP units outstanding	38,030	35,334	38,504	35,361
Weighted average DownREIT OP unit equivalents outstanding	2,120	1,925	2,120	1,925
Weighted average LTIP units outstanding	562	477	545	526
Total weighted average shares and units outstanding - FFO and Core FFO	127,741	129,233	129,458	129,285
FFO per share and unit	\$ 0.67	\$ 0.67	\$ 1.99	\$ 2.04
Core FFO per share and unit	\$ 0.67	\$ 0.72	\$ 2.01	\$ 2.10

(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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Earnings per share - diluted	\$ 0.26	\$ 0.21	\$ 0.77	\$ 0.68
Impact of the difference in weighted average number of shares ⁽⁴⁾	0.04	(0.06)	0.11	(0.20)
Impact of GAAP accounting for noncontrolling interests, two-class method and treasury stock method ⁽⁵⁾	—	0.14	—	0.47
Add real estate depreciation and amortization	0.44	0.46	1.29	1.35
Add Company's share of unconsolidated real estate venture real estate depreciation and amortization	0.03	0.03	0.10	0.10
Subtract gain on sale of self storage properties	—	—	—	(0.02)
FFO attributable to subordinated performance unitholders	(0.10)	(0.11)	(0.28)	(0.34)
FFO per share and unit	0.67	0.67	1.99	2.04
Add acquisition costs	—	0.01	0.01	0.02
Add casualty-related expenses	—	0.04	—	0.04
Add loss on early extinguishment of debt	—	—	0.01	—
Core FFO per share and unit	\$ 0.67	\$ 0.72	\$ 2.01	\$ 2.10

(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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	\$ 43,064	\$ 40,177	\$ 128,932	\$ 133,388
(Subtract) add:				
Management fees and other revenue	(9,550)	(6,649)	(25,194)	(21,111)
General and administrative expenses	15,100	15,298	44,325	43,966
Other	4,138	6,356	8,531	7,351
Depreciation and amortization	55,842	59,631	168,005	175,594
Interest expense	43,065	28,871	120,706	75,966
Equity in earnings of unconsolidated real estate ventures	(1,930)	(2,134)	(5,469)	(5,590)
Loss on early extinguishment of debt	—	—	758	—
Acquisition costs	341	1,142	1,424	2,377
Income tax expense	922	2,074	2,855	3,652
Gain on sale of self storage properties	—	—	—	(2,134)
Non-operating expense	24	226	426	599
Net Operating Income	\$ 151,016	\$ 144,992	\$ 445,299	\$ 414,058

EBITDA and Adjusted EBITDA

(dollars in thousands) (unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	\$ 43,064	\$ 40,177	\$ 128,932	\$ 133,388
Add:				
Depreciation and amortization	55,842	59,631	168,005	175,594
Company's share of unconsolidated real estate venture depreciation and amortization	4,287	4,441	13,073	12,611
Interest expense	43,065	28,871	120,706	75,966
Income tax expense	922	2,074	2,855	3,652
Loss on early extinguishment of debt	—	—	758	—
EBITDA	147,180	135,194	434,329	401,211
Add (subtract):				
Acquisition costs	341	1,142	1,424	2,377
Gain on sale of self storage properties	—	—	—	(2,134)
Casualty-related expenses (recoveries)	—	5,754	(522)	5,754
Equity-based compensation expense	1,702	1,546	5,028	4,670
Adjusted EBITDA	\$ 149,223	\$ 143,636	\$ 440,259	\$ 411,878

View source version on businesswire.com:

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National Storage Affiliates Trust

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