

February 22, 2021



# National Storage Affiliates Trust Reports Fourth Quarter and Full Year 2020 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 2020 results.

## Fourth Quarter 2020 Highlights

- Reported net income of \$24.5 million for the fourth quarter of 2020, an increase of 30.2% compared to the fourth quarter of 2019. Reported diluted earnings per share of \$0.18 for the fourth quarter of 2020, primarily relating to the HLBV method for allocating net income among the various classes of equity.
- Reported core funds from operations ("Core FFO") of \$46.9 million, or \$0.46 per share for the fourth quarter of 2020, an increase of 15.0% per share compared to the fourth quarter of 2019.
- Reported an increase in same store net operating income ("NOI") of 6.1% for the fourth quarter of 2020 compared to the same period in 2019, driven by a 4.8% increase in same store total revenues partially offset by a 1.6% increase in same store property operating expenses.
- Reported same store period-end occupancy of 91.8% as of December 31, 2020, an increase of 460 basis points compared to December 31, 2019.
- Settled a portion of the previously announced underwritten public offering completed under forward sale agreements (the "forward offering") by physically delivering 1,850,510 common shares of beneficial interest ("common shares") to the forward purchasers on December 30, 2020 for net proceeds of approximately \$60.0 million.
- Acquired 33 wholly-owned self storage properties and two expansion projects to existing properties for \$260.5 million during the fourth quarter of 2020. Consideration for these acquisitions included the issuance of \$20.7 million of OP equity.
- Added Blue Sky Self Storage as the Company's tenth Participating Regional Operator ("PRO"), with four properties contributed in December 2020.

## Full Year 2020 Highlights

- Reported net income of \$79.5 million for full year 2020, an increase of 20.4% compared to full year 2019. Reported diluted earnings per share of \$0.53 for full year 2020, primarily relating to the HLBV method for allocating net income among the

various classes of equity.

- Reported Core FFO of \$169.3 million, or \$1.71 per share for full year 2020, an increase of 11.0% per share compared to full year 2019.
- Reported an increase in same store NOI of 2.2% for full year 2020 compared to the same period in 2019, driven by a 1.7% increase in same store total revenues partially offset by a 0.5% increase in same store property operating expenses.
- Acquired 77 wholly-owned self storage properties for \$543.3 million during full year 2020. Consideration for these acquisitions included the issuance of approximately \$37.2 million of OP equity.

### Highlights Subsequent to Quarter-End

- NSA acquired 13 wholly-owned self storage properties for approximately \$84.5 million.

Tamara Fischer, President and Chief Executive Officer, commented, "We closed out 2020 on a positive note with excellent operating results despite the continued economic stress resulting from the pandemic. Our fourth quarter same store revenues grew by 4.8% year-over-year and same store occupancy numbers remain at record levels. Our acquisition volume also accelerated during the fourth quarter with the addition of over a quarter of a billion dollars of self storage properties to our wholly-owned portfolio. These favorable trends continued into the first quarter, marking a strong start to 2021."

### Financial Results

(\$ in thousands, except per share and unit data)	Three Months Ended			Year Ended December 31,		
	December 31,			December 31,		
	2020	2019	Growth	2020	2019	Growth
<b>Net income</b>	<b>\$ 24,517</b>	<b>\$ 18,826</b>	<b>30.2%</b>	<b>\$ 79,478</b>	<b>\$ 66,013</b>	<b>20.4%</b>
<b>Funds From Operations ("FFO")<sup>(1)</sup></b>	<b>\$ 46,184</b>	<b>\$ 36,218</b>	<b>27.5%</b>	<b>\$ 166,911</b>	<b>\$ 139,151</b>	<b>19.9%</b>
Add back acquisition costs	743	534	39.1%	2,424	1,317	84.1%
<b>Core FFO<sup>(1)</sup></b>	<b>\$ 46,927</b>	<b>\$ 36,752</b>	<b>27.7%</b>	<b>\$ 169,335</b>	<b>\$ 140,468</b>	<b>20.6%</b>
<b>Earnings (loss) per share - basic</b>	<b>\$ 0.21</b>	<b>\$ 0.17</b>	<b>23.5%</b>	<b>\$ 0.53</b>	<b>\$ (0.15)</b>	<b>453.3%</b>
<b>Earnings (loss) per share - diluted</b>	<b>\$ 0.18</b>	<b>\$ 0.13</b>	<b>38.5%</b>	<b>\$ 0.53</b>	<b>\$ (0.15)</b>	<b>453.3%</b>
<b>FFO per share and unit<sup>(1)</sup></b>	<b>\$ 0.46</b>	<b>\$ 0.39</b>	<b>17.9%</b>	<b>\$ 1.69</b>	<b>\$ 1.53</b>	<b>10.5%</b>
<b>Core FFO per share and unit<sup>(1)</sup></b>	<b>\$ 0.46</b>	<b>\$ 0.40</b>	<b>15.0%</b>	<b>\$ 1.71</b>	<b>\$ 1.54</b>	<b>11.0%</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 \$5.7 million for the fourth quarter of 2020 and \$13.5 million for the year ended December 31, 2020 ("year-to-date") as compared to the same periods in 2019. The increase for the fourth quarter of 2020 resulted primarily from additional NOI generated from the 77 wholly-owned self storage properties acquired during the year ended December 31, 2020 and earnings from the Company's unconsolidated real estate ventures partially offset by increases in depreciation and amortization, interest expense and non-operating expense. The year-to-date increase was the result of additional NOI generated from the 77 wholly-owned self storage properties acquired during 2020 and a decrease in GAAP losses from the Company's unconsolidated real estate ventures partially offset by increases in depreciation and amortization, interest expense, non-operating expense, acquisition costs and a decrease in gains from the sale of self storage properties.

The increases in FFO and Core FFO for the fourth quarter of 2020 and year-to-date were primarily the result of incremental NOI from properties acquired during the year ended December 31, 2020 and decreases in distributions to subordinated performance unitholders.

#### Same Store Operating Results (500 Stores)

(\$ in thousands, except per square foot data)	Three Months Ended			Year Ended December 31,		
	December 31, 2020	December 31, 2019	Growth	December 31, 2020	December 31, 2019	Growth
Total revenues	\$88,973	\$84,864	4.8%	\$342,720	\$337,071	1.7%
Property operating expenses	24,912	24,509	1.6%	101,134	100,588	0.5%
<b>Net Operating Income (NOI)</b>	<b>\$64,061</b>	<b>\$60,355</b>	<b>6.1%</b>	<b>\$241,586</b>	<b>\$236,483</b>	<b>2.2%</b>
<b>NOI Margin</b>	<b>72.0%</b>	<b>71.1%</b>	<b>0.9%</b>	<b>70.5%</b>	<b>70.2%</b>	<b>0.3%</b>
<b>Average Occupancy</b>	<b>92.1%</b>	<b>88.1%</b>	<b>4.0%</b>	<b>89.6%</b>	<b>88.6%</b>	<b>1.0%</b>
<b>Average Annualized Rental Revenue Per Occupied Square Foot</b>	<b>\$ 12.26</b>	<b>\$ 12.27</b>	<b>(0.1)%</b>	<b>\$ 12.15</b>	<b>\$ 12.12</b>	<b>0.2%</b>

Year-over-year same store total revenues increased 4.8% for the fourth quarter of 2020 and increased 1.7% year-to-date as compared to the same periods in 2019. The increase for the fourth quarter of 2020 was driven primarily by a 400 basis point increase in average occupancy partially offset by 0.1% decrease in average annualized rental revenue per occupied square foot. The year-to-date increase in same store total revenue was driven primarily by a 100 basis point increase in average occupancy and a 0.2% increase in average annualized rental revenue per occupied square foot. Markets which generated

above portfolio average same store total revenue growth include: Riverside-San Bernardino, Oklahoma City and Phoenix. Markets which generated below portfolio average same store total revenue growth include: Atlanta, Dallas and Los Angeles.

Year-over-year same store property operating expenses increased 1.6% for the fourth quarter of 2020 and 0.5% year-to-date as compared to the same periods in 2019. The increase for the fourth quarter of 2020 primarily resulted from increases in property taxes. The year-to-date increase was driven primarily by an increase in property taxes partially offset by decreases in utilities expenses.

### **Investment Activity**

During the fourth quarter, NSA invested approximately \$260.5 million in the acquisition of 33 self storage properties and two expansion projects to existing properties consisting of approximately 2.5 million rentable square feet configured in approximately 16,750 storage units. Total consideration for these acquisitions included approximately \$237.5 million of net cash, the issuance of approximately \$13.3 million of OP units and \$7.4 million of subordinated performance units and the assumption of approximately \$2.2 million of other liabilities.

During the fourth quarter of 2020, NSA's 2018 Joint Venture invested in one self storage property for \$9.7 million. The self storage property will be operated together with one of the 2018 Joint Venture's existing facilities.

### **Balance Sheet**

On October 22, 2020, the Company's operating partnership issued \$150.0 million of 2.99% senior unsecured notes due August 5, 2030 and \$100.0 million of 3.09% senior unsecured notes due August 5, 2032 (the "Senior Unsecured Notes") in a private placement to certain institutional investors, completing the offering that was announced August 6, 2020. The Company used the proceeds to repay outstanding amounts on its revolving line of credit and for general corporate purposes.

On December 30, 2020, the Company settled a portion of the previously announced forward offering by physically delivering 1,850,510 common shares to the forward purchasers on December 30, 2020 for net proceeds of approximately \$60.0 million. The Company used the proceeds to acquire self storage properties, repay outstanding amounts on its revolving line of credit and for general corporate purposes. As of December 31, 2020, 3,049,490 common shares remained outstanding under the forward sale agreements.

### **Common Share Dividends**

On November 12, 2020, NSA's Board of Trustees increased the Company's quarterly cash dividend by \$0.01 to \$0.35 per common share, representing a 6.1% increase over the fourth of quarter of 2019. The fourth quarter 2020 dividend was paid on December 31, 2020 to shareholders of record as of December 15, 2020.

### **2021 Guidance**

The following table outlines NSA's FFO guidance estimates and related assumptions for the year ended December 31, 2021:

	Ranges for Full Year 2021	
	Low	High
Core FFO per share <sup>(1)</sup>	\$1.81	\$1.86
Same store operations (560 stores)		
Total revenue growth	3.0%	4.5%
Property operating expenses growth	3.5%	5.0%
NOI growth	2.5%	5.0%
General and administrative expenses		
General and administrative expenses (excluding equity-based compensation), in millions	\$41.0	\$44.0
Equity-based compensation, in millions	\$5.5	\$6.0
Management fees and other revenue, in millions	\$22.0	\$23.0
Core FFO from unconsolidated real estate ventures, in millions	\$16.0	\$17.0
Subordinated performance unit distributions, in millions	\$31.0	\$34.0
Acquisitions of self storage properties, in millions	\$400.0	\$650.0

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

	Ranges for Full Year 2021	
	Low	High
<b>Earnings (loss) per share - diluted</b>	<b>\$0.59</b>	<b>\$0.69</b>
Impact of the difference in weighted average number of shares and GAAP accounting for noncontrolling interests, two-class method and treasury stock method	0.18	0.10
Add real estate depreciation and amortization, including NSA's share of unconsolidated venture real estate depreciation and amortization	1.31	1.37
FFO attributable to subordinated unitholders	(0.29)	(0.32)
Add acquisition costs and NSA's share of unconsolidated real estate venture acquisition costs	0.02	0.02
<b>Core FFO per share and unit</b>	<b>\$1.81</b>	<b>\$1.86</b>

## 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, 2021.

## **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 12:00 pm Eastern Time on Tuesday, February 23, 2021 to discuss its fourth quarter 2020 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 23, 2021, 12:00pm 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 2, 2021. 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 Conferences**

NSA management is scheduled to participate in Citi's 2021 Virtual Global Property CEO

Conference, March 8 – 11, 2021.

## **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. As of December 31, 2020, the Company held ownership interests in and operated 821 self storage properties located in 36 states and Puerto Rico with approximately 52.0 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](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 SmallCap 600 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 our ability to execute on our acquisition pipeline; the timing of acquisitions under contract; the internalization of retiring participating regional operators ("PROs") into the Company; the negative impacts from the continued spread of COVID-19 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, 2021. 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 December 31,		Year Ended December 31,	
	2020	2019	2020	2019
<b>REVENUE</b>				
Rental revenue	\$ 104,266	\$ 92,083	\$394,660	\$354,859
Other property-related revenue	3,852	3,133	14,524	12,302
Management fees and other revenue	5,991	5,352	23,038	20,735
Total revenue	114,109	100,568	432,222	387,896
<b>OPERATING EXPENSES</b>				
Property operating expenses	31,091	27,712	123,486	110,347
General and administrative expenses	11,399	11,566	43,640	44,030
Depreciation and amortization	29,827	27,343	117,174	105,119
Other	(522)	40	808	1,551
Total operating expenses	71,795	66,661	285,108	261,047
<b>OTHER (EXPENSE) INCOME</b>				
Interest expense	(16,192)	(14,874)	(62,595)	(56,464)
Equity in earnings (losses) of unconsolidated real estate ventures	516	(8)	265	(4,970)
Acquisition costs	(743)	(534)	(2,424)	(1,317)
Non-operating (expense) income	(582)	727	(1,211)	452
Gain on sale of self storage properties	—	—	—	2,814
Other expense	(17,001)	(14,689)	(65,965)	(59,485)
<b>Income before income taxes</b>	25,313	19,218	81,149	67,364
Income tax expense	(796)	(392)	(1,671)	(1,351)
<b>Net income</b>	24,517	18,826	79,478	66,013
Net income attributable to noncontrolling interests	(6,465)	(5,738)	(30,869)	(62,030)
<b>Net income attributable to National Storage Affiliates Trust</b>	18,052	13,088	48,609	3,983
Distributions to preferred shareholders	(3,275)	(3,273)	(13,097)	(12,390)
<b>Net income (loss) attributable to common shareholders</b>	\$ 14,777	\$ 9,815	\$ 35,512	\$ (8,407)
<b>Earnings (loss) per share - basic</b>	\$ 0.21	\$ 0.17	\$ 0.53	\$ (0.15)
<b>Earnings (loss) per share - diluted</b>	\$ 0.18	\$ 0.13	\$ 0.53	\$ (0.15)
<b>Weighted average shares outstanding - basic</b>	69,240	59,316	66,547	58,208

<b>Weighted average shares outstanding - diluted</b>	117,090	114,422	66,607	58,208
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**National Storage Affiliates Trust**  
**Consolidated Balance Sheets**  
(dollars in thousands, except per share amounts)  
(unaudited)

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Real estate		
Self storage properties	\$3,639,192	\$3,091,719
Less accumulated depreciation	(443,623)	(337,822)
Self storage properties, net	3,195,569	2,753,897
Cash and cash equivalents	18,723	20,558
Restricted cash	2,978	3,718
Debt issuance costs, net	2,496	3,264
Investment in unconsolidated real estate ventures	202,533	214,061
Other assets, net	68,149	65,441
Operating lease right-of-use assets	23,129	23,306
Total assets	<u>\$3,513,577</u>	<u>\$3,084,245</u>
<b>LIABILITIES AND EQUITY</b>		
Liabilities		
Debt financing	\$1,916,971	\$1,534,047
Accounts payable and accrued liabilities	47,043	37,966
Interest rate swap liabilities	77,918	19,943
Operating lease liabilities	24,756	24,665
Deferred revenue	16,414	15,523
Total liabilities	2,083,102	1,632,144
Equity		
Preferred shares of beneficial interest, par value \$0.01 per share. 50,000,000 authorized, 8,732,719 and 8,727,119 issued and outstanding at December 31, 2020 and December 31, 2019, respectively, at liquidation preference	218,318	218,178
Common shares of beneficial interest, par value \$0.01 per share. 250,000,000 shares authorized, 71,293,117 and 59,659,108 shares issued and outstanding at December 31, 2020 and December 31, 2019, respectively	713	597
Additional paid-in capital	1,050,714	905,763
Distributions in excess of earnings	(251,704)	(197,075)
Accumulated other comprehensive loss	(49,084)	(7,833)
Total shareholders' equity	968,957	919,630
Noncontrolling interests	461,518	532,471

Total equity		1,430,475	1,452,101
Total liabilities and equity		<u>\$3,513,577</u>	<u>\$3,084,245</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,			
	2020	2019	2020	2019
<b>Net income</b>	<b>\$ 24,517</b>	<b>\$ 18,826</b>	<b>\$ 79,478</b>	<b>\$ 66,013</b>
Add (subtract):				
Real estate depreciation and amortization	29,474	27,019	115,757	103,835
Company's share of unconsolidated real estate venture real estate depreciation and amortization	3,869	3,763	15,297	19,889
Gain on sale of self storage properties	—	—	—	(2,814)
Company's share of unconsolidated real estate venture loss on sale of properties	—	—	—	202
Mark-to-market changes in value on equity securities	—	(610)	142	(610)
Distributions to preferred shareholders and unitholders	(3,514)	(3,514)	(14,055)	(13,243)
FFO attributable to subordinated performance unitholders <sup>(1)</sup>	(8,162)	(9,266)	(29,708)	(34,121)
<b>FFO attributable to common shareholders, OP unitholders, and LTIP unitholders</b>	<b>46,184</b>	<b>36,218</b>	<b>166,911</b>	<b>139,151</b>
Add:				
Acquisition costs	743	534	2,424	1,317
<b>Core FFO attributable to common shareholders, OP unitholders, and LTIP unitholders</b>	<b>\$ 46,927</b>	<b>\$ 36,752</b>	<b>\$ 169,335</b>	<b>\$ 140,468</b>

<b>Weighted average shares and units outstanding - FFO and Core FFO:<sup>(2)</sup></b>				
Weighted average shares outstanding - basic	69,240	59,316	66,547	58,208
Weighted average restricted common shares outstanding	31	26	30	28
Weighted average effect of outstanding forward offering agreement <sup>(3)</sup>	240	—	60	—
Weighted average OP units outstanding	29,471	30,457	29,863	30,277
Weighted average DownREIT OP unit equivalents outstanding	1,925	1,848	1,906	1,848
Weighted average LTIP units outstanding	507	525	543	585
<b>Total weighted average shares and units outstanding - FFO and Core FFO</b>	<b>101,414</b>	<b>92,172</b>	<b>98,949</b>	<b>90,946</b>
<b>FFO per share and unit</b>	<b>\$ 0.46</b>	<b>\$ 0.39</b>	<b>\$ 1.69</b>	<b>\$ 1.53</b>
<b>Core FFO per share and unit</b>	<b>\$ 0.46</b>	<b>\$ 0.40</b>	<b>\$ 1.71</b>	<b>\$ 1.54</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,			
	2020	2019	2020	2019
<b>Earnings (loss) per share - diluted</b>	\$ 0.18	\$ 0.13	\$ 0.53	\$ (0.15)
Impact of the difference in weighted average number of shares <sup>(4)</sup>	0.03	0.03	(0.16)	0.05
Impact of GAAP accounting for noncontrolling interests, two-class method and treasury stock method <sup>(5)</sup>	—	0.01	0.30	0.69
Add real estate depreciation and amortization	0.29	0.29	1.17	1.14
Add Company's share of unconsolidated real estate venture real estate depreciation and amortization	0.04	0.04	0.15	0.22
Subtract gain on sale of self storage properties	—	—	—	(0.03)
Subtract mark-to-market changes in value on equity securities	—	(0.01)	—	(0.01)
FFO attributable to subordinated performance unitholders	(0.08)	(0.10)	(0.30)	(0.38)
<b>FFO per share and unit</b>	<b>0.46</b>	<b>0.39</b>	<b>1.69</b>	<b>1.53</b>
Add acquisition costs	—	0.01	0.02	0.01
<b>Core FFO per share and unit</b>	<b>\$ 0.46</b>	<b>\$ 0.40</b>	<b>\$ 1.71</b>	<b>\$ 1.54</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,	
	2020	2019	2020	2019
<b>Net income</b>	<b>\$ 24,517</b>	<b>\$ 18,826</b>	<b>\$ 79,478</b>	<b>\$ 66,013</b>
(Subtract) add:				
Management fees and other revenue	(5,991)	(5,352)	(23,038)	(20,735)
General and administrative expenses	11,399	11,566	43,640	44,030
Other	(522)	40	808	1,551
Depreciation and amortization	29,827	27,343	117,174	105,119
Interest expense	16,192	14,874	62,595	56,464
Equity in (earnings) losses of unconsolidated real estate ventures	(516)	8	(265)	4,970
Acquisition costs	743	534	2,424	1,317
Income tax expense	796	392	1,671	1,351
Gain on sale of self storage properties	—	—	—	(2,814)
Non-operating expense (income)	582	(727)	1,211	(452)
<b>Net Operating Income</b>	<b>\$ 77,027</b>	<b>\$ 67,504</b>	<b>\$ 285,698</b>	<b>\$ 256,814</b>

### EBITDA and Adjusted EBITDA

(dollars in thousands) (unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
<b>Net income</b>	<b>\$ 24,517</b>	<b>\$ 18,826</b>	<b>\$ 79,478</b>	<b>\$ 66,013</b>
Add:				
Depreciation and amortization	29,827	27,343	117,174	105,119
Company's share of unconsolidated real estate venture depreciation and amortization	3,869	3,763	15,297	19,889
Interest expense	16,192	14,874	62,595	56,464
Income tax expense	796	392	1,671	1,351
<b>EBITDA</b>	<b>75,201</b>	<b>65,198</b>	<b>276,215</b>	<b>248,836</b>
Add (subtract):				
Acquisition costs	743	534	2,424	1,317
Gain on sale of self storage properties	—	—	—	(2,814)
Company's share of unconsolidated real estate venture loss on sale of properties	—	—	—	202
Equity-based compensation expense	1,170	1,154	4,278	4,527
<b>Adjusted EBITDA</b>	<b>\$ 77,114</b>	<b>\$ 66,886</b>	<b>\$282,917</b>	<b>\$252,068</b>

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