



**PRO**FORMANCE

# The BMO Capital Markets 11th Annual Real Estate Conference

SEPTEMBER 19, 2016

Information in this presentation is as of June 30, 2016, except as otherwise noted.



**NATIONAL STORAGE**  
AFFILIATES



# FORWARD-LOOKING STATEMENT

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We make forward-looking statements in this presentation that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. When we use the words “believe,” “expect,” “anticipate,” “estimate,” “plan,” “continue,” “intend,” “should,” “may” or similar expressions, we intend to identify forward-looking statements. The forward-looking statements contained in this presentation reflect our current views about future events and are subject to numerous known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause our actual results to differ significantly from those expressed in any forward-looking statement.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. Forward-looking statements are not predictions of future events. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. Some of these factors are described in the quarterly report on form 10-Q filed with the SEC on August 9, 2016 and the annual report on form 10-K filed with the SEC on March 10, 2016 under the headings “business,” “risk factors,” “properties,” and “management’s discussion and analysis of financial condition and results of operations,” as applicable. You may get these documents for free by visiting EDGAR on the SEC website at [www.sec.gov](http://www.sec.gov). If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise over time, and it is not possible for us to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This presentation and the information contained herein are for informational purposes only and may not be relied upon for any purpose, including in connection with the purchase or sale of any of our securities. Such information does not constitute an offer to sell or a solicitation of an offer to buy any security described herein.



# INVESTMENT HIGHLIGHTS

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1

Institutional Quality, Geographically Diverse Portfolio Focused in High Growth Markets in Top 100 MSAs

2

Differentiated Structure Provides Strong Internal and External Growth Incentives with Downside Protection

3

Senior Management Team with Deep Industry Experience

4

Performance to Date Has Met or Exceeded All Objectives Outlined at the IPO

5

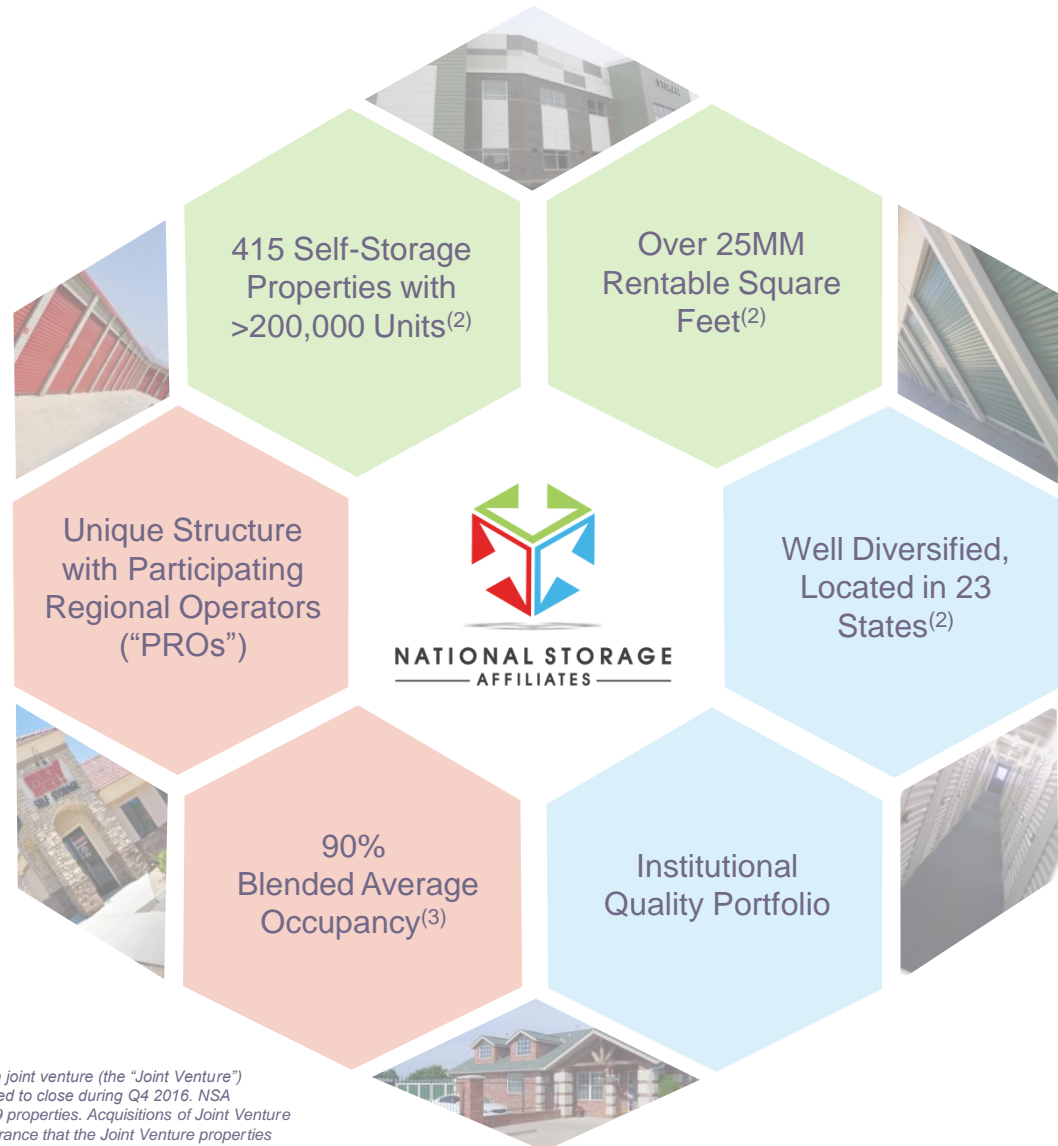
Flexible Capital Structure Supports Future Growth

# NATIONAL STORAGE AFFILIATES OVERVIEW

## - POST ISTOREAGE ACQUISITION



- National Storage Affiliates Trust (“NSA”) is a publicly traded NYSE self-storage REIT; ticker symbol “NSA”
- 6th largest operator of self-storage properties in the US<sup>(1)(2)</sup>
- Institutional quality portfolio with properties located in high growth markets in the top 100 MSAs
- Positioned to deliver significant external and organic growth



<sup>(1)</sup> Per 2016 Self-Storage Almanac based on number of properties.

<sup>(2)</sup> Property statistics are proforma for the 66 iStorage properties currently under contract by a joint venture (the “Joint Venture”) between NSA and a large state pension fund (the “iStorage Transaction”), which is expected to close during Q4 2016. NSA manages the Joint Venture and owns 25% of it. As of September 1, 2016, NSA owned 349 properties. Acquisitions of Joint Venture properties under contract are subject to customary closing conditions and there is no assurance that the Joint Venture properties will be acquired or will be acquired at the time or pursuant to the terms currently contemplated.

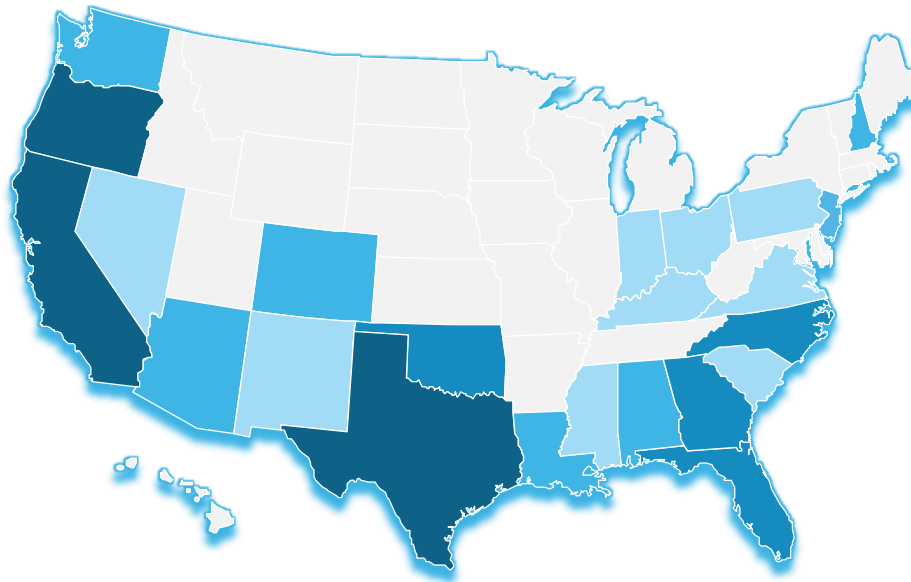
<sup>(3)</sup> Blended NSA and iStorage average occupancy as of September 1, 2016.



# NSA'S GUIDING VISION UNITES TOP OPERATORS

NSA's unique strategy has successfully attracted seven of the most prominent operators with the common goal to drive significant organic and external growth

**6th Largest U.S. Operator**  
415 Properties<sup>(1)</sup>



<sup>(1)</sup> Property statistics are proforma for the Joint Venture's 66 properties under contract, which are expected to close during Q4 2016. NSA manages the Joint Venture and owns 25% of it. As of September 1, 2016, NSA owned 349 properties. Acquisitions of Joint Venture properties under contract are subject to customary closing conditions and there is no assurance that the Joint Venture properties will be acquired or will be acquired at the time or pursuant to the terms currently contemplated.

<sup>(2)</sup> iStorage is not a NSA Participating Regional Operator.



# GROWTH HISTORY OF NSA

## Deeply Rooted Operating History

### PRO FORMATION AND INSTITUTIONALIZATION

#### 1970 – 2011

- **1973** – Move It predecessor founded
- **1977** – Northwest and Hide-Away founded
- **1988** – SecurCare founded
- **1989** – Storage Solutions founded
- **1999** – Guardian founded
- **2007** – Optivest founded
- **2007** – Raised initial institutional capital through SecurCare predecessor

### NSA FORMATION AND GROWTH

#### 2012 - 2016

- **2012** – Agreement in principle reached by three founding PROs: SecurCare, Northwest and Optivest
- **2013** – NSA formed
- **2014** – 4th PRO: Guardian
- **2014** – 5th PRO: Move It
- **2015** – 6th PRO: Storage Solutions
- **2015** – Successful IPO
- **2016** – 7th PRO: Hide-Away
- **2016** – Expanded credit facility to \$675 million
- **2016** – Follow-on offering
- **2016** – JV formation / Contract for the iStorage portfolio



# STRUCTURE PROMOTES INTERNAL AND EXTERNAL GROWTH

## NSA Strategy

### Sophisticated Platform Tools Drive Organic Growth

Operational “Best Practices”

Revenue Management / Analytics

Economies of Scale and Lower Cost of Capital

Internet Marketing

### Structure Creates External Growth Opportunities

Acquisition of Captive Pipeline Properties

Relationship Driven Third Party Acquisitions

Recruitment of New PROs

Strategic Joint Ventures



# STRATEGY DRIVES SIGNIFICANT EXTERNAL GROWTH OPPORTUNITIES

## 1 Acquire Internal Pipeline Properties (Participating Regional Operator (“PRO”) managed assets)

- NSA’s internal pipeline has almost 100 additional assets located in ten states totaling over \$700 million in estimated asset value<sup>(1)</sup>
- PROs are obligated to offer to contribute stabilized assets which they control upon debt maturity
- PROs are committed to facilitate the contribution of assets they manage, but do not control

## 2 Source Relationship Driven Local Acquisitions

- PRO acquisition teams with long-standing local relationships and significant investment in NSA source single assets and portfolios from third parties
- Proven ability to close deals: over \$400 million of third party acquisitions closed subsequent to IPO
- Focus on institutional quality assets with strong operational performance that are synergistic to existing operations and geographies

## 3 Recruit New PROs

- Evaluating several operators with the goal of adding one to three per year over the next three to five years
- Focus on operators with established platforms in Top 100 MSAs, typically with \$100+ million portfolios and 20+ properties, reputation for operational excellence and demonstrated capabilities to grow their portfolios

## 4 Strategic Joint Ventures

- Opportunistically partner with institutional funds to acquire attractive portfolios through a promoted return structure
- NSA will provide property and asset management services for joint ventures through its internal operating platform, generating additional third party fee income

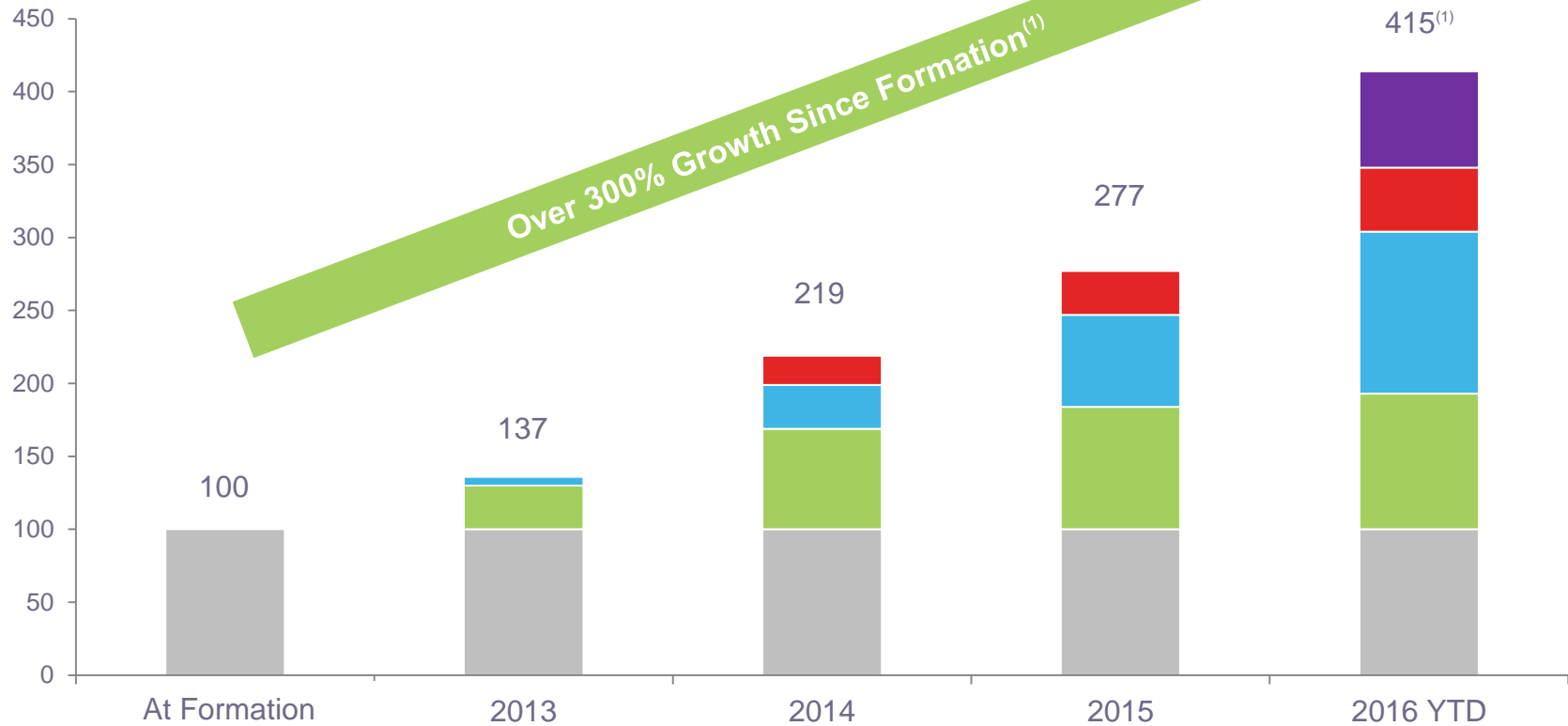
(1) There can be no assurance as to whether NSA will acquire any properties or the actual timing of any acquisitions. NSA has varying degrees of control and influence on these acquisitions. This estimated acquisition pipeline may not be completely realized given that PROs do not own controlling interests in many of the properties and contributions are driven by debt, stabilization or other outside factors.





# NSA'S TRACK RECORD OF EXTERNAL GROWTH

Number of Properties



- 1 Internal Pipeline
- 2 3<sup>rd</sup> Party Acquisitions
- 3 New PROs
- 4 Strategic Joint Ventures

(1) Property statistics are proforma for the Joint Venture's 66 properties under contract, which are expected to close during Q4 2016. NSA manages the Joint Venture and owns 25% of it. As of September 1, 2016, NSA owned 349 properties. Acquisitions of Joint Venture properties under contract are subject to customary closing conditions and there is no assurance that the Joint Venture properties will be acquired or will be acquired at the time or pursuant to the terms currently contemplated.

# STRUCTURE ATTRACTS DISCIPLINED, GROWTH-ORIENTED OPERATORS



Why successful regional operators are motivated to join NSA instead of opting for an institutional joint venture or a portfolio sale

Criteria	NSA	JV	Sale / Exit
Liquidity / Monetization	✓	●	●
Ability to Maintain Property Management	✓	●	
Participate in Upside	✓	●	
Enhance NOI Through Best Practices	✓		
Opportunity and Incentives to Grow Portfolio	✓		



# NSA'S PLATFORM LEVELS THE PLAYING FIELD

## NSA CORPORATE HEADQUARTERS

### EXECUTIVE LEADERSHIP

- Recruitment of PROs
- Acquisition review and approval

### LEGAL & FINANCE SUPPORT

- Asset contributions and structuring
- Equity and debt capital markets

### CORPORATE ACCOUNTING

- Internal controls, policies and procedures
- Budgeting and forecasting

### CORPORATE MARKETING

- Call center
- Internet platform
- Mobile penetration

### TECHNOLOGY & INNOVATION

- Management information systems
- Streamlined operational processes

## REGIONAL & LOCAL OPERATIONS

Acquisition Underwriting & Sourcing

Property Management

Property Level Accounting

Local Branding & Marketing



# ORGANIC INTERNAL GROWTH OPPORTUNITIES

2015 Same Store Revenue Growth was 7.8% and 2015 NOI Growth was 11.5%

## 1. OCCUPANCY

- Continue to drive same store occupancy growth
  - Average occupancy in Q2 2016 of 90.9%
  - Year-over-year average occupancy increase for Q2 2016 of 340 bps
- Maximize conversion opportunities from call center
- Additional lead generation from internet marketing platform

## 3. ASSET OPTIMIZATION

- Expansion of existing facilities
- Redevelopment opportunities
- Configuration of optimal unit mix
- Expand cell tower leasing

## 2. REVENUE GROWTH

- Experiencing good results with revenue management system rollout
- Expect to complete rollout by Q1 2017

## 4. COST SAVINGS

- Driven by Technology and Best Practices Group
- Consolidate vendor relationships
- Bulk purchasing
- Recoverable collection of bad debt by call center



# SENIOR MANAGEMENT TEAM WITH DEEP INDUSTRY EXPERIENCE

- Widely respected owner / operators of self-storage
- Averages over 30 years of industry experience
- Proven track record of growth
- Strong network of industry relationships
- Meaningful insider ownership aligns interests with shareholders

## NSA Executive Team



**ARLEN NORDHAGEN**  
*Chairman & CEO*



**TAMARA FISCHER**  
*CFO*



**STEVEN TREADWELL**  
*SVP, Operations  
President – iStorage JV*

## PRO Executive Leadership



**KEVIN HOWARD**  
*Northwest  
PRO*



**DAVID CRAMER**  
*SecurCare  
PRO*



**WARREN ALLAN**  
*Optivest  
PRO*



**JOHN MINAR**  
*Guardian  
PRO*



**TRACY TAYLOR**  
*Move It  
PRO*

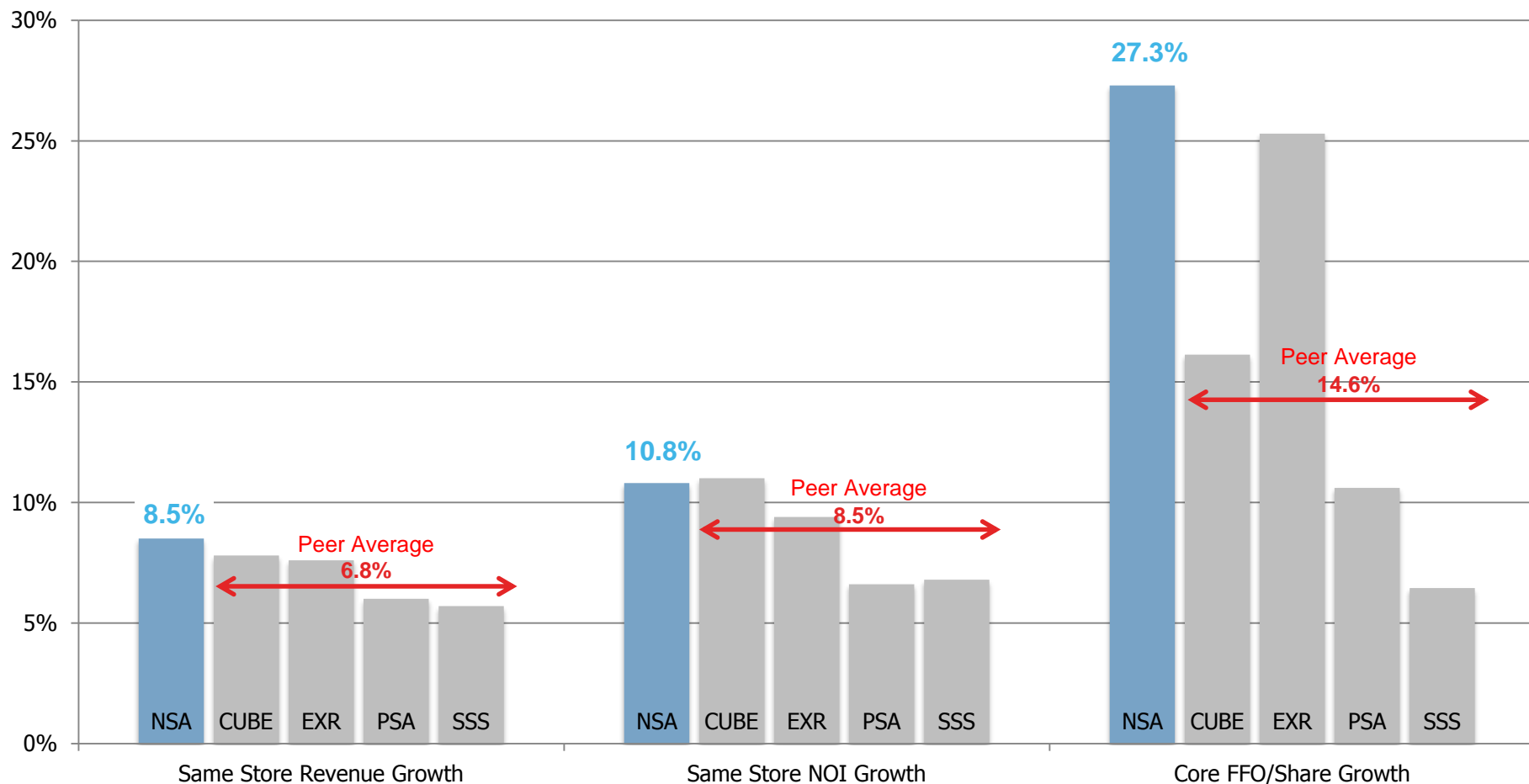


**BILL BOHANNAN**  
*Storage Solutions  
PRO*



**STEVE WILSON**  
*Hide-Away  
PRO*

# Q2 2016 FINANCIAL METRICS COMPARED TO Q2 2015<sup>(1)</sup> RELATIVE TO PUBLIC SELF STORAGE PEERS



Source: Company Filings

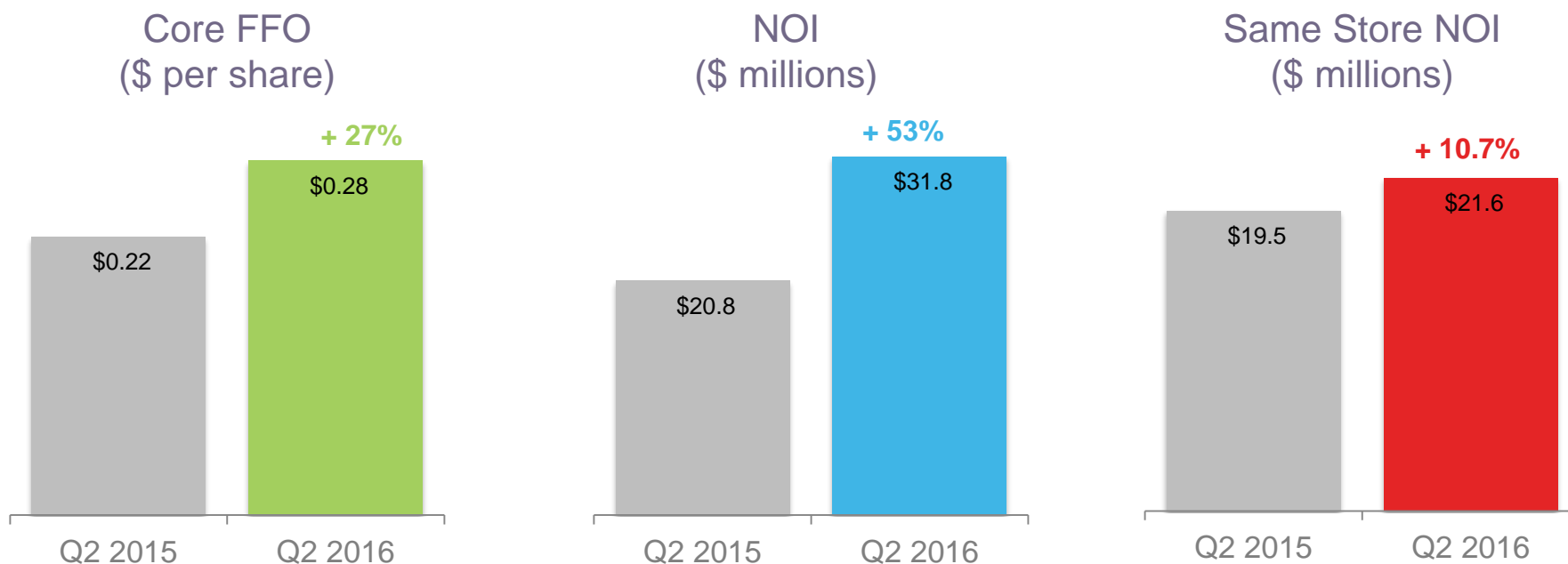
(1) Peer REIT data is based on public filings.

Note: 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). NSA's definitions and calculations of these non-GAAP financial and operating measures and other terms may differ from the definitions and methodologies used by other real estate companies and, accordingly, may not be comparable. These non-GAAP financial and operating measures should not be considered an alternative to GAAP net income or any other GAAP measurement of performance and should not be considered an alternative measure of liquidity. Reconciliations of these non-GAAP financial measures to their most directly comparable GAAP measures are included in the Annex to this presentation.



## Strong Operational Growth Continues

2016 Core FFO guidance is \$1.06 to \$1.08 per share  
(annual increase of 15% to 17%)



*Note:* 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). NSA's definitions and calculations of these non-GAAP financial and operating measures and other terms may differ from the definitions and methodologies used by other real estate companies and, accordingly, may not be comparable. These non-GAAP financial and operating measures should not be considered an alternative to GAAP net income or any other GAAP measurement of performance and should not be considered an alternative measure of liquidity. Reconciliations of these non-GAAP financial measures to their most directly comparable GAAP measures are included in the Annex to this presentation.



# FLEXIBLE CAPITAL STRUCTURE SUPPORTS FUTURE GROWTH

## CONSERVATIVE BALANCE SHEET

- 23% Pro Forma Net Debt / Total Capitalization<sup>(1)</sup>

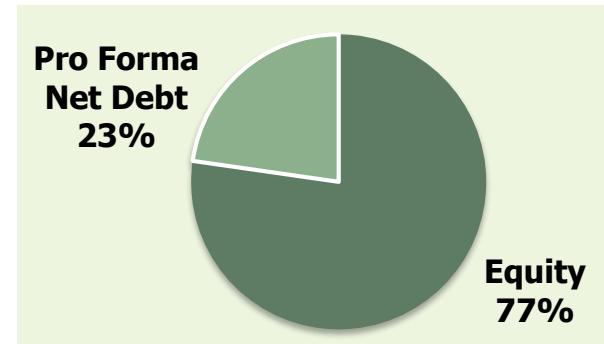
## CAPITAL FOR GROWTH

- \$675MM Unsecured Credit Facility
- OP Units & SP Units

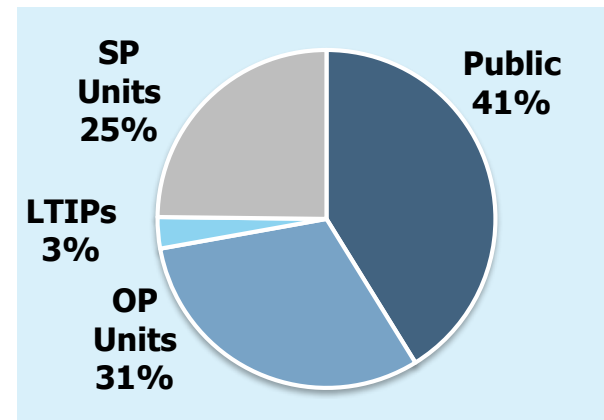
## ATTRACTIVE DIVIDEND

- 4.4% Yield<sup>(2)</sup>

Total Capitalization: \$2.2 BN<sup>(1)</sup>



Significant Investment by Management & PROs<sup>(1)</sup>



(1) Pro forma net debt means our outstanding debt less cash and cash equivalents as of June 30, 2016 giving pro forma effect to the subsequent reduction in outstanding debt in connection with our follow-on offering that closed on July 6, 2016. It does not include the Joint Venture's indebtedness. Total Capitalization means our Pro Forma Net Debt plus the product of our \$20.12 closing share price on September 1, 2016 and our fully diluted outstanding equity as of June 30, 2016 (with SP Units deemed converted on a hypothetical basis into an estimated 1.39 OP units based on historical financial information for the trailing twelve months ended June 30, 2016) giving pro forma effect to the subsequent issuance of common shares in connection with our follow-on offering that closed on July 6, 2016.

(2) Yield calculation is based on current \$0.22 per share dividend annualized and divided by \$20.12 closing price on September 1, 2016.





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## CONTACT US

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### **INVESTOR RELATIONS**

Marti Dowling

Director - Investor Relations

720-630-2624

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### **CORPORATE HEADQUARTERS**

National Storage Affiliates Trust

5200 DTC Parkway

Suite 200

Greenwood Village, CO 80111

### **WEBSITE**

[www.nationalstorageaffiliates.com](http://www.nationalstorageaffiliates.com)



NATIONAL STORAGE  
— AFFILIATES —

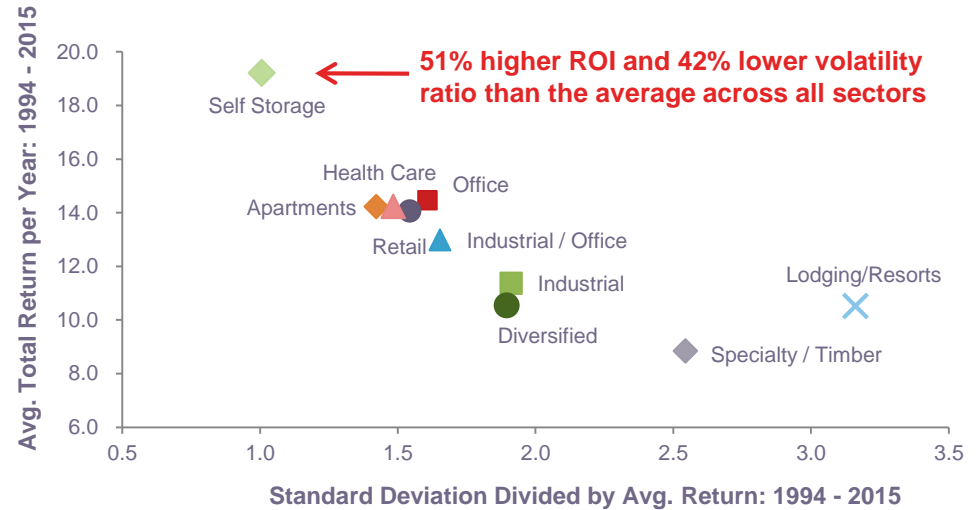
## Appendix

# SELF STORAGE HAS CONSISTENTLY OUTPERFORMED



## Self Storage Has Outperformed over Last 22 Years on Total Return with Less Volatility

- Since 1994, total returns for self storage have outperformed all other equity REIT sectors while experiencing the least volatility
- The industry is expected to continue to generate substantial NOI growth
- Savings expected through improved scale, new technology and centralized infrastructure



## Five Forces Driving Self Storage

	Impact
Competitive Rivalry	Low – geographically limited
Customer Bargaining Power	Limited – not price driven
Threat of Substitute Products	Very few cost effective options
Supplier Bargaining Power	Limited - but increasing
Threat of New Entrants	Limited – increasing entry barriers

Note: Data sourced from NAREIT 2015 published data. Volatility ratio defined as the standard deviation of return divided by return.

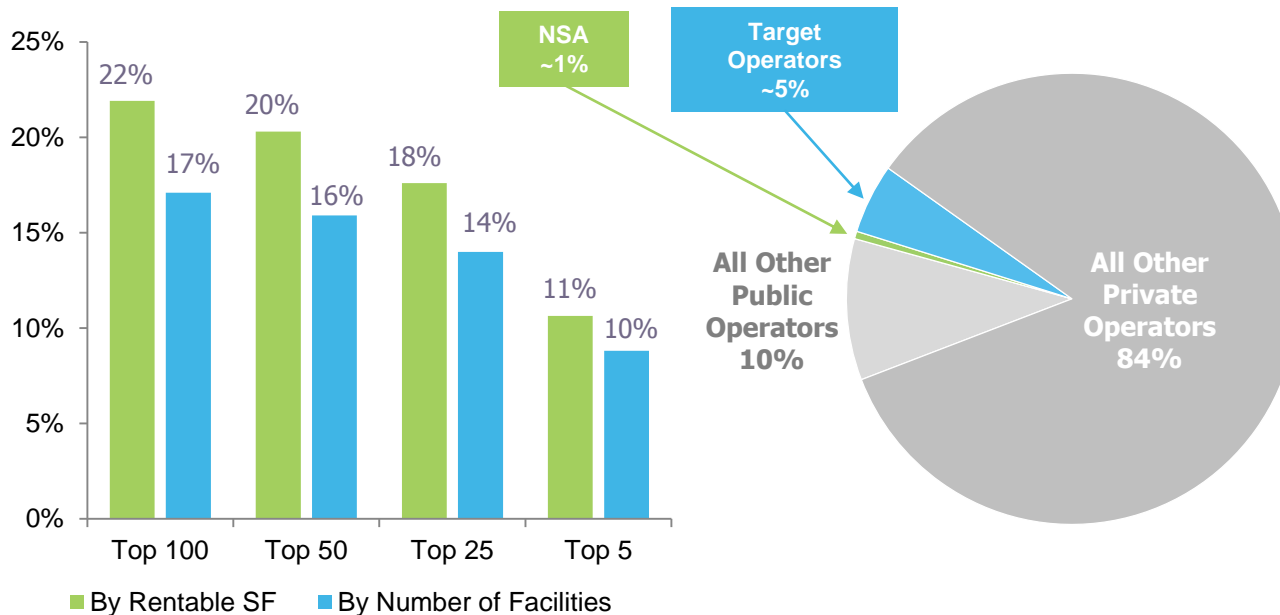


# MEANINGFUL OPPORTUNITY TO CONSOLIDATE

- Highly fragmented sector
  - More than 50,000 self-storage properties with over 30,000 operators
  - Over \$24 billion in annual revenue with over \$200 billion in private market value
- NSA primarily targets top private operators with 20 or more institutional quality properties in the top 100 MSAs
  - Target operators own and / or manage over 2,500 self-storage properties<sup>(1)</sup>

## Top 40 Operators

- Public Storage
- Extra Space Storage
- U-Haul International
- CubeSmart
- Sovran Self Storage
- National Storage Affiliates
- Simply Self Storage
- W.P. Carey
- StorageMart
- The William Warren Group
- Metro Storage
- iStorage
- US Storage Centers
- TnT Self Storage Management
- Absolute Storage Management
- The Jenkins Organization
- All Storage
- Move It Management
- Compass Self Storage
- Safeguard Self Storage
- A-AAAKey Mini Storage
- Devon Self Storage
- Platinum Storage Group
- Security Public Storage
- Central Self Storage
- A-1 Self Storage
- Metro Mini Storage
- Storage Pros Management
- Self Storage Management
- Storage Asset Management
- Universal Storage Group
- Strat Property Management
- Brookwood Properties
- Personal Mini Storage
- Morningstar Properties
- Advantage Storage
- Storage Etc.
- Argus Professional Storage Management
- Professional Self Storage Management
- West Coast Self-Storage



Source: Public company filings as of December 31, 2014, Self Storage Association and 2016 Self-Storage Almanac.  
 Note: Rankings are based on net rentable square footage under management.  
 (1) Represents the number of facilities owned and/or managed by top operators, excluding NSA and other publicly traded entities.



# STRUCTURE INCENTIVIZES PROS TO PERFORM

## KEY ASSUMPTIONS

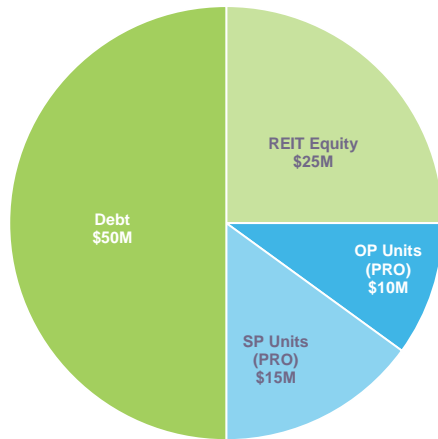
- \$100MM Purchase Price
- 6.3% Cap Rate
- 50% Funded with Debt
- 50% of Equity from PRO

## Illustrative Operating Cash Flow Allocation for Single Acquisition

(\$000s)



## Illustrative Capitalization



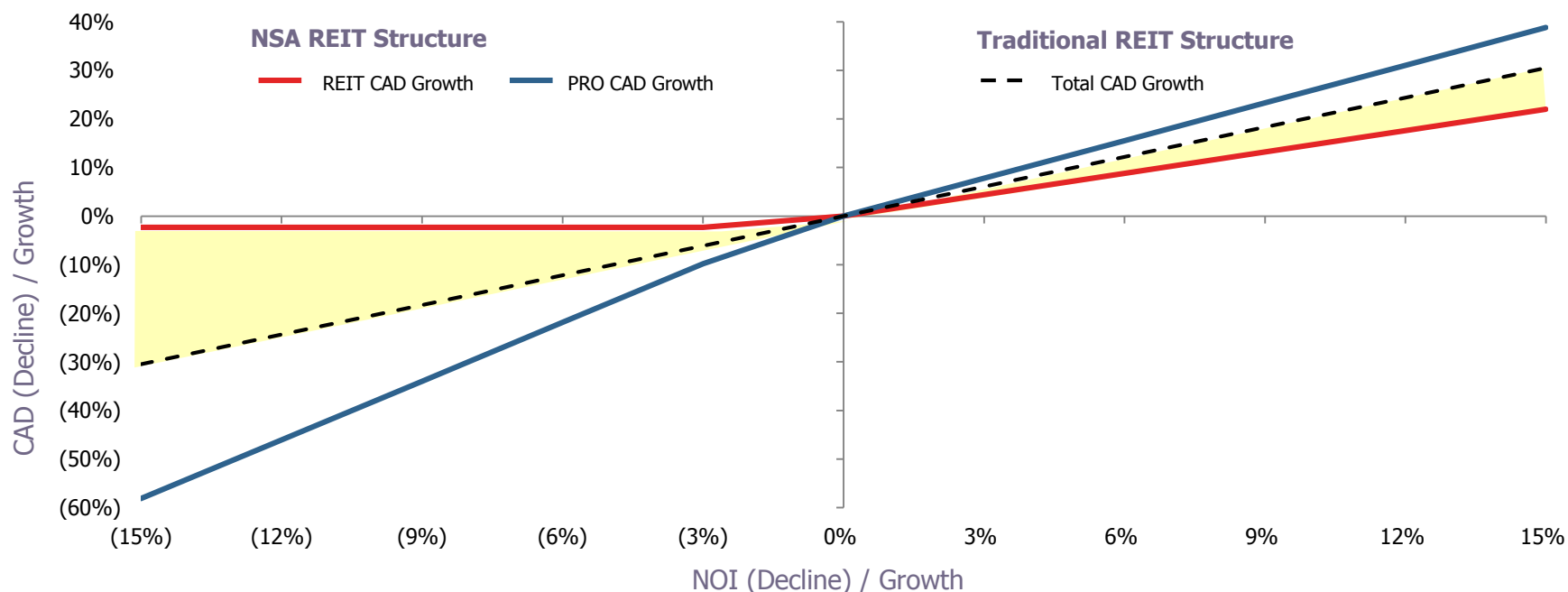
Note: Proportion of SP units and OP units in each acquisition will vary. In general, the number of OP units issued will be capped at a level intended to provide a minimal level of operating cash flow ("CF") allocation on unreturned capital attributable to the OP units. Debt Service is reflective of interest expense and scheduled principal amortization. Post-contribution capital structure is reflective of cost and does not reflect market value. This hypothetical capital structure and cash flow allocation is for illustrative purposes only and reflects the terms of the partnership agreement: SP unit holders receive a 6% allocation of operating CF on their unreturned capital contributions after a 6% allocation on unreturned capital attributable to OP unit holders, and then share in the allocation of any excess cash flow 50/50 with OP unit holders. The REIT is allocated \$36K of the operating CF allocated to OP units related to the 50/50 split of excess operating CF. The allocation of operating CF between the SP units and OP units is for purposes of determining distributions on SP units and does not represent the operating CF that will be distributed on OP units (or paid as dividends on our common shares). Any distribution of operating CF allocated to OP units will be made at the discretion of NSA (and paid as dividends on our common shares at the discretion of our board of trustees).

# STRUCTURE OFFERS CASH FLOW STABILITY AND DOWNSIDE PROTECTION



Shareholders benefit from less volatile cash flow and downside protection

## Illustrative Impact on Operating Cash Flow Allocation for Single Acquisition<sup>(1)</sup>



Note: PRO CAD Growth is comprised of cash available to PROs through their ownership interests in both OP and SP units. REIT CAD Growth is comprised of cash available to all other equity stakeholders.

(1) This illustrative sensitivity graph reflects the capital structure of a single acquisition and operating CF allocation assumptions reflected on page 25. This hypothetical capital structure and cash flow allocation is for illustrative purposes only and reflects the terms of the partnership agreement: SP unit holders receive a 6% allocation of operating CF on their unreturned capital contributions after a 6% allocation on unreturned capital attributable to OP unit holders, and then share in the allocation of any excess cash flow 50/50 with OP unit holders. This allocation of operating CF between the SP units and OP units is for purposes of determining distributions on SP units and does not represent the operating CF that will be distributed on OP units (or paid as dividends on our common shares). Any distribution of operating CF allocated to OP units will be made at the discretion of NSA (and paid as dividends on our common shares at the discretion of our board of trustees).



## 2016 EXTERNAL GROWTH

### ACQUIRED 73 PROPERTIES<sup>(1)</sup> VALUED AT APPROXIMATELY \$480MM DURING 2016

- 6 properties sourced from our captive pipeline
- 53 properties were 3rd party acquisitions
- 14 properties were acquired from our new PRO, Hide-Away
- Entered into Joint Venture to acquire iStorage portfolio of 66 properties<sup>(2)</sup> valued at approximately \$630MM

	In Place Portfolio at January 1, 2016		2016 Acquisitions <sup>(1)</sup>		iStorage JV Transaction <sup>(2)</sup>		Owned & Managed Portfolio Following the iStorage JV Transaction	
	Stores	%	Stores	%	Stores	%	Stores	%
California	48	17%	25	34%	9	14%	82	20%
Oregon*	50	18%	3	4%	0	0%	53	13%
Texas	48	17%	3	4%	2	3%	53	13%
Florida	2	1%	14	19%	21	32%	37	9%
North Carolina	30	11%	0	0%	0	0%	30	7%
Oklahoma	26	9%	4	5%	0	0%	30	7%
Georgia	18	7%	2	3%	2	3%	22	5%
Arizona	13	5%	2	3%	0	0%	15	4%
Washington	14	5%	0	0%	0	0%	14	3%
Alabama	0	0%	1	1%	11	17%	12	3%
Louisiana	5	2%	5	7%	0	0%	10	2%
New Jersey	0	0%	0	0%	10	15%	10	2%
Colorado	8	3%	1	1%	0	0%	9	2%
New Hampshire	4	1%	5	7%	0	0%	9	2%
Indiana	0	0%	6	8%	0	0%	6	1%
Other	10	4%	2	3%	11	17%	23	6%
<b>Total</b>	<b>276</b>		<b>73</b>		<b>66</b>		<b>415</b>	

\* In 2016, NSA consolidated two Oregon self storage properties into one single self storage property.

(1) Includes acquisitions through September 1, 2016.

(2) Represents properties expected to be managed by NSA following the anticipated acquisition by NSA of the iStorage property management platform and the Joint Venture's anticipated acquisition of the properties, which are both currently under contract. The two acquisitions are conditioned upon each other and are expected to be completed during the fourth quarter of 2016, subject to the satisfaction of a number of closing conditions. There is no assurance that the iStorage property management platform or Joint Venture properties will be acquired or will be acquired at the time or pursuant to the terms currently contemplated.



# ILLUSTRATIVE EXAMPLE OF POTENTIAL MANAGEMENT FEES ASSOCIATED WITH 66 PROPERTY IStorage PORTFOLIO<sup>(1)</sup>



## Joint Venture Assumptions

### Revenues:

Annual Gross Revenues and Net Sales Revenues (“REVENUES”):	\$50 Million
Annual Tenant Warranty Proceeds (“WARRANTY REV”):	\$3.6 Million

## Calculation of Illustrative Management Fees based on foregoing assumptions

Property Management Fees (6% of REVENUES):	\$3.00 Million
Call Center Management Fee (1% of REVENUES):	\$0.50 Million
Platform Services Fees (\$1,250/property/month):	\$0.99 Million
Original Portfolio Acquisition Fee Earned (16.25 bps per year in years 1-4):	\$1.02 Million
Tenant Warranty Revenues (50% of WARRANTY REV):	<u>\$1.80 Million</u>
TOTAL Illustrative FEE REVENUES:	<u>\$7.31 Million</u>

## Estimate of expenses to provide the management services based on foregoing assumptions

**NOTE: NSA must pay the costs of providing most of these services to the Joint Venture<sup>(2)</sup>**

Annual costs for management services related to additional personnel:	\$3.5 Million
Additional annual warranty costs:	\$0.5 Million
Pro rata allocation of existing corporate overhead expense:	<u>\$2.0 Million</u>
TOTAL Illustrative Management Services Expenses:	<u>\$6.0 Million</u>

(1) The above information is an illustrative example only. The economics are based on various assumptions and estimates, including estimated revenues and expenses. The items set forth in parentheses in the calculation section are based upon the Joint Venture contracts. Assumptions and estimates may prove to be inaccurate and actual results may differ materially. Investors should note that this illustrative example does not represent management's estimates or projections of the management fees associated with the 66 property iStorage portfolio and should not be relied upon for any investment decision.

(2) Does not reflect the tax effects on the management fee revenues.

# EARNINGS (LOSS) PER SHARE – DILUTED TO FUNDS FROM OPERATIONS (“FFO”) AND CORE FFO PER SHARE AND UNIT RECONCILIATION



	Three Months Ended June 30,			
	2016		2015	
<b>Earnings (loss) per share - diluted</b>	\$	<b>0.08</b>	\$	-
Impact of the difference in weighted average number of shares <sup>(1)</sup>		0.04		-
Add real estate depreciation and amortization		0.25		0.26
FFO attributable to subordinated performance unitholders		(0.12)		(0.08)
<b>FFO per share and unit</b>	\$	<b>0.25</b>	\$	<b>0.18</b>
Add acquisition costs, organizational and offering expenses, and loss on early extinguishment of debt		0.03		0.22
<b>Core FFO per share and unit</b>	\$	<b>0.28</b>	\$	<b>0.22</b>

Source: Q2 2016 Company financials.

(1) Adjustment accounts for the difference between the weighted average number of shares used to calculate diluted earnings per share and the weighted average number of shares used to calculate FFO and Core FFO per share and unit. Diluted earnings per share is calculated using the two-class method for the Company's restricted common shares, the treasury stock method for certain unvested LTIP units, and includes the assumption of a hypothetical conversion of subordinated performance units and DownREIT subordinated performance units into OP units, even though such units may only be convertible into OP units (i) after a lock-out period and (ii) upon certain events or conditions. For additional information around the conversion of subordinated performance units and DownREIT subordinated performance units into OP units, see Note 8 in Item 1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016. The computation of weighted average shares and units for FFO and Core FFO per share and unit includes all restricted common shares and LTIP units that participate in distributions and excludes all subordinated performance units and DownREIT subordinated performance units because their effect has been accounted for through the allocation of FFO to the related unitholders based on distributions declared.



## NET INCOME (LOSS) TO NET OPERATING INCOME RECONCILIATION

	Three Months Ended June 30,	
	2016	2015
<b>Net income (loss)</b>	<b>\$ 6,045</b>	<b>\$ 93</b>
General and administrative expenses	4,837	4,187
Depreciation and amortization	13,088	9,974
Interest expense	5,844	4,824
Loss on early extinguishment of debt	136	914
Acquisition costs	1,708	719
Non-operating expense	169	113
<b>Net Operating Income</b>	<b>\$ 31,827</b>	<b>\$ 20,824</b>

Source: Q2 2016 Company financials.



# NET INCOME (LOSS) TO EBITDA & ADJUSTED EBITDA RECONCILIATION

	Three Months Ended June 30,	
	2016	2015
<b>Net income (loss)</b>	<b>\$ 6,045</b>	<b>\$ 93</b>
Depreciation and amortization	13,088	9,974
Interest expense	5,844	4,824
Loss on early extinguishment of debt	136	914
<b>EBITDA</b>	<b>\$ 25,113</b>	<b>\$ 15,805</b>
Acquisition costs	1,708	719
Equity-based compensation expense <sup>(1)</sup>	630	1,083
<b>Adjusted EBITDA</b>	<b>\$ 27,451</b>	<b>\$ 17,607</b>

Source: Q2 2016 Company financials.

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



**NATIONAL STORAGE**  
— AFFILIATES —

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