

# PROSPER



NATIONAL STORAGE  
AFFILIATES

## Citi's 2019 Global Property CEO Conference

March 2019

# Forward-Looking Statements and Non-GAAP Financial Measures

**FORWARD-LOOKING STATEMENTS:** 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 annual report on Form 10-K filed with the SEC on February 26, 2019 (the “Annual Report”) 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.

**Non-GAAP Financial Measures:** This presentation contains certain non-GAAP financial measures, such as funds from operations (“FFO”), Core FFO, net operating income (“NOI”), EBITDA, and Adjusted EBITDA, which are each defined in NSA’s Annual Report. These non-GAAP financial 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 presentation of FFO, Core FFO, NOI, EBITDA, and Adjusted EBITDA herein 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 and should not be considered as alternative measures of liquidity. In addition, NSA’s definitions and method of calculating these measures may be different from those used by other companies, and, accordingly, may not be comparable to similar measures as defined and calculated by other companies that do not use the same methodology as NSA. Reconciliations of these non-GAAP financial measures to their most directly comparable GAAP measures for the three months ended and year-ended December 31, 2018 and 2017 are set forth in the Appendix attached hereto. In addition, reconciliations of these non-GAAP financial measures to their most directly comparable GAAP measures for the three months ended December 31, 2016 and 2015, September 30, 2018, 2017, 2016 and 2015, June 30, 2018, 2017, 2016 and 2015, and March 31, 2018, 2017 and 2016 are available in NSA’s earnings releases for such period ends, which are furnished to the SEC quarterly as Exhibit 99.1 on Current Reports on Form 8-K pursuant to Item 2.02.



# Investment Highlights (NYSE: NSA)

- Well Diversified Institutional Quality Portfolio

- Differentiated Structure Drives Growth

- Sophisticated Operating Platforms Deliver Results

- Flexible Capital Structure Supports Future Growth

- Delivering Sector-Leading Results Since IPO

# NSA Snapshot



**698 Store Property Portfolio<sup>(1)</sup>**



**~44 Million Rentable Square Feet<sup>(1)</sup>**

Well Diversified;  
Located  
in 34 States +  
Puerto Rico<sup>(1)</sup>

4.7% 2018  
SAME STORE  
NOI GROWTH



Unique Structure  
with Participating  
Regional  
Operators ("PROs")

Internet  
Marketing



89%  
Same Store  
Average  
Occupancy

**14.8% Average Y-O-Y Increase in Core FFO/Share<sup>(2)</sup>**

\$4.3 Billion  
Total Enterprise  
Value<sup>(3)</sup>



11.3%  
2018 Core  
FFO/Share  
Growth

\$3.9 Billion in  
Completed  
Acquisitions<sup>(4)</sup>



140.4% Total  
Shareholder  
Return<sup>(2)</sup>

(1) Includes 176 properties NSA manages through its joint ventures, in which NSA has a 25% ownership interest. Property information as of February 6, 2019.

(2) Since the Company's IPO at April 23, 2015.

(3) Total Enterprise Value is defined as the sum of the Company's debt principal outstanding plus the perpetual preferred and common equity (on a fully diluted basis) valued at the closing price per share, respectively, as of each quarter end. SP equity is assumed converted using the hypothetical conversion ratio for the trailing twelve months ended at each respective quarter end, which we publicly disclose each quarter. See Supplemental Schedule 4 to each of our earnings releases which are furnished with the U.S. Securities and Exchange Commission.

(4) Since the Company's IPO at April 23, 2015 through February 6, 2019; includes \$1.9 billion in wholly owned acquisitions and \$2.0 billion in Joint Venture acquisitions.



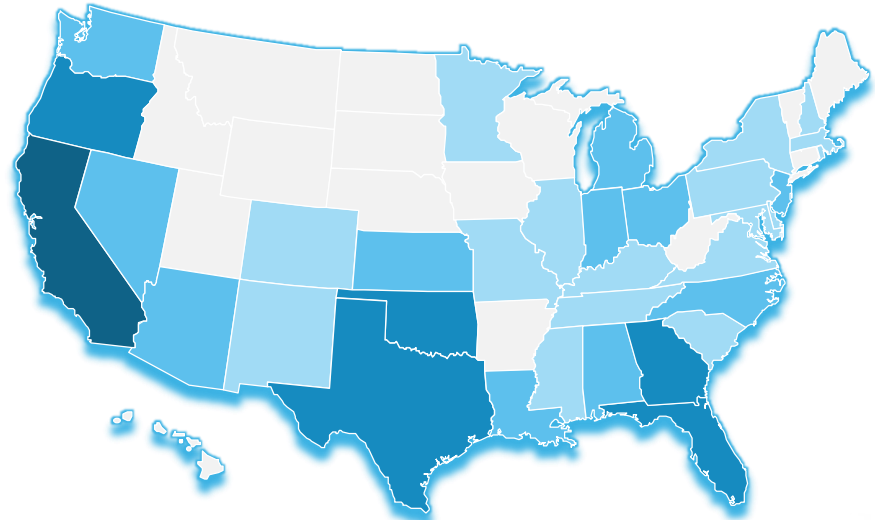
# Guiding Vision Unites Top Operators

5th Largest US Operator<sup>(1)</sup>



**NATIONAL STORAGE AFFILIATES**  
**698 Properties<sup>(1)</sup>**  
 522 Wholly-Owned      176 Joint Venture

## % of NSA Properties



 <p>Manages 211 NSA Properties<sup>(2)</sup></p>	 <p>Manages 76 NSA Properties<sup>(2)</sup></p>	 <p>Manages 57 NSA Properties<sup>(2)</sup></p>	 <p>Manages 54 NSA Properties<sup>(2)</sup></p>	 <p>Manages 29 NSA Properties<sup>(2)</sup></p>	 <p>Manages 10 NSA Properties<sup>(2)</sup></p>	 <p>Manages 21 NSA Properties<sup>(2)</sup></p>	 <p>Manages 7 NSA Properties<sup>(2)</sup></p>	 <p>Manages 23 NSA Properties<sup>(2)</sup></p>	 <p>Manages 210 NSA Properties<sup>(2)</sup></p>
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(1) Source: 2019 Self-Storage Almanac; property information as of February 6, 2019.

(2) Excludes managed stores in the NSA captive pipeline and other.

(3) The iStorage brand is owned by NSA and is not a Participating Regional Operator; 34 of the 210 managed stores are NSA corporate owned stores.



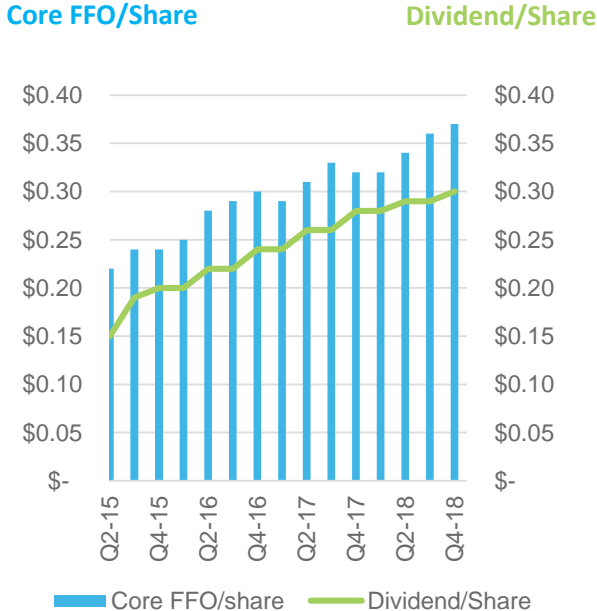
# NSA's Transformational Growth Since IPO

## NSA's PRO Model Drives All Aspects of Growth

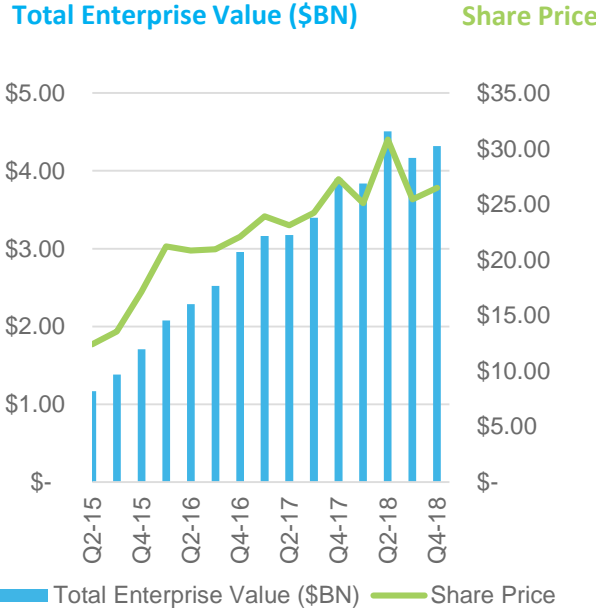
Growth in Total Properties and Rentable Square Feet



Growth in Core FFO/Share and Dividend/Share



Growth in Total Enterprise Value<sup>(1)</sup> and Share Price



(1) Total Enterprise Value is defined as the sum of the Company's debt principal outstanding plus the perpetual preferred and common equity (on a fully diluted basis) valued at the closing price per share, respectively, as of each quarter end. SP equity is assumed converted using the hypothetical conversion ratio for the trailing twelve months ended at each respective quarter end, which we publicly disclose each quarter. See Supplemental Schedule 4 to each of our earnings releases which are furnished with the U.S. Securities and Exchange Commission.



# Structure Promotes Internal and External Growth

## Organic Growth Through Sophisticated Platform Tools



Operational  
"Best Practices"



Revenue  
Management / Analytics

## External Growth Via Multiple Acquisition Strategies



Acquisition of Captive  
Pipeline Properties



Recruitment of  
New PROs



Economies of Scale and  
Lower Cost of Capital



Internet  
Marketing



Strategic Joint  
Ventures



Relationship Driven  
Third Party Acquisitions

# NSA's Tools and Decentralized Structure Deliver Results

Since IPO NSA has an Average Year-over-Year Same Store Total Revenue Growth of 6.2% and Same Store NOI Growth of 8.4%

## NSA Corporate Headquarters Provides Platform Tools



Executive Leadership



Corporate Accounting



Corporate Marketing

## Regional and Local Operations Implement Best Practices



Underwriting & Sourcing



Property Acquisition & Management



Legal & Finance Support



Technology & Innovation



Property Level Accounting



Local Branding & Marketing



# Structure Attracts Disciplined Growth-Oriented Operators

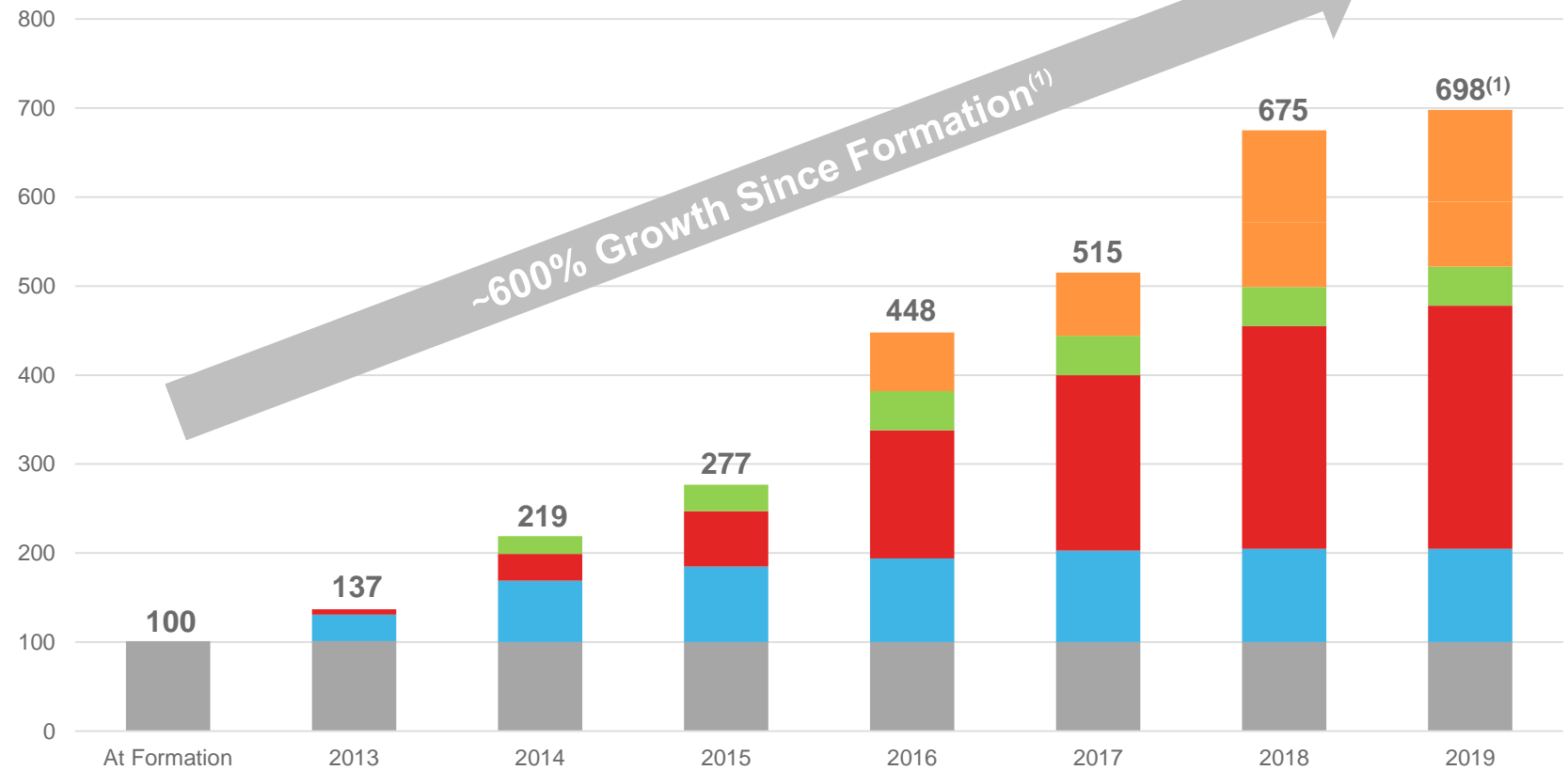
Successful regional operators join NSA as PROs rather than third-party JV or sale options, giving NSA access to top properties not otherwise available

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 Delivers Robust Portfolio Growth

Number of Properties



- 1 Captive Pipeline
- 2 3rd Party Acquisitions
- 3 New PROs
- 4 Strategic Joint Ventures

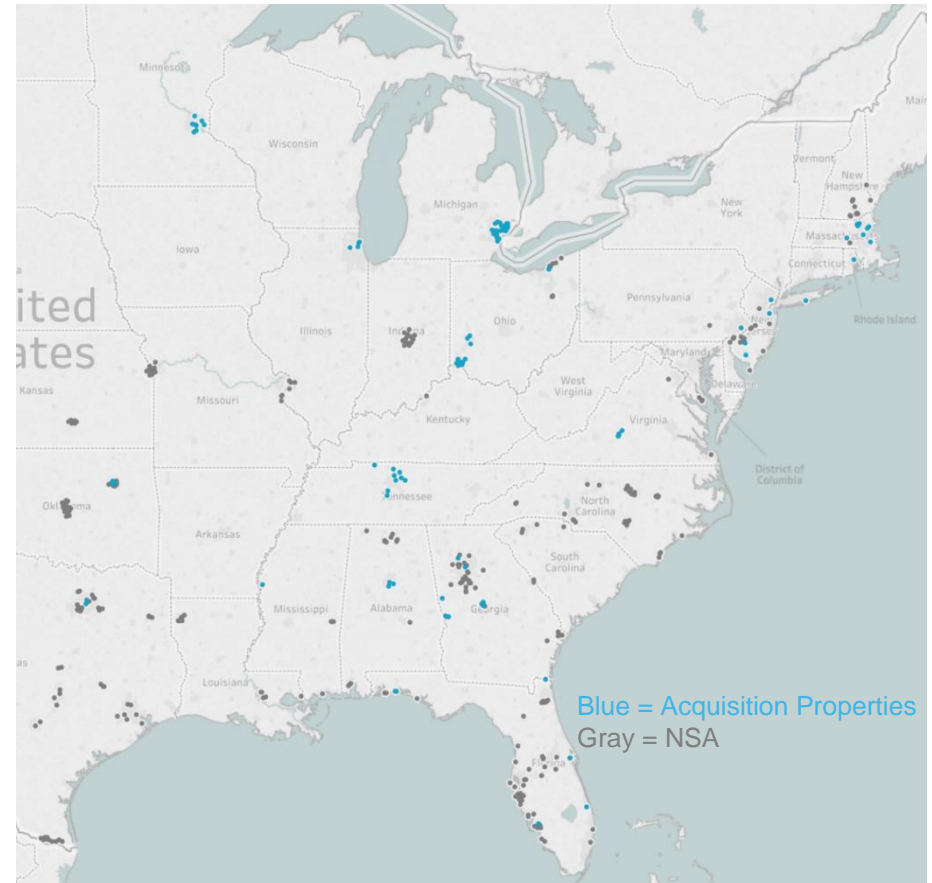
(1) As of February 6, 2019, NSA's portfolio consisted of 522 wholly-owned properties and 176 JV-owned properties.

# Transformational Acquisition – 2018 Joint Venture

The Fourth Largest Transaction in the History of the Self Storage Sector<sup>(1)</sup>

## Acquisition Highlights

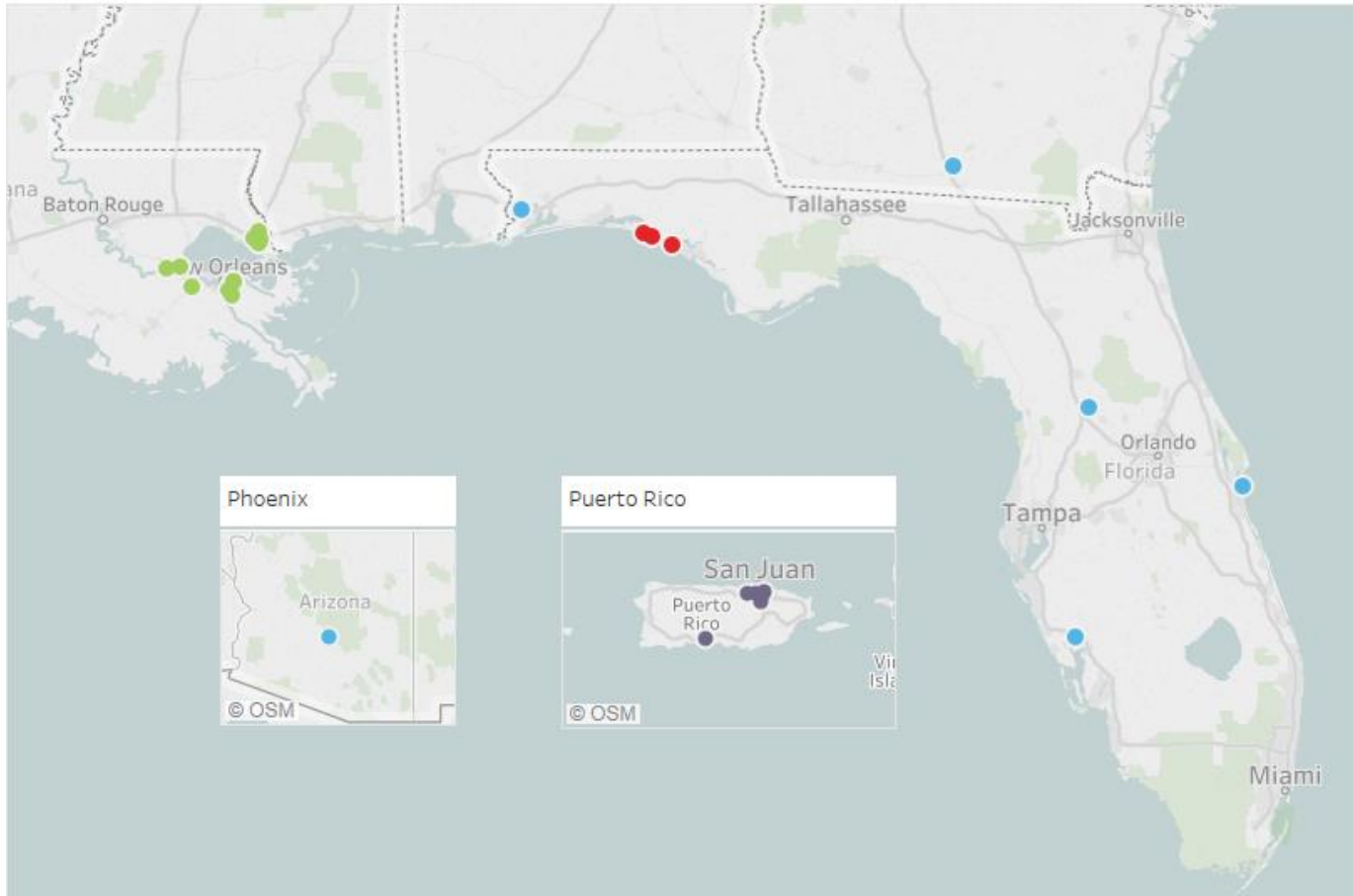
- ✓ New joint venture (the “2018 Joint Venture” and “JV”) with an affiliate of Heitman America Real Estate REIT LLC, acquired the Simply Self Storage portfolio, a private real estate fund managed by Brookfield Asset Management
- ✓ 75% / 25% split between JV Investor / NSA
- ✓ Purchase price of \$1.325 billion representing a 5.6% underwritten cap rate
- ✓ High quality, stabilized portfolio of 112 properties in 17 states + Puerto Rico totaling 8.2 million sf and ~68,500 units
- ✓ NSA earns net management and platform fees of ~\$4.0 million per year
- ✓ Transaction is immediately accretive to NSA's Core FFO per share



(1) Source: BMO, S&P Global, Thompson Reuters, by enterprise value.

# 9th PRO: Southern Self Storage – Jan 2019

## New PRO Portfolio Highlights



### Type

- Contribution
- Captive Pipeline
- Acquisition
- Puerto Rico

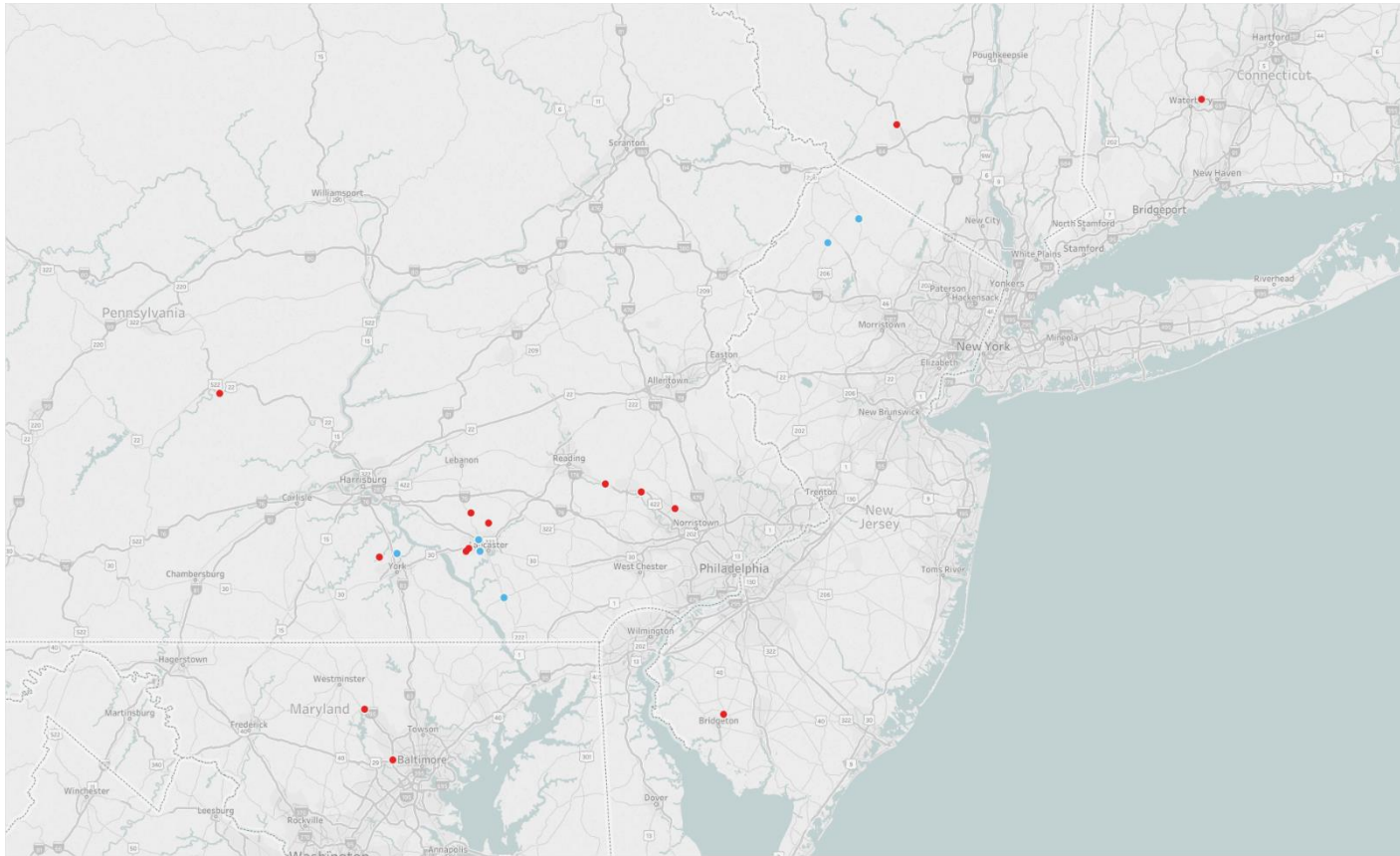
### Total Portfolio

- 23 NSA Properties
- 3 Captive Pipeline
- \$115 MM New to NSA, January 2019



# 10th PRO: Moove In Self Storage – Q1-2019

## New PRO Portfolio Highlights



- Contribution
- Captive Pipeline

### Total Portfolio

- 6 NSA Properties (~\$37 MM New to NSA)
- 14 Captive Pipeline
- Focused in the Mid-Atlantic
- Expected closing date of Q1 2019



# iStorage Portfolio Update

## Growing Platform Totals 210 Stores

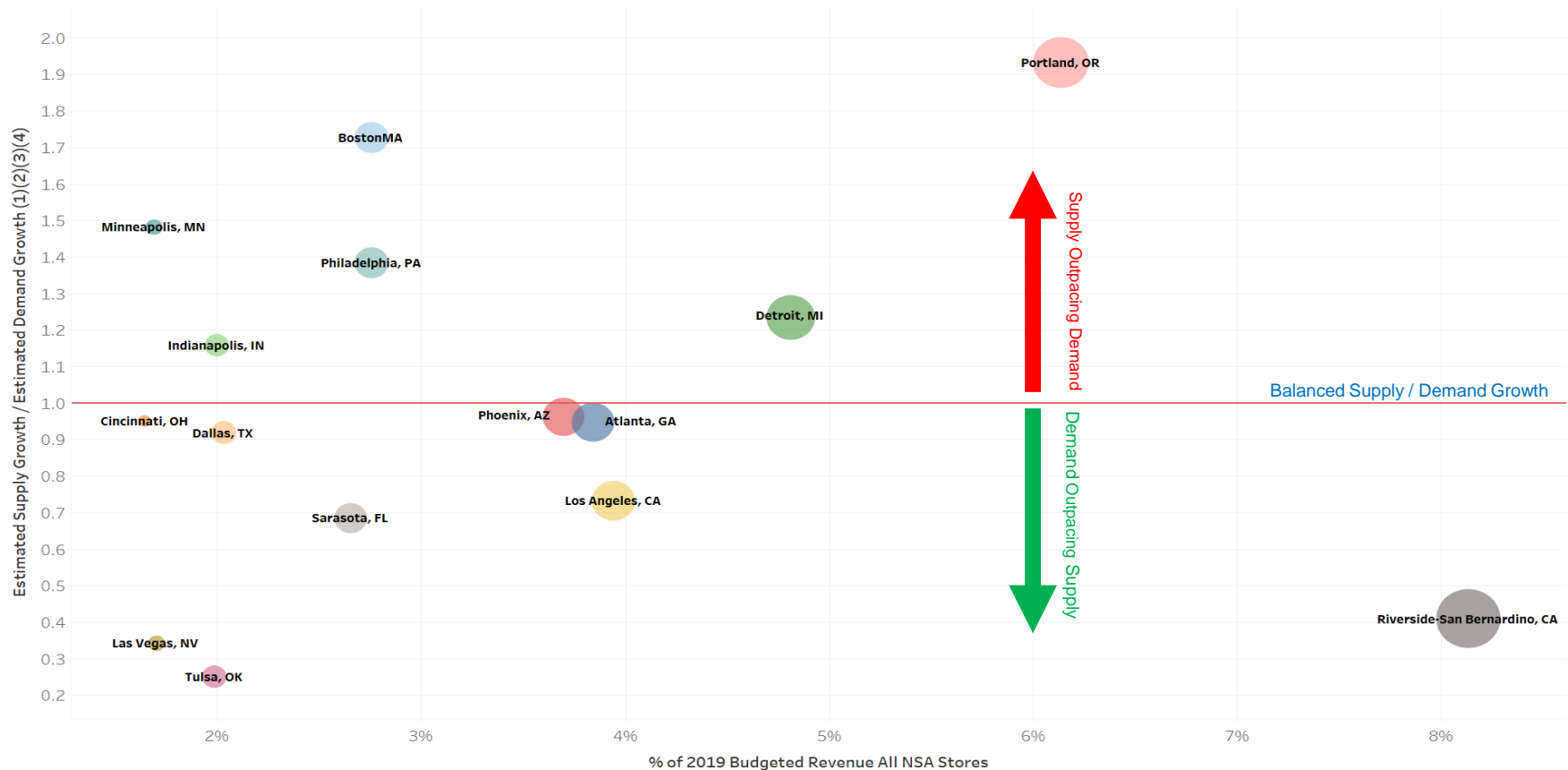
	2016 Joint Venture	2018 Joint Venture	Corporate Stores	February 6, 2019
Properties	73	103	34	210
Rentable SF	~4.9MM	~7.7MM	~1.9MM	~14.5MM
Units	~40,000	~63,000	~15,000	~118,000
States / Markets	14 / 20	17 / 21	7 / 6	25 / 35

## Portfolio Highlights

- ✓ Increases the Company's presence in 25 states and 35 markets
- ✓ NSA receives third party fee income for its management platform services, including property acquisitions, property management, call center management, customer acquisition services, brand services, website hosting and tenant warranty program management
- ✓ JV properties serve as potential future acquisition opportunities
- ✓ Structure is established for larger portfolio acquisitions

# NSA's Top 15 Markets are Less Impacted by Supply

Supply vs Demand by MSA Estimated: Jan 2018 through Dec 2022



- 1) We estimate supply growth for each market as follows: first, we add together the expected total net rentable square footage attributable to (i) all Fill-Up and Under Construction Properties and (ii) 50% of all Planned and Prospective Properties. Properties refers to all self storage properties (including NSA's) in the MSAs set forth above, tracked and reported by Yardi. Fill-Up are stores that have opened in the 24-month period prior to December 31, 2018. Under Construction are those currently under construction. Planned and Prospective are those with a permit in place or an approval pending to build. We divide this number by the total net rentable square footage of all properties in each market.
- 2) We estimate demand growth in each market by adding together (i) Experian's 5-year projections for the percentage increase in household growth in each market plus (ii) 5%, which represents our assumptions with respect to increased demand in each market irrespective of population growth.
- 3) The ratio of supply growth to demand growth in the table above is calculated based upon NSA's estimates and assumptions as set forth in footnotes 1 and 2 above. There can be no assurance that supply growth and demand growth in any market will correspond to such estimates. Some or all of our competitor's properties in these markets may not fill up, reach completion or be built at all or on the schedule currently contemplated and increases in population and non-population related demand may differ from our estimates and assumptions.
- 4) Circle sizes correspond to each MSA's % share of NSA's 2019 budgeted revenue.

Source: Yardi Matrix and Experian.



# NSA's Flexible Capital Structure Positioned for Growth

**Total Principal Debt Outstanding<sup>(1)</sup>**  
**\$1.28B**

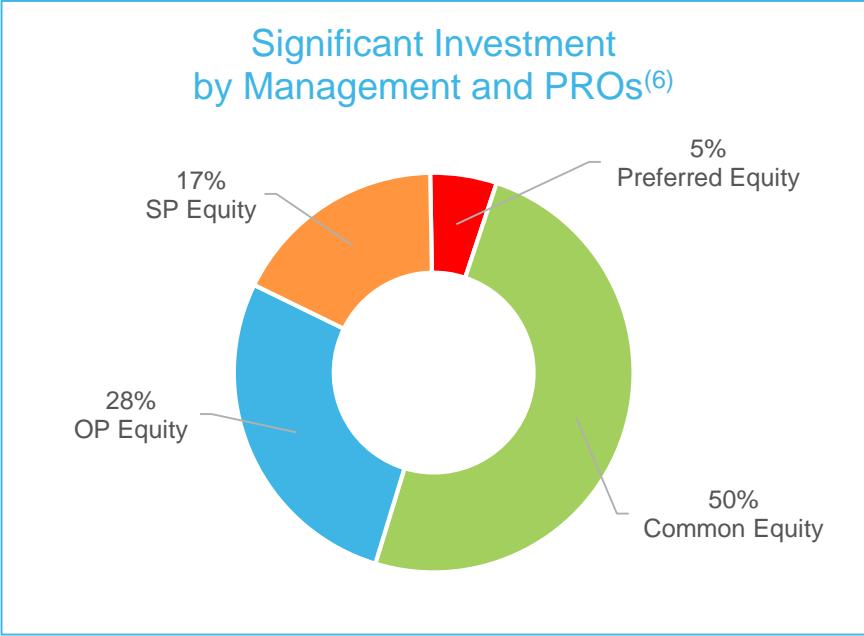
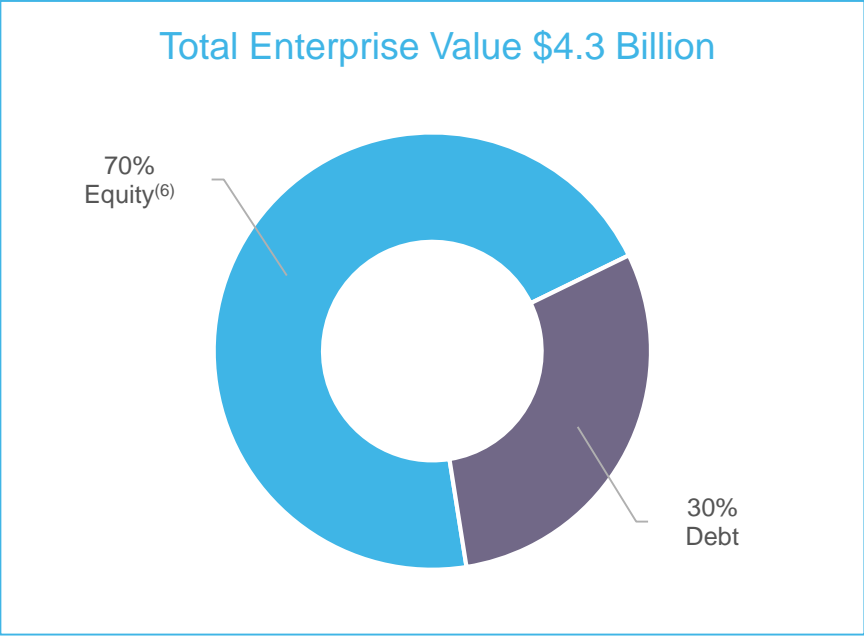
**Key Credit Metrics**

<b>30%</b> Principal Debt / Total Enterprise Value <sup>(2)</sup>	<b>5.6x</b> Net Debt / Adjusted EBITDA <sup>(3)</sup>	<b>4.7x</b> Interest Coverage Ratio <sup>(4)</sup>
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**Capital for Growth**

<b>\$400MM</b> Unsecured Revolving Line of Credit	<b>OP &amp; SP Equity</b>
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**Attractive Dividend**  
**4.5% Yield<sup>(5)</sup>**

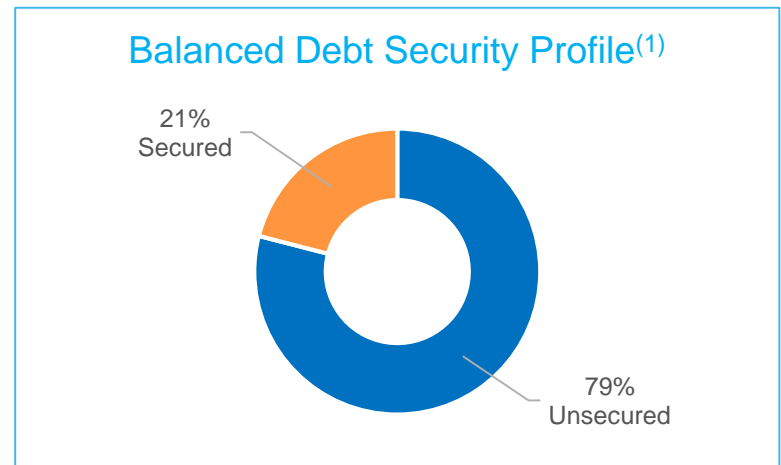
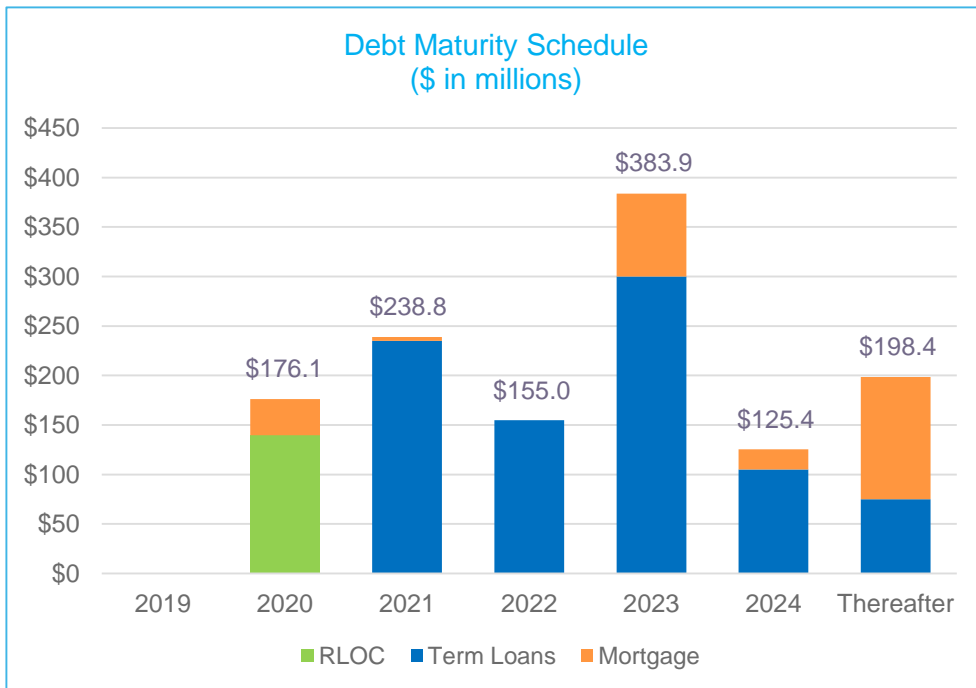
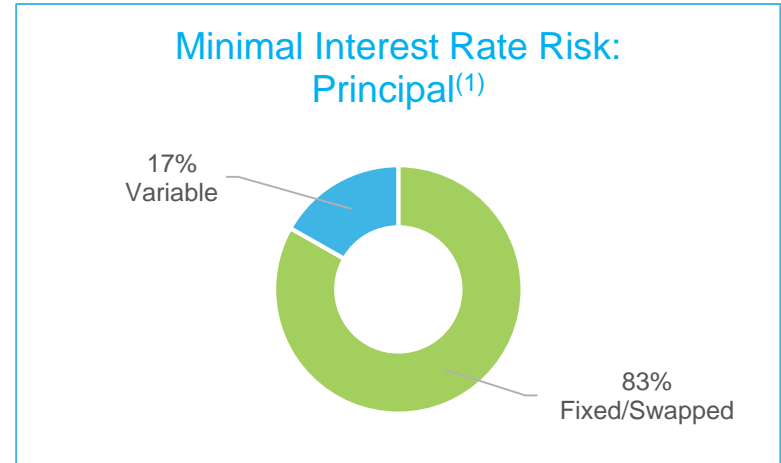


(1) Principal debt outstanding as of December 31, 2018.  
 (2) Total Enterprise Value is defined as the sum of the Company's debt principal outstanding plus the perpetual preferred and common equity (on a fully diluted basis) valued at the closing price per share, respectively, as of each quarter end. SP equity is assumed converted using the hypothetical conversion ratio for the trailing twelve months ended at each respective quarter end, which we publicly disclose each quarter. See Supplemental Schedule 4 to each of our earnings releases which are furnished with the U.S. Securities and Exchange Commission.  
 (3) Net debt means principal debt outstanding less cash and cash equivalents as of December 31, 2018. Adjusted EBITDA is based on annualized current quarter for 2018.  
 (4) Interest coverage is computed by dividing 2018 adjusted EBITDA by 2018 interest expense. Does not include loss on early extinguishment of debt.  
 (5) Yield is calculated based on current quarterly annualized dividend of \$1.20 divided by market closing price of NSA's common shares on December 31, 2018 of \$26.46.  
 (6) Equity outstanding as of December 31, 2018.





# Balance Sheet Provides Strength and Flexibility to Finance Growth

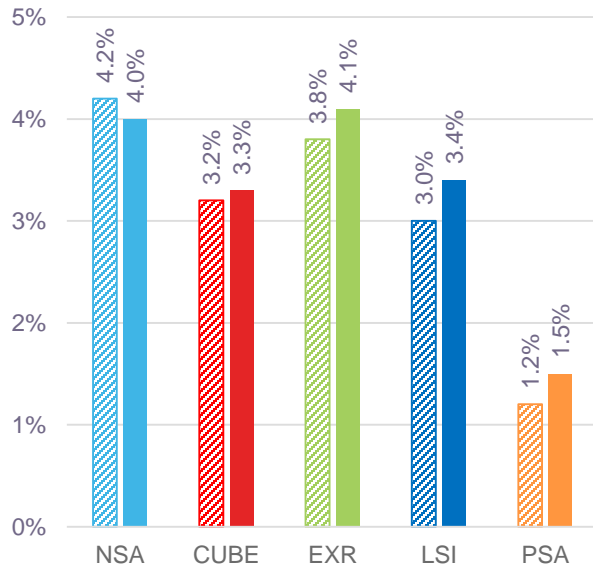


(1) Principal debt outstanding as of December 31, 2018.

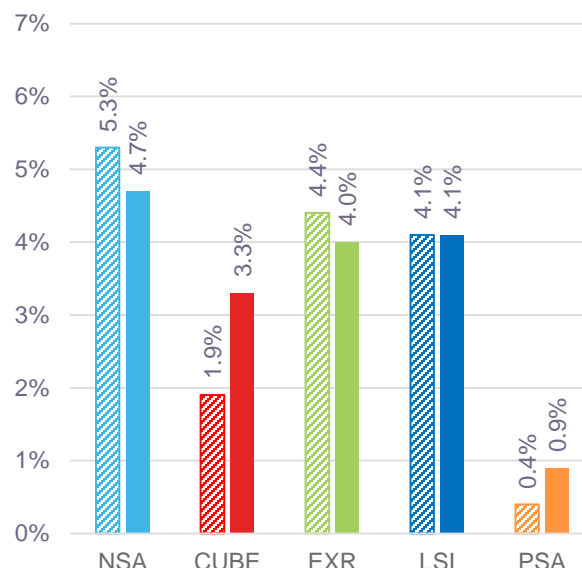
(2) Effective interest rate incorporates the stated rate plus the impact of interest rate cash flow hedges and discount and premium amortization, if applicable. For the revolving line of credit, the effective interest rate excludes fees which range from 0.15% to 0.25% for unused borrowings.

# Q4 and Full-Year 2018 Performance

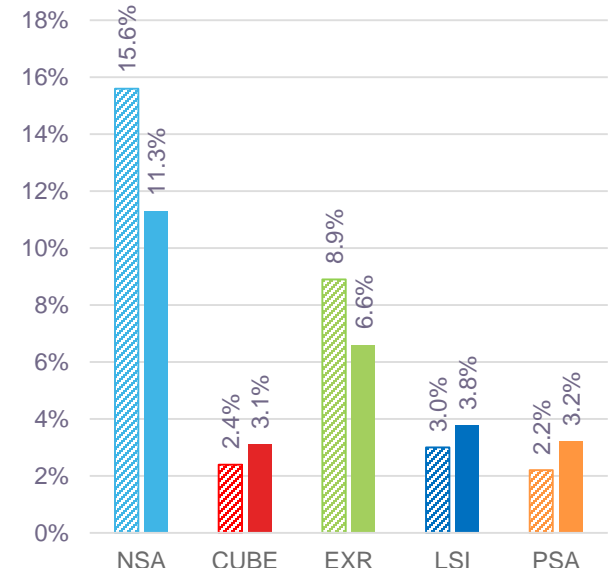
## Fourth Quarter and Full-Year 2018<sup>(1)</sup>



SAME STORE REVENUE GROWTH



SAME STORE NOI GROWTH



CORE FFO/SHARE GROWTH

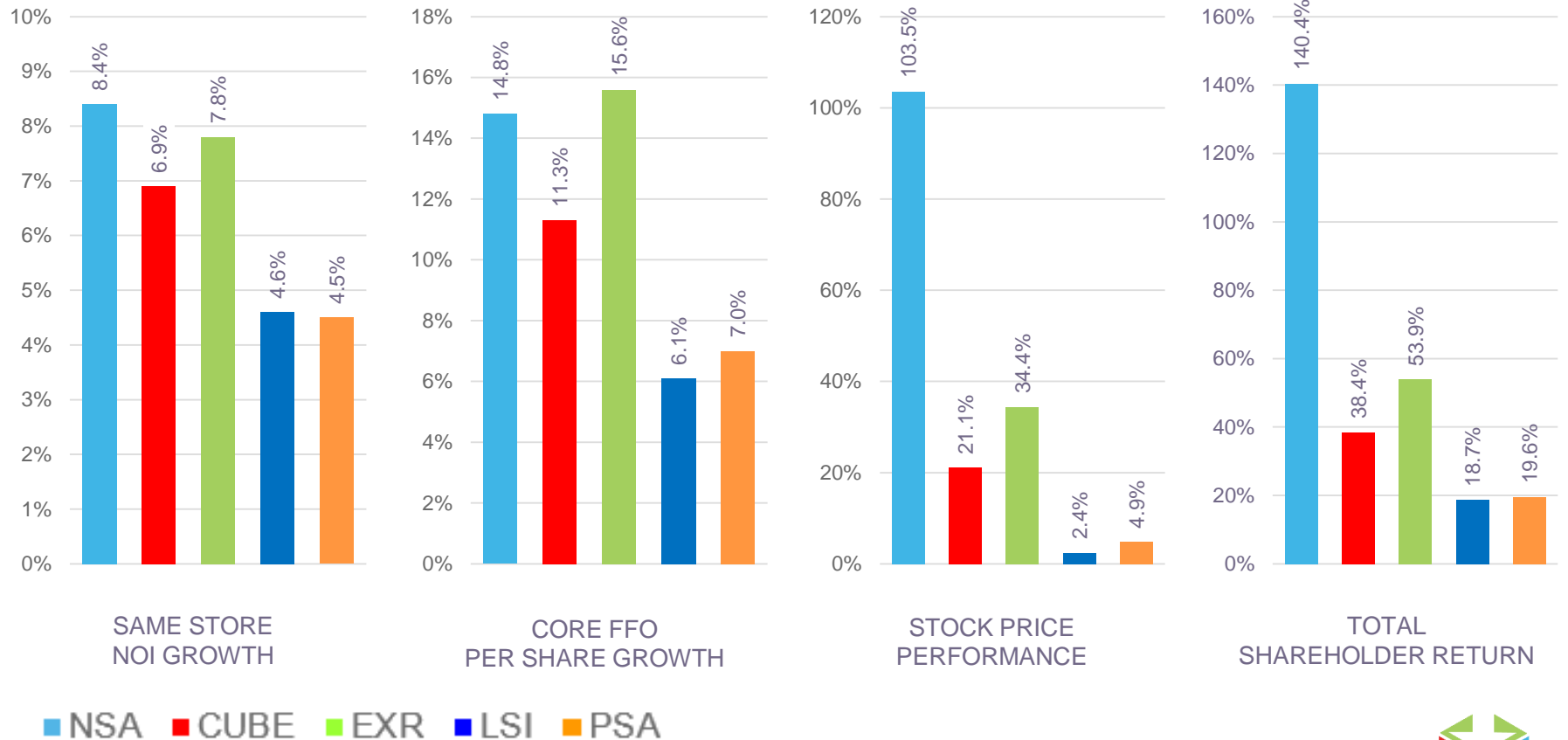
■ NSA ■ CUBE ■ EXR ■ LSI ■ PSA

Q4 2018 ■ FULL-YEAR 2018 ■

(1) Source: Fourth quarter and full-year 2018 public reporting.

# NSA Delivers Strong Results Relative to Peers

Fifteen Quarters of Performance Since IPO: 4/23/15 through 12/31/18<sup>(1)(2)</sup>



(1) Source: 2015, 2016, 2017 and 2018 public reporting and SNL Financial.

(2) Quarterly averages are computed using a simple average of year-over-year quarterly growth rates from second quarter 2015 through fourth quarter 2018.



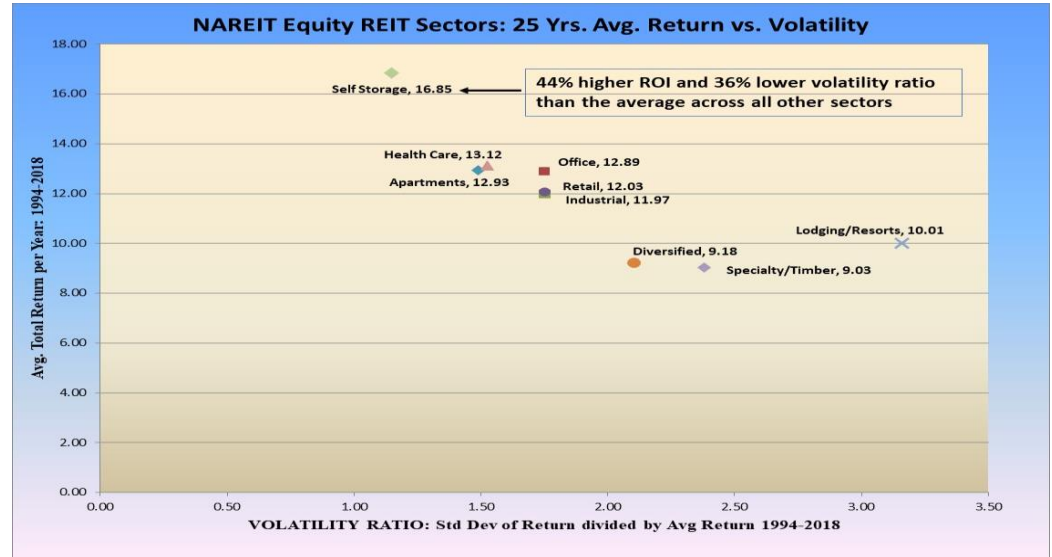
# Appendix

# Self Storage Has Consistently Outperformed

Self Storage Has Outperformed Over Last 25 Years on Total Return With Less Volatility

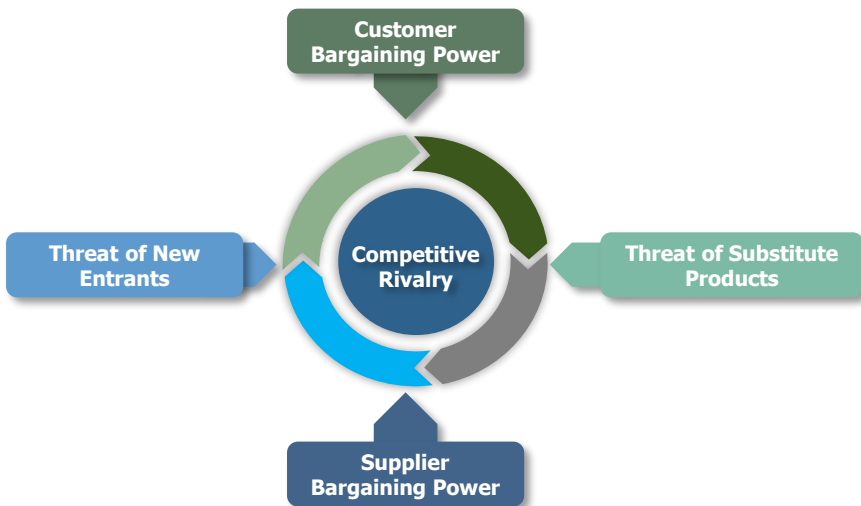
Since 1994, total returns for self storage have outperformed all other equity REIT sectors while experiencing the least volatility

- The industry is expected to continue to generate substantial NOI growth
- Savings expected through improved scale, new technology and centralized infrastructure



Source: NAREIT

## Five Forces Driving Self Storage



Force	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

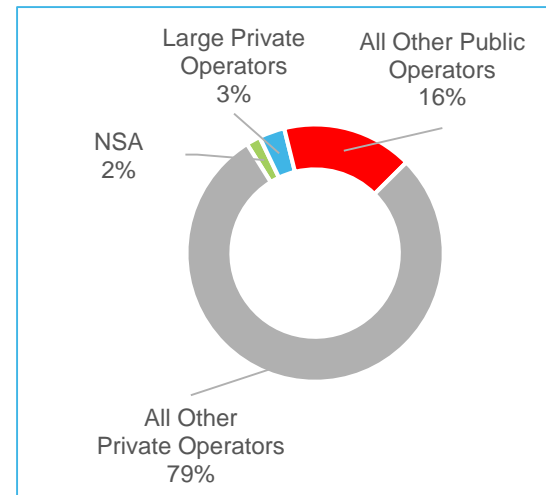
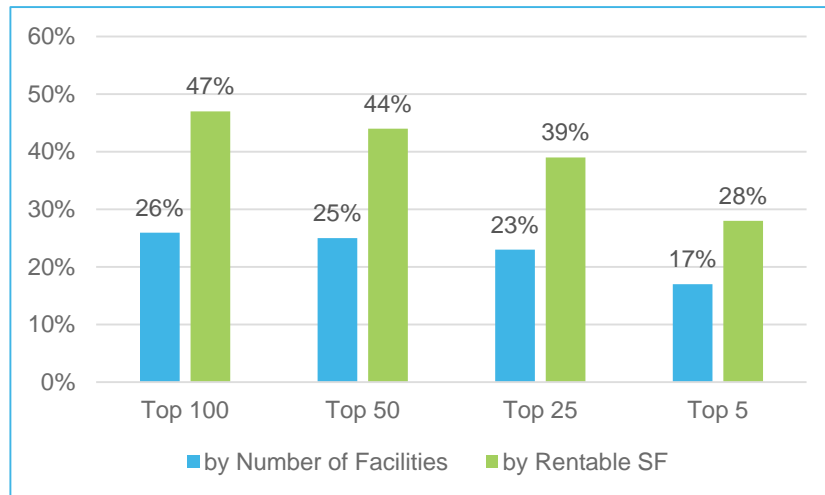


# Highly Fragmented Industry: Consolidation Opportunity

- **Highly fragmented sector**
  - ~46,000<sup>(1)</sup> self storage properties with over 30,000 operators<sup>(2)</sup>
  - Over \$33 billion in annual revenue<sup>(2)</sup> and over \$300 billion in private market value
- **NSA PRO growth primarily targets top private operators with 20 or more institutional quality properties in the top 100 MSAs**
  - Top 100 operators, excluding public REITs, own and/or manage over 3,800 self storage properties<sup>(1)(3)</sup>

## Top 40 Operators<sup>(1)</sup>

- 1 Public Storage
- 2 Extra Space Storage, Inc.
- 3 CubeSmart
- 4 U-Haul International, Inc.
- 5 **National Storage Affiliates Trust (NYSE: NSA)**
- 6 Life Storage, Inc.
- 7 StorageMart
- 8 StorQuest Self Storage
- 9 SmartStop Asset Management LLC
- 10 Metro Storage LLC
- 11 Westport Properties Inc.
- 12 W.P. Carey Inc.
- 13 Storage Asset Management, Inc.
- 14 Absolute Storage Management
- 15 TnT Self Storage Management
- 16 All Storage
- 17 WorldClass Holdings/Great Value Storage
- 18 Argus Professional Storage Management
- 19 Compass Self Storage
- 20 Morningstar Properties
- 21 The Lock Up Self Storage
- 22 StoragePRO Management Co.
- 23 West Coast Self-Storage
- 24 The Jenkins Organization, Inc.
- 25 Red Dot Storage
- 26 Self-Storage Consulting Group LLC
- 27 Reliant Real Estate Management LLC
- 28 Universal Storage Group
- 29 Platinum Storage Group
- 30 Urban Self Storage, Inc.
- 31 Caster Properties, Inc. dba A-1 Self Storage
- 32 BACO Realty Corp dba Security Public Storage
- 33 Brookwood Properties LLC
- 34 Brundage Management Co., Inc. dba A-AAKey Mini Storage/Key Storage
- 35 Devon Self Storage
- 36 Rosewood Property Company
- 37 Strat Property Management, Inc.
- 38 Pogoda Companies
- 39 Dahn Corporation
- 40 Store-It Self Storage



(1) 2019 Self-Storage Almanac based on total NRSF; survey excludes small, rural facilities.  
 (2) Self Storage Association estimates.  
 (3) Represents the number of facilities owned and/or managed by top operators, excluding NSA and other publicly traded entities.

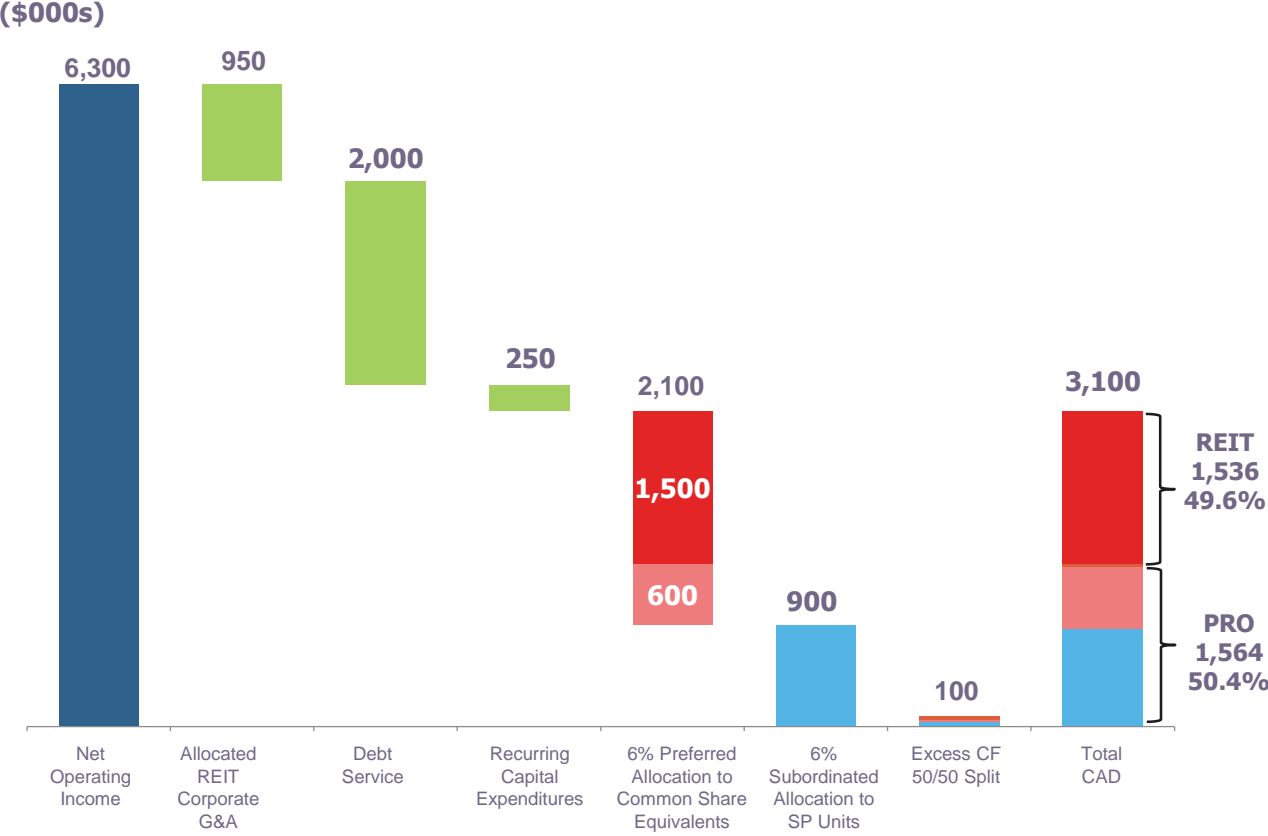


# Structure Incentivizes PROs To Perform

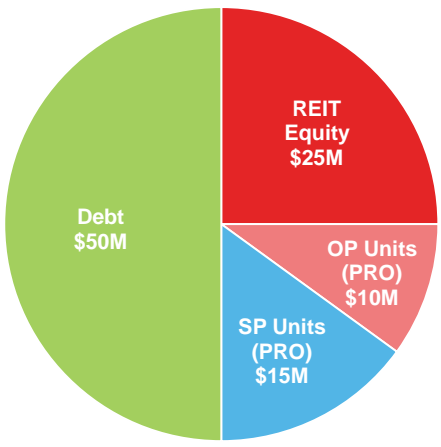
## KEY ASSUMPTIONS

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

## Illustrative Operating Cash Flow Allocation for Single Acquisition



## Illustrative Capitalization



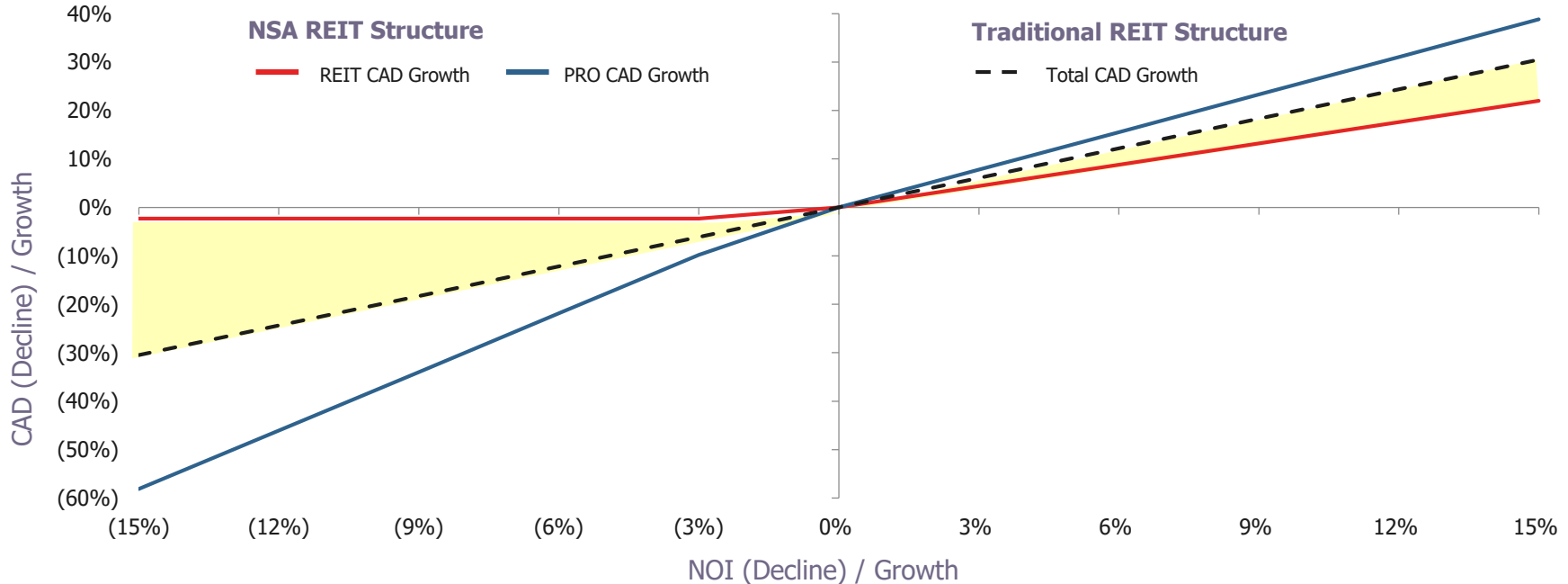
*Note: Proportion of SP units and OP units in each acquisition will vary. In general, the number of OP units issued will be capped at a level intended to provide a minimal level of operating cash flow ("CF") allocation on unreturned capital attributable to the OP units. Debt Service is reflective of 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 NSA's 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.  
<sup>(1)</sup> This illustrative sensitivity graph reflects the capital structure of a single acquisition and operating CF allocation assumptions reflected on page 21. 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 NSA's common shares). Any distribution of operating CF allocated to OP units will be made at the discretion of NSA (and paid as dividends on NSA's common shares at the discretion of our board of trustees).





# Earnings (Loss) Per Share – Diluted to Funds From Operations (“FFO”) and Core FFO Per Share and Unit Reconciliation

	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
(dollars in thousands, except per share and unit amounts)				
<b>Earnings (loss) per share - diluted</b>	<b>\$ (0.16)</b>	<b>\$ (0.08)</b>	<b>\$ 0.07</b>	<b>\$ 0.01</b>
Impact of the difference in weighted average number of shares <sup>(1)</sup>	0.06	0.02	(0.03)	-
Impact of GAAP accounting for noncontrolling interests, two-class method and treasury stock method <sup>(2)</sup>	0.24	0.18	0.49	0.59
Add real estate depreciation and amortization	0.26	0.27	1.04	1.00
Add Company’s share of unconsolidated real estate venture real estate depreciation and amortization	0.06	0.02	0.12	0.10
Subtract gain on sale of self storage properties	-	-	-	(0.08)
FFO attributable to subordinated performance unitholders	(0.09)	(0.10)	(0.32)	(0.39)
<b>FFO per share and unit</b>	<b>0.37</b>	<b>0.31</b>	<b>1.37</b>	<b>1.23</b>
Add acquisition costs and Company’s share of unconsolidated real estate venture acquisition costs	-	0.01	0.01	0.01
<b>Core FFO per share and unit</b>	<b>\$0.37</b>	<b>\$0.32</b>	<b>\$1.38</b>	<b>\$1.24</b>

Source: Q4 2018 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 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.
- (2) 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 above in footnote (1).



# Net Income to Net Operating Income Reconciliation

	Three Months Ended		Year Ended	
	December 31,		December 31,	
(dollars in thousands)	2018	2017	2018	2017
<b>Net income</b>	<b>\$14,483</b>	<b>\$12,015</b>	<b>\$56,326</b>	<b>\$45,998</b>
(Subtract) add:				
Management fees and other revenue	(4,846)	(2,083)	(12,310)	(8,061)
General and administrative expenses	10,606	7,994	36,220	30,060
Depreciation and amortization	22,921	20,169	89,147	75,115
Interest expense	11,961	9,280	42,724	34,068
Equity in losses of unconsolidated real estate ventures	1,713	79	1,423	2,339
Acquisition costs	192	143	663	593
Income tax expense	349	392	818	1,159
Loss (gain) on sale of self storage properties	-	28	(391)	(5,715)
Non-operating expense (income)	160	(17)	91	58
<b>Net Operating Income</b>	<b>\$57,539</b>	<b>\$48,000</b>	<b>\$214,711</b>	<b>\$175,614</b>

Source: Q4 2018 Company financials.



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# Net Income to EBITDA & Adjusted EBITDA Reconciliation

	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
(dollars in thousands)				
<b>Net income</b>	<b>\$14,483</b>	<b>\$12,015</b>	<b>\$56,326</b>	<b>\$45,998</b>
Add:				
Depreciation and amortization	22,921	20,169	89,147	75,115
Company's share of unconsolidated real estate venture depreciation and amortization	5,524	1,464	10,233	7,296
Interest expense	11,961	9,280	42,724	34,068
Income tax expense	349	392	818	1,159
<b>EBITDA</b>	<b>\$55,238</b>	<b>\$43,320</b>	<b>\$199,248</b>	<b>\$163,636</b>
Add (subtract):				
Acquisition costs	192	143	663	593
Company's share of unconsolidated real estate venture acquisition costs	-	-	-	22
Loss (gain) on sale of self storage properties	-	28	(391)	(5,715)
Company's share of unconsolidated real estate venture loss on sale of properties	-	-	205	-
Equity-based compensation expense	1,029	920	3,837	3,764
<b>Adjusted EBITDA</b>	<b>\$56,459</b>	<b>\$44,411</b>	<b>\$203,562</b>	<b>\$162,300</b>

Source: Q4 2018 Company financials.



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