

August 6, 2020



# National Storage Affiliates Trust Reports Second Quarter 2020 Results

GREENWOOD VILLAGE, Colo.--(BUSINESS WIRE)-- National Storage Affiliates Trust ("NSA" or the "Company") (NYSE: NSA) today reported the Company's second quarter 2020 results.

## Second Quarter 2020 Highlights

- Reported net income of \$17.8 million for the second quarter of 2020, an increase of 0.3% compared to the second quarter of 2019. Reported diluted earnings per share of \$0.10 for the second 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 \$41.3 million, or \$0.41 per share for the second quarter of 2020, an increase of 7.9% per share compared to the second quarter of 2019.
- Reported a decline in same store net operating income ("NOI") of 1.2% for the second quarter of 2020 compared to the same period in 2019, driven by a 1.1% decrease in same store total revenues partially offset by a 1.1% decrease in same store property operating expenses.
- Acquired four wholly-owned self storage properties for \$36.2 million during the second quarter of 2020. Capital sources for the acquisition activity included the issuance of approximately \$5.8 million of OP equity and \$11.9 million of common equity raised under the Company's at the market, or ATM, program at a combined weighted average price of \$30.20 per share/unit, as well as borrowings under the Company's revolving line of credit.
- On April 28, 2020, Kroll Bond Rating Agency affirmed the investment grade issuer rating of BBB for NSA's operating partnership.

## Highlights Subsequent to Quarter-End

- Entered into an agreement to issue \$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 in a private placement.

Tamara Fischer, President and Chief Executive Officer, commented, "Despite the impact from COVID-19 and the ensuing economic recession, we were pleased to deliver solid year-over-year growth in Core FFO per share of 7.9% for the second quarter, further demonstrating the resilience of our sector and the advantages of our unique PRO structure. We're confident our balance sheet and our geographically diverse portfolio are prepared to continue to navigate this uncertain landscape."

## COVID-19 Update

Given the recurring outbreaks of the novel coronavirus across certain states where the Company operates self storage facilities, a number of states and municipalities have reacted by re-instituting quarantines, mandating business and school closures, requiring restrictions on travel, issuing "shelter-in-place" and/or "stay-at-home" orders, and imposing restrictions on the types of businesses that may continue to operate. Although this has resulted in significant uncertainty surrounding the direct and indirect economic effects of the pandemic and containment measures, the Company notes the following impact on its current operations:

- All of the Company's stores remain open and nearly all are operating normally with new safety protocols in place.
- During the third quarter of 2020, the Company has resumed rental rate increases for in-place tenants at the vast majority of its stores.
- Same store move-in volume increased approximately 8% in July, compared to the same period in 2019.
- Same store move-out volume decreased approximately 20% in July, compared to the same period in 2019.
- Same store period-end occupancy was 91.1% as of July 31, 2020, which was a 130 basis point increase compared to June 30, 2020 and an increase of approximately 80 basis points compared to July 31, 2019.

## 2020 Guidance

Due to the continued uncertain impacts of the COVID-19 pandemic and the current economic recession on the Company's operating results, the Company is not providing updated 2020 annual guidance at this time. The Company will evaluate reinstating 2020 guidance as it gains greater clarity regarding the aforementioned items.

### Financial Results

(\$ in thousands, except per share and unit data)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Growth	2020	2019	Growth
<b>Net income</b>	<u>\$ 17,787</u>	<u>\$ 17,733</u>	<u>0.3%</u>	<u>\$ 33,550</u>	<u>\$ 30,673</u>	<u>9.4%</u>
<b>Funds From Operations ("FFO")<sup>(1)</sup></b>	<u>\$ 41,009</u>	<u>\$ 33,978</u>	<u>20.7%</u>	<u>\$ 77,287</u>	<u>\$ 66,558</u>	<u>16.1%</u>
Add back acquisition costs	252	305	(17.4)%	1,085	462	134.8%
<b>Core FFO<sup>(1)</sup></b>	<u>\$ 41,261</u>	<u>\$ 34,283</u>	<u>20.4%</u>	<u>\$ 78,372</u>	<u>\$ 67,020</u>	<u>16.9%</u>
<b>Earnings (loss) per share - basic and diluted</b>	<u>\$ 0.10</u>	<u>\$ (0.19)</u>	<u>152.6%</u>	<u>\$ 0.16</u>	<u>\$ (0.11)</u>	<u>245.5%</u>
<b>FFO per share and unit<sup>(1)</sup></b>	<u>\$ 0.41</u>	<u>\$ 0.38</u>	<u>7.9%</u>	<u>\$ 0.80</u>	<u>\$ 0.74</u>	<u>8.1%</u>
<b>Core FFO per share and unit<sup>(1)</sup></b>	<u>\$ 0.41</u>	<u>\$ 0.38</u>	<u>7.9%</u>	<u>\$ 0.81</u>	<u>\$ 0.75</u>	<u>8.0%</u>

Non-GAAP financial measures, including FFO, Core FFO and NOI, are defined in the Glossary in the supplemental financial information and, where appropriate,

(1) 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 \$0.1 million for the second quarter of 2020 and \$2.9 million for the six months ended June 30, 2020 ("year-to-date") as compared to the same periods in 2019. These increases were primarily the result of additional NOI generated from the 53 wholly-owned self storage properties acquired between July 1, 2019 and June 30, 2020, partially

offset by an increase in depreciation and amortization and a decrease in gains from the sale of self storage properties.

The increases in FFO and Core FFO for the second quarter of 2020 and year-to-date were primarily the result of incremental NOI from properties acquired between July 1, 2019 and June 30, 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 June 30,			Six Months Ended June 30,		
	2020	2019	Growth	2020	2019	Growth
Total revenues	\$ 83,001	\$ 83,959	(1.1)%	\$ 167,517	\$ 165,977	0.9%
Property operating expenses	24,780	25,052	(1.1)%	50,518	50,271	0.5%
<b>Net Operating Income (NOI)</b>	<b>\$ 58,221</b>	<b>\$ 58,907</b>	<b>(1.2)%</b>	<b>\$ 116,999</b>	<b>\$ 115,706</b>	<b>1.1%</b>
<b>NOI Margin</b>	<b>70.1%</b>	<b>70.2%</b>	<b>(0.1)%</b>	<b>69.8%</b>	<b>69.7%</b>	<b>0.1%</b>
<b>Average Occupancy</b>	<b>88.1%</b>	<b>89.5%</b>	<b>(1.4)%</b>	<b>87.7%</b>	<b>88.5%</b>	<b>(0.8)%</b>
<b>Average Annualized Rental Revenue Per Occupied Square Foot</b>	<b>\$ 11.99</b>	<b>\$ 11.94</b>	<b>0.4%</b>	<b>\$ 12.15</b>	<b>\$ 11.96</b>	<b>1.6%</b>

Year-over-year same store total revenues decreased 1.1% for the second quarter of 2020 and increased 0.9% year-to-date as compared to the same periods in 2019. The decrease for the second quarter of 2020 was driven primarily by a 140 basis point decrease in average occupancy partially offset by a 0.4% increase in average annualized rental revenue per occupied square foot. The year-to-date increase was driven primarily by a 1.6% increase in average annualized rental revenue per occupied square foot partially offset by an 80 basis point decrease in average occupancy. Markets which generated above portfolio average same store total revenue growth include: Riverside-San Bernardino, Atlanta, and Phoenix. Markets which generated below portfolio average same store total revenue growth include: Portland, Dallas and Los Angeles.

Year-over-year same store property operating expenses decreased 1.1% for the second quarter of 2020 and increased 0.5% year-to-date as compared to the same periods in 2019. The decrease for the second quarter of 2020 primarily resulted from decreases in personnel costs and repairs & maintenance expenses, partially offset by increases in property taxes. The year-to-date increase was driven primarily by an increase in property taxes and personnel costs partially offset by decreases in repairs & maintenance and utilities expenses.

#### Investment Activity

In the second quarter, NSA invested approximately \$36.2 million in the acquisition of four self storage properties consisting of approximately 0.3 million rentable square feet configured in approximately 2,500 storage units. Total consideration for these acquisitions included approximately \$30.2 million of net cash, the issuance of approximately \$4.9 million of OP units and \$0.9 million of subordinated performance units and the assumption of approximately \$0.2 million of other working capital liabilities.

#### Balance Sheet

Subsequent to the end of the second quarter, using proceeds from revolving line of credit borrowings, the Company paid off approximately \$35 million of fixed rate mortgages

payable, which was the Company's only remaining outstanding debt that was scheduled to mature in 2020.

On August 4, 2020, the Company's operating partnership entered into an agreement to issue \$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. The funding of the Senior Unsecured Notes is expected to occur on or before October 22, 2020, subject to customary closing conditions. The Company plans to use the proceeds to repay outstanding amounts on its revolving line of credit and for general corporate purposes.

### **Common Share Dividends**

On May 21, 2020, NSA's Board of Trustees declared a quarterly cash dividend of \$0.33 per common share, which was paid on June 30, 2020 to shareholders of record as of June 15, 2020.

### **Supplemental Financial Information**

The full text of this earnings release and supplemental financial information, including certain financial information referenced in this release, are available on NSA's website at <http://ir.nationalstorageaffiliates.com/quarterly-reporting> and as exhibit 99.1 to the Company's Form 8-K furnished to the SEC on August 6, 2020.

### **Non-GAAP Financial Measures & Glossary**

This press release contains certain non-GAAP financial measures. These non-GAAP measures are presented because NSA's management believes these measures help investors understand NSA's business, performance and ability to earn and distribute cash to its shareholders by providing perspectives not immediately apparent from net income (loss). These measures are also frequently used by securities analysts, investors and other interested parties. The presentations of FFO, Core FFO and NOI in this press release are not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. In addition, NSA's method of calculating these measures may be different from methods used by other companies, and, accordingly, may not be comparable to similar measures as calculated by other companies that do not use the same methodology as NSA. These measures, and other words and phrases used herein, are defined in the Glossary in the supplemental financial information and, where appropriate, reconciliations of these measures and other non-GAAP financial measures to their most directly comparable GAAP measures are included in the Schedules to this press release and in the supplemental financial information.

### **Quarterly Teleconference and Webcast**

The Company will host a conference call at 1:00 pm Eastern Time on Friday, August 7, 2020 to discuss its second 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: Friday, August 7, 2020, 1:00pm 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 Friday, August 14, 2020. 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 the BMO 2020 Real Assets Virtual Conference, September 2-3, 2020, and the BofA Securities Global Real Estate Virtual Conference 2020, September 15-17, 2020.

### **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 June 30, 2020, the Company held ownership interests in and operated 784 self storage properties located in 35 states and Puerto Rico with approximately 49.2 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, 2020. For a further list and description of such risks and uncertainties, see the Company's most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the Securities and Exchange Commission, and the other documents filed by the Company with the Securities and Exchange Commission. The forward-looking statements, and other risks, uncertainties and factors are based on the Company's beliefs, assumptions and expectations of its future performance, taking into account all information currently available to the Company. Forward-looking statements are not predictions of future events. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

**National Storage Affiliates Trust**  
**Consolidated Statements of Operations**  
(in thousands, except per share amounts)  
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<b>REVENUE</b>				
Rental revenue	\$ 95,302	\$ 87,175	\$ 190,704	\$ 170,030
Other property-related revenue	3,418	3,128	6,789	5,952
Management fees and other revenue	5,697	5,116	11,146	10,009
Total revenue	<u>104,417</u>	<u>95,419</u>	<u>208,639</u>	<u>185,991</u>
<b>OPERATING EXPENSES</b>				
Property operating expenses	30,257	27,190	60,849	53,647
General and administrative expenses	10,329	10,813	21,423	21,193
Depreciation and amortization	29,309	25,829	58,414	50,178
Other	462	357	851	743
Total operating expenses	<u>70,357</u>	<u>64,189</u>	<u>141,537</u>	<u>125,761</u>
<b>OTHER (EXPENSE) INCOME</b>				
Interest expense	(15,513)	(13,947)	(31,141)	(27,158)
Equity in earnings (losses) of unconsolidated real estate ventures	52	(1,646)	(288)	(3,748)
Acquisition costs	(252)	(305)	(1,085)	(462)
Non-operating expense	(317)	(169)	(509)	(267)
Gain on sale of self storage properties	—	2,814	—	2,814
Other expense	(16,030)	(13,253)	(33,023)	(28,821)
<b>Income before income taxes</b>	<u>18,030</u>	<u>17,977</u>	<u>34,079</u>	<u>31,409</u>
Income tax expense	(243)	(244)	(529)	(736)
<b>Net income</b>	<u>17,787</u>	<u>17,733</u>	<u>33,550</u>	<u>30,673</u>
Net income attributable to noncontrolling interests	(7,365)	(25,389)	(16,480)	(30,918)
<b>Net income (loss) attributable to National Storage Affiliates Trust</b>	<u>10,422</u>	<u>(7,656)</u>	<u>17,070</u>	<u>(245)</u>
Distributions to preferred shareholders	(3,274)	(3,257)	(6,547)	(5,845)
<b>Net income (loss) attributable to common shareholders</b>	<u>\$ 7,148</u>	<u>\$ (10,913)</u>	<u>\$ 10,523</u>	<u>\$ (6,090)</u>
<b>Earnings (loss) per share - basic and diluted</b>	<u>\$ 0.10</u>	<u>\$ (0.19)</u>	<u>\$ 0.16</u>	<u>\$ (0.11)</u>
<b>Weighted average shares outstanding - basic and diluted</b>	<u>68,210</u>	<u>57,543</u>	<u>64,004</u>	<u>57,101</u>

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

	June 30, 2020	December 31, 2019
<b>ASSETS</b>		
Real estate		
Self storage properties	\$3,354,454	\$3,091,719
Less accumulated depreciation	(389,828)	(337,822)
Self storage properties, net	2,964,626	2,753,897
Cash and cash equivalents	17,271	20,558
Restricted cash	5,635	3,718
Debt issuance costs, net	2,900	3,264
Investment in unconsolidated real estate ventures	210,114	214,061
Other assets, net	60,927	65,441
Operating lease right-of-use assets	23,577	23,306
Total assets	<u>\$3,285,050</u>	<u>\$3,084,245</u>
<b>LIABILITIES AND EQUITY</b>		
Liabilities		
Debt financing	\$1,741,544	\$1,534,047
Accounts payable and accrued liabilities	42,641	37,966
Interest rate swap liabilities	91,175	19,943
Operating lease liabilities	25,095	24,665
Deferred revenue	15,850	15,523
Total liabilities	1,916,305	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 June 30, 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, 68,703,733 and 59,659,108 shares issued and outstanding at June 30, 2020 and December 31, 2019, respectively	687	597
Additional paid-in capital	984,950	905,763
Distributions in excess of earnings	(228,924)	(197,075)
Accumulated other comprehensive loss	(57,462)	(7,833)
Total shareholders' equity	917,569	919,630
Noncontrolling interests	451,176	532,471
Total equity	1,368,745	1,452,101
Total liabilities and equity	<u>\$3,285,050</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 June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<b>Net income</b>	<b>\$ 17,787</b>	<b>\$17,733</b>	<b>\$33,550</b>	<b>\$30,673</b>
Add (subtract):				
Real estate depreciation and amortization	28,955	25,510	57,719	49,537
Company's share of unconsolidated real estate venture real estate depreciation and amortization	3,811	5,472	7,598	10,929
Gain on sale of self storage properties	—	(2,814)	—	(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	—	—	142	—
Distributions to preferred shareholders and unitholders	(3,514)	(3,461)	(7,028)	(6,214)
FFO attributable to subordinated performance unitholders <sup>(1)</sup>	(6,030)	(8,462)	(14,694)	(15,755)
<b>FFO attributable to common shareholders, OP unitholders, and LTIP unitholders</b>	<b>41,009</b>	<b>33,978</b>	<b>77,287</b>	<b>66,558</b>
Add:				
Acquisition costs	252	305	1,085	462
<b>Core FFO attributable to common shareholders, OP unitholders, and LTIP unitholders</b>	<b>\$ 41,261</b>	<b>\$34,283</b>	<b>\$78,372</b>	<b>\$67,020</b>
<b>Weighted average shares and units outstanding - FFO and Core FFO:<sup>(2)</sup></b>				
Weighted average shares outstanding - basic	68,210	57,543	64,004	57,101
Weighted average restricted common shares outstanding	34	29	29	29
Weighted average OP units outstanding	29,720	30,213	30,215	30,081
Weighted average DownREIT OP unit equivalents outstanding	1,925	1,848	1,887	1,848
Weighted average LTIP units outstanding	534	537	576	641
<b>Total weighted average shares and units outstanding - FFO and Core FFO</b>	<b>100,423</b>	<b>90,170</b>	<b>96,711</b>	<b>89,700</b>
<b>FFO per share and unit</b>	<b>\$ 0.41</b>	<b>\$ 0.38</b>	<b>\$ 0.80</b>	<b>\$ 0.74</b>
<b>Core FFO per share and unit</b>	<b>\$ 0.41</b>	<b>\$ 0.38</b>	<b>\$ 0.81</b>	<b>\$ 0.75</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>(3)</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.

**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 June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<b>Earnings (loss) per share - diluted</b>	<b>\$ 0.10</b>	<b>\$ (0.19)</b>	<b>\$0.16</b>	<b>\$ (0.11)</b>
Impact of the difference in weighted average number of shares <sup>(3)</sup>	(0.03)	0.07	(0.06)	0.04
Impact of GAAP accounting for noncontrolling interests, two-class method and treasury stock method <sup>(4)</sup>	0.07	0.28	0.17	0.35
Add real estate depreciation and amortization	0.29	0.28	0.60	0.55
Add Company's share of unconsolidated real estate venture real estate depreciation and amortization	0.04	0.06	0.08	0.12
Subtract gain on sale of self storage properties	—	(0.03)	—	(0.03)
FFO attributable to subordinated performance unitholders	(0.06)	(0.09)	(0.15)	(0.18)
<b>FFO per share and unit</b>	<b>0.41</b>	<b>0.38</b>	<b>0.80</b>	<b>0.74</b>
Add acquisition costs	—	—	0.01	0.01
<b>Core FFO per share and unit</b>	<b>\$ 0.41</b>	<b>\$ 0.38</b>	<b>\$0.81</b>	<b>\$ 0.75</b>

- (3) 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.
- (4) 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>(3)</sup>.

**Net Operating Income**  
(dollars in thousands) (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<b>Net income</b>	<b>\$ 17,787</b>	<b>\$ 17,733</b>	<b>\$ 33,550</b>	<b>\$ 30,673</b>
(Subtract) add:				
Management fees and other revenue	(5,697)	(5,116)	(11,146)	(10,009)
General and administrative expenses	10,329	10,813	21,423	21,193
Other	462	357	851	743
Depreciation and amortization	29,309	25,829	58,414	50,178
Interest expense	15,513	13,947	31,141	27,158
Equity in (earnings) losses of unconsolidated real estate ventures	(52)	1,646	288	3,748
Acquisition costs	252	305	1,085	462
Income tax expense	243	244	529	736
Gain on sale of self storage properties	—	(2,814)	—	(2,814)
Non-operating expense	317	169	509	267
<b>Net Operating Income</b>	<b>\$ 68,463</b>	<b>\$ 63,113</b>	<b>\$ 136,644</b>	<b>\$ 122,335</b>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<b>Net income</b>	\$ 17,787	\$ 17,733	\$ 33,550	\$ 30,673
Add:				
Depreciation and amortization	29,309	25,829	58,414	50,178
Company's share of unconsolidated real estate venture depreciation and amortization	3,811	5,472	7,598	10,929
Interest expense	15,513	13,947	31,141	27,158
Income tax expense	243	244	529	736
<b>EBITDA</b>	<b>66,663</b>	<b>63,225</b>	<b>131,232</b>	<b>119,674</b>
Add (subtract):				
Acquisition costs	252	305	1,085	462
Gain on sale of self storage properties	—	(2,814)	—	(2,814)
Company's share of unconsolidated real estate venture loss on sale of properties	—	—	—	202
Equity-based compensation expense	1,151	1,108	1,925	2,220
<b>Adjusted EBITDA</b>	<b>\$ 68,066</b>	<b>\$ 61,824</b>	<b>\$ 134,242</b>	<b>\$ 119,744</b>

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