

May 1, 2023



National Storage Affiliates Trust Reports First Quarter 2023 Results

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

First Quarter 2023 Highlights

- Reported net income of \$40.4 million for the first quarter of 2023, a decrease of 9.8% compared to the first quarter of 2022. Reported diluted earnings per share of \$0.24 for the first quarter of 2023 compared to \$0.24 for the first quarter of 2022.
- Reported core funds from operations ("Core FFO") of \$85.9 million, or \$0.66 per share for the first quarter of 2023, a decrease of 2.9% per share compared to the first quarter of 2022, driven by same store growth and net operating income ("NOI") contribution from non-same store properties, which was more than offset by elevated interest expense due primarily to higher interest rates.
- Reported an increase in same store NOI of 4.8% for the first quarter of 2023 compared to the same period in 2022, driven by a 5.7% increase in same store total revenues partially offset by an increase of 8.3% in same store property operating expenses.
- Reported same store period-end occupancy of 89.8% as of March 31, 2023, a decrease of 380 basis points compared to March 31, 2022.
- Acquired 16 wholly-owned self storage properties for approximately \$160.5 million during the first quarter of 2023. 15 of the properties were acquired in a portfolio from affiliates of Personal Mini, one of the Company's PROs, for approximately \$144.8 million. Consideration for these acquisitions included the issuance of \$150.5 million of equity, with a new class of preferred shares representing the majority of equity issued.
- Repurchased 1,622,874 of the Company's common shares for approximately \$69.3 million under the previously announced share repurchase program.
- As previously announced, one of the Company's participating regional operators ("PROs"), Move It Self Storage and its controlled affiliates ("Move It"), retired effective January 1, 2023. As a result of the retirement, on January 1, 2023, management of the Company's 72 properties in the Move It managed portfolio was transferred to NSA and the Move It brand name and related intellectual property were internalized by the Company. In addition, NSA no longer pays supervisory and administrative fees or reimbursements to Move It and all subordinated performance units related to Move It's managed portfolio converted into OP units.
- As previously announced, the Company increased the total borrowing capacity under the Company's credit facility by \$405.0 million to \$1.955 billion, and used incremental borrowings under the credit facility to retire \$300.0 million of its \$375.0 million of debt maturing in 2023.

Highlights Subsequent to Quarter-End

- Kroll Bond Rating Agency affirmed the issuer credit rating of NSA's operating partnership as BBB+ with a Stable Outlook.
- On April 27, 2023, the operating partnership as issuer, and the Company entered into a note purchase agreement which provides for the private placement of \$120.0 million of senior unsecured notes due July 5, 2028, with an effective interest rate of 5.75%, after taking into account the effect of interest rate swaps. The private placement closed on the same day.

David Cramer, President and Chief Executive Officer, commented, "We began the year with a solid quarter of operating results. We continue to moderate from the record setting levels of 2022, delivering same store revenue growth of 5.7% which is still above the long-term historical sector average. The slowing economy and a muted housing market will continue to apply pressure to demand levels. Our teams did a good job navigating the changing economic environment and remain focused on executing strategies to capture new customers as we progress through the spring leasing season. Operating trends over the next couple months will be key to performance for the full year."

Financial Results

	Three Months Ended March 31,		
	2023	2022	Growth
Net income	\$ 40,392	\$ 44,786	(9.8)%
Funds From Operations ("FFO") ⁽¹⁾	\$ 84,266	\$ 86,856	(3.0)%
Add back acquisition costs	844	553	52.6%
Add loss on early extinguishment of debt	758	—	—%
Core FFO⁽¹⁾	\$ 85,868	\$ 87,409	(1.8)%
Earnings (loss) per share - basic	\$ 0.28	\$ 0.24	16.7%
Earnings (loss) per share - diluted	\$ 0.24	\$ 0.24	—%
FFO per share and unit ⁽¹⁾	\$ 0.64	\$ 0.67	(4.5)%
Core FFO per share and unit ⁽¹⁾	\$ 0.66	\$ 0.68	(2.9)%

(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 decreased \$4.4 million for the first quarter of 2023 as compared to the same period in 2022. Total revenue and NOI increased by \$20.8 million and \$13.2 million, respectively, resulting primarily from additional NOI generated from the 33 wholly-owned self storage properties acquired between April 1, 2022 and December 31, 2022, and 16 wholly-owned self storage properties acquired during the three months ended March 31, 2023, and same store NOI growth. These increases in total revenue and NOI were offset by an increase in interest expense of \$15.3 million for the first quarter of 2023 as compared to the same period in 2022.

The decrease in FFO and Core FFO for the first quarter of 2023 was primarily the result of a decrease in net income of 9.8%, partially offset by a decrease in distributions on subordinated performance units, as compared to the same period in 2022.

Same Store Operating Results (834 Stores)

(\$ in thousands, except per square foot data)	Three Months Ended March 31,		
	2023	2022	Growth
Total revenues	\$ 183,915	\$ 173,933	5.7%
Property operating expenses	50,420	46,547	8.3%
Net Operating Income (NOI)	\$ 133,495	\$ 127,386	4.8%
NOI Margin	72.6%	73.2%	(0.6)%
Average Occupancy	89.7%	93.5%	(3.8)%
Average Annualized Rental Revenue Per Occupied Square Foot	\$ 15.13	\$ 13.74	10.1%

Year-over-year same store total revenues increased 5.7% for the first quarter of 2023 as compared to the same period in 2022. The increase was driven primarily by a 10.1% increase in average annualized rental revenue per occupied square foot, partially offset by a 3.8% decrease in average occupancy. Markets which generated above portfolio average same store total revenue growth for the first quarter of 2023 include: Riverside, McAllen and Oklahoma City. Markets which generated below portfolio average same store total revenue growth for the first quarter of 2023 include: Las Vegas, Phoenix and Colorado Springs.

Year-over-year same store property operating expenses increased 8.3% for the first quarter of 2023. The increase primarily resulted from increases in property tax expense, utilities, and marketing expense. The increase in property tax was partially the result of a favorable property tax adjustment in the first quarter of 2022.

Investment Activity

During the first quarter, NSA invested \$160.5 million in the acquisition of 16 self storage properties sourced from our captive pipeline, consisting of approximately 960,000 rentable square feet configured in approximately 7,900 storage units. Total consideration for these acquisitions included approximately \$9.9 million of net cash, \$113.3 million of 6.000% Series B Cumulative Redeemable Preferred Shares ("Series B Preferred Shares"), and \$37.2 million of subordinated performance units.

Balance Sheet

During the first quarter, NSA repurchased 1,622,874 of the Company's common shares for approximately \$69.3 million under the previously announced share repurchase program. Under the program, the Company has remaining capacity of approximately \$241.0 million out of a total of \$400.0 million authorized.

Common Share Dividends

On February 22, 2023, NSA's Board of Trustees declared a quarterly cash dividend of \$0.55 per common share, representing a 10.0% increase from the first quarter 2022. The first quarter 2023 dividend was paid on March 30, 2023 to shareholders of record as of March 15, 2023.

2023 Guidance

NSA reaffirms its previously provided guidance estimates and related assumptions for the

year ended December 31, 2023:

	Current Ranges for Full Year 2023		Actual Results for Full Year 2022
	Low	High	
Core FFO per share ⁽¹⁾	\$2.78	\$2.86	\$2.81
Same store operations ⁽²⁾			
Total revenue growth	3.75%	5.25%	12.1%
Property operating expenses growth	4.50%	6.00%	4.8%
NOI growth	3.00%	5.50%	14.9%
General and administrative expenses			
General and administrative expenses (excluding equity-based compensation), in millions	\$53.0	\$55.0	\$53.1
Equity-based compensation, in millions	\$6.5	\$7.0	\$6.3
Management fees and other revenue, in millions	\$28.0	\$30.0	\$27.6
Core FFO from unconsolidated real estate ventures, in millions	\$25.0	\$26.5	\$24.8
Subordinated performance unit distributions, in millions	\$51.0	\$53.0	\$58.8
Acquisitions of self storage properties, in millions	\$200.0	\$400.0	\$569.2

	Current Ranges for Full Year 2023	
	Low	High
Earnings (loss) per share - diluted	\$1.25	\$1.31
Impact of the difference in weighted average number of shares and GAAP accounting for noncontrolling interests, two-class method and treasury stock method	0.07	0.02
Add real estate depreciation and amortization, including NSA's share of unconsolidated venture real estate depreciation and amortization	1.83	1.91
FFO attributable to subordinated unitholders	(0.38)	(0.41)
Add loss on early extinguishment of debt	—	0.01
Add acquisition costs and NSA's share of unconsolidated real estate venture acquisition costs	0.01	0.02
Core FFO per share and unit	\$2.78	\$2.86

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

(2) 2023 guidance reflects NSA's 2023 same store pool comprising 834 stores. 2022 actual results reflect NSA's 2022 same store pool comprising 628 stores.

Supplemental Financial Information

The full text of this earnings release and supplemental financial information, including certain financial information referenced in this release, are available on NSA's website at <http://ir.nationalstorageaffiliates.com/quarterly-reporting> and as exhibit 99.1 to the Company's Form 8-K furnished to the SEC on May 1, 2023.

Non-GAAP Financial Measures & Glossary

This press release contains certain non-GAAP financial measures. These non-GAAP measures are presented because NSA's management believes these measures help investors understand NSA's business, performance and ability to earn and distribute cash to its shareholders by providing perspectives not immediately apparent from net income (loss). These measures are also frequently used by securities analysts, investors and other interested parties. The presentations of FFO, Core FFO and NOI in this press release are

not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. In addition, NSA's method of calculating these measures may be different from methods used by other companies, and, accordingly, may not be comparable to similar measures as calculated by other companies that do not use the same methodology as NSA. These measures, and other words and phrases used herein, are defined in the Glossary in the supplemental financial information and, where appropriate, reconciliations of these measures and other non-GAAP financial measures to their most directly comparable GAAP measures are included in the Schedules to this press release and in the supplemental financial information.

Quarterly Teleconference and Webcast

The Company will host a conference call at 1:00 pm Eastern Time on Tuesday, May 2, 2023 to discuss its first quarter 2023 financial results. At the conclusion of the call, management will accept questions from certified financial analysts. All other participants are encouraged to listen to a webcast of the call by accessing the link found on the Company's website at www.nationalstorageaffiliates.com.

Conference Call and Webcast:

Date/Time: Tuesday, May 2, 2023, 1:00 pm ET

Webcast available at: www.nationalstorageaffiliates.com

Domestic (Toll Free US & Canada): 877.407.9711

International: 412.902.1014

A replay of the webcast will be available for 30 days on NSA's website at www.nationalstorageaffiliates.com.

Upcoming Industry Conference

NSA management is scheduled to participate in Nareit's REITweek 2023 Conference on June 6 - 8, 2023 in New York, New York.

About National Storage Affiliates Trust

National Storage Affiliates Trust is a real estate investment trust headquartered in Greenwood Village, Colorado, focused on the ownership, operation and acquisition of self storage properties predominantly located within the top 100 metropolitan statistical areas throughout the United States. As of March 31, 2023, the Company held ownership interests in and operated 1,117 self storage properties located in 42 states and Puerto Rico with approximately 72.8 million rentable square feet. NSA is one of the largest owners and operators of self storage properties among public and private companies in the United States. For more information, please visit the Company's website at www.nationalstorageaffiliates.com. NSA is included in the MSCI US REIT Index (RMS/RMZ), the Russell 1000 Index of Companies and the S&P MidCap 400 Index.

NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements contained in this press release constitute forward-looking statements as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and such statements are intended to be covered by the safe harbor provided by the same. Forward-looking statements are subject to substantial risks and uncertainties, many of which are difficult to predict and are generally beyond the Company's control. These forward-looking statements include information about possible or assumed future results of the Company's business, financial condition, liquidity, results of operations, plans and objectives. Changes in any circumstances may cause the Company's actual results to differ significantly from those expressed in any forward-looking statement. When used in this release, the words "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "may" or similar expressions are intended to identify forward-looking statements. Statements regarding the following subjects, among others, may be forward-looking: market trends in the Company's industry, interest rates, inflation, the debt and lending markets or the general economy; the Company's business and investment strategy; the acquisition of properties, including those under contract and the Company's ability to execute on its acquisition pipeline; the timing of acquisitions under contract; the internalization of retiring participating regional operators ("PROs") into the Company; and the Company's guidance estimates for the year ended December 31, 2023. For a further list and description of such risks and uncertainties, see the Company's most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the Securities and Exchange Commission, and the other documents filed by the Company with the Securities and Exchange Commission. The forward-looking statements, and other risks, uncertainties and factors are based on the Company's beliefs, assumptions and expectations of its future performance, taking into account all information currently available to the Company. Forward-looking statements are not predictions of future events. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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

	Three Months Ended March 31,	
	2023	2022
REVENUE		
Rental revenue	\$ 194,129	\$ 174,469
Other property-related revenue	6,807	6,166
Management fees and other revenue	7,057	6,549
Total revenue	<u>207,993</u>	<u>187,184</u>
OPERATING EXPENSES		
Property operating expenses	56,483	49,358
General and administrative expenses	14,821	13,966
Depreciation and amortization	55,458	58,072
Other	1,173	470
Total operating expenses	<u>127,935</u>	<u>121,866</u>
OTHER (EXPENSE) INCOME		
Interest expense	(37,948)	(22,647)
Loss on early extinguishment of debt	(758)	—
Equity in earnings of unconsolidated real estate ventures	1,678	1,494
Acquisition costs	(844)	(553)
Non-operating expense	(598)	(112)
Gain on sale of self storage properties	—	2,134
Other expense, net	<u>(38,470)</u>	<u>(19,684)</u>
Income before income taxes	41,588	45,634
Income tax expense	(1,196)	(848)
Net income	<u>40,392</u>	<u>44,786</u>
Net income attributable to noncontrolling interests	(11,433)	(19,558)
Net income attributable to National Storage Affiliates Trust	28,959	25,228
Distributions to preferred shareholders	(3,962)	(3,279)
Net income attributable to common shareholders	<u>\$ 24,997</u>	<u>\$ 21,949</u>
Earnings per share - basic		
	<u>\$ 0.28</u>	<u>\$ 0.24</u>
Earnings per share - diluted		
	<u>\$ 0.24</u>	<u>\$ 0.24</u>
Weighted average shares outstanding - basic		
	<u>89,499</u>	<u>91,323</u>
Weighted average shares outstanding - diluted		
	<u>148,622</u>	<u>91,323</u>

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

	March 31, 2023	December 31, 2022
ASSETS		
Real estate		
Self storage properties	\$ 6,556,603	\$ 6,391,572
Less accumulated depreciation	(824,647)	(772,661)
Self storage properties, net	5,731,956	5,618,911
Cash and cash equivalents	44,330	35,312
Restricted cash	7,506	6,887
Debt issuance costs, net	10,247	1,393
Investment in unconsolidated real estate ventures	223,139	227,441
Other assets, net	144,666	156,228
Operating lease right-of-use assets	23,581	23,835
Total assets	<u>\$ 6,185,425</u>	<u>\$ 6,070,007</u>
LIABILITIES AND EQUITY		
Liabilities		
Debt financing	\$ 3,643,585	\$ 3,551,179
Accounts payable and accrued liabilities	78,603	80,377
Interest rate swap liabilities	7,983	483
Operating lease liabilities	25,528	25,741
Deferred revenue	24,652	23,213
Total liabilities	3,780,351	3,680,993
Equity		
Series A Preferred shares of beneficial interest, par value \$0.01 per share. 50,000,000 authorized, 9,017,588 and 9,017,588 issued and outstanding at March 31, 2023 and December 31, 2022, respectively, at liquidation preference	225,439	225,439
Series B Preferred shares of beneficial interest, par value \$0.01 per share. 7,000,000 authorized, 5,668,128 issued and outstanding at March 31, 2023	115,212	—
Common shares of beneficial interest, par value \$0.01 per share. 250,000,000 shares authorized, 88,296,142 and 89,842,145 shares issued and outstanding at March 31, 2023 and December 31, 2022, respectively	883	898
Additional paid-in capital	1,689,136	1,777,984
Distributions in excess of earnings	(420,408)	(396,650)
Accumulated other comprehensive income	25,153	40,530
Total shareholders' equity	1,635,415	1,648,201
Noncontrolling interests	769,659	740,813
Total equity	2,405,074	2,389,014
Total liabilities and equity	<u>\$ 6,185,425</u>	<u>\$ 6,070,007</u>

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

	Three Months Ended March 31,	
	2023	2022
Net income	\$ 40,392	\$ 44,786
Add (subtract):		
Real estate depreciation and amortization	55,152	57,759
Company's share of unconsolidated real estate venture real estate depreciation and amortization	4,471	3,846
Gain on sale of self storage properties	—	(2,134)
Distributions to preferred shareholders and unitholders	(3,962)	(3,552)
FFO attributable to subordinated performance unitholders ⁽¹⁾	(11,787)	(13,849)
FFO attributable to common shareholders, OP unitholders, and LTIP unitholders	84,266	86,856
Add:		
Acquisition costs	844	553
Loss on early extinguishment of debt	758	—
Core FFO attributable to common shareholders, OP unitholders, and LTIP unitholders	\$ 85,868	\$ 87,409
Weighted average shares and units outstanding - FFO and Core FFO: ⁽²⁾		
Weighted average shares outstanding - basic	89,499	91,323
Weighted average restricted common shares outstanding	25	28
Weighted average OP units outstanding	38,736	35,351
Weighted average DownREIT OP unit equivalents outstanding	2,120	1,925
Weighted average LTIP units outstanding	551	603
Total weighted average shares and units outstanding - FFO and Core FFO	130,931	129,230
FFO per share and unit	\$ 0.64	\$ 0.67
Core FFO per share and unit	\$ 0.66	\$ 0.68

(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⁽³⁾ 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 March 31,	
	2023	2022
Earnings per share - diluted	\$ 0.24	\$ 0.24
Impact of the difference in weighted average number of shares ⁽³⁾	0.04	(0.07)
Impact of GAAP accounting for noncontrolling interests, two-class method and treasury stock method ⁽⁴⁾	—	0.15
Add real estate depreciation and amortization	0.42	0.45
Add Company's share of unconsolidated real estate venture real estate depreciation and amortization	0.03	0.03
Subtract gain on sale of self storage properties	—	(0.02)
FFO attributable to subordinated performance unitholders	(0.09)	(0.11)
FFO per share and unit	0.64	0.67
Add acquisition costs	0.01	0.01
Add loss on early extinguishment of debt	0.01	—
Core FFO per share and unit	\$ 0.66	\$ 0.68

- (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 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⁽³⁾.

Net Operating Income

(dollars in thousands) (unaudited)

	Three Months Ended March 31,	
	2023	2022
Net income	\$ 40,392	\$ 44,786
(Subtract) add:		
Management fees and other revenue	(7,057)	(6,549)
General and administrative expenses	14,821	13,966
Other	1,173	470
Depreciation and amortization	55,458	58,072
Interest expense	37,948	22,647
Equity in earnings of unconsolidated real estate ventures	(1,678)	(1,494)
Loss on early extinguishment of debt	758	—
Acquisition costs	844	553
Income tax expense	1,196	848
Gain on sale of self storage properties	—	(2,134)
Non-operating expense	598	112
Net Operating Income	\$ 144,453	\$ 131,277

EBITDA and Adjusted EBITDA

(dollars in thousands) (unaudited)

	Three Months Ended March 31,	
	2023	2022
Net income	\$ 40,392	\$ 44,786
Add:		
Depreciation and amortization	55,458	58,072
Company's share of unconsolidated real estate venture depreciation and amortization	4,471	3,846
Interest expense	37,948	22,647
Income tax expense	1,196	848
Loss on early extinguishment of debt	758	—
EBITDA	140,223	130,199
Add (subtract):		
Acquisition costs	844	553
Gain on sale of self storage properties	—	(2,134)
Equity-based compensation expense	1,649	1,544
Adjusted EBITDA	\$ 142,716	\$ 130,162

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National Storage Affiliates Trust

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