
NATIONAL STORAGE
AFFILIATES

# Company Update

## May 2016

NYSE: NSA

Information in this presentation is as of March 31, 2016, except as otherwise noted.

# Forward-Looking Statement

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 May 10, 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. 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

**Institutional Quality, Geographically Diverse Portfolio Focused in High Growth Markets in Top 100 MSA's**

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

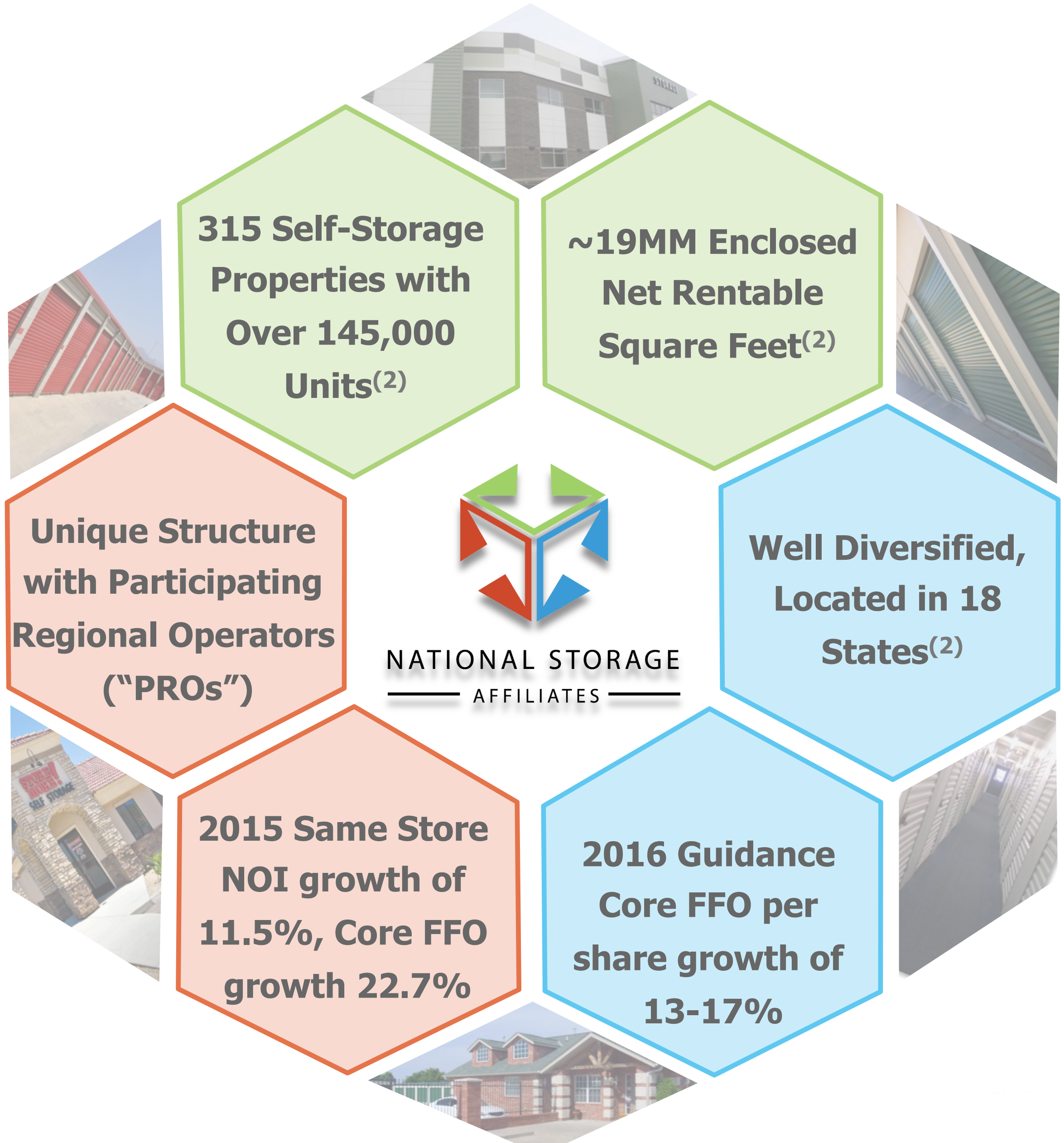
**Senior Management Team with Deep Industry Experience**

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

**Flexible Capital Structure Supports Future Growth**

# National Storage Affiliates Overview

- 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[1][2]
- Institutional quality portfolio with properties located in high growth markets in the top 100 MSAs
- Positioned to deliver significant external and organic growth




(1) Per 2016 Self-Storage Almanac based on number of properties.
(2) Based on the in-place portfolio which includes 315 properties that NSA currently owns

# 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**

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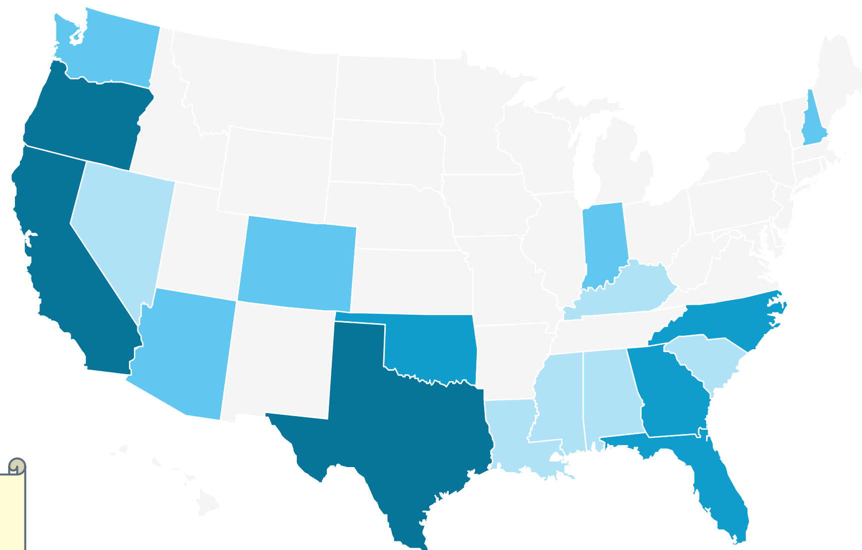
315 Properties[(1)]

**6th Largest U.S. Operator**



**% of Properties**

- >10%
- 5 - 10%
- 2 - 5%
- <2%

| | |
|---|---|
| **146K** | **Storage Units[(1)]** |
| **19MM** | **Rentable SF[(1)]** |
| **89%** | **Occupancy[(2)]** |

**Participating Regional Operators ("PROs")**

- SecurCare Self Storage
- Northwest Self Storage
- Optivest Properties
- Guardian Storage Centers
- Move It Self Storage
- Storage Solutions
- Hide-Away Storage Made Easy!

(1) Property statistics as of May 2, 2016, which includes acquisitions closed during Q2 2016. As of March 31, 2016, NSA owned 293 properties.
(2) Occupancy data is for the properties owned as of March 31, 2016.

# Development Path of NSA

## Deeply Rooted Operating History

**PRO Formation and Institutionalization** | **NSA Formation and Growth**

**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

**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

# NSA’s Unique Structure Creates Alignment with our PROs

**PROs Are Heavily Invested**

- Contribute a large portion of career’s work via property equity
- PROs own more than 40% of NSA[(1)]

**PROs Are Incentivized to Outperform**

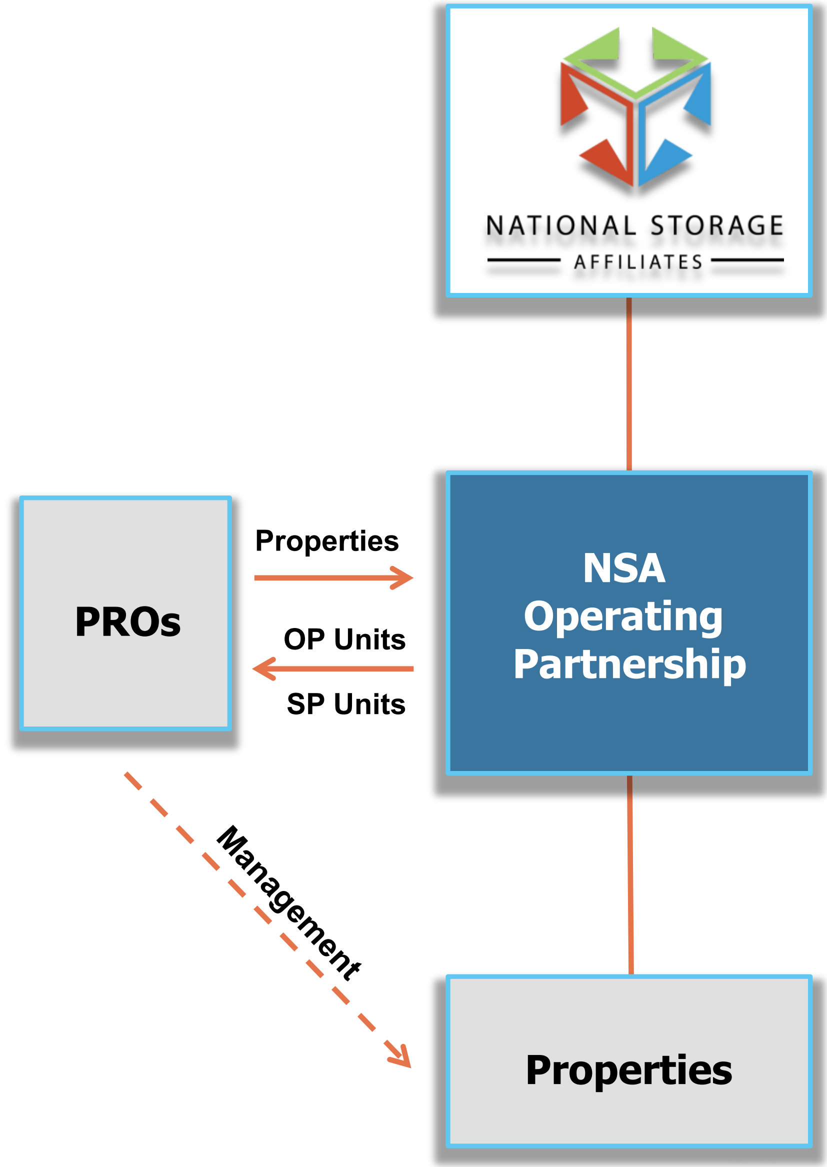
- PROs equity value tied to performance of contributed properties
- SP unit holders receive their allocation of operating cash flow on unreturned capital contributions only AFTER paying a priority allocation on unreturned capital attributable to OP unit holders and then share equally in the allocation of any excess with OP unit holders[(2)]

**Capital for Growth**

- NSA has access to lower cost public capital
- Alignment encourages disciplined acquisitions

**Penalties for Underperformance**

- PROs equity and cash flow are subordinated
- Poor performance disproportionately affects PROs
- Ability to replace manager




(1) The ownership percentage held by PROs post IPO, assuming SP units converting at 1:1 to OP units and includes interests held by the NSA management team.
(2) This allocation of operating cash flow between the SP units and OP units is for purposes of determining distributions on SP units and does not represent the operating cash flow that will be distributed on OP units (or paid as dividends on common shares). Any distribution of operating cash flow allocated to OP units will be made at the discretion of NSA (and paid as dividends on common shares at the discretion of the board of trustees).

# Structure Promotes Internal and External Growth

## NSA Strategy

### Leveling The Playing Field

- Operational Management
- Revenue Management / Analytics
- Economies of Scale and Lower Cost of Capital
- Internet Marketing

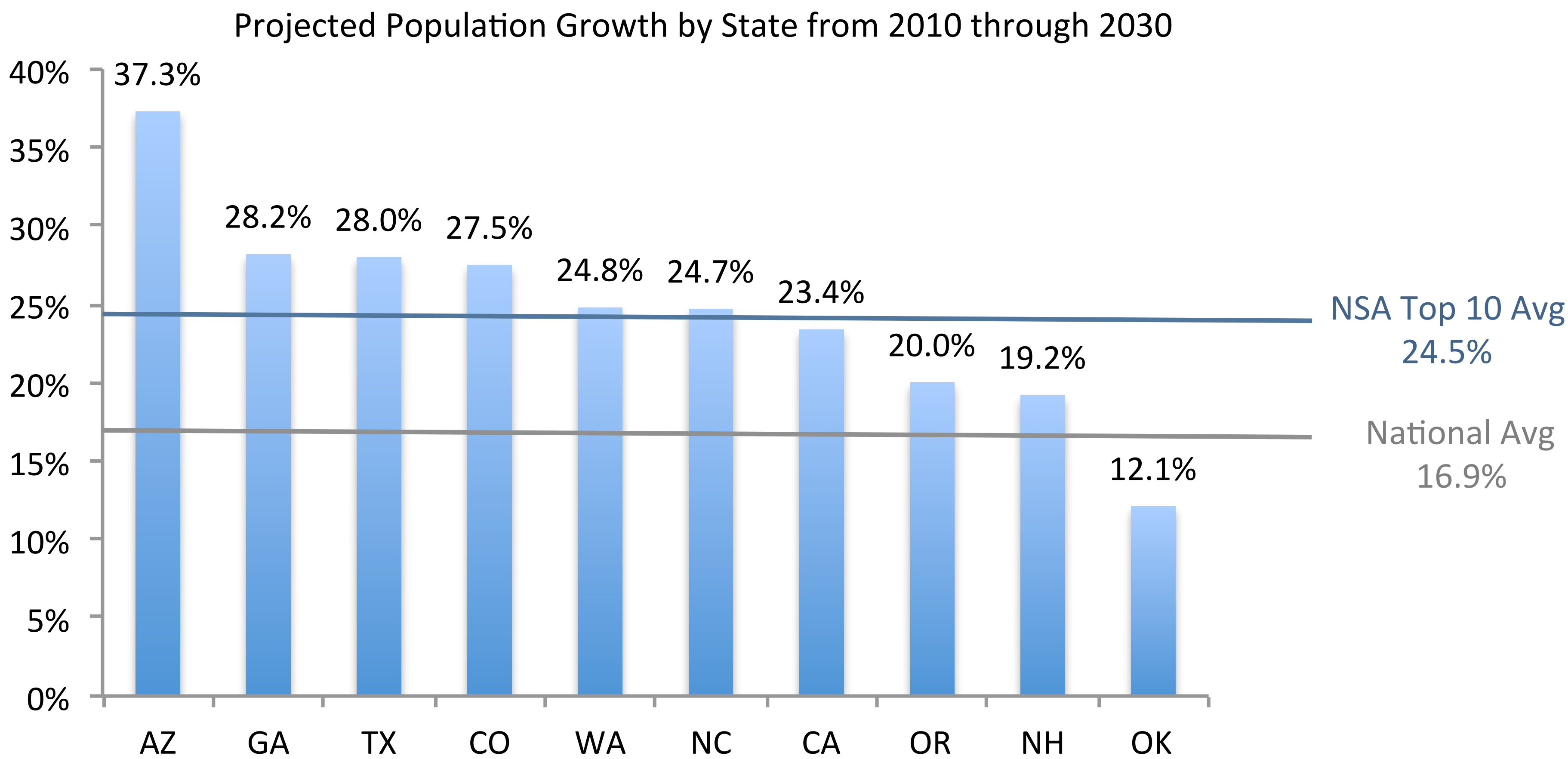
### Growth Opportunities

- Organic
- Acquisition of Captive Pipeline Properties
- Recruitment of New PROs
- Off-Market Local Acquisitions

# Focused in High Growth Markets

**Our top 10 states are home to 92% of our stores**

**These states are projected to grow 45% faster than the national average(1)(2)**




(1) Rankings and NSA average based on top 10 states by property count as of March 31, 2016. Our top 10 states represent 92% of our store count.
(2) Reflects population growth for the period 2010 through 2030, as projected in August 2013 by the Weldon Cooper Center for Public Service at the University of Virginia.

# NSA Strategy Drives Significant External Growth Opportunities

## 1 Acquisition of Captive Pipeline Properties (PRO Managed Assets)

- ✓ Almost 100 additional assets located in ten states totaling over $740MM in asset value(1)
- ✓ PROs are obligated to contribute the assets they control upon debt maturity or occupancy stabilization
- ✓ PROs are committed to using best efforts to facilitate the contribution of assets they manage, but do not control

## 2 Sourcing Off-Market Local Acquisitions

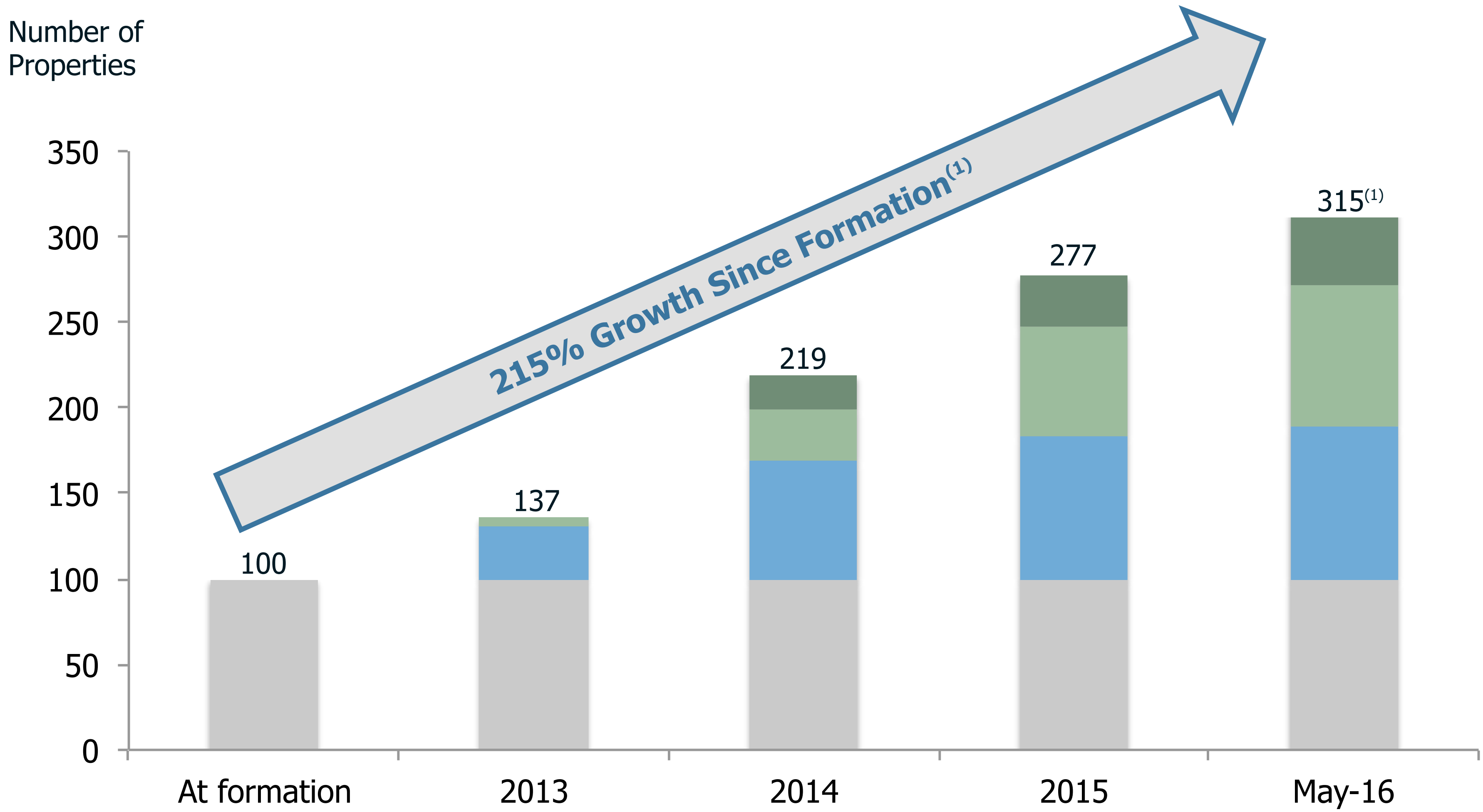
- ✓ Local acquisition teams with long-standing relationships and significant investment in NSA, and existing pipeline of single assets and portfolios
- ✓ Proven ability to close deals: over $200MM of third party acquisitions closed subsequent to IPO
- ✓ Focus on institutional quality assets with strong operational performance that are synergistic to existing operations and geography

## 3 Recruitment of New PROs

- ✓ Pipeline of 10-15 operators, typically with $100MM+ portfolios and 20+ properties
- ✓ Focus on operators with established platforms in Top 100 MSAs, reputation for operational excellence and capabilities to grow their portfolios

(1) There can be no assurance as to whether NSA will acquire any of these properties or the actual timing of any such acquisitions.

# NSA's Track Record of External Growth




**Acquisition of Captive Pipeline Properties**

**Off-Market Local Acquisitions**

**Recruitment of New PROs**

(1) Property count as of May 2, 2016, which includes acquisitions closed during Q2 2016; as of March 31, 2016, NSA owned 293 properties.

# 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

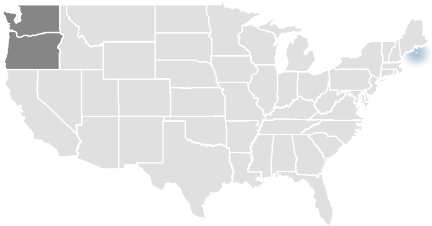
## NSA Corporate Headquarters

| Executive Leadership | Legal & Finance Support | Corporate Accounting | Corporate Marketing | Technology & Innovation |
|---|---|---|---|---|
| Recruitment of PROs<br>Acquisition review and approval | Asset contributions and structuring<br>Equity and debt capital markets | Internal controls, policies and procedures<br>Budgeting and forecasting | Call center<br>Internet platform<br>Mobile penetration | Management information systems<br>Streamlined operational processes |

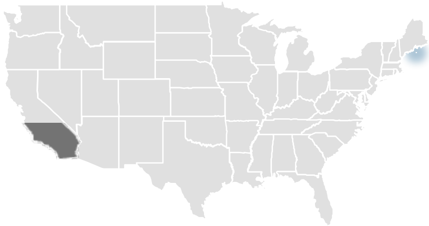
## Regional & Local Operations

- Acquisition Underwriting & Sourcing
- Property Management
- Property Level Accounting
- Local Branding & Marketing

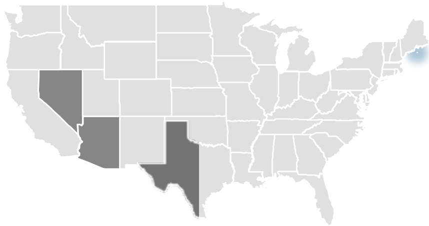
Northwest



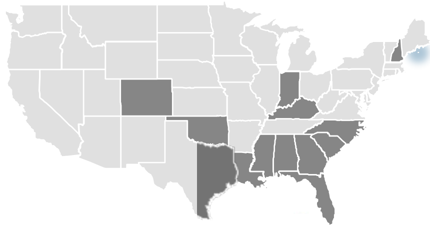
Southern California



Southwest



Mountain / Southeast





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# Organic Internal Growth Opportunities

**In 2015, Same Store Revenue Growth was 7.8% and NOI Growth was 11.5%**

## 1 Occupancy

- ✓ Continue to drive same store occupancy growth
  - Average occupancy in Q1 of 89.2%(1)
  - Year-over-year average occupancy increase for Q1 2016 of 440 bps
- ✓ Maximize conversion opportunities from call center
- ✓ Additional lead generation from internet marketing platform

## 2 Revenue Growth

- ✓ Pilot test underway for proven revenue management software tailored for our platform
  - Approximately 45% of portfolio in pilot test
- ✓ Improve tenant insurance penetration
- ✓ Enhanced portfolio analytics and real-time visibility will accelerate rate increases and revenue gains

## 3 Asset Optimization

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

## 4 Cost Savings

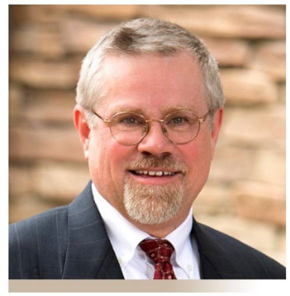
- ✓ Driven by Technology and Best Practices Group
- ✓ Consolidate vendor relationships
- ✓ Bulk purchasing
- ✓ Recoverable collection of bad debt by call center

(1) Occupancy data is for the same store properties owned as of March 31, 2016.

# Senior Management Team With Deep Industry Experience

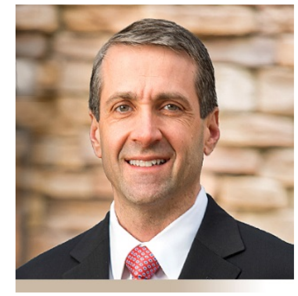
- Widely respected owner / operators of self-storage
- Averages over 30 years of industry experience
- Proven track record of growth
- Strong network of industry relationships
- Meaningful insider ownership aligns interests with shareholders

## NSA Executive Team



**Arlen Nordhagen**
*Chairman & CEO*

**Tamara Fischer**
*CFO*

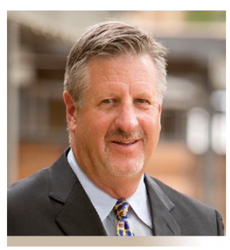


**Steven Treadwell**
*SVP, Operations*

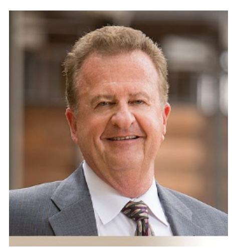
## PRO Executive Leadership

**Kevin Howard**
*Northwest PRO*

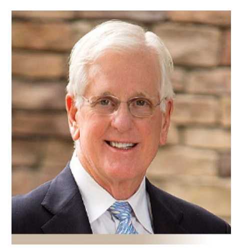
**David Cramer**
*SecurCare PRO*



**Warren Allan**
*Optivest PRO*



**John Minar**
*Guardian PRO*

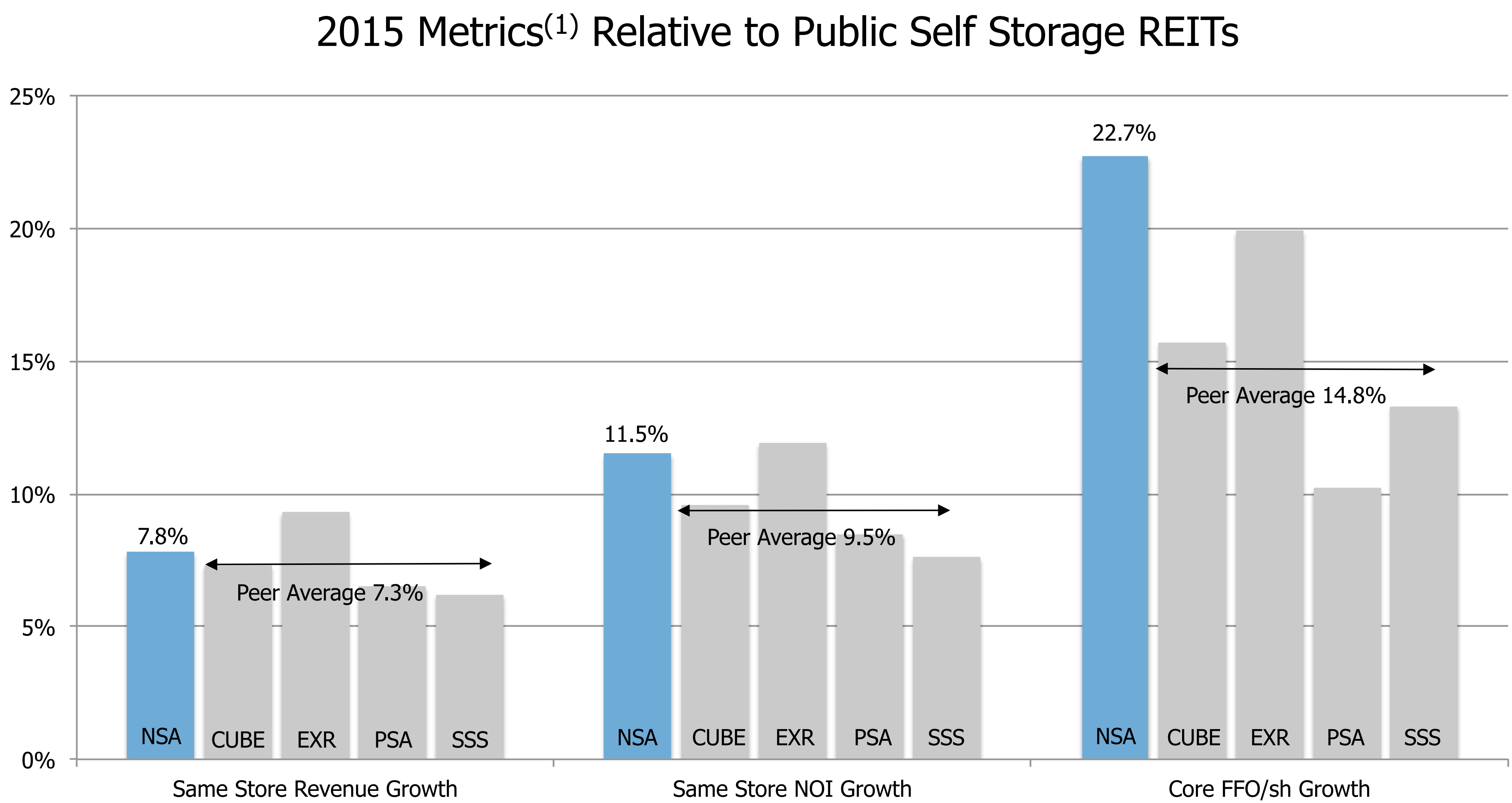


**Tracy Taylor**
*Move It PRO*

**Bill Bohannan**
*Storage Solutions PRO*

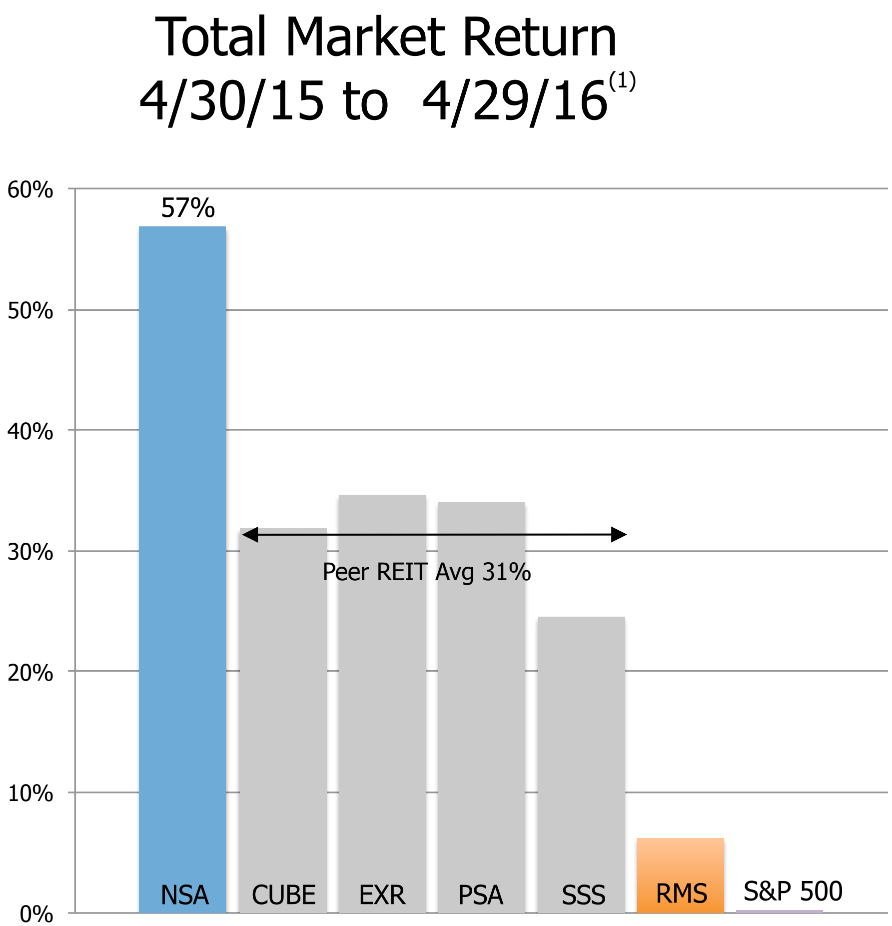
**Steve Wilson**
*Hide-Away PRO*

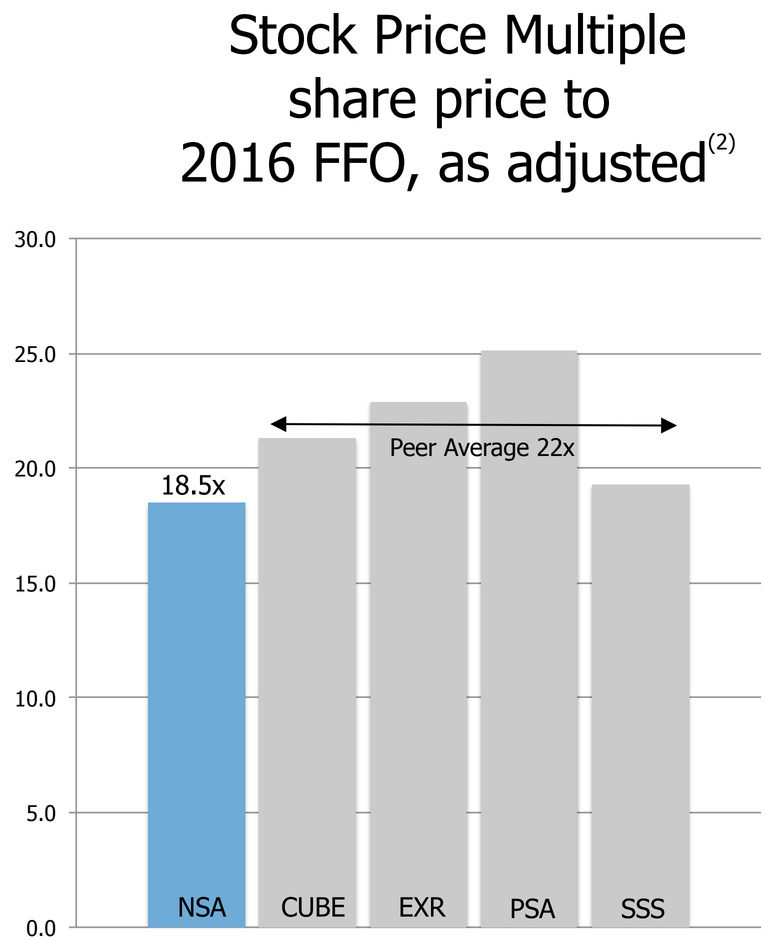
# 2015 Financial Results vs Storage REIT Peers




Source: Company Filings
(1) Peer REIT data is based on public filings.

# Peer Comparisons - NSA vs. storage REIT peers




**NSA has met or exceeded all objectives outlined at IPO**

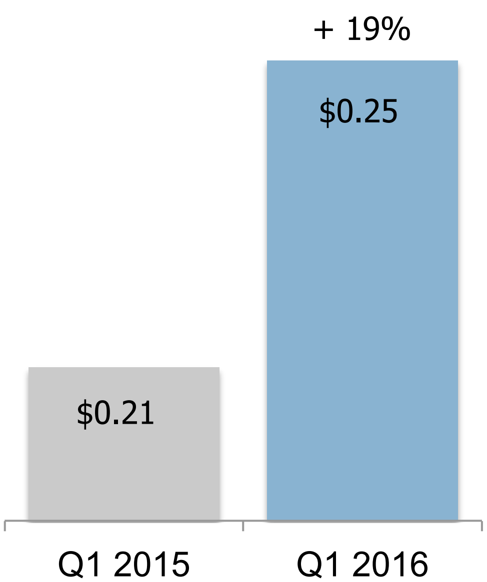
(1) Total Market Return incorporates share price changes between 4/30/15 and 4/29/16, along with dividend returns, assuming that dividends are not re-invested.
(2) Stock price multiples are derived from KeyBanc Leaderboard report, dated 4/29/16

# Q1 2016 Financial Update

## Strong Operational Growth Continues

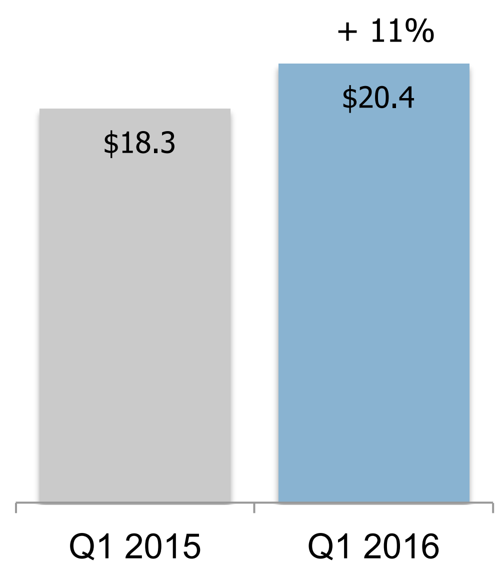
2016 Core FFO guidance is $1.04 to $1.08 per share
(increase of 13% to 17% over 2015)

Core FFO ($ per share)




NOI ($ millions)

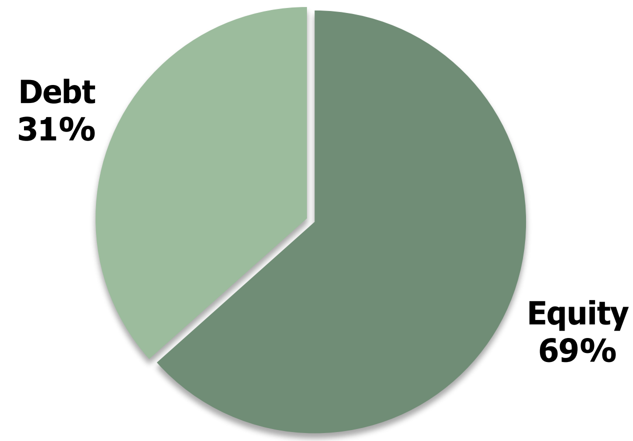

Same Store NOI ($ millions)



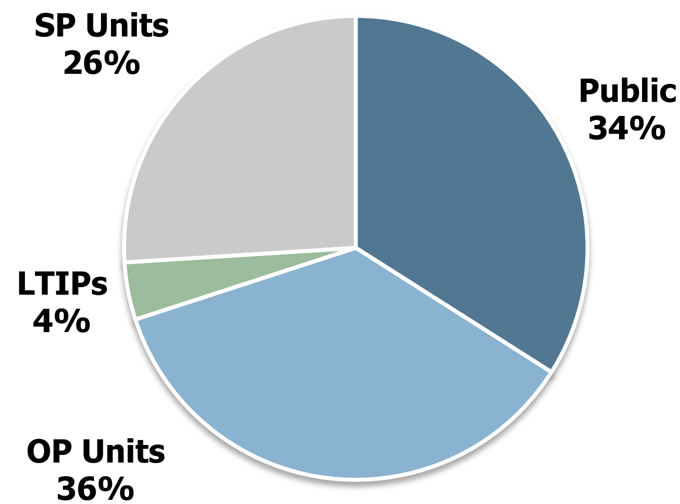
# Flexible Capital Structure Supports Future Growth

- Conservative Balance Sheet
  - 31% Debt / Total Capitalization[(1)]
  - 6.9x Net Debt / Adjusted EBITDA[(2)]
  - 4.6x Interest Coverage Ratio[(3)]
- Capital for Growth
  - $675MM Unsecured Credit Facility
  - OP Units & SP Units
- Attractive Dividend
  - 3.8% Yield[(4)]

**Total Capitalization: $2.1 BN[(1)]**




**Significant Investment by Management & PROs[(1)]**




(1) Calculations based on equity interests disclosed as of March 31, 2016 with SP Units included on an as converted basis and the $21.20 closing price on March 31, 2016.
(2) Adjusted EBITDA is based on Q1 2016, annualized.
(3) Interest coverage is computed by dividing Q1 2016 Adjusted EBITDA by Q1 2016 Interest Expense.
(4) Yield calculation is based on current $0.20 per share dividend annualized and divided by $21.20 closing price on March 31, 2016.

# Investment Highlights

**Institutional Quality, Geographically Diverse Portfolio Focused in High Growth Markets in Top 100 MSA's**

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

**Senior Management Team with Deep Industry Experience**

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

**Flexible Capital Structure Supports Future Growth**


RIGHTSPACE
STORAGE

SecurCare
SELF STORAGE

SELF
STORAGE

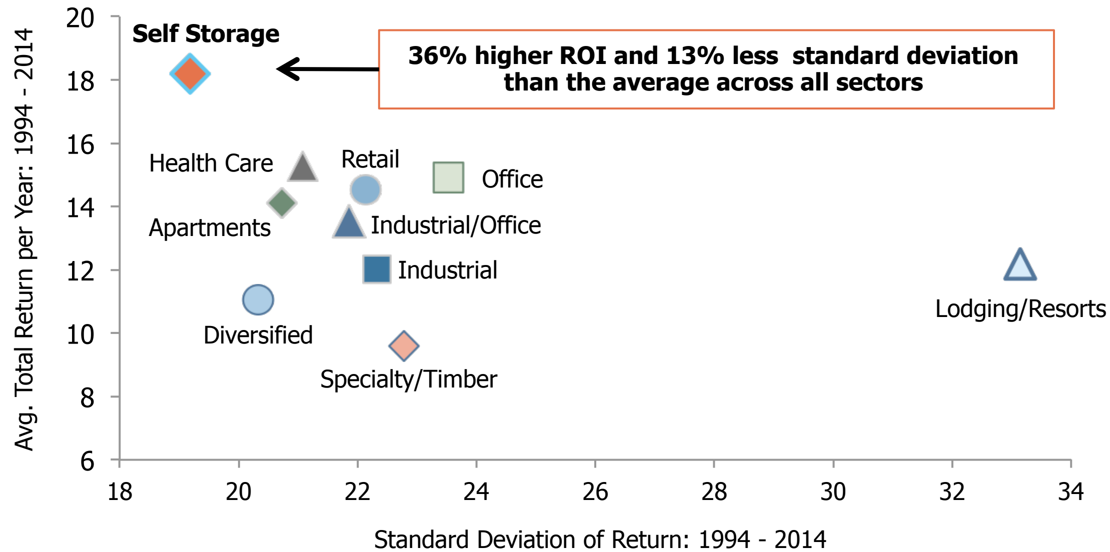
# Appendix


NYSE: NSA

# Self Storage Has Consistently Outperformed

## Self Storage Has Outperformed Over Last 20 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



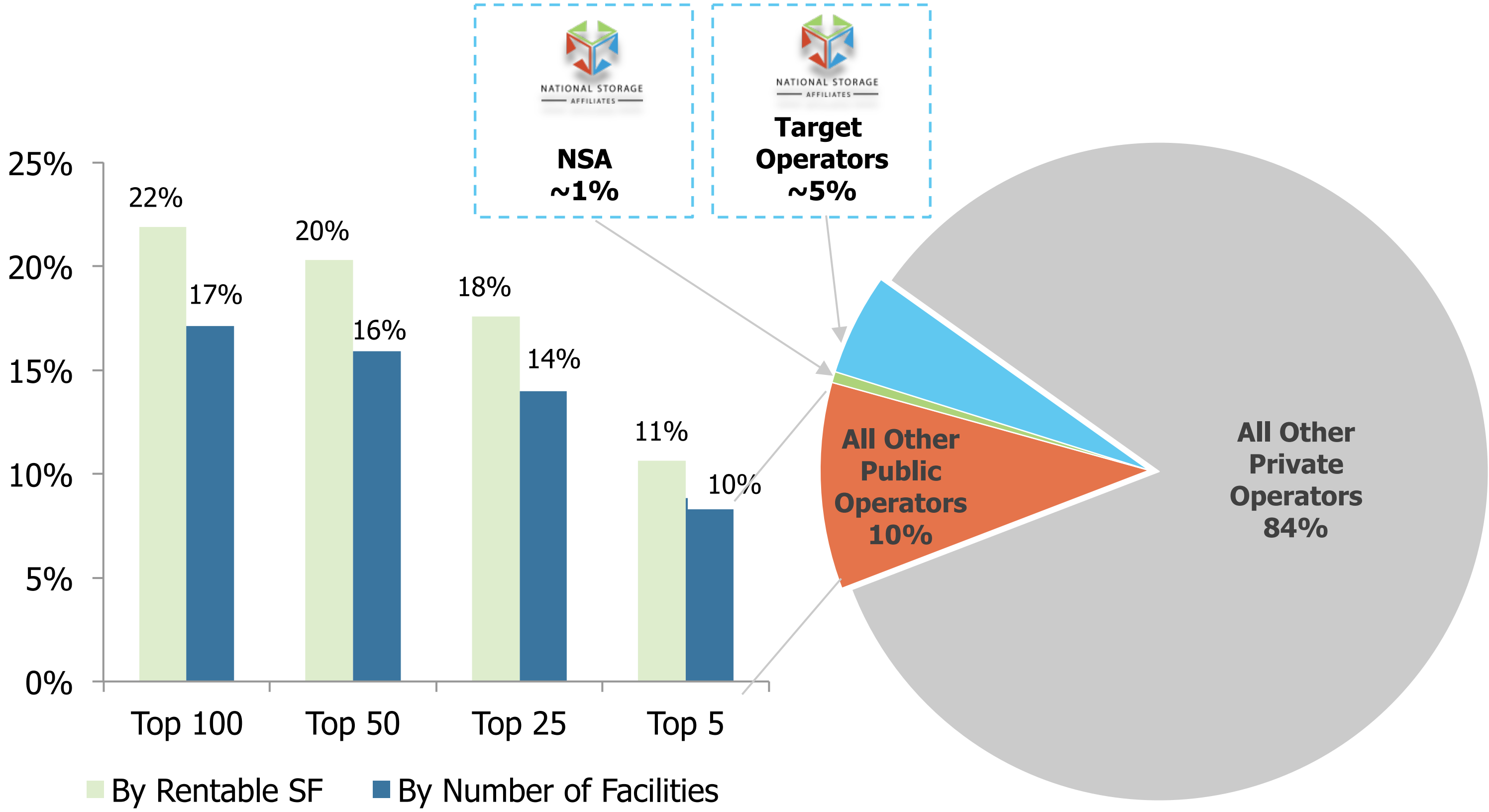

Source: NAREIT.

## Five Forces Driving Self Storage


| | 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 |

# 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(1)




**Top 40 Operators**

1 Public Storage
2 Extra Space Storage
3 U-Haul International
4 CubeSmart
5 Sovran Self Storage
6 National Storage Affiliates
7 Simply Self Storage
8 W.P. Carey
9 StorageMart
10 The William Warren Group
11 Metro Storage
12 iStorage
13 US Storage Centers
14 TnT Self Storage Management
15 Absolute Storage Management
16 The Jenkins Organization
17 All Storage
18 Move It Management
19 Compass Self Storage
20 Safeguard Self Storage
21 A-AAAKey Mini Storage
22 Devon Self Storage
23 Platinum Storage Group
24 Security Public Storage
25 Central Self Storage
26 A-1 Self Storage
27 Metro Mini Storage
28 Storage Pros Management
29 Self Storage Management
30 Storage Asset Management
31 Universal Storage Group
32 Strat Property Management
33 Brookwood Properties
34 Personal Mini Storage
35 Morningstar Properties
36 Advantage Storage
37 Storage Etc.
38 Argus Professional Storage Management
39 Professional Self Storage Management
40 West Coast Self-Storage

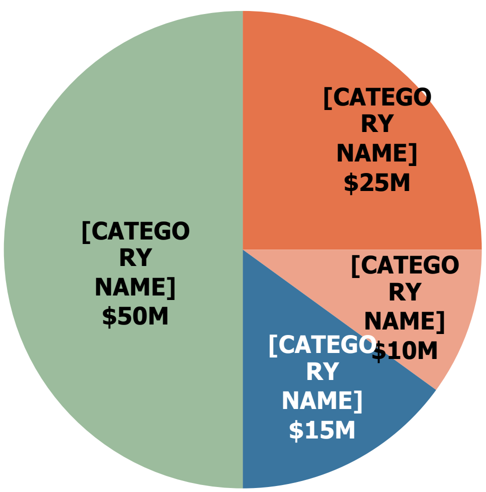
Source: Public company filings as of December 31, 2014, Self Storage Association and 2015 Self-Storage Almanac.
Note: Rankings are based on net rentable square footage under management.
(1) Represents the number of facilities owned and/or managed by top operators, excluding NSA and other publicly traded entities.

# Structure Incentivizes PROs to Perform

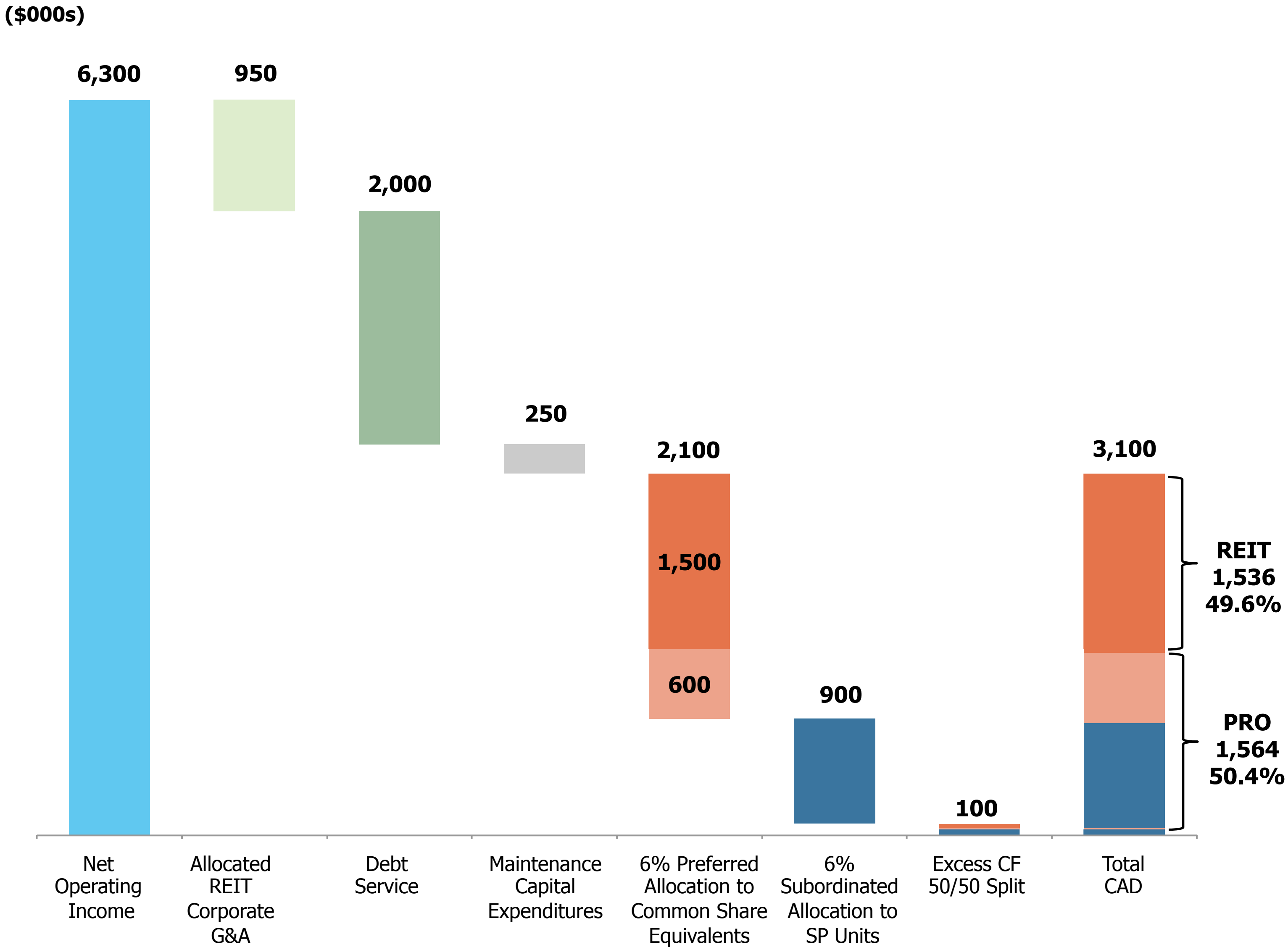
## Key Assumptions

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

## Illustrative Capitalization




## Illustrative Operating Cash Flow Allocation for Single Acquisition

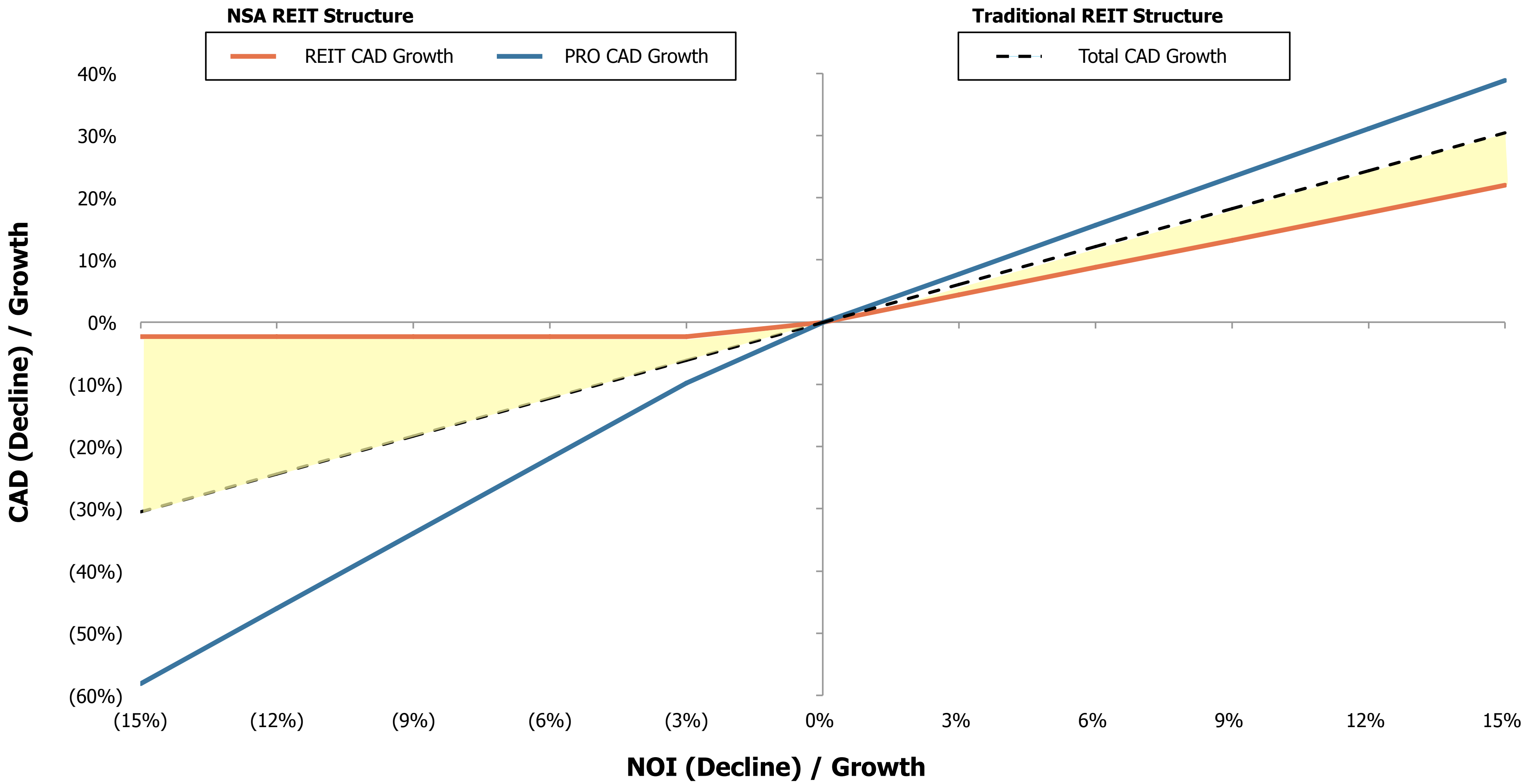



Note: Proportion of SP units and OP units in each acquisition will vary. In general, the number of OP units issued will be capped at a level intended to provide a minimal level of operating CF allocation on unreturned capital attributable to the OP units. Debt Service is reflective of interest expense 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(1)




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 12. 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).

# Post-IPO External Growth

**Acquired 70 properties valued at approximately $440mm since IPO**

- **Post-IPO acquisitions have focused on Top 100 MSAs**
- **20 properties were sourced from our captive pipeline**
- **36 properties were 3rd party acquisitions**
- **14 properties were acquired from our new PRO, Hide-Away**

| | In Place Portfolio at IPO | | Post IPO Acquisitions | | Portfolio May 2016 | |
|---|---|---|---|---|---|---|
| | *Stores* | *%* | *Stores* | *%* | *Stores* | *%* |
| Oregon* | 50 | 20% | 3 | 4% | 52 | 17% |
| Texas | 46 | 19% | 4 | 6% | 50 | 16% |
| California | 28 | 11% | 20 | 29% | 48 | 15% |
| North Carolina | 27 | 11% | 3 | 4% | 30 | 10% |
| Oklahoma | 26 | 11% | 3 | 4% | 29 | 9% |
| Georgia | 16 | 7% | 3 | 4% | 19 | 6% |
| Arizona | 13 | 5% | 0 | 0% | 13 | 4% |
| Washington | 13 | 5% | 1 | 1% | 14 | 4% |
| Colorado | 8 | 3% | 1 | 1% | 9 | 3% |
| New Hampshire | 3 | 1% | 6 | 9% | 9 | 3% |
| Louisiana | 5 | 2% | 3 | 4% | 8 | 3% |
| Florida | 2 | 1% | 14 | 20% | 16 | 5% |
| Other | 9 | 4% | 9 | 13% | 18 | 6% |
| **Total** | **246** | | **70** | | **315** | |

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

# Net Operating Income Reconciliation

| | | Three Months Ended March 31, | | |
|---|---|---|---|---|
| | | 2016 | | 2015 |
| **Net income (loss)** | **$** | **4,802** | **$** | **(2,771)** |
| General and administrative expenses | | 4,335 | | 3,613 |
| Depreciation and amortization | | 10,892 | | 9,877 |
| Interest expense | | 4,941 | | 6,982 |
| Acquisition costs | | 1,288 | | 599 |
| Organizational and offering expenses | | — | | 58 |
| Non-operating expense | | 114 | | 91 |
| **Net Operating Income** | **$** | **26,372** | **$** | **18,449** |

Source: Q1 2016 Company financials.

# EBITDA & Adjusted EBITDA Reconciliation

| | Three Months Ended March 31, | | | |
|---|---|---|---|---|
| | | 2016 | | 2015 |
| **Net income (loss)** | **$** | **4,802** | **$** | **(2,771)** |
| Depreciation and amortization | | 10,892 | | 9,877 |
| Interest expense | | 4,941 | | 6,982 |
| **EBITDA** | **$** | **20,635** | **$** | **14,088** |
| Acquisition costs | | 1,288 | | 599 |
| Organizational and offering expenses | | — | | 58 |
| Equity-based compensation expense(1) | | 598 | | 638 |
| **Adjusted EBITDA** | **$** | **22,521** | **$** | **15,383** |

Source: Q1 206 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