

# OUTPROFORM

NAREIT REITWeek 2017  
JUNE 2017



NATIONAL STORAGE  
AFFILIATES

# 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 28, 2017 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 Quarterly Report on Form 10-Q for the period ended March 31, 2017 filed with the SEC. 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 measures for the three months ended March 31, 2017 and 2016 to their most directly comparable GAAP measures are included in the Appendix to this presentation. Reconciliations of these non-GAAP financial measures for the three months ended March 31, 2017 and 2016, the year ended December 31, 2016 and 2015, and the three months ended September 30, 2016 and 2015, June 30, 2016 and 2015, and March 31, 2016 and 2015 are available in NSA’s earnings releases for each such period end, which are furnished to the SEC quarterly as exhibit 99.1 on Current Reports on Form 8-K pursuant to Item 2.02.



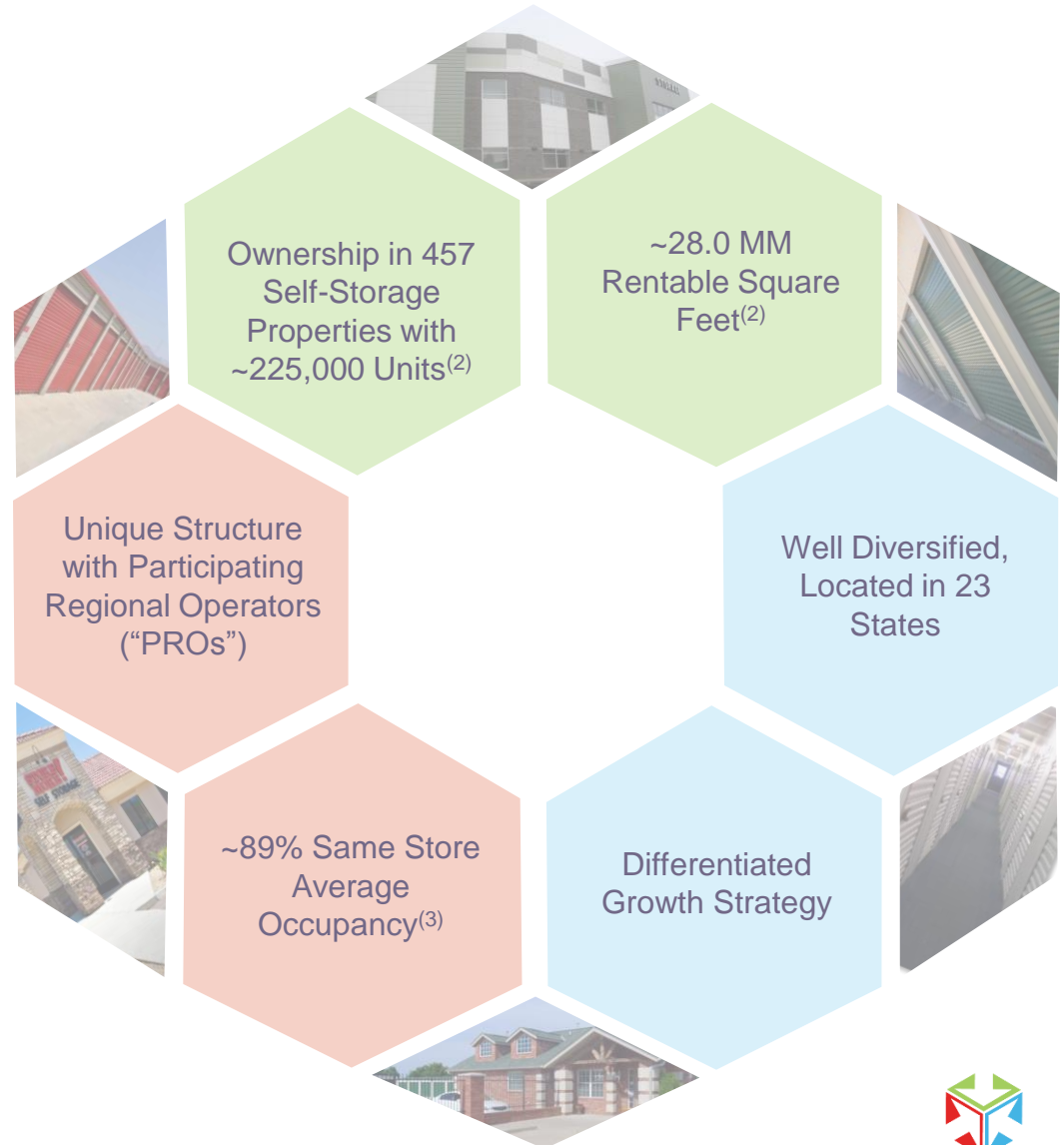
# Investment Highlights: “NYSE: NSA”

- 1 NSA’s Institutional Quality Portfolio is Geographically Diversified Beyond the Top 20 MSAs in Higher Growth Markets
- 2 NSA’s Differentiated Structure Provides Strong Internal and External Growth Incentives with Downside Protection
- 3 NSA’s Senior Management Team has Deep Industry Experience
- 4 NSA has Consistently Outperformed its REIT Peers on Various Metrics since its IPO
- 5 NSA’s Flexible Capital Structure Supports Strong Future Growth



# National Storage Affiliates Overview

- National Storage Affiliates Trust (“NSA”) is a publicly traded NYSE self-storage REIT; ticker symbol “NSA”
- NSA is the 6th largest operator of self-storage properties in the US<sup>(1)</sup>
- Institutional quality portfolio is broadly diversified across higher growth markets:
  - Only ~30% of NSA properties are in the top 20 MSAs
  - Biggest focus in MSAs in Western and Southern growth states
- Positioned to deliver strong external and organic growth



<sup>(1)</sup> Source: Self-Storage 2017 Almanac, based on number of properties.

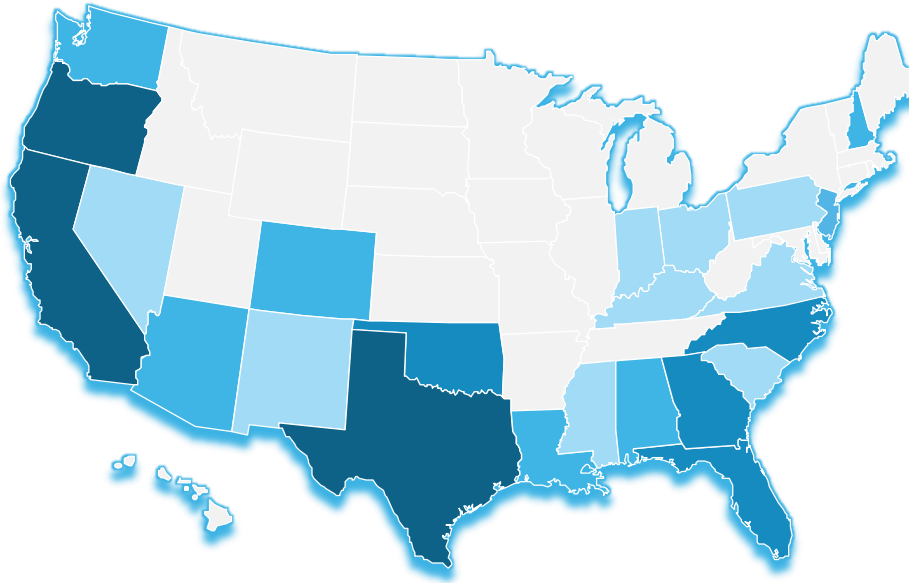
<sup>(2)</sup> As of June 1, 2017.

<sup>(3)</sup> For the three months ended 3/31/17.

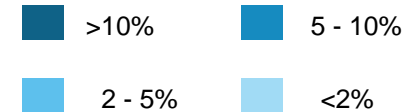
# NSA'S Guiding Vision Unites Top Operators

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

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



% of NSA Properties, by State



<sup>(1)</sup> As of June 1, 2017.

<sup>(2)</sup> The iStorage brand is owned by NSA, but iStorage is not a Participating Regional Operator.



# Growth History of NSA

## Deeply Rooted Operating History

### PRO FORMATION AND INSTITUTIONALIZATION

#### 1970 – 2011

- **1973** – Move It predecessor founded
- **1977** – Northwest and Hide-Away founded
- **1982** – Personal Mini predecessor founded
- **1988** – SecurCare founded
- **1989** – Storage Solutions founded
- **1999** – Guardian founded
- **2007** – Optivest founded
- **2007** – Raised initial institutional capital through SecurCare predecessor

### NSA FORMATION AND GROWTH

#### 2012 - 2017

- **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** – JV formation / iStorage acquisition
- **2017** – 8th PRO: Personal Mini Storage





# Senior Management Team Has Deep Industry Experience

- Widely respected industry owner / operators
- Average PRO has over 30 years of industry experience
- Proven track record of growth
- Strong network of industry relationships
- Significant insider ownership aligns interests with shareholders

## NSA Executive Team



**ARLEN NORDHAGEN**  
*Chairman & CEO*



**TAMARA FISCHER**  
*CFO*



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

## PRO Executive Leadership



**KEVIN HOWARD**  
*Northwest  
PRO*



**DAVID CRAMER**  
*SecurCare  
PRO*



**WARREN ALLAN**  
*Optivest  
PRO*



**JOHN MINAR**  
*Guardian  
PRO*



**TRACY TAYLOR**  
*Move It  
PRO*



**BILL BOHANNAN**  
*Storage Solutions  
PRO*



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



**MARC SMITH**  
*Personal Mini  
PRO*

# Structure Promotes Internal And External Growth

## Sophisticated Platform Tools Drive Organic Growth

Operational “Best Practices”

Revenue Management / Analytics

Economies of Scale and Lower Cost of Capital

Internet Marketing

## PROs Drive External Growth Opportunities

Acquisition of Captive Pipeline Properties

Relationship Driven Third Party Acquisitions

Recruitment of New PROs

Strategic Joint Ventures





# NSA's Tools & Decentralized Structure Deliver Top Results

Since IPO NSA has Delivered Average Year-over-Year Same Store Total Revenue Growth of 7.6% and Same Store NOI Growth of 10.8%

## NSA CORPORATE HEADQUARTERS PROVIDES PLATFORM TOOLS

### EXECUTIVE LEADERSHIP

- Recruitment of PROs
- Acquisition review and approval

### LEGAL & FINANCE SUPPORT

- Asset contributions and structuring
- Equity and debt capital markets

### CORPORATE ACCOUNTING

- Internal controls, policies and procedures
- Budgeting and forecasting

### CORPORATE MARKETING

- Revenue management infrastructure
- Internet platform
- Call center

### TECHNOLOGY & INNOVATION

- Management information systems
- Business intelligence tools

## REGIONAL & LOCAL OPERATIONS IMPLEMENT BEST PRACTICES

Acquisition Underwriting  
& Sourcing

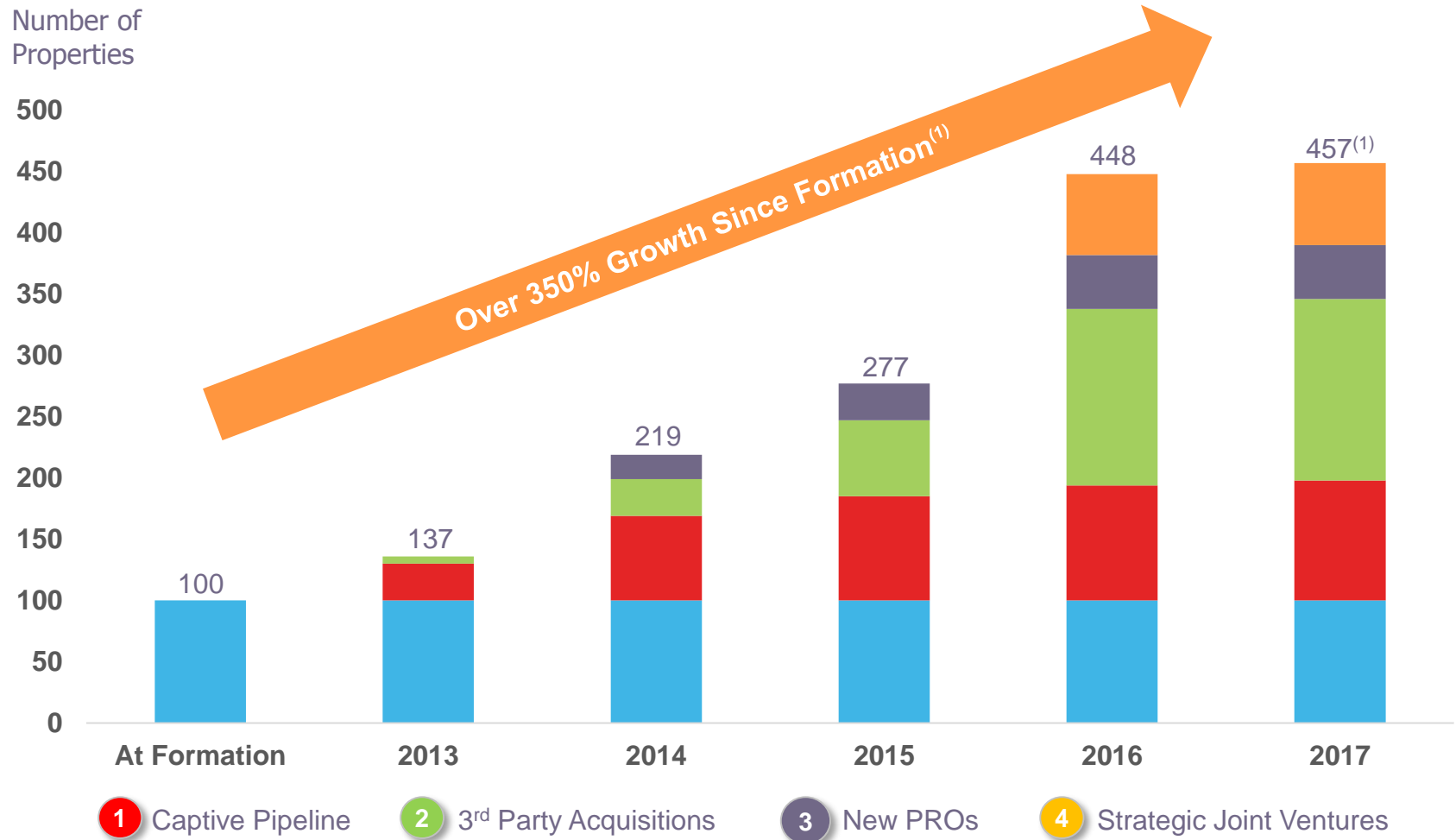
Property Management

Property Level  
Accounting

Local Branding &  
Marketing



# NSA's Track Record Of External Growth



<sup>(1)</sup> As of June 1, 2017, NSA held ownership interests in and operated 457 properties.



# Structure Attracts Disciplined, Growth-Oriented Operators

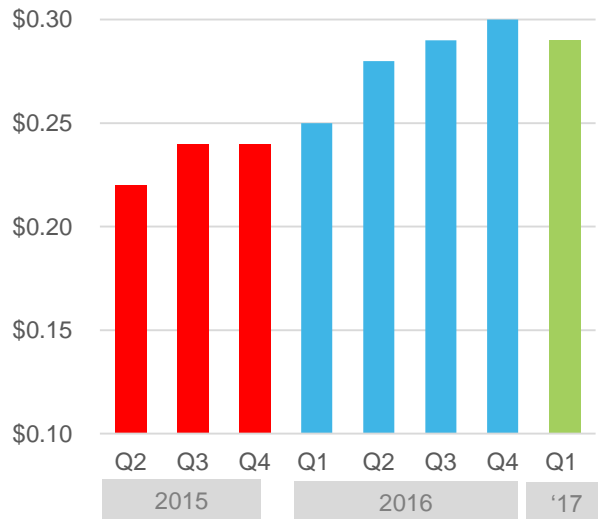
Successful regional operators join NSA as PROs rather than JV or Sale options, giving NSA access to top properties not otherwise available

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	✓		

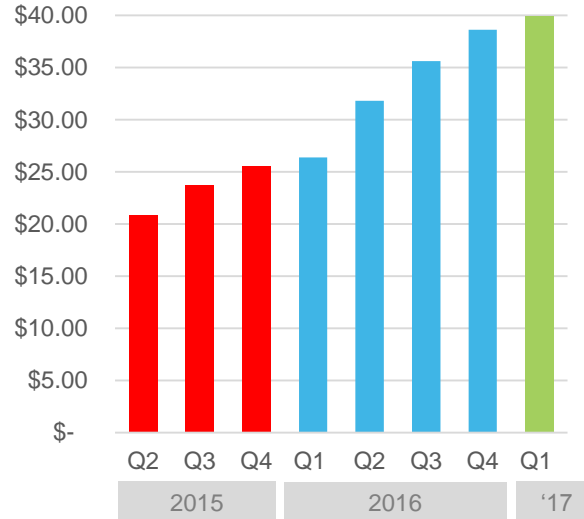
# Eight Quarters of Financial Performance Since IPO

## Strong Operational Growth Continues<sup>(1)</sup>

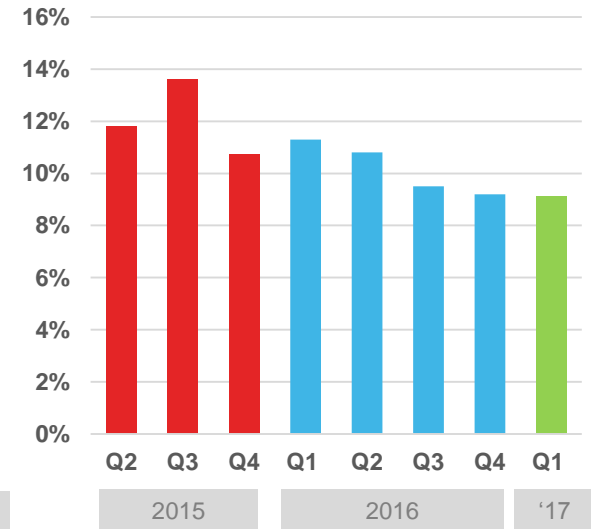
Core FFO  
(\$ per share)



NOI  
(\$ millions)



Same Store NOI  
(% YoY Growth)



<sup>(1)</sup> 8-quarter performance, 4/1/15 – 3/31/17.



# Flexible Capital Structure As Of March 31, 2017

## TOTAL PRINCIPAL DEBT OUTSTANDING

- \$889.4 MM

## CONSERVATIVE BALANCE SHEET

- 28.0% Debt/Total Capitalization<sup>(1)</sup>
- 6.0x Net Debt/Adjusted EBITDA<sup>(2)</sup>
- 4.9x Interest Coverage Ratio<sup>(3)</sup>

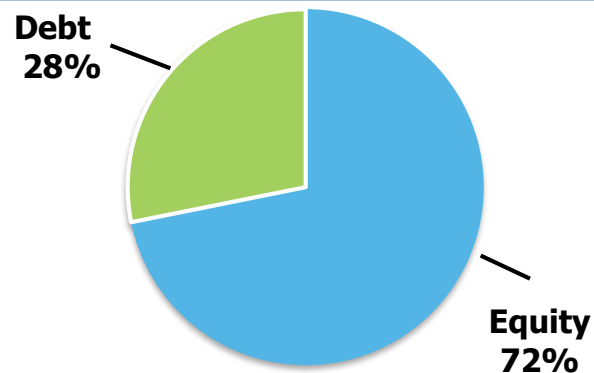
## CAPITAL FOR GROWTH

- \$400MM Unsecured Revolving Line of Credit
- OP Units & SP Units

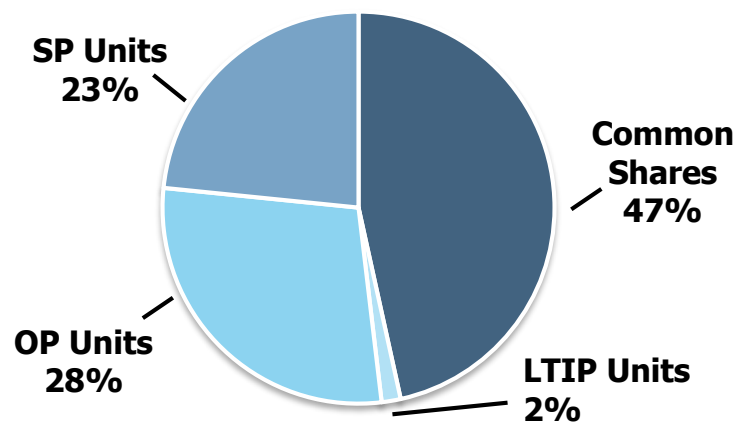
## ATTRACTIVE DIVIDEND

- 4.02% Yield<sup>(4)</sup>

Total Capitalization: \$3.2 BN<sup>(1)</sup>



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



(1) Total Capitalization means our debt plus the product of our \$23.90 closing share price on March 31, 2017 and our fully diluted outstanding equity as of March 31, 2017 (with SP Units deemed converted on a hypothetical basis into an estimated 1.41 OP units based on historical financial information for the trailing twelve months ended March 31, 2017).

(2) Net debt means our outstanding debt financing less cash and cash equivalents as of March 31, 2017. Adjusted EBITDA is based on annualized current quarter for Q1 2017.

(3) Interest coverage is computed by dividing Q1 2017 adjusted EBITDA by Q1 2017 interest expense. Does not include loss on early extinguishment of debt.

(4) Yield is calculated based on current quarterly annualized dividend of \$0.96 divided by market closing price of our common shares on March 31, 2017 of \$23.90.



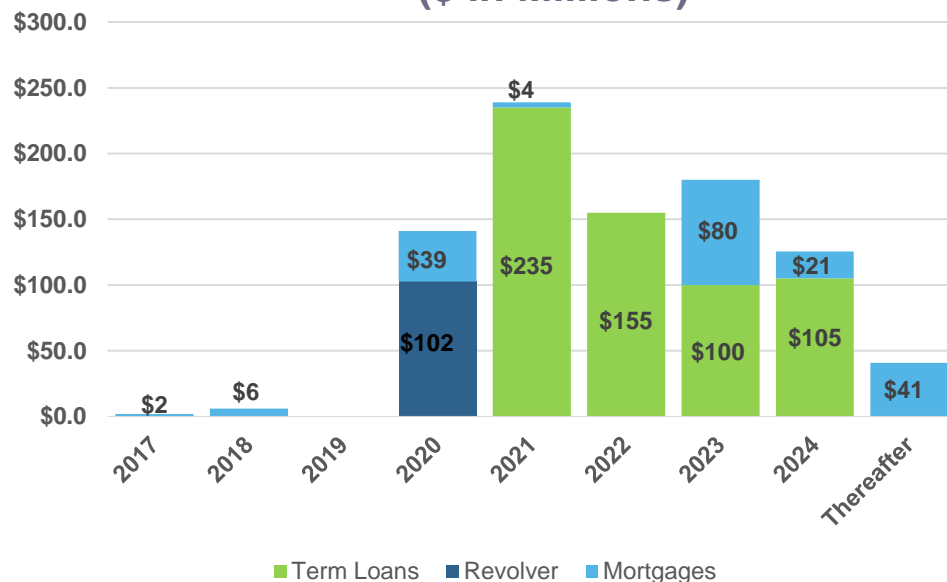
# Debt Profile As Of March 31, 2017

Total Principal Debt Outstanding: \$889.4 MM<sup>(1)</sup>

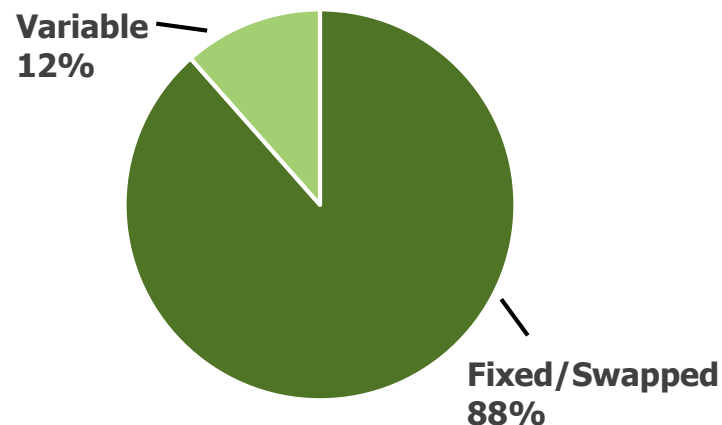
Weighted Average Maturity: 5.5 Years

Effective Interest Rate<sup>(2)</sup>: 3.2%

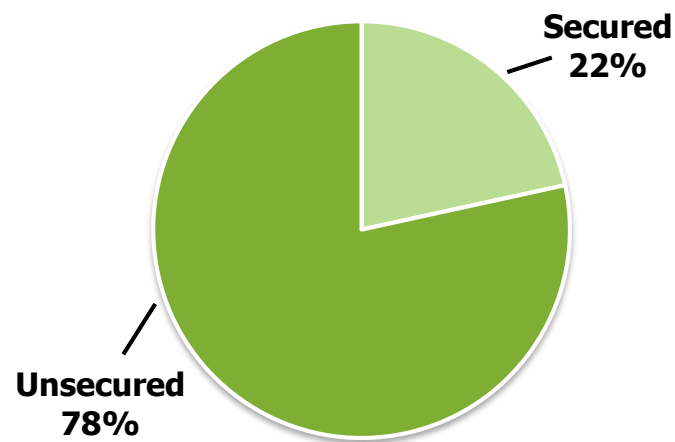
**Debt Maturity Schedule  
(\$ in Millions)**



## Minimal Interest Rate Risk: Principal



## Balanced Debt Security Profile



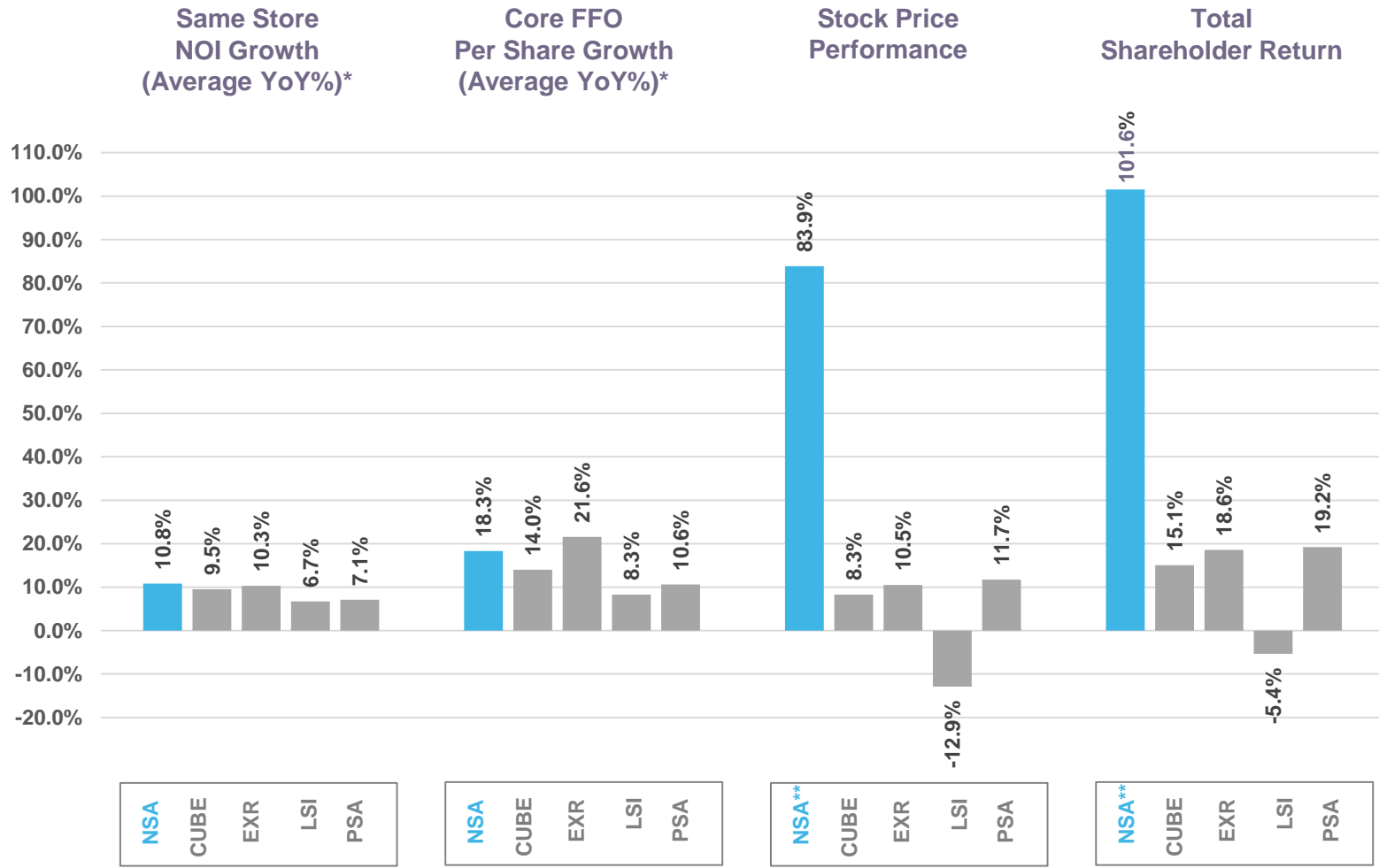
(1) Excludes \$4.3 million in unamortized debt issuance costs and debt premium, net.

(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..





# Peer Comparison Data: Eight Quarters Since IPO



Source: 2015, 2016 and 2017 public reporting and SNL Financial.

\* Quarterly averages are computed using a simple average of year-over-year quarterly growth rates from Q2 2015 through Q1 2017.

\*\* Only reflects stock price appreciation from NSA's IPO to 3/31/17 (1 year, 11.2 months) versus 2 full years for all others.

# Investment Highlights: “NYSE:NSA”

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# Contact Us

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## ■ Investor Relations

Marti Dowling

Director - Investor Relations

720-630-2624

[mdowling@nsareit.net](mailto:mdowling@nsareit.net)

## ■ Corporate Headquarters

National Storage Affiliates Trust

5200 DTC Parkway

Suite 200

Greenwood Village, CO 80111

## ■ Website

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



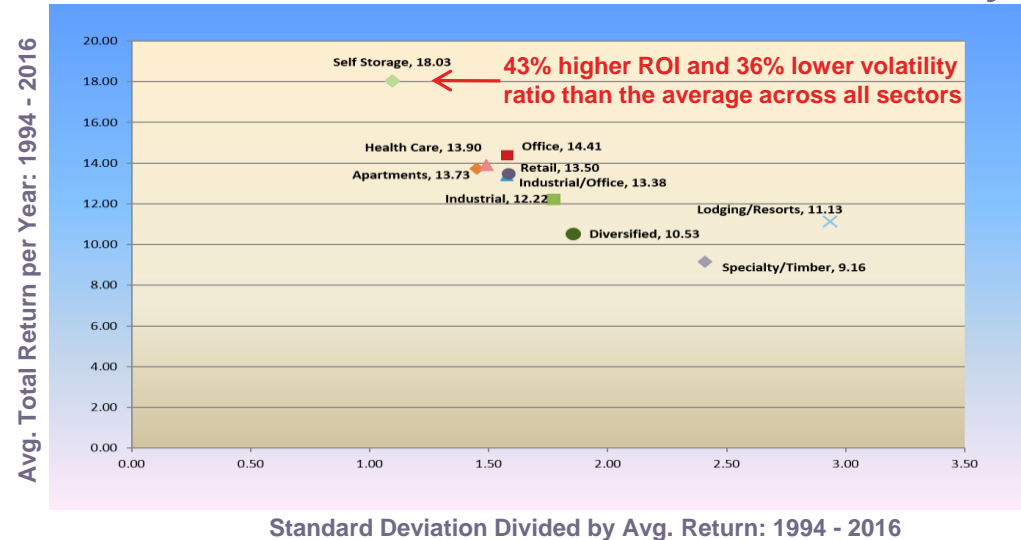
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## Appendix

# Self Storage Has Consistently Outperformed

## Self Storage Has Outperformed over Last 23 Years on Total Return with Less Volatility

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



## Five Forces Driving Self Storage

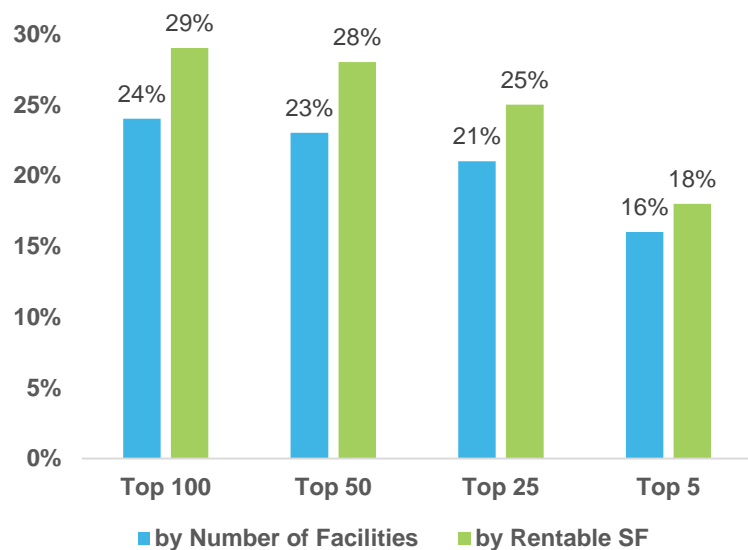
	Impact
Competitive Rivalry	Low – geographically limited
Customer Bargaining Power	Limited – not price driven
Threat of Substitute Products	Very few cost effective options
Supplier Bargaining Power	Limited - but increasing
Threat of New Entrants	Limited – increasing entry barriers

Note: Data sourced from NAREIT 2016 published data. Volatility ratio defined as the standard deviation of return divided by return.



# Meaningful Opportunity To Consolidate

- Highly fragmented sector
  - ~42,000<sup>(1)</sup> self-storage properties with over 30,000 operators
  - ~\$30 billion in annual revenue with over \$250 billion in private market value
- NSA primarily targets top private operators with 20 or more institutional quality properties in the top 100 MSAs
  - Target operators own and/or manage over 2,500 self-storage properties<sup>(2)</sup>



Source: 2017 Self-Storage Almanac and Self-Storage Association 2017.

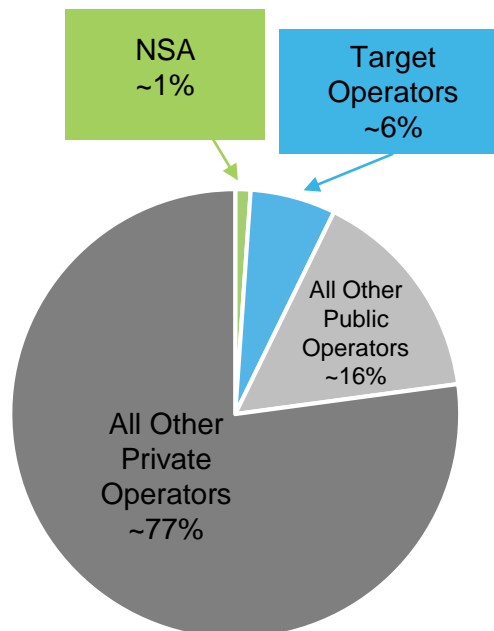
Note: Rankings are based on net rentable square footage under management.

(1) 2017 Self-Storage Almanac survey excludes small, rural facilities included in previous year's Almanacs.

(2) Represents the number of facilities owned and/or managed by top operators, excluding NSA and other publicly traded entities.

(3) Includes facilities owned internationally.

(4) New NSA PRO, effective February 2017.



## Top 40 Operators

- Public Storage<sup>(3)</sup>
- Extra Space Storage
- CubeSmart
- U-Haul International
- Life Storage, Inc. (formerly Sovran/Uncle Bob's)
- National Storage Affiliates Trust
- StorageMart\*\*
- W. P. Carey, Inc.
- Metro Storage, LLC
- The William Warren Group dba StorQuest Self Storage
- Westport Properties, Inc.
- Devon Self Storage Holdings, (US) LLC
- World Class Capital Group, LC
- Absolute Storage Management, Inc.
- All Storage
- TnT Self Storage Management
- Compass Self Storage
- Morningstar Properties
- Brundage Management Co., Inc.
- Safeguard Self Storage
- The Jenkins Organization, Inc.
- Storage Asset Management
- Platinum Storage Group
- A-1 Self Storage
- Universal Storage Group
- Argus Professional Storage Management
- Security Public Storage
- Metro Mini Storage
- Strat Property Management, Inc.
- StoragePRO Management Co.
- Brookwood Properties, LLC
- SHS Development/Lock Up Self Storage
- West Coast Self-Storage
- RHW Capital Management Group, LLC
- Pogoda Companies
- Dahn Corporation
- Rosewood Property Company
- Self-Storage Consulting Group
- Shader Brothers Corp dba Personal Mini Storage<sup>(4)</sup>
- Elite Stor Capital Partners
- Sentry Self Storage



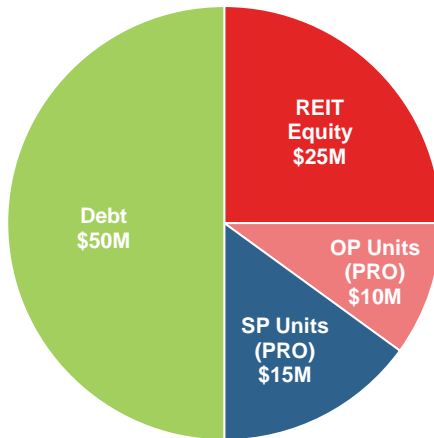


# Structure Incentivizes Pros To Perform

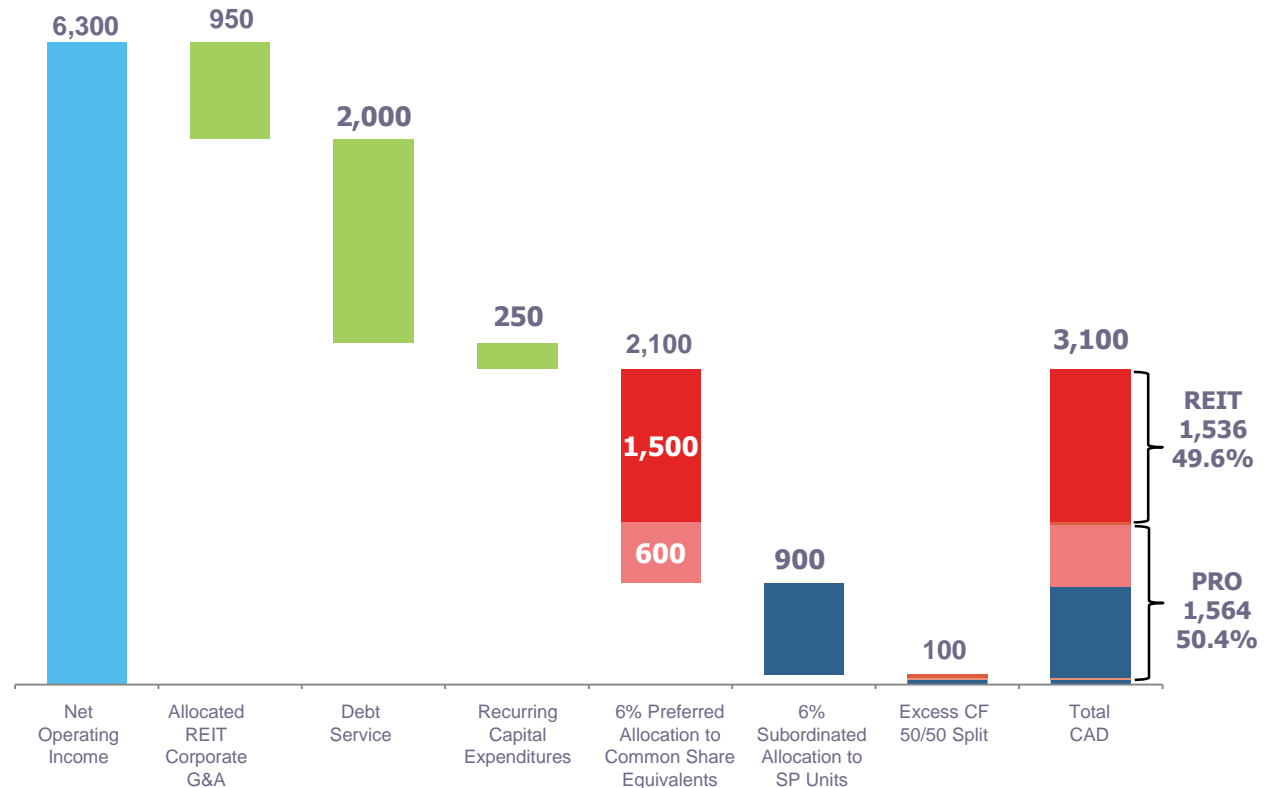
## KEY ASSUMPTIONS

- \$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 (\$'000s)



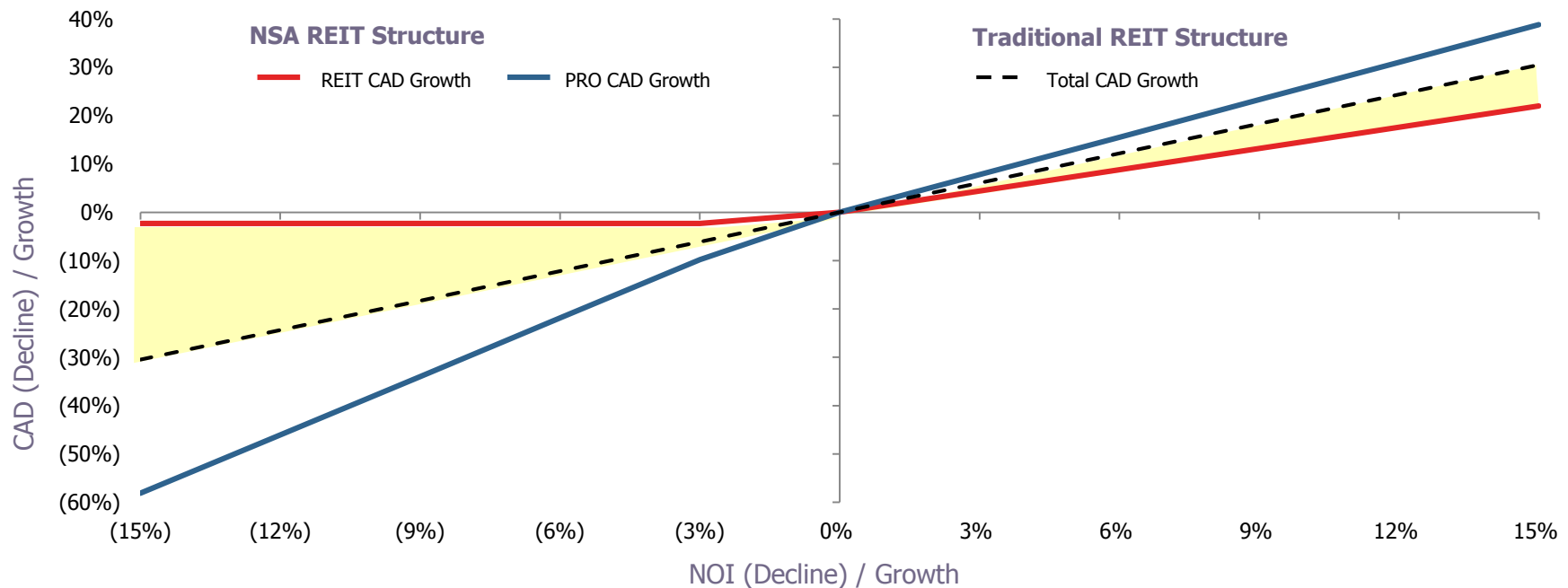
*Note: Proportion of SP units and OP units in each acquisition will vary. In general, the number of OP units issued will be capped at a level intended to provide a minimal level of operating cash flow ("CF") allocation on unreturned capital attributable to the OP units. Debt Service is reflective of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



# Structure Offers Cash Flow Stability And Downside Protection

Shareholders benefit from less volatile cash flow and downside protection

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



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

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

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

	Three Months Ended March 31,			
	2017		2016	
<b>Earnings per share - diluted</b>	\$	<b>0.01</b>	\$	<b>0.07</b>
Impact of the difference in weighted average number of shares <sup>(1)</sup>		(0.01)		0.03
Impact of GAAP accounting for noncontrolling interests, two-class method and treasury stock method <sup>(2)</sup>		0.09		—
Add real estate depreciation and amortization		0.25		0.22
Add Company's share of unconsolidated real estate venture depreciation and amortization		0.03		—
FFO attributable to subordinated performance unitholders		(0.08)		(0.09)
<b>FFO per share and unit</b>	\$	<b>0.29</b>	\$	<b>0.23</b>
Add acquisition costs, Company's share of unconsolidated real estate venture acquisition costs, and loss on early extinguishment of debt		—		0.02
<b>Core FFO per share and unit</b>	\$	<b>0.29</b>	\$	<b>0.25</b>

Source: Q1 2017 Company financials.

(1) Adjustment accounts for the difference between the weighted average number of shares used to calculate diluted earnings per share and the weighted average number of shares used to calculate FFO and Core FFO per share and unit. Diluted earnings per share is calculated using the two-class method for the company's restricted common shares, the treasury stock method for certain unvested LTIP units, and includes the assumption of a hypothetical conversion of subordinated performance units, DownREIT subordinated performance units and LTIP 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 consolidated financial statements in Item 8 of 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 and 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 March 31,			
	2017		2016	
<b>Net income</b>	\$	<b>7,181</b>	\$	<b>4,802</b>
(Subtract) add:				
Management fees and other revenue		(1,838)		—
General and administrative expenses		7,181		4,335
Depreciation and amortization		18,683		10,892
Interest expense		7,471		4,941
Equity in losses of unconsolidated real estate venture		785		—
Acquisition costs		144		1,288
Income tax expense		317		109
Non-operating expense		52		5
<b>Net Operating Income</b>	\$	<b>39,976</b>	\$	<b>26,372</b>

Source: Q1 2017 Company financials.



# Net Income to EBITDA & Adjusted EBITDA Reconciliation

	Three Months Ended March 31,	
	2017	2016
<b>Net income</b>	<b>\$ 7,181</b>	<b>\$ 4,802</b>
Add:		
Depreciation and amortization	18,683	10,892
Company's share of unconsolidated real estate venture depreciation and amortization	1,872	—
Interest expense	7,471	4,941
Income tax expense	317	109
<b>EBITDA</b>	<b>\$ 35,524</b>	<b>\$ 20,744</b>
Add:		
Acquisition costs	144	1,288
Company's share of unconsolidated real estate venture acquisition costs	19	—
Equity-based compensation expense <sup>(1)</sup>	983	598
<b>Adjusted EBITDA</b>	<b>\$ 36,670</b>	<b>\$ 22,630</b>

Source: Q1 2017 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.





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**NYSE: NSA**