

May 3, 2017



National Storage Affiliates Trust Reports First Quarter 2017 Results; Net Income Increases \$2.4 Million; Core FFO Per Share Increases 16.0%; Same Store NOI Increases 9.1%; Added Eighth Participating Regional Operator

GREENWOOD VILLAGE, Colo.--(BUSINESS WIRE)-- National Storage Affiliates Trust ("NSA" or the "Company") (NYSE: NSA) today reported the Company's first quarter 2017 results.

Key Highlights

- Net income was \$7.2 million for the first quarter of 2017, an increase of \$2.4 million compared to \$4.8 million for the first quarter of 2016.
- Core funds from operations ("Core FFO") was \$21.3 million, or \$0.29 per share, for the first quarter of 2017, an increase of 16.0% per share compared to \$12.5 million, or \$0.25 per share, for the first quarter of 2016.
- Same store total revenues were \$41.2 million for the first quarter of 2017, an increase of 6.6% compared to \$38.6 million for the first quarter of 2016.
- Same store NOI was \$28.1 million for the first quarter of 2017, an increase of 9.1% compared to \$25.7 million for the first quarter of 2016.
- Acquired five self storage properties during the first quarter of 2017 for approximately \$31.9 million.
- Added the Company's eighth Participating Regional Operator ("PRO"), Personal Mini Storage of Orlando, Florida.

Arlen Nordhagen, Chief Executive Officer and Chairman, commented, "2017 is off to a great start for NSA, with financial results exceeding our forecasts for the quarter. Same store total revenue grew by 6.6%, driving same store NOI growth of 9.1% during the first quarter. We also closed on the addition of our eighth PRO, Personal Mini Storage, of Orlando, Florida and acquired five self storage properties."

Financial Results

(\$ in thousands, except per share and unit data)	Three Months Ended March 31,		
	2017	2016	Growth
Net income	<u>\$ 7,181</u>	<u>\$ 4,802</u>	<u>49.5%</u>
Funds From Operations ("FFO")⁽¹⁾	\$21,155	\$11,238	88.2%
Add back acquisition costs and NSA's share of unconsolidated venture acquisition costs	163	1,288	(87.3)%
Core FFO⁽¹⁾	<u>\$21,318</u>	<u>\$12,526</u>	<u>70.2%</u>
Earnings (loss) per share - basic	<u>\$ 0.01</u>	<u>\$ 0.10</u>	<u>(90.0)%</u>
Earnings (loss) per share - diluted	<u>\$ 0.01</u>	<u>\$ 0.07</u>	<u>(85.7)%</u>
FFO per share and unit⁽¹⁾	<u>\$ 0.29</u>	<u>\$ 0.23</u>	<u>26.1%</u>
Core FFO per share and unit⁽¹⁾	<u>\$ 0.29</u>	<u>\$ 0.25</u>	<u>16.0%</u>

(1) Non-GAAP financial measures, including FFO, Core FFO and NOI, are reconciled to their most directly comparable GAAP measure and defined (together with other words and phrases used herein) in the Schedules to this press release and in the supplemental financial information.

First quarter 2017 net income increased \$2.4 million, driven primarily by incremental NOI generated from 95 self storage properties acquired between April 1, 2016 and March 31, 2017 and same store NOI growth, partially offset by increases in depreciation and amortization, interest expense and general and administrative expenses.

First quarter 2017 basic earnings per share decreased \$0.09 per share and diluted earnings per share decreased \$0.06 per share. In addition to the items affecting net income described above, the comparison of earnings per share amounts between periods is affected by the allocation of net income to noncontrolling interests pursuant to GAAP. Additional information on NSA's allocation of net income (loss) can be found in the Glossary to the supplemental financial information under "Hypothetical Liquidation at Book Value Method."

First quarter 2017 FFO per share increased 26.1% and Core FFO per share increased 16.0%. The increases in FFO and Core FFO were primarily the result of \$10.6 million of incremental NOI from 95 self storage properties acquired between April 1, 2016 and March 31, 2017, same store NOI growth of \$2.4 million, \$1.8 million of management fees and other revenue and \$1.1 million of the Company's share of FFO and Core FFO from its unconsolidated real estate venture, partially offset by increases of \$2.8 million of general and administrative expenses, \$2.5 million of interest expense and \$1.8 million of distributions to subordinated performance unitholders.

Total Consolidated Portfolio Operating Results

(\$ in thousands, except per square foot data)	Three Months Ended March 31,	
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	<u>2017</u>	<u>2016</u>	<u>Growth</u>
Total rental and other property-related revenue	\$59,725	\$39,649	50.6%
Property operating expenses	19,749	13,277	48.7%
Net Operating Income (NOI)	<u>\$39,976</u>	<u>\$26,372</u>	<u>51.6%</u>
Average Occupancy	<u>88.3%</u>	<u>88.7%</u>	<u>(0.4)%</u>
Average Annualized Rental Revenue Per Occupied Square Foot	<u>\$ 11.36</u>	<u>\$ 10.63</u>	<u>6.9%</u>

First quarter 2017 total rental and other property-related revenue increased 50.6%, driven by \$16.4 million of incremental revenues from 95 self storage properties acquired between April 1, 2016 and March 31, 2017 and a \$2.6 million increase in same store total revenues.

First quarter 2017 total property operating expenses increased 48.7% resulting from \$5.8 million of incremental property operating expenses generated by 95 self storage properties acquired between April 1, 2016 and March 31, 2017, and an increase of \$0.2 million in same store property operating expenses.

Total consolidated portfolio NOI was \$40.0 million for the first quarter of 2017, an increase of 51.6% compared to NOI of \$26.4 million for the first quarter of 2016.

NSA's total consolidated portfolio included 386 self storage properties, approximately 23.3 million rentable square feet, with period-end occupancy of 88.6% as of March 31, 2017.

Same Store Operating Results (277 Properties)

(\$ in thousands, except per square foot data)	Three Months Ended March 31,		
	<u>2017</u>	<u>2016</u>	<u>Growth</u>
Total rental and other property-related revenue	\$41,183	\$38,623	6.6%
Property operating expenses	13,102	12,893	1.6%
Net Operating Income (NOI)	<u>\$28,081</u>	<u>\$25,730</u>	<u>9.1%</u>
NOI Margin	<u>68.2%</u>	<u>66.6%</u>	<u>1.6%</u>
Average Occupancy	<u>88.7%</u>	<u>88.7%</u>	<u>—%</u>
Average Annualized Rental Revenue Per Occupied Square Foot	<u>\$ 11.32</u>	<u>\$ 10.67</u>	<u>6.1%</u>

Investment Activity

During the first quarter of 2017, NSA invested approximately \$31.9 million in the acquisition of five self storage properties located in five states. The first quarter acquisitions encompass approximately 0.3 million rentable square feet configured in over 2,200 storage units.

Credit Facility

During February 2017, NSA entered into agreements with a syndicated group of lenders to partially exercise its expansion option under its credit facility, increasing total capacity by \$170 million for a total credit facility of \$895 million. This expansion increased the total borrowing capacity under NSA's five and six-year term loan tranches by \$10 million and \$55 million, respectively, and created a new \$105 million seven-year term loan tranche.

Dividends

On February 23, 2017, NSA's Board of Trustees declared a quarterly cash dividend of \$0.24 per common share, which was paid on March 30, 2017 to holders of record as of March 15, 2017.

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 3, 2017.

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 presentation 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 1:00pm Eastern Time on Thursday, May 4, 2017 to discuss its 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: Thursday, May 4, 2017, 1:00pm ET

Webcast available at: 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: 13646795

A replay of the call will be available for one week through Thursday, May 11, 2017. 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 the upcoming NAREIT REITWeek 2017 Investor Forum in New York, New York on June 6-8, 2017.

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. The Company currently holds ownership interests in and operates 456 self storage properties located in 23 states with approximately 28 million rentable square feet. NSA is the sixth largest owner and operator of self storage properties among public and private companies in the U.S. For more information, please visit the Company's website at www.nationalstorageaffiliates.com. NSA is included in the MSCI US REIT Index (RMS/RMZ) and the Russell 2000 Index of Companies.

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; and the acquisition of properties, including the timing of acquisitions. For a further list and description of such risks and uncertainties, see the Company's most recent Annual Report on Form 10-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,	
	2017	2016
REVENUE		
Rental revenue	\$ 57,844	\$ 38,501
Other property-related revenue	1,881	1,148
Management fees and other revenue	1,838	—
Total revenue	<u>61,563</u>	<u>39,649</u>
OPERATING EXPENSES		
Property operating expenses	19,749	13,277
General and administrative expenses	7,181	4,335
Depreciation and amortization	18,683	10,892
Total operating expenses	<u>45,613</u>	<u>28,504</u>
Income from operations	15,950	11,145
OTHER EXPENSE		
Interest expense	(7,471)	(4,941)
Equity in losses of unconsolidated real estate venture	(785)	—
Acquisition costs	(144)	(1,288)
Non-operating expense	(52)	(5)
Other expense	<u>(8,452)</u>	<u>(6,234)</u>
Income before income taxes	7,498	4,911
Income tax expense	<u>(317)</u>	<u>(109)</u>
Net income	7,181	4,802
Net income attributable to noncontrolling interests	<u>(6,626)</u>	<u>(2,592)</u>
Net income attributable to National Storage Affiliates Trust	<u>\$ 555</u>	<u>\$ 2,210</u>
Earnings (loss) per share - basic	<u>\$ 0.01</u>	<u>\$ 0.10</u>

Earnings (loss) per share - diluted	<u>\$ 0.01</u>	<u>\$ 0.07</u>
Weighted average shares outstanding - basic	<u>43,401</u>	<u>23,005</u>
Weighted average shares outstanding - diluted	<u>43,401</u>	<u>67,994</u>

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

	<u>March 31</u> <u>2017</u>
ASSETS	
Real estate	
Self storage properties	\$1,887,251
Less accumulated depreciation	(124,941)
Self storage properties, net	<u>1,762,310</u>
Cash and cash equivalents	14,201
Restricted cash	3,041
Debt issuance costs, net	2,831
Investment in unconsolidated real estate venture	79,651
Other assets, net	43,681
Assets held for sale	—
Total assets	<u>\$1,905,731</u>
LIABILITIES AND EQUITY	
Liabilities	
Debt financing	\$ 893,761
Accounts payable and accrued liabilities	21,351
Deferred revenue	<u>12,581</u>
Total liabilities	<u>927,711</u>
Equity	
Common shares of beneficial interest, par value \$0.01 per share. 250,000,000 shares authorized, 44,202,780 and 43,110,362 shares issued and outstanding at March 31, 2017 and December 31, 2016, respectively	44,202,780
Additional paid-in capital	590,521
Distributions in excess of earnings	(18,721)
Accumulated other comprehensive income	<u>10,651</u>
Total shareholders' equity	582,891
Noncontrolling interests	<u>395,121</u>
Total equity	<u>978,021</u>
Total liabilities and equity	<u>\$1,905,731</u>

Reconciliation of Net Income to FFO and Core FFO

	Three Months Ended March 31, 2017	
	<u>2017</u>	<u>2016</u>
Net income	\$ 7,181	\$ 4,100
Add (subtract):		
Real estate depreciation and amortization	18,243	10,100
Company's share of unconsolidated real estate venture real estate depreciation and amortization	1,872	1,872
FFO attributable to subordinated performance unitholders ⁽¹⁾	<u>(6,141)</u>	<u>(6,141)</u>
FFO attributable to common shareholders, OP unitholders, and LTIP unitholders	21,155	11,831
Add:		
Acquisition costs	144	144
Company's share of unconsolidated real estate venture acquisition costs	<u>19</u>	<u>19</u>
Core FFO attributable to common shareholders, OP unitholders, and LTIP unitholders	<u>\$21,318</u>	<u>\$12,113</u>
 Weighted average shares and units outstanding - FFO and Core FFO⁽²⁾		
Weighted average shares outstanding - basic	43,401	23,401
Weighted average restricted common shares outstanding	17	17
Weighted average OP units outstanding	25,959	25,959
Weighted average DownREIT OP unit equivalents outstanding	1,835	1,835
Weighted average LTIP units outstanding	<u>1,468</u>	<u>1,468</u>
Total weighted average shares and units outstanding - FFO and Core FFO	<u>72,680</u>	<u>43,680</u>
 FFO per share and unit	\$ 0.29	\$ 0.29
Core FFO per share and unit	\$ 0.29	\$ 0.29

(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 our 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

	Three Months Ended March 31,	
	2017	2016
Earnings (loss) per share - diluted	\$0.01	\$0.07
Impact of the difference in weighted average number of shares ⁽³⁾	(0.01)	0.03
Impact of GAAP accounting for noncontrolling interests, two-class method and treasury stock method ⁽⁴⁾	0.09	—
Add real estate depreciation and amortization	0.25	0.22
Add Company's share of unconsolidated venture real estate depreciation and amortization	0.03	—
FFO attributable to subordinated performance unitholders	(0.08)	(0.09)
FFO per share and unit	0.29	0.23
Add acquisition costs, Company's share of unconsolidated real estate venture acquisition costs, and loss on early extinguishment of debt	—	0.02
Core FFO per share and unit	0.29	0.25

- (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, 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 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 and the application of the two-class method and treasury stock method, as described in footnote (3).

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