

November 2, 2016



National Storage Affiliates Trust Reports Third Quarter 2016 Results; Net Income Increases \$5.8 million; Core FFO Per Share Increases 20.8%; Same Store NOI Increases 9.5%; Acquired 34 Self Storage Properties

GREENWOOD VILLAGE, Colo.--(BUSINESS WIRE)-- National Storage Affiliates Trust ("NSA" or the "Company") (NYSE: NSA) today reported the Company's third quarter 2016 results.

Third Quarter 2016 Highlights

- Net income was \$7.9 million for the third quarter of 2016, an increase of \$5.8 million compared to \$2.1 million for the third quarter of 2015.
- Core funds from operations ("Core FFO") was \$18.2 million, or \$0.29 per share, for the third quarter of 2016, an increase of 20.8% per share compared to \$11.3 million, or \$0.24 per share, for the third quarter of 2015.
- Same store total revenues were \$33.0 million for the third quarter of 2016, an increase of 7.2% compared to \$30.7 million for the third quarter of 2015.
- Same store NOI was \$22.5 million for the third quarter of 2016, an increase of 9.5% compared to \$20.6 million for the third quarter of 2015.
- Acquired 34 self storage properties during the third quarter of 2016 for approximately \$206 million.
- Completed a public offering of 12,046,250 common shares of beneficial interest ("common shares") at a public offering price of \$20.75 per share resulting in net proceeds to the Company of approximately \$237 million.

Arlen Nordhagen, Chief Executive Officer and Chairman, commented, "We are extremely pleased with NSA's third quarter results, as we continue to deliver exceptional quarterly year-over-year increases in same store NOI and Core FFO per share. During the quarter, we invested approximately \$206 million in 34 self storage properties, bringing our year-to-date acquisitions to 76 properties totaling over \$490 million. Additionally, after quarter end, we formed a new joint venture with a major state pension fund, which subsequently acquired the 66 property iStorage portfolio. In conjunction with this transaction, NSA also acquired the

iStorage property management platform and brand. Finally, we continued to strengthen our balance sheet and diversify our capital sources to fund our long-term growth plan.”

Financial Results

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

	Three Months Ended September 30,		
	2016	2015	Growth
Net income	\$ 7,944	\$ 2,109	276.7%
Funds From Operations ("FFO")⁽¹⁾	\$ 16,510	\$ 8,459	95.2%
Add back acquisition costs	1,737	2,874	(39.6)%
Core FFO⁽¹⁾	\$ 18,247	\$ 11,333	61.0%
Earnings (loss) per share - basic	\$ —	\$ 0.19	—
Earnings (loss) per share - diluted	\$ —	\$ 0.03	—
FFO per share and unit⁽¹⁾	\$ 0.26	\$ 0.18	44.4%
Core FFO per share and unit⁽¹⁾	\$ 0.29	\$ 0.24	20.8%

(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.

Year-Over-Year Results:

Third quarter 2016 net income increased \$5.8 million, driven by incremental NOI generated from self storage properties acquired subsequent to October 1, 2015 and same store NOI growth, partially offset by increases in depreciation and amortization, interest expense, and acquisition costs.

Third quarter 2016 basic earnings per share decreased \$0.19 per share and diluted earnings per share decreased \$0.03 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.

Third quarter 2016 FFO per share increased 44.4% and Core FFO per share increased 20.8%. The increases in FFO and Core FFO were primarily the result of \$8.6 million of incremental NOI from 92 self storage properties acquired between October 1, 2015 and September 30, 2016 and same store NOI growth of \$2.0 million, partially offset by a \$1.7 million increase in distributions to subordinated performance unitholders and a \$2.0 million increase in interest expense.

Total Portfolio Operating Results

(\$ in thousands, except per square foot data)

	Three Months Ended September 30,		
	2016	2015	Growth
Total revenue	\$ 52,949	\$ 35,678	48.4%
Property operating expenses	17,330	12,000	44.4%
Net Operating Income (NOI)	\$ 35,619	\$ 23,678	50.4%

Average Occupancy	<u>91.0%</u>	<u>89.9%</u>	<u>1.1%</u>
Average annualized rental revenue per occupied square foot	<u>\$ 11.24</u>	<u>\$ 10.75</u>	<u>4.6%</u>

NSA's total portfolio included 352 self storage properties, approximately 21.0 million rentable square feet, with period-end occupancy of 90.1% as of September 30, 2016.

Year-over-year, third quarter 2016 total revenues increased 48.4%, driven by \$13.4 million of incremental revenues from 92 self storage properties acquired between October 1, 2015 and September 30, 2016 and a \$2.2 million increase in same store total revenues, as discussed in greater detail below.

Third quarter 2016 total property operating expenses increased 44.4% year-over-year, resulting from \$4.8 million of incremental property operating expenses generated by 92 self storage properties acquired between October 1, 2015 and September 30, 2016, and an increase of \$0.3 million in same store property operating expenses.

Same Store Operating Results

(\$ in thousands, except per square foot data)

	<u>Three Months Ended September 30,</u>		
	<u>2016</u>	<u>2015</u>	<u>Growth</u>
Total revenue	\$ 32,964	\$ 30,738	7.2%
Property operating expenses	10,432	10,164	2.6%
Net Operating Income (NOI)	<u>\$ 22,532</u>	<u>\$ 20,574</u>	<u>9.5%</u>
NOI Margin	<u>68.4%</u>	<u>66.9%</u>	<u>1.5%</u>
Average Occupancy	<u>91.4%</u>	<u>90.2%</u>	<u>1.2%</u>
Average annualized rental revenue per occupied square foot	<u>\$ 11.39</u>	<u>\$ 10.74</u>	<u>6.1%</u>

NSA's same store portfolio included 222 self storage properties, approximately 12.3 million rentable square feet, with period-end occupancy of 90.2% as of September 30, 2016.

Year-over-year, third quarter 2016 same store total revenues increased 7.2%. Third quarter 2016 revenue increases were driven by a 120 basis point increase in average occupancy, combined with a 6.1% increase in average annualized rental revenue per occupied square foot. Same store property operating expenses were \$10.4 million for the third quarter of 2016, an increase of 2.6% compared to \$10.2 million for the third quarter of 2015.

Investment Activity

During the third quarter of 2016, NSA invested approximately \$206 million in the acquisition of 34 self storage properties located throughout eight states. These third quarter acquisitions encompass approximately 2.3 million rentable square feet configured in over 18,400 storage units. Subsequent to September 30, 2016, NSA acquired two additional self storage properties for a total investment of approximately \$17 million encompassing approximately 0.1 million rentable square feet configured in over 800 storage units.

On October 4, 2016, NSA's joint venture (the "Joint Venture") with a major state pension fund (the "JV Investor") completed its acquisition of the 66 property iStorage portfolio for aggregate consideration of approximately \$630 million. The Joint Venture financed the

acquisition with approximately \$320 million in equity (approximately \$80 million from NSA in exchange for a 25% ownership interest and approximately \$240 million from the JV Investor in exchange for a 75% ownership interest) with the balance of the consideration funded with proceeds from Joint Venture debt financing. The Company also completed its acquisition of the iStorage property management platform for approximately \$20 million, including a property management company, a captive insurance company, and the iStorage brand.

Capitalization Activity

On July 6, 2016, NSA closed a follow-on offering of 12,046,250 of its common shares, which included 1,571,250 common shares sold upon the exercise in full by the underwriters of their option to purchase additional common shares, at a public offering price of \$20.75 per share, resulting in net proceeds to NSA of approximately \$237 million. NSA used the net proceeds from the offering for general corporate purposes, including the repayment of outstanding amounts under its revolving line of credit and the acquisition of additional self storage properties.

During October 2016, NSA issued 1,500,000 of its common shares under the Company's at the market ("ATM") program for net proceeds of approximately \$29 million after deducting the underwriting discount. NSA used the net proceeds from the offering for general corporate purposes, including the repayment of outstanding indebtedness and to fund acquisitions and investments.

2016 Guidance Update

The following table outlines updates to NSA's guidance estimates for the year ended December 31, 2016:

	Ranges for Full Year 2016	
	Low	High
Acquisitions, in millions	\$ 750.0	\$ 825.0
Core FFO per share(1)	\$ 1.08	\$ 1.10

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

	Ranges for Full Year 2016	
	Low	High
Earnings (loss) per share - diluted	\$ 0.23	\$ 0.31
Impact of the difference in weighted average number of shares and GAAP accounting for noncontrolling interests, two-class method and treasury stock method	0.20	0.11
Add real estate depreciation and amortization	0.91	0.92
FFO attributable to subordinated performance unitholders	(0.37)	(0.38)
Add acquisition costs, organizational and offering expenses, and loss on early extinguishment of debt	0.11	0.14
Core FFO per share and unit	\$ 1.08	\$ 1.10

Dividends

On August 25, 2016, NSA's Board of Trustees declared a quarterly cash dividend of \$0.22 per common share, which was paid on September 30, 2016 to holders of record on September 15, 2016.

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 November 2, 2016.

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, November 3, 2016 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, November 3, 2016, 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, November 10, 2016. 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 REITWorld 2016 industry conference in Phoenix, Arizona on November 15 - 17, 2016.

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 420 self storage properties located in 23 states with over 25.6 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 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 10, 2016, 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 September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
REVENUE				
Rental revenue	\$ 51,263	\$ 34,600	\$ 135,548	\$ 92,650
Other property-related revenue	1,686	1,078	4,334	2,969
Total revenue	<u>52,949</u>	<u>35,678</u>	<u>139,882</u>	<u>95,619</u>
OPERATING EXPENSES				
Property operating expenses	17,330	12,000	46,064	32,668
General and administrative expenses	5,259	4,056	14,431	11,856
Depreciation and amortization	14,319	10,341	38,299	30,192
Total operating expenses	<u>36,908</u>	<u>26,397</u>	<u>98,794</u>	<u>74,716</u>
Income from operations	16,041	9,281	41,088	20,903
OTHER INCOME (EXPENSE)				
Interest expense	(6,265)	(4,246)	(17,050)	(16,052)
Loss on early extinguishment of debt	—	—	(136)	(914)
Acquisition costs	(1,737)	(2,874)	(4,733)	(4,192)
Organizational and offering expenses	—	—	—	(58)
Non-operating expense	(95)	(52)	(378)	(256)
Other income (expense)	<u>(8,097)</u>	<u>(7,172)</u>	<u>(22,297)</u>	<u>(21,472)</u>
Net income (loss)	7,944	2,109	18,791	(569)
Net (income) loss attributable to noncontrolling interests	(7,955)	2,263	(9,222)	8,405
Net (loss) income attributable to National Storage Affiliates Trust	<u>\$ (11)</u>	<u>\$ 4,372</u>	<u>\$ 9,569</u>	<u>\$ 7,836</u>
Earnings (loss) per share - basic	<u>\$ —</u>	<u>\$ 0.19</u>	<u>\$ 0.35</u>	<u>\$ 0.61</u>
Earnings (loss) per share - diluted	<u>\$ —</u>	<u>\$ 0.03</u>	<u>\$ 0.25</u>	<u>\$ 0.06</u>
Weighted average shares outstanding - basic	35,080	23,000	27,084	12,924
Weighted average shares outstanding - diluted	<u>35,080</u>	<u>63,456</u>	<u>75,492</u>	<u>38,758</u>

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

	September 30, 2016	December 31, 2015
ASSETS		
Real estate		
Self storage properties	\$ 1,619,014	\$ 1,147,201
Less accumulated depreciation	(97,993)	(68,100)
Self storage properties, net	<u>1,521,021</u>	<u>1,079,101</u>
Cash and cash equivalents	11,474	6,665
Restricted cash	4,627	2,712
Debt issuance costs, net	2,911	1,923
Other assets, net	23,371	8,648
Assets held for sale	18,702	—
Total assets	<u>\$ 1,582,106</u>	<u>\$ 1,099,049</u>
LIABILITIES AND EQUITY		
Liabilities		
Debt financing	\$ 722,622	\$ 567,795
Accounts payable and accrued liabilities	29,593	9,694
Deferred revenue	<u>7,844</u>	<u>5,513</u>

Total liabilities	760,059	583,002
Equity		
Common shares of beneficial interest, par value \$0.01 per share. 250,000,000 shares authorized, 35,915,871 and 23,015,751 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively	359	230
Additional paid-in capital	450,986	236,392
Retained (deficit) earnings	(8,013)	11
Accumulated other comprehensive loss	(184)	—
Total shareholders' equity	443,148	236,633
Noncontrolling interests	378,899	279,414
Total equity	822,047	516,047
Total liabilities and equity	<u>\$ 1,582,106</u>	<u>\$ 1,099,049</u>

Reconciliation of Net Income (Loss) to FFO and Core FFO

	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Net income (loss)	\$ 7,944	\$ 2,109	\$18,791	\$ (569)
Add (subtract):				
Real estate depreciation and amortization	14,117	10,248	37,831	29,943
FFO attributable to subordinated performance unitholders ⁽¹⁾	(5,551)	(3,898)	(16,044)	(10,317)
FFO attributable to common shareholders, OP unitholders, and LTIP unitholders	16,510	8,459	40,578	19,057
Add:				
Acquisition costs	1,737	2,874	4,733	4,192
Organizational and offering expenses	—	—	—	58
Loss on early extinguishment of debt	—	—	136	914
Core FFO attributable to common shareholders, OP unitholders, and LTIP unitholders	\$ 18,247	\$ 11,333	\$45,447	\$24,221
Weighted average shares and units outstanding - FFO and Core FFO: ⁽²⁾				
Weighted average shares outstanding - basic	35,080	23,000	27,084	12,924
Weighted average restricted common shares outstanding	19	17	18	6
Weighted average OP units outstanding	24,310	21,109	23,761	20,181
Weighted average DownREIT OP unit equivalents outstanding	1,835	1,432	1,835	1,411
Weighted average LTIP units outstanding ⁽³⁾	2,556	2,243	2,523	1,273
Total weighted average shares and units outstanding - FFO and Core FFO	63,800	47,801	55,221	35,795
FFO per share and unit	\$ 0.26	\$ 0.18	\$ 0.73	\$ 0.53
Core FFO per share and unit	\$ 0.29	\$ 0.24	\$ 0.82	\$ 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 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(4) 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.

(3) LTIP units have been excluded from the calculations of weighted average shares and units outstanding prior to April 28, 2015 because such units did not participate in distributions prior to the Company's initial public offering.

Reconciliation of Earnings (Loss) Per Share - Diluted to FFO and Core FFO Per Share and Unit

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Earnings (loss) per share - diluted	\$ —	\$ 0.03	\$ 0.25	\$ 0.06
Impact of the difference in weighted average number of shares ⁽⁴⁾	—	0.01	0.09	—
Impact of GAAP accounting for noncontrolling interests, two-class method and treasury stock method ⁽⁵⁾	0.13	—	—	(0.08)
Add real estate depreciation and amortization	0.22	0.22	0.68	0.84
FFO attributable to subordinated performance unitholders	(0.09)	(0.08)	(0.29)	(0.29)
FFO per share and unit	0.26	0.18	0.73	0.53
Add acquisition costs, organizational and offering expenses, and loss on early extinguishment of debt	0.03	0.06	0.09	0.15
Core FFO per share and unit	\$ 0.29	\$ 0.24	\$ 0.82	\$ 0.68

(4) 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 8 in Item 1 to the Company's most recent Quarterly Report on Form 10-Q 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.

(5) 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 (4).

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National Storage Affiliates Trust

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Source: National Storage Affiliates Trust