

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 26, 2018

National Storage Affiliates Trust

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation)

001-37351
(Commission
File Number)

46-5053858
(IRS Employer
Identification No.)

5200 DTC Parkway
Suite 200
Greenwood Village, Colorado 80111
(Address of principal executive offices)

(720) 630-2600
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 2.02. Results of Operations and Financial Condition.

On February 26, 2018, National Storage Affiliates Trust (the "Company") issued an earnings release and supplemental schedules announcing its financial results for the quarter ended December 31, 2017. A copy of the earnings release and supplemental schedules are attached hereto as Exhibit 99.1 and is incorporated by reference herein. The Company will hold its fourth quarter 2017 earnings conference call on Monday, February 26, 2018 at 1:00 p.m. Eastern Time. You may join the conference call through an Internet webcast accessed through the Company's website at www.nationalstorageaffiliates.com. Alternatively, you may join the conference call by telephone by dialing 877-407-9711, or 412-902-1014 for international callers. If you wish to participate, please call approximately five minutes before the conference call is scheduled to begin.

If you are unable to join the live conference call, you may access the replay for one week through Monday, March 5, 2018, by dialing 877-660-6853, or 201-612-7415 for international callers, and using Conference ID 13646795, or you may access the webcast replay for 30 days through the Company's website at www.nationalstorageaffiliates.com. The full text of the earnings release and supplemental schedules are also available through the Company's website at <http://ir.nationalstorageaffiliates.com/quarterly-reporting>. The information contained on the Company's website is not incorporated by reference herein.

ITEM 9.01. Financial Statements and Exhibits.

The following exhibits are furnished with this report:

Exhibit Number	Description
99.1	Fourth Quarter 2017 Earnings Release dated February 26, 2018

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: February 26, 2018

NATIONAL STORAGE AFFILIATES TRUST

By: /s/ TAMARA D. FISCHER

Tamara D. Fischer

Executive Vice President and Chief Financial Officer

OUTPERFORM

Fourth Quarter 2017
Earnings Release & Supplemental Financial Information



NATIONAL STORAGE
AFFILIATES



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February 26, 2018

National Storage Affiliates Trust Reports Fourth Quarter and Full Year 2017 Results; Full Year Net Income Increases \$21.1 million; Core FFO per Share Increases 10.7%, Same Store NOI Increases 7.5%, Acquired 65 Self Storage Properties; Provides Full-Year 2018 Guidance

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

Fourth Quarter 2017 Highlights

- Net income was \$12.0 million for the fourth quarter of 2017, an increase of \$5.9 million compared to \$6.1 million for the fourth quarter of 2016.
- Core funds from operations ("Core FFO") was \$23.6 million, or \$0.32 per share, for the fourth quarter of 2017, an increase of 6.7% per share compared to \$20.0 million, or \$0.30 per share, for the fourth quarter of 2016.
- Same store net operating income ("NOI") was \$30.0 million for the fourth quarter of 2017, an increase of 5.8% compared to \$28.4 million for the fourth quarter of 2016, driven by a 5.0% increase in same store total revenues and a 3.3% increase in same store property operating expenses.
- Acquired 31 wholly-owned self storage properties for \$201.0 million and one joint venture property for \$9.4 million during the fourth quarter of 2017.
- Received approximately \$319 million of gross proceeds from the sale of 6.9 million of 6.000% Series A Cumulative Redeemable Preferred Shares of Beneficial Interest and 5.75 million of Common Shares of Beneficial Interest ("common shares") during the fourth quarter of 2017.

Full Year 2017 Highlights

- Net income was \$46.0 million for full year 2017, an increase of \$21.1 million compared to \$24.9 million for the full year 2016.
- Core FFO was \$91.2 million, or \$1.24 per share, for full year 2017, an increase of 10.7% per share compared to \$65.5 million, or \$1.12 per share, for full year 2016.
- Same store NOI was \$118.3 million for full year 2017, an increase of 7.5% compared to \$110.1 million for full year 2016, driven by a 5.7% increase in same store total revenues and a 1.9% increase in same store property operating expenses.
- Acquired 65 wholly-owned self storage properties for \$426.8 million and five joint venture properties totaling \$59.3 million during 2017.

Arlen Nordhagen, Chief Executive Officer and Chairman, commented, "2017 was another fantastic year for NSA. We grew our portfolio by adding 65 wholly-owned self storage properties and an additional five properties through our joint venture. We leveraged our revenue management platform to increase rental rates across many of our markets, driving strong revenue growth over last year. During the fourth quarter, we completed both preferred share and common share offerings, followed by an expansion of our credit facility during January 2018. These transactions provide us with the financial flexibility to continue to execute our growth strategy as we begin 2018, which we kicked off by acquiring an additional 18 properties during January and February."



Financial Results

(\$ in thousands, except per share and unit data)	Three Months Ended December 31,			Year Ended December 31,		
	2017	2016	Growth	2017	2016	Growth
Net income	\$ 12,015	\$ 6,075	97.8 %	\$ 45,998	\$ 24,866	85.0 %
Funds From Operations ("FFO")⁽¹⁾	\$ 23,482	\$ 17,198	36.5 %	\$ 90,584	\$ 57,776	56.8 %
Add back acquisition costs, NSA's share of unconsolidated real estate venture acquisition costs and loss on early extinguishment of debt	143	2,819	(94.9)%	615	7,688	(92.0)%
Core FFO⁽¹⁾	\$ 23,625	\$ 20,017	18.0 %	\$ 91,199	\$ 65,464	39.3 %
Earnings (loss) per share - basic	\$ (0.08)	\$ 0.22	(136.4)%	\$ 0.01	\$ 0.60	(98.3)%
Earnings (loss) per share - diluted	\$ (0.08)	\$ 0.07	(214.3)%	\$ 0.01	\$ 0.31	(96.8)%
FFO per share and unit⁽¹⁾	\$ 0.31	\$ 0.26	19.2 %	\$ 1.23	\$ 0.99	24.2 %
Core FFO per share and unit⁽¹⁾	\$ 0.32	\$ 0.30	6.7 %	\$ 1.24	\$ 1.12	10.7 %

(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.

Fourth Quarter 2017

Fourth quarter 2017 net income increased \$5.9 million, driven primarily by incremental NOI generated from 65 self storage properties acquired during 2017 and same store NOI growth, partially offset by increases in depreciation and amortization and interest expense.

Fourth quarter 2017 basic earnings per share decreased \$0.30 per share and diluted earnings per share decreased \$0.15 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."

Fourth quarter 2017 FFO per share increased 19.2% and Core FFO per share increased 6.7%. The increases in FFO and Core FFO were primarily the result of \$5.9 million of incremental NOI from 65 self storage properties acquired during 2017 and same store NOI growth of \$1.6 million, partially offset by higher interest expense and the payment of dividends on preferred shares issued during the fourth quarter to fund the Company's growth.

Full Year 2017

Full year 2017 net income increased \$21.1 million, driven primarily by additional NOI generated from non-same store self storage properties acquired during 2017 and 2016, same store NOI growth, increases in management fees and other revenue, gains from the sale of self storage properties and decreases in acquisition costs, partially offset by increases in depreciation and amortization, interest expense and general and administrative expenses.

Full year 2017 basic earnings per share decreased \$0.59 per share and diluted earnings per share decreased \$0.30 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.

Full year 2017 FFO per share increased 24.2% and Core FFO per share increased 10.7%. The increases in FFO and Core FFO were primarily the result of \$35.4 million of incremental NOI from non-same store properties acquired in 2017 and 2016, same store NOI growth of \$8.2 million and a \$6.3 million increase in management fees and other revenue partially offset by increases of \$10.0 million of interest expense, \$8.5 million of general and administrative expenses and \$5.5 million of distributions to subordinated performance unitholders.



Total Consolidated Portfolio Operating Results

(\$ in thousands, except per square foot data)	Three Months Ended December 31,			Year Ended December 31,		
	2017	2016	Growth	2017	2016	Growth
Total rental and other property-related revenue	\$ 71,285	\$ 57,355	24.3 %	\$ 260,069	\$ 197,237	31.9 %
Property operating expenses	23,285	18,734	24.3 %	84,455	64,798	30.3 %
Net Operating Income (NOI)	\$ 48,000	\$ 38,621	24.3 %	\$ 175,614	\$ 132,439	32.6 %
Average Occupancy	88.2%	89.1%	(0.9)%	88.9%	89.7%	(0.8)%
Average Annualized Rental Revenue Per Occupied Square Foot	\$ 11.64	\$ 11.28	3.2 %	\$ 11.52	\$ 11.00	4.7 %

Fourth Quarter 2017

Fourth quarter 2017 total rental and other property-related revenue increased 24.3%, driven by \$9.4 million of incremental revenues from 65 self storage properties acquired during 2017 and a \$2.1 million increase in same store total revenues.

Fourth quarter 2017 total property operating expenses increased 24.3% resulting from \$3.6 million of incremental property operating expenses generated by 65 self storage properties acquired during 2017, and an increase of \$0.4 million in same store property operating expenses.

Total consolidated portfolio NOI was \$48.0 million for the fourth quarter of 2017, an increase of 24.3% compared to NOI of \$38.6 million for the fourth quarter of 2016.

Full Year 2017

Total rental and other property-related revenue was \$260.1 million for full year 2017, an increase of 31.9% compared to \$197.2 million for full year 2016. The increase primarily resulted from incremental revenues of \$15.5 million from 65 self storage properties acquired during 2017, \$38.7 million from 107 self storage properties acquired during 2016 and a \$9.2 million increase in same store total revenues.

Total property operating expenses were \$84.5 million for full year 2017, an increase of 30.3% compared to \$64.8 million for full year 2016. The increase primarily resulted from incremental expenses of \$5.7 million from 65 self storage properties acquired during 2017, \$13.1 million from 107 self storage properties acquired during 2016 and a \$1.0 million increase in same store property operating expenses.

Total consolidated portfolio NOI was \$175.6 million for full year 2017, an increase of 32.6% compared to NOI of \$132.4 million for full year 2016.

NSA's consolidated portfolio included 444 self storage properties, approximately 27.2 million rentable square feet, with period-end occupancy of 87.3% as of December 31, 2017.



Same Store Operating Results (277 Properties)

(\$ in thousands, except per square foot data)	Three Months Ended December 31,			Year Ended December 31,		
	2017	2016	Growth	2017	2016	Growth
Total rental and other property-related revenue	\$ 43,339	\$ 41,269	5.0 %	\$ 171,326	\$ 162,109	5.7 %
Property operating expenses	13,332	12,900	3.3 %	53,045	52,034	1.9 %
Net Operating Income (NOI)	\$ 30,007	\$ 28,369	5.8 %	\$ 118,281	\$ 110,075	7.5 %
NOI Margin	69.2%	68.7%	0.5 %	69.0%	67.9%	1.1 %
Average Occupancy	89.0%	89.3%	(0.3)%	89.6%	89.9%	(0.3)%
Average Annualized Rental Revenue Per Occupied Square Foot	\$ 11.88	\$ 11.29	5.2 %	\$ 11.66	\$ 11.02	5.8 %

Fourth Quarter 2017

Year-over-year, fourth quarter 2017 same store total revenues increased 5.0%, driven by a 5.2% increase in average annualized rental revenue per occupied square foot partially offset by a 30 basis point decrease in average occupancy. Same store property operating expenses were \$13.3 million for the fourth quarter of 2017, an increase of 3.3% compared to \$12.9 million for the fourth quarter of 2016 driven primarily by increases in property taxes, personnel costs and advertising.

Full Year 2017

Year-over-year, full year 2017 same store total revenues increased 5.7%, driven by a 5.8% increase in average annualized rental revenue per occupied square foot partially offset by a 30 basis point decrease in average occupancy. Same store property operating expenses were \$53.0 million for the full year 2017, an increase of 1.9% compared to \$52.0 million for the full year 2016 driven primarily by increases in property taxes and repairs and maintenance expenses.

Investment Activity

Fourth Quarter 2017

During the fourth quarter of 2017, NSA invested \$201.0 million in the acquisition of 31 consolidated self storage properties located in 10 states, encompassing approximately 2.0 million rentable square feet configured in approximately 15,000 storage units.

NSA's unconsolidated real estate venture invested \$9.4 million in the acquisition of one self storage property located in California, encompassing 0.1 million rentable square feet configured in over 400 storage units. NSA owns a 25% interest in its unconsolidated real estate venture and contributed approximately \$2.4 million to the venture to fund the acquisition.

Full Year 2017

For the full year of 2017, NSA invested \$426.8 million in the acquisition of 65 consolidated self storage properties located in 19 states, encompassing approximately 4.2 million rentable square feet configured in approximately 32,000 storage units.

NSA's unconsolidated real estate venture invested \$59.3 million in the acquisition of five self storage properties located in California and Delaware, encompassing 0.4 million rentable square feet configured in over 3,500 storage units. NSA owns a 25% interest in its unconsolidated real estate venture and contributed approximately \$14.9 million to the venture to fund the acquisitions.

Subsequent to December 31, 2017, NSA acquired 18 additional consolidated self storage properties located in four states, for a total investment of approximately \$101.8 million encompassing approximately 1.1 million rentable square feet configured in approximately 9,700 storage units. NSA's unconsolidated real estate venture also invested



approximately \$9.3 million in a self storage property encompassing approximately 0.1 million rentable square feet configured in approximately 500 storage units.

Balance Sheet

In October 2017, NSA completed its underwritten public offering of 6,900,000 of its 6.000% Series A Cumulative Redeemable Preferred Shares of Beneficial Interest ("Series A Preferred Shares"), including 900,000 Series A Preferred Shares sold upon the exercise in full by the underwriters of their option to purchase additional Series A Preferred Shares, resulting in gross proceeds of approximately \$173 million. Generally, the Series A Preferred Shares become redeemable by the Company beginning in October 2022 for a cash redemption price of \$25.00 per share.

In December 2017, NSA completed an underwritten public offering of 5,750,000 common shares, including 750,000 common shares sold upon the exercise in full by the underwriters of their option to purchase additional common shares. The shares were issued at \$25.50 per share, resulting in gross proceeds of approximately \$147 million.

NSA used the proceeds from the offerings to repay amounts outstanding under its revolving line of credit.

On January 29, 2018, NSA entered into an increase agreement and amendment with a syndicated group of lenders to increase the total borrowing capacity under the Company's credit facility by \$125.0 million for a total credit facility of over \$1.0 billion, which included entry into a new \$125.0 million five-year term loan tranche. NSA has an expansion option under the credit facility, which, if exercised in full, would provide for a total credit facility of \$1.3 billion.

Common Share Dividends

On February 22, 2018, NSA's Board of Trustees declared a quarterly cash dividend of \$0.28 per common share, which will be paid on March 29, 2018 to shareholders of record as of March 15, 2018.

2018 Guidance

The following tables outline NSA's guidance estimates for the year ended December 31, 2018:

	Ranges for Full Year 2018	
	Low	High
Same store operations (376 stores)		
Total rental and other property-related revenue growth	4.0%	5.0%
Property operating expenses growth	3.0%	4.0%
NOI growth	4.0%	5.5%
General and administrative expenses (as a percent of revenue)	10.0%	11.5%
General and administrative expenses (excluding equity-based compensation)	9.0%	10.0%
Equity-based compensation	1.0%	1.5%
Management fees and other revenue, in millions	\$8.0	\$9.0
Core FFO from unconsolidated real estate venture, in millions	\$5.0	\$6.0
Subordinated performance unit distributions, in millions	\$27.0	\$29.5
Wholly-owned acquisitions, in millions	\$250.0	\$400.0
Joint venture acquisitions, in millions	\$50.0	\$100.0
Core FFO per share ⁽¹⁾	\$1.33	\$1.37



(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 2018			
	Low		High	
Earnings (loss) per share - diluted	\$	(0.03)	\$	0.05
Impact of the difference in weighted average number of shares and GAAP accounting for noncontrolling interests, two-class method and treasury stock method		0.60		0.54
Add real estate depreciation and amortization, including NSA's share of unconsolidated venture real estate depreciation and amortization		1.10		1.14
Subtract gain on sale of self storage properties		(0.01)		(0.01)
FFO attributable to subordinated performance unitholders		(0.33)		(0.35)
Core FFO per share and unit	\$	1.33	\$	1.37

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 February 26, 2018.

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 Monday, February 26, 2018 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: Monday, February 26, 2018, 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 Monday, March 5, 2018. A replay of the webcast will be available for 30 days on NSA's website at www.nationalstorageaffiliates.com.



Upcoming Industry Conferences

NSA management is scheduled to participate in the Wells Fargo Securities 21st Annual Real Estate Securities Conference in New York, New York on February 28 - March 1, 2018, and in the Citi 2018 Global Property CEO Conference on March 4 - 7, 2018 in Hollywood, Florida.

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 533 self storage properties located in 29 states with approximately 33 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), the Russell 2000 Index of Companies and the S&P SmallCap 600 Index.

NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements contained in this press release constitute forward-looking statements as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and such statements are intended to be covered by the safe harbor provided by the same. Forward-looking statements are subject to substantial risks and uncertainties, many of which are difficult to predict and are generally beyond the Company's control. These forward-looking statements include information about possible or assumed future results of the Company's business, financial condition, liquidity, results of operations, plans and objectives. Changes in any circumstances may cause the Company's actual results to differ significantly from those expressed in any forward-looking statement. When used in this release, the words "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "may" or similar expressions are intended to identify forward-looking statements. Statements regarding the following subjects, among others, may be forward-looking: market trends in the Company's industry, interest rates, 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.

CONTACT:

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Investor/Media Relations

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

	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
REVENUE				
Rental revenue	\$ 69,101	\$ 55,630	\$ 251,814	\$ 191,178
Other property-related revenue	2,184	1,725	8,255	6,059
Management fees and other revenue	2,083	1,809	8,061	1,809
Total revenue	73,368	59,164	268,130	199,046
OPERATING EXPENSES				
Property operating expenses	23,285	18,734	84,455	64,798
General and administrative expenses	7,994	7,097	30,060	21,528
Depreciation and amortization	20,169	16,765	75,115	55,064
Total operating expenses	51,448	42,596	189,630	141,390
Income from operations	21,920	16,568	78,500	57,656
OTHER (EXPENSE) INCOME				
Interest expense	(9,280)	(7,059)	(34,068)	(24,109)
Loss on early extinguishment of debt	—	—	—	(136)
Equity in losses of unconsolidated real estate venture	(79)	(1,484)	(2,339)	(1,484)
Acquisition costs	(143)	(1,813)	(593)	(6,546)
Non-operating income (expense)	17	(70)	(58)	(147)
(Loss) gain on sale of self storage properties	(28)	—	5,715	—
Other expense	(9,513)	(10,426)	(31,343)	(32,422)
Income before income taxes	12,407	6,142	47,157	25,234
Income tax expense	(392)	(67)	(1,159)	(368)
Net income	12,015	6,075	45,998	24,866
Net (income) loss attributable to noncontrolling interests	(13,247)	2,321	(43,037)	(6,901)
Net (loss) income attributable to National Storage Affiliates Trust	(1,232)	8,396	2,961	17,965
Distributions to preferred shareholders	(2,300)	—	(2,300)	—
Net (loss) income attributable to common shareholders	\$ (3,532)	\$ 8,396	\$ 661	\$ 17,965
Earnings (loss) per share - basic				
	\$ (0.08)	\$ 0.22	\$ 0.01	\$ 0.60
Earnings (loss) per share - diluted				
	\$ (0.08)	\$ 0.07	\$ 0.01	\$ 0.31
Weighted average shares outstanding - basic				
	45,775	38,235	44,423	29,887
Weighted average shares outstanding - diluted				
	45,775	88,460	44,423	78,747



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

	December 31,	
	2017	2016
ASSETS		
Real estate		
Self storage properties	\$ 2,275,233	\$ 1,844,336
Less accumulated depreciation	(170,358)	(110,803)
Self storage properties, net	2,104,875	1,733,533
Cash and cash equivalents	13,366	12,570
Restricted cash	3,041	2,767
Debt issuance costs, net	2,185	3,069
Investment in unconsolidated real estate venture	89,093	81,486
Other assets, net	52,615	44,730
Assets held for sale	1,555	13,937
Total assets	<u>\$ 2,266,730</u>	<u>\$ 1,892,092</u>
LIABILITIES AND EQUITY		
Liabilities		
Debt financing	\$ 958,097	\$ 878,954
Accounts payable and accrued liabilities	24,459	21,616
Deferred revenue	12,687	12,454
Total liabilities	995,243	913,024
Equity		
Preferred shares of beneficial interest, par value \$0.01 per share. 50,000,000 authorized, 6,900,000 issued and outstanding at December 31, 2017, at liquidation preference	172,500	—
Common shares of beneficial interest, par value \$0.01 per share. 250,000,000 shares authorized, 50,284,934 and 43,110,362 shares issued and outstanding at December 31, 2017 and 2016, respectively	503	431
Additional paid-in capital	711,467	576,365
Distributions in excess of earnings	(55,729)	(8,719)
Accumulated other comprehensive income	12,282	9,025
Total shareholders' equity	841,023	577,102
Noncontrolling interests	430,464	401,966
Total equity	1,271,487	979,068
Total liabilities and equity	<u>\$ 2,266,730</u>	<u>\$ 1,892,092</u>

Supplemental Schedule 1

Funds From Operations and Core Funds From Operations

(in thousands, except per share and unit amounts) (unaudited)

Reconciliation of Net Income to FFO and Core FFO

	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Net income	\$ 12,015	\$ 6,075	\$ 45,998	\$ 24,866
Add (subtract):				
Real estate depreciation and amortization	19,896	16,362	73,669	54,193
Company's share of unconsolidated real estate venture real estate depreciation and amortization	1,464	1,559	7,296	1,559
Loss (gain) on sale of self storage properties	28	—	(5,715)	—
Distributions to preferred shareholders	(2,300)	—	(2,300)	—
FFO attributable to subordinated performance unitholders ⁽¹⁾	(7,621)	(6,798)	(28,364)	(22,842)
FFO attributable to common shareholders, OP unitholders, and LTIP unitholders	23,482	17,198	90,584	57,776
Add:				
Acquisition costs	143	1,813	593	6,546
Company's share of unconsolidated real estate venture acquisition costs	—	1,006	22	1,006
Loss on early extinguishment of debt	—	—	—	136
Core FFO attributable to common shareholders, OP unitholders, and LTIP unitholders	\$ 23,625	\$ 20,017	\$ 91,199	\$ 65,464
Weighted average shares and units outstanding - FFO and Core FFO: ⁽²⁾				
Weighted average shares outstanding - basic	45,775	38,235	44,423	29,887
	27	19	25	18
Weighted average restricted common shares outstanding				
Weighted average OP units outstanding	26,549	25,771	26,126	24,262
Weighted average DownREIT OP unit equivalents outstanding	1,835	1,835	1,835	1,835
Weighted average LTIP units outstanding	547	1,286	957	2,212
Total weighted average shares and units outstanding - FFO and Core FFO	74,733	67,146	73,366	58,214
FFO per share and unit	\$ 0.31	\$ 0.26	\$ 1.23	\$ 0.99
Core FFO per share and unit	\$ 0.32	\$ 0.30	\$ 1.24	\$ 1.12

(1) Amounts represent distributions declared for subordinated performance unitholders and DownREIT subordinated performance unitholders for the periods presented.

(2) NSA combines OP units and DownREIT OP units with common shares because, after the applicable lock-out periods, OP units in the Company's operating partnership are redeemable for cash or, at NSA's option, exchangeable for common shares on a one-for-one basis and DownREIT OP units are also redeemable for cash or, at NSA's option, exchangeable for OP units in the Company's operating partnership on a one-for-one basis, subject to certain adjustments in each case. Subordinated performance units, DownREIT subordinated performance units, and LTIP units may also, under certain circumstances, be convertible into or exchangeable for common shares (or other units that are convertible into or exchangeable for common shares). See footnote⁽³⁾ for additional discussion of subordinated performance units, DownREIT subordinated performance units, and LTIP units in the calculation of FFO and Core FFO per share and unit.

Supplemental Schedule 1 (continued)

Funds From Operations and Core Funds From Operations

(in thousands, except per share and unit amounts) (unaudited)

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

	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Earnings (loss) per share - diluted	\$ (0.08)	\$ 0.07	\$ 0.01	\$ 0.31
Impact of the difference in weighted average number of shares ⁽³⁾	0.02	0.03	—	0.11
Impact of GAAP accounting for noncontrolling interests, two-class method and treasury stock method ⁽⁴⁾	0.18	—	0.59	—
Add real estate depreciation and amortization	0.27	0.24	1.00	0.93
Add Company's share of unconsolidated real estate venture real estate depreciation and amortization	0.02	0.02	0.10	0.03
Subtract gain on sale of self storage properties	—	—	(0.08)	—
FFO attributable to subordinated performance unitholders	(0.10)	(0.10)	(0.39)	(0.39)
FFO per share and unit	0.31	0.26	1.23	0.99
Add acquisition costs, Company's share of unconsolidated real estate venture acquisition costs, and loss on early extinguishment of debt	0.01	0.04	0.01	0.13
Core FFO per share and unit	\$ 0.32	\$ 0.30	\$ 1.24	\$ 1.12

(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, after deducting preferred share distributions, and before the application of the two-class method and treasury stock method, as described in footnote⁽³⁾.



Supplemental Schedule 2

Other Non-GAAP Financial Measurements

(dollars in thousands) (unaudited)

Net Operating Income

	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Net income	\$ 12,015	\$ 6,075	\$ 45,998	\$ 24,866
(Subtract) add:				
Management fees and other revenue	(2,083)	(1,809)	(8,061)	(1,809)
General and administrative expenses	7,994	7,097	30,060	21,528
Depreciation and amortization	20,169	16,765	75,115	55,064
Interest expense	9,280	7,059	34,068	24,109
Equity in losses of unconsolidated real estate venture	79	1,484	2,339	1,484
Loss on early extinguishment of debt	—	—	—	136
Acquisition costs	143	1,813	593	6,546
Income tax expense	392	67	1,159	368
Loss (gain) on sale of self storage properties	28	—	(5,715)	—
Non-operating (income) expense	(17)	70	58	147
Net Operating Income	\$ 48,000	\$ 38,621	\$ 175,614	\$ 132,439

EBITDA and Adjusted EBITDA

	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Net income	\$ 12,015	\$ 6,075	\$ 45,998	\$ 24,866
Add:				
Depreciation and amortization	20,169	16,765	75,115	55,064
Company's share of unconsolidated real estate venture depreciation and amortization	1,464	1,559	7,296	1,559
Interest expense	9,280	7,059	34,068	24,109
Income tax expense	392	67	1,159	368
Loss on early extinguishment of debt	—	—	—	136
EBITDA	43,320	31,525	163,636	106,102
Add (subtract):				
Acquisition costs	143	1,813	593	6,546
Company's share of unconsolidated real estate venture acquisition costs	—	1,006	22	1,006
Loss (gain) on sale of self storage properties	28	—	(5,715)	—
Equity-based compensation expense ⁽¹⁾	920	684	3,764	2,597
Adjusted EBITDA	\$ 44,411	\$ 35,028	\$ 162,300	\$ 116,251

(1) Equity-based compensation expense is a non-cash item that is included in general and administrative expenses in NSA's consolidated statements of operations.



Supplemental Schedule 3

Portfolio Summary

(dollars in thousands) (unaudited)

Total Consolidated and Unconsolidated Property Portfolio

State	Stores at Period End December 31,		Units at Period End December 31,		Rentable Square Feet at Period End December 31,		Occupancy at Period End December 31,		
	2017	2016	2017	2016	2017	2016	2017	2016	Growth
California	81	78	48,634	46,821	6,123,199	5,879,575	90.9%	90.8%	0.1 %
Oregon	58	55	23,541	22,458	2,966,129	2,825,159	85.5%	88.2%	(2.7)%
Texas	58	51	23,133	20,003	3,290,185	2,818,858	87.1%	87.4%	(0.3)%
Georgia	33	20	13,554	6,565	1,829,965	880,100	86.2%	92.6%	(6.4)%
Florida	30	22	21,884	16,786	2,093,566	1,542,685	86.8%	84.7%	2.1 %
Oklahoma	30	30	13,905	13,990	1,903,079	1,902,965	83.6%	84.7%	(1.1)%
North Carolina	29	30	13,103	13,436	1,599,784	1,655,191	89.4%	89.2%	0.2 %
Arizona	16	15	9,099	8,401	1,061,879	981,427	86.2%	89.0%	(2.8)%
Indiana	16	14	8,790	7,849	1,135,022	1,008,695	82.8%	84.2%	(1.4)%
Washington	15	14	5,065	4,788	644,700	601,840	88.4%	88.0%	0.4 %
Louisiana	14	10	6,326	4,443	859,307	614,183	82.9%	85.0%	(2.1)%
Colorado	11	10	5,059	4,641	615,353	564,646	89.8%	89.3%	0.5 %
Nevada	11	6	5,752	3,135	727,014	419,467	91.8%	92.9%	(1.1)%
New Hampshire	10	9	4,190	3,668	509,475	444,225	87.8%	94.0%	(6.2)%
Ohio	7	7	2,690	2,688	348,838	349,088	86.2%	87.7%	(1.5)%
South Carolina	4	4	1,211	1,210	147,530	147,530	88.9%	91.7%	(2.8)%
Illinois	4	—	1,991	—	270,911	—	77.7%	—	—
Other ⁽¹⁾	17	7	7,523	3,166	1,056,113	441,007	83.9%	83.7%	0.2 %
Total Consolidated/Weighted Average	444	382	215,450	184,048	27,182,049	23,076,641	87.3%	88.4%	(1.1)%
Total Unconsolidated/Weighted Average⁽²⁾	71	66	39,115	35,573	4,940,251	4,518,968	86.3%	86.9%	(0.6)%
Total Consolidated and Unconsolidated/Weighted Average	515	448	254,565	219,621	32,122,300	27,595,609	87.1%	88.2%	(1.1)%

(1) Other states in NSA's consolidated portfolio as of December 31, 2017 include Alabama, Kansas, Kentucky, Maryland, Massachusetts, Mississippi, Missouri, New Mexico and Virginia.

(2) Refer to Supplemental Schedule 5 for additional information about NSA's unconsolidated real estate venture.



Supplemental Schedule 3 (continued)

Portfolio Summary

(dollars in thousands) (unaudited)

2017 Acquisition & Investment Activity

Self storage properties acquired during the quarter ended:	Stores	Units	Rentable Square Feet	Summary of Investment			
				Cash and Acquisition Costs	Value of OP Equity	Other Liabilities	Total
March 31, 2017	5	2,239	267,008	\$ 26,780	\$ 4,964	\$ 183	\$ 31,927
June 30, 2017	10	4,921	668,954	60,672	8,931	387	69,990
September 30, 2017	19	10,151	1,323,055	122,742	267	826	123,835
December 31, 2017	31	14,881	1,963,512	181,809	17,019	2,220	201,048
Total 2017⁽³⁾	65	32,192	4,222,529	\$ 392,003	\$ 31,181	\$ 3,616	\$ 426,800
Unconsolidated real estate venture (venture at 100%)⁽⁴⁾							
June 30, 2017	4	3,085	327,408	49,700	—	145	49,845
December 31, 2017	1	436	74,982	9,343	—	77	9,420
Total 2017 Investments⁽⁴⁾	70	35,713	4,624,919	\$ 451,046	\$ 31,181	\$ 3,838	\$ 486,065

2017 Disposition Activity

Dispositions Closed During the Quarter Ended:	Stores	Units	Rentable Square Feet	Gross Proceeds
March 31, 2017	1	360	43,935	\$ 5,300
June 30, 2017	2	814	114,444	10,250
Total 2017 Dispositions⁽⁵⁾	3	1,174	158,379	\$ 15,550

(3) NSA acquired self storage properties located in Arizona, California, Colorado, Florida, Georgia, Illinois, Indiana, Kansas, Louisiana, Maryland, Massachusetts, Missouri, New Hampshire, Nevada, North Carolina, Oregon, Texas, Virginia and Washington during 2017.

(4) Values represent entire unconsolidated real estate venture at 100%, not NSA's proportionate share. NSA's ownership in the unconsolidated real estate venture is 25%. Refer to Supplemental Schedule 5 for additional information about NSA's unconsolidated real estate venture.

(5) NSA disposed of self storage properties located in California and North Carolina during 2017.



Supplemental Schedule 4

Debt and Equity Capitalization

As of December 31, 2017

(dollars in thousands) (unaudited)

Debt Balances and Characteristics

	Effective Interest Rate ⁽¹⁾	Weighted Average Maturity (In Years)	Balance
Credit Facility:			
Revolving line of credit	2.96%	2.35	\$ 88,500
Term loan - 5 year tranche	2.63%	3.35	235,000
Term loan - 6 year tranche	3.24%	4.35	155,000
Term loan - 7 year tranche	3.71%	6.09	105,000
Term loan - 7 year	3.08%	5.50	100,000
Fixed rate mortgages payable	4.15%	7.64	271,491
Total Principal/Weighted Average	3.37%	5.19	954,991
Unamortized debt issuance costs and debt premium, net			3,106
Total Debt			\$ 958,097

Debt Maturities

	Average Effective Interest Rate on Maturing Debt ⁽¹⁾	Maturities as a Percent of Total Principal	Maturities
2018 1Q	—	—	\$ —
2018 2Q	2.97%	0.3%	3,127
2018 3Q	—	—	—
2018 4Q	2.88%	0.3%	2,770
Total 2018	2.93%	0.6%	5,897
2019	—	—	—
2020	3.19%	13.2%	126,314
2021	2.67%	25.0%	238,892
2022	3.24%	16.2%	155,000
2023	3.68%	18.7%	178,572
2024	3.79%	13.1%	125,452
Thereafter	4.13%	13.2%	124,864
Total Principal/Weighted Average	3.37%	100.0%	954,991
Unamortized debt issuance costs and debt premium, net			3,106
Total Debt			\$ 958,097

Debt Ratios

	Covenant	Amount
Net Debt to Annualized Current Quarter Adjusted EBITDA	n/a	5.3x
Trailing Twelve Month Fixed Charge Coverage Ratio	> 1.5x	3.7x
Total Leverage Ratio	< 60.0%	36.2%

(1) 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.



Supplemental Schedule 4 (continued)

Debt and Equity Capitalization

As of December 31, 2017

(unaudited)

Preferred Shares

	Outstanding
6.000% Series A perpetual preferred shares of beneficial interest	6,900,000

Common Shares and Units

	Outstanding	If Converted
Common shares of beneficial interest	50,263,349	50,263,349
Restricted common shares	21,585	21,585
Total shares outstanding	50,284,934	50,284,934
Operating partnership units	26,719,607	26,719,607
DownREIT operating partnership unit equivalents	1,834,786	1,834,786
Total operating partnership units	28,554,393	28,554,393
Long-term incentive plan units (2)	547,396	547,396
Total shares and Class A equivalents outstanding	79,386,723	79,386,723
Subordinated performance units(3)	11,604,738	16,942,917
DownREIT subordinated performance unit equivalents(3)	4,386,999	6,405,019
Total subordinated partnership units	15,991,737	23,347,936
Total common shares and units outstanding	95,378,460	102,734,659

(2) Balances exclude 224,000 long-term incentive plan ("LTIP") units which only vest and participate in dividend distributions upon the future contribution of properties from the PROs.

(3) If converted balance assumes that each subordinated performance unit (including each DownREIT subordinated performance unit) is convertible into OP units, notwithstanding the two-year lock-out period on conversions for certain series of subordinated performance units, and that each subordinated performance unit would on average convert on a hypothetical basis into an estimated 1.46 OP units based on historical financial information for the trailing twelve months ended December 31, 2017. The hypothetical conversions are calculated by dividing the average cash available for distribution, or CAD, per subordinated performance unit by 110% of the CAD per OP unit over the same period. The Company anticipates that as CAD grows over time, the conversion ratio will also grow, including to levels that may exceed these amounts.



Supplemental Schedule 5

Summarized Information for Unconsolidated Real Estate Venture

(dollars in thousands) (unaudited)

Unconsolidated Real Estate Venture Properties as of December 31, 2017

State	Stores at Period End	Units at Period End	Rentable Square Feet at Period End	Occupancy at Period End	4Q 2017 Average Occupancy
Florida	21	11,482	1,331,230	86.5%	87.8%
Alabama	11	4,065	611,002	85.8%	86.4%
California	11	6,921	942,393	85.4%	86.0%
New Jersey	10	7,521	925,105	87.8%	88.4%
Other ⁽¹⁾	18	9,126	1,130,521	86.0%	87.7%
Total/Weighted Average	71	39,115	4,940,251	86.3%	87.4%

Balance Sheet Information

Total Venture at 100% ⁽²⁾	December 31, 2017		December 31, 2016	
ASSETS				
Self storage properties, net	\$	655,973	\$	614,754
Other assets		8,397		19,936
Total assets	\$	664,370	\$	634,690
LIABILITIES AND EQUITY				
Debt financing	\$	317,359	\$	317,047
Other liabilities		4,855		4,498
Equity		342,156		313,145
Total liabilities and equity	\$	664,370	\$	634,690

(1) Other states in the unconsolidated real estate venture include Arizona, Delaware, Georgia, Nevada, New Mexico, Pennsylvania, Ohio, Texas and Virginia.

(2) Values represent entire unconsolidated real estate venture at 100%, not NSA's proportionate share. NSA's ownership in the unconsolidated real estate venture is 25%.



Supplemental Schedule 5 (continued)

Summarized Information for Unconsolidated Real Estate Venture

(dollars in thousands) (unaudited)

Operating Information for the Three Months Ended December 31, 2017

	Total Venture at 100% (2)	NSA Proportionate Share (Venture at 25%)(3)
Total revenue	\$ 14,687	\$ 3,672
Property operating expenses	4,974	1,244
Net operating income	9,713	2,428
Supervisory, administrative and other expenses	(1,048)	(262)
Depreciation and amortization	(5,859)	(1,464)
Interest expense	(2,881)	(720)
Acquisition and other expenses	(244)	(61)
Net loss	\$ (319)	\$ (79)

Operating Information for the Year Ended December 31, 2017

	Total Venture at 100% (2)	NSA Proportionate Share (Venture at 25%)(3)
Total revenue	\$ 54,747	\$ 13,687
Property operating expenses	18,463	4,616
Net operating income	36,284	9,071
Supervisory, administrative and other expenses	(3,921)	(980)
Depreciation and amortization	(29,192)	(7,296)
Interest expense	(11,389)	(2,847)
Acquisition and other expenses	(1,146)	(287)
Net loss	\$ (9,364)	\$ (2,339)

(2) Values represent entire unconsolidated real estate venture at 100%, not NSA's proportionate share. NSA's ownership in the unconsolidated real estate venture is 25%.

(3) NSA's proportionate share of its unconsolidated real estate venture is derived by applying NSA's 25% ownership interest to each line item in the GAAP financial statements of the unconsolidated real estate venture to calculate NSA's share of that line item. NSA believes this information offers insights into the financial performance of the Company, although the presentation of such information, and its combination with NSA's consolidated results, may not accurately depict the legal and economic implications of holding a noncontrolling interest in the unconsolidated real estate venture. The operating agreement of the unconsolidated real estate venture provides for the distribution of net cash flow to the unconsolidated real estate venture's investors no less than monthly, generally in proportion to the investors' respective ownership interests, subject to a promoted distribution to NSA upon the achievement of certain performance benchmarks by the non-NSA investor.



Supplemental Schedule 6

Same Store Performance Summary

(dollars in thousands, except per square foot data)
(unaudited)

Three Months Ended December 31, 2017 compared to Three Months Ended December 31, 2016

State	Stores	Total Revenue			Property Operating Expenses			Net Operating Income			Net Operating Income Margin		
		4Q 2017	4Q 2016	Growth	4Q 2017	4Q 2016	Growth	4Q 2017	4Q 2016	Growth	4Q 2017	4Q 2016	Growth
Oregon	50	\$ 8,379	\$ 8,100	3.4 %	\$ 2,190	\$ 2,167	1.1 %	\$ 6,189	\$ 5,933	4.3 %	73.9%	73.2%	0.7 %
Texas	48	5,754	5,583	3.1%	2,183	2,081	4.9 %	3,571	3,502	2.0 %	62.1%	62.7%	(0.6)%
California	48	11,754	10,814	8.7%	3,384	3,328	1.7 %	8,370	7,486	11.8 %	71.2%	69.2%	2.0 %
Oklahoma	29	3,544	3,508	1.0%	1,172	1,115	5.1 %	2,372	2,393	(0.9)%	66.9%	68.2%	(1.3)%
North Carolina	28	3,845	3,658	5.1%	1,149	1,097	4.7 %	2,696	2,561	5.3 %	70.1%	70.0%	0.1 %
Georgia	18	1,705	1,667	2.3%	636	617	3.1 %	1,069	1,050	1.8 %	62.7%	63.0%	(0.3)%
Washington	14	1,876	1,736	8.1%	568	531	7.0 %	1,308	1,205	8.5 %	69.7%	69.4%	0.3 %
Arizona	13	2,493	2,404	3.7%	741	730	1.5 %	1,752	1,674	4.7 %	70.3%	69.6%	0.7 %
Colorado	8	1,326	1,256	5.6%	408	336	21.4 %	918	920	(0.2)%	69.2%	73.2%	(4.0)%
Louisiana	5	634	584	8.6%	189	193	(2.1)%	445	391	13.8 %	70.2%	67.0%	3.2 %
New Hampshire	4	607	603	0.7%	206	219	(5.9)%	401	384	4.4 %	66.1%	63.7%	2.4 %
South Carolina	4	355	353	0.6%	147	156	(5.8)%	208	197	5.6 %	58.6%	55.8%	2.8 %
Other ⁽¹⁾	8	1,067	1,003	6.4%	359	330	8.8 %	708	673	5.2 %	66.4%	67.1%	(0.7)%
Total/Weighted Average	277	\$43,339	\$41,269	5.0%	\$13,332	\$12,900	3.3 %	\$30,007	\$28,369	5.8 %	69.2%	68.7%	0.5 %

(1) Other states in NSA's same store portfolio include Florida, Kentucky, Mississippi and Nevada.



Supplemental Schedule 6 (continued)

Same Store Performance Summary

(dollars in thousands, except per square foot data) (unaudited)

(unaudited)

Three Months Ended December 31, 2017 compared to Three Months Ended December 31, 2016

State	Units	Rentable Square Feet	Occupancy at Period End			Average Occupancy			Average Annualized Rental Revenue per Occupied Square Foot		
			4Q 2017	4Q 2016	Growth	4Q 2017	4Q 2016	Growth	4Q 2017	4Q 2016	Growth
Oregon	20,245	2,527,046	85.7%	87.7%	(2.0)%	87.3%	89.5%	(2.2)%	\$14.95	\$14.15	5.7 %
Texas	18,463	2,624,571	88.7%	88.1%	0.6 %	88.9%	88.1%	0.8 %	9.61	9.41	2.1 %
California	28,053	3,567,115	91.4%	90.4%	1.0 %	91.6%	91.0%	0.6 %	13.71	12.60	8.8 %
Oklahoma	13,494	1,847,154	83.6%	84.6%	(1.0)%	84.6%	85.2%	(0.6)%	8.84	8.68	1.8 %
North Carolina	12,583	1,536,384	89.5%	89.1%	0.4 %	90.2%	88.8%	1.4 %	10.67	10.27	3.9 %
Georgia	6,037	793,797	88.5%	92.1%	(3.6)%	91.0%	92.5%	(1.5)%	9.36	9.04	3.5 %
Washington	4,789	601,860	88.1%	88.0%	0.1 %	89.6%	89.3%	0.3 %	13.70	12.74	7.5 %
Arizona	7,255	833,070	86.6%	89.0%	(2.4)%	88.1%	89.7%	(1.6)%	13.05	12.35	5.7 %
Colorado	3,732	452,929	90.1%	91.6%	(1.5)%	92.1%	92.9%	(0.8)%	12.43	11.65	6.7 %
Louisiana	2,283	319,055	81.4%	77.9%	3.5 %	81.7%	79.6%	2.1 %	9.61	9.72	(1.1)%
New Hampshire	1,759	210,000	89.6%	94.2%	(4.6)%	90.3%	93.4%	(3.1)%	12.48	11.89	5.0 %
South Carolina	1,211	147,530	88.9%	91.7%	(2.8)%	89.7%	91.4%	(1.7)%	10.36	10.16	2.0 %
Other ⁽¹⁾	3,189	433,232	91.1%	91.5%	(0.4)%	92.4%	92.4%	— %	10.35	9.68	6.9 %
Total/Weighted Average	123,093	15,893,743	88.1%	88.6%	(0.5)%	89.0%	89.3%	(0.3)%	\$11.88	\$11.29	5.2 %

(1) Other states in NSA's same store portfolio include Florida, Kentucky, Mississippi and Nevada.



Supplemental Schedule 6 (continued)

Same Store Performance Summary

(dollars in thousands, except per square foot data)
(unaudited)

Year Ended December 31, 2017 compared to Year Ended December 31, 2016

State	Stores	Total Revenue			Property Operating Expenses			Net Operating Income			Net Operating Income Margin		
		YTD	YTD	Growth	YTD	YTD	Growth	YTD	YTD	Growth	YTD	YTD	Growth
		2017	2016		2017	2016		2017	2016		2017	2016	
Oregon	50	\$ 33,471	\$ 31,987	4.6 %	\$ 8,658	\$ 8,439	2.6 %	\$ 24,813	\$ 23,548	5.4 %	74.1%	73.6%	0.5 %
Texas	48	22,901	22,216	3.1 %	8,766	8,702	0.7 %	14,135	13,514	4.6 %	61.7%	60.8%	0.9 %
California	48	45,856	41,712	9.9 %	13,258	13,120	1.1 %	32,598	28,592	14.0 %	71.1%	68.5%	2.6 %
Oklahoma	29	14,086	14,178	(0.6)%	4,695	4,724	(0.6)%	9,391	9,454	(0.7)%	66.7%	66.7%	— %
North Carolina	28	15,208	14,252	6.7 %	4,629	4,453	4.0 %	10,579	9,799	8.0 %	69.6%	68.8%	0.8 %
Georgia	18	6,743	6,592	2.3 %	2,543	2,493	2.0 %	4,200	4,099	2.5 %	62.3%	62.2%	0.1 %
Washington	14	7,353	6,882	6.8 %	2,168	2,081	4.2 %	5,185	4,801	8.0 %	70.5%	69.8%	0.7 %
Arizona	13	9,971	9,334	6.8 %	2,993	2,918	2.6 %	6,978	6,416	8.8 %	70.0%	68.7%	1.3 %
Colorado	8	5,248	5,061	3.7 %	1,607	1,452	10.7 %	3,641	3,609	0.9 %	69.4%	71.3%	(1.9)%
Louisiana	5	2,457	2,327	5.6 %	864	842	2.6 %	1,593	1,485	7.3 %	64.8%	63.8%	1.0 %
New Hampshire	4	2,455	2,335	5.1 %	842	851	(1.1)%	1,613	1,484	8.7 %	65.7%	63.6%	2.1 %
South Carolina	4	1,433	1,395	2.7 %	565	565	— %	868	830	4.6 %	60.6%	59.5%	1.1 %
Other ⁽¹⁾	8	4,144	3,838	8.0 %	1,457	1,394	4.5 %	2,687	2,444	9.9 %	64.8%	63.7%	1.1 %
Total/Weighted Average	277	\$171,326	\$162,109	5.7 %	\$53,045	\$52,034	1.9 %	\$118,281	\$110,075	7.5 %	69.0%	67.9%	1.1 %

(1) Other states in NSA's same store portfolio include Florida, Kentucky, Mississippi and Nevada.



Supplemental Schedule 6 (continued)

Same Store Performance Summary

(dollars in thousands, except per square foot data) (unaudited)

(unaudited)

Year Ended December 31, 2017 compared to Year Ended December 31, 2016

State	Units	Rentable Square Feet	Occupancy at Period End			Average Occupancy			Average Annualized Rental Revenue per Occupied Square Foot		
			YTD 2017	YTD 2016	Growth	YTD 2017	YTD 2016	Growth	YTD 2017	YTD 2016	Growth
			Oregon	20,245	2,527,046	85.7%	87.7%	(2.0)%	89.0%	92.1%	(3.1)%
Texas	18,463	2,624,571	88.7%	88.1%	0.6 %	88.9%	88.7%	0.2 %	9.55	9.26	3.1%
California	28,053	3,567,115	91.4%	90.4%	1.0 %	91.2%	91.4%	(0.2)%	13.41	12.19	10.0%
Oklahoma	13,494	1,847,154	83.6%	84.6%	(1.0)%	85.2%	86.7%	(1.5)%	8.71	8.65	0.7%
North Carolina	12,583	1,536,384	89.5%	89.1%	0.4 %	90.7%	86.9%	3.8 %	10.46	10.21	2.4%
Georgia	6,037	793,797	88.5%	92.1%	(3.6)%	92.3%	93.8%	(1.5)%	9.15	8.80	4.0%
Washington	4,789	601,860	88.1%	88.0%	0.1 %	90.5%	91.3%	(0.8)%	13.29	12.28	8.2%
Arizona	7,255	833,070	86.6%	89.0%	(2.4)%	89.8%	87.4%	2.4 %	12.77	12.28	4.0%
Colorado	3,732	452,929	90.1%	91.6%	(1.5)%	93.6%	94.5%	(0.9)%	12.07	11.55	4.5%
Louisiana	2,283	319,055	81.4%	77.9%	3.5 %	80.3%	81.3%	(1.0)%	9.55	9.47	0.8%
New Hampshire	1,759	210,000	89.6%	94.2%	(4.6)%	92.4%	92.3%	0.1 %	12.29	11.69	5.1%
South Carolina	1,211	147,530	88.9%	91.7%	(2.8)%	90.8%	92.5%	(1.7)%	10.32	9.91	4.1%
Other ⁽¹⁾	3,189	433,232	91.1%	91.5%	(0.4)%	92.3%	90.5%	1.8 %	10.02	9.43	6.3%
Total/Weighted Average	123,093	15,893,743	88.1%	88.6%	(0.5)%	89.6%	89.9%	(0.3)%	\$11.66	\$11.02	5.8%

(1) Other states in NSA's same store portfolio include Florida, Kentucky, Mississippi and Nevada.



Supplemental Schedule 7

Reconciliation of Same Store Data and Net Operating Income to Net Income

(dollars in thousands) (unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Rental revenue				
Same store portfolio	\$ 41,992	\$ 40,019	\$ 165,858	\$ 157,097
Non-same store portfolio	27,109	15,611	85,956	34,081
Total rental revenue	69,101	55,630	251,814	191,178
Other property-related revenue				
Same store portfolio	1,347	1,250	5,468	5,012
Non-same store portfolio	837	475	2,787	1,047
Total other property-related revenue	2,184	1,725	8,255	6,059
Property operating expenses				
Same store portfolio	13,332	12,900	53,045	52,034
Non-same store portfolio	9,953	5,834	31,410	12,764
Total property operating expenses	23,285	18,734	84,455	64,798
Net operating income				
Same store properties	30,007	28,369	118,281	110,075
Non-same store properties	17,993	10,252	57,333	22,364
Total net operating income	48,000	38,621	175,614	132,439
Management fees and other revenue	2,083	1,809	8,061	1,809
General and administrative expenses	(7,994)	(7,097)	(30,060)	(21,528)
Depreciation and amortization	(20,169)	(16,765)	(75,115)	(55,064)
Income from operations	21,920	16,568	78,500	57,656
Other (expense) income				
Interest expense	(9,280)	(7,059)	(34,068)	(24,109)
Loss on early extinguishment of debt	—	—	—	(136)
Equity in losses of unconsolidated real estate venture	(79)	(1,484)	(2,339)	(1,484)
Acquisition costs	(143)	(1,813)	(593)	(6,546)
Non-operating income (expense)	17	(70)	(58)	(147)
(Loss) gain on sale of self storage properties	(28)	—	5,715	—
Other expense	(9,513)	(10,426)	(31,343)	(32,422)
Income before income taxes	12,407	6,142	47,157	25,234
Income tax expense	(392)	(67)	(1,159)	(368)
Net income	\$ 12,015	\$ 6,075	\$ 45,998	\$ 24,866



Supplemental Schedule 8

Selected Financial Information

(in thousands, except per square foot data) (unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Average Annualized Rental Revenue Per Occupied Square Foot				
Same store	\$ 11.88	\$ 11.29	\$ 11.66	\$ 11.02
Total consolidated portfolio	\$ 11.64	\$ 11.28	\$ 11.52	\$ 11.00
Total Consolidated Portfolio Capital Expenditures				
Recurring capital expenditures	\$ 906	\$ 475	\$ 3,495	\$ 2,917
Revenue enhancing capital expenditures	1,484	326	2,755	2,641
Acquisitions capital expenditures	2,804	2,132	8,953	6,114
Total Consolidated Portfolio Capital Expenditures	\$ 5,194	\$ 2,933	\$ 15,203	\$ 11,672
Property Operating Expenses Detail				
Store payroll and related costs	\$ 6,750	\$ 5,586	\$ 24,590	\$ 19,418
Property tax expense	5,558	4,285	20,283	14,489
Other property operating expenses	10,977	8,863	39,582	30,891
Property operating expenses on the Company's statements of operations	\$ 23,285	\$ 18,734	\$ 84,455	\$ 64,798
General and Administrative Expenses Detail				
Supervisory and administrative expenses	\$ 3,889	\$ 3,199	\$ 14,439	\$ 11,038
Equity-based compensation expense	920	684	3,764	2,597
Other general and administrative expenses	3,185	3,214	11,857	7,893
General and administrative expenses on the Company's statements of operations	\$ 7,994	\$ 7,097	\$ 30,060	\$ 21,528

Glossary

This Earnings Release and Supplemental Information include certain financial and operating measures used by NSA management that are not calculated in accordance with accounting principles generally accepted in the United States, or GAAP. NSA's definitions and calculations of these non-GAAP financial and operating measures and other terms may differ from the definitions and methodologies used by other real estate companies and, accordingly, may not be comparable. These non-GAAP financial and operating measures should not be considered an alternative to GAAP net income or any other GAAP measurement of performance and should not be considered an alternative measure of liquidity.

AVERAGE ANNUALIZED RENTAL REVENUE PER OCCUPIED SQUARE FOOT: Average annualized rental revenue per occupied square foot is computed by dividing annualized rental revenue per the Company's statements of operations (which includes fees and is net of any discounts) by average occupied square feet.

AVERAGE OCCUPANCY: Average occupancy is calculated based on the average of the month-end occupancy immediately preceding the period presented and the month-end occupancies included in the respective period presented.

CAPITAL EXPENDITURES DEFINITIONS

ACQUISITIONS CAPITAL EXPENDITURES: Acquisitions capital expenditures represents the portion of capital expenditures capitalized during the current period that were identified and underwritten prior to a property's acquisition.

RECURRING CAPITAL EXPENDITURES: Recurring capital expenditures represents the portion of capital expenditures that are deemed to replace the consumed portion of acquired capital assets and extend their useful lives.

REVENUE ENHANCING CAPITAL EXPENDITURES: Revenue enhancing capital expenditures represents the portion of capital expenditures that are made to enhance the revenue and value of an asset from its original purchase condition.

EBITDA: NSA defines EBITDA as net income (loss), as determined under GAAP, plus interest expense, loss on early extinguishment of debt, income taxes, depreciation and amortization expense and the Company's share of unconsolidated real estate venture depreciation and amortization. NSA defines **ADJUSTED EBITDA** as EBITDA plus acquisition costs, the Company's share of unconsolidated real estate venture acquisition costs, organizational and offering expenses, equity-based compensation expense, losses on sale of properties, and impairment of long-lived assets; and by subtracting gains on sale of properties and debt forgiveness. These further adjustments eliminate the impact of items that the Company does not consider indicative of its core operating performance. In evaluating EBITDA and Adjusted EBITDA, you should be aware that in the future the Company may incur expenses that are the same as or similar to some of the adjustments in this presentation. NSA's presentation of EBITDA and Adjusted EBITDA should not be construed as an inference that its future results will be unaffected by unusual or non-recurring items.

NSA presents EBITDA and Adjusted EBITDA because the Company believes they assist investors and analysts in comparing the Company's performance across reporting periods on a consistent basis by excluding items that the Company does not believe are indicative of its core operating performance. EBITDA and Adjusted EBITDA have limitations as an analytical tool. Some of these limitations are:

- EBITDA and Adjusted EBITDA do not reflect the Company's cash expenditures, or future requirements, for capital expenditures, contractual commitments or working capital needs;
- EBITDA and Adjusted EBITDA do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on the Company's debts;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements;

- Adjusted EBITDA excludes equity-based compensation expense, which is and will remain a key element of the Company's overall long-term incentive compensation package, although the Company excludes it as an expense when evaluating its ongoing operating performance for a particular period;
- EBITDA and Adjusted EBITDA do not reflect the impact of certain cash charges resulting from matters the Company considers not to be indicative of its ongoing operations; and
- other companies in NSA's industry may calculate EBITDA and Adjusted EBITDA differently than NSA does, limiting its usefulness as a comparative measure.

NSA compensates for these limitations by considering the economic effect of the excluded expense items independently as well as in connection with the Company's analysis of net income (loss). EBITDA and Adjusted EBITDA should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with GAAP, such as total revenues, income from operations, and net income (loss).

FUNDS FROM OPERATIONS: Funds from operations, or FFO, is a widely used performance measure for real estate companies and is provided here as a supplemental measure of the Company's operating performance. The April 2002 National Policy Bulletin of NAREIT, which the Company refers to as the White Paper, as amended, defines FFO as net income (as determined under GAAP), excluding gains (or losses) from sales of real estate and related impairment charges, plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. NSA includes amortization of customer in-place leases in real estate depreciation and amortization in the calculation of FFO because the Company believes the amortization of customer in-place leases is analogous to real estate depreciation, as the value of such intangibles is inextricably connected to the real estate acquired. Distributions declared on subordinated performance units and DownREIT subordinated performance units represent NSA's allocation of FFO to noncontrolling interests held by subordinated performance unitholders and DownREIT subordinated performance unitholders. For purposes of calculating FFO attributable to common shareholders, OP unitholders, and LTIP unitholders, NSA excludes distributions declared on subordinated performance units, DownREIT subordinated performance units and preferred shares. NSA defines **CORE FFO** as FFO, as further adjusted to eliminate the impact of certain items that the Company does not consider indicative of its core operating performance. These further adjustments consist of acquisition costs, organizational and offering costs, gains on debt forgiveness, gains (losses) on early extinguishment of debt, and after adjustments for unconsolidated partnerships and joint ventures.

Management uses FFO and Core FFO as key performance indicators in evaluating the operations of NSA's properties. Given the nature of NSA's business as a real estate owner and operator, the Company considers FFO and Core FFO as key supplemental measures of its operating performance that are not specifically defined by GAAP. NSA believes that FFO and Core FFO are useful to management and investors as a starting point in measuring the Company's operational performance because FFO and Core FFO exclude various items included in net income (loss) that do not relate to or are not indicative of the Company's operating performance such as gains (or losses) from sales of self storage properties and depreciation, which can make periodic and peer analyses of operating performance more difficult. NSA's computation of FFO and Core FFO may not be comparable to FFO reported by other REITs or real estate companies.

FFO and Core FFO should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with GAAP, such as total revenues, operating income and net income (loss). FFO and Core FFO do not represent cash generated from operating activities determined in accordance with GAAP and are not a measure of liquidity or an indicator of NSA's ability to make cash distributions. NSA believes that to further understand the Company's performance, FFO and Core FFO should be compared with the Company's reported net income (loss) and considered in addition to cash flows computed in accordance with GAAP, as presented in the Company's consolidated financial statements.

HYPOTHETICAL LIQUIDATION AT BOOK VALUE METHOD: In accordance with GAAP, the Company allocates income (loss) utilizing the hypothetical liquidation at book value ("HLBV") method, in which the Company allocates income or loss based on the change in each unitholders' claim on the net assets of the Company's operating partnership at period end after adjusting for any distributions or contributions made during such period. The Company uses this method because of the difference between the distribution rights and priorities set forth in the operating partnership's Agreement of Limited Partnership and what is reflected by the underlying percentage ownership interests of the unitholders.

The HLBV method is a balance sheet-focused approach to income (loss) allocation. A calculation is prepared at each balance sheet date to determine the amount that unitholders would receive if the operating partnership were to liquidate all of its assets (at GAAP net book value) and distribute the resulting proceeds to its creditors and unitholders based on the contractually defined liquidation priorities. The difference between the calculated liquidation distribution amounts at the beginning and the end of the reporting period, after adjusting for capital contributions and distributions, is used to derive each unitholder's share of the income (loss) for the period. Due to the stated liquidation priorities and because the HLBV method incorporates non-cash items such as depreciation expense, in any given period, income or loss may be allocated disproportionately to unitholders as compared to their respective ownership percentage in the operating partnership, and net income (loss) attributable to National Storage Affiliates Trust could be more or less net income than actual cash distributions received and more or less income or loss than what may be received in the event of an actual liquidation. Additionally, the HLBV method could result in net income (or net loss) attributable to National Storage Affiliates Trust during a period when the Company reports consolidated net loss (or net income), or net income (or net loss) attributable to National Storage Affiliates Trust in excess of the Company's consolidated net income (or net loss). The computations of basic and diluted earnings (loss) per share may be materially affected by these disproportionate income (loss) allocations, resulting in volatile fluctuations of basic and diluted earnings (loss) per share. Readers and investors are cautioned not to place undue reliance on NSA's income (loss) allocations or earnings (loss) per share without considering the effects described above, including the effect that depreciation and amortization have on income (loss), net book value and the application of the HLBV method.

LONG-TERM INCENTIVE PLAN UNITS: Long-term incentive plan units, or LTIP units, are a special class of partnership interest in NSA's operating partnership that allow the holder to participate in the ordinary and liquidating distributions received by holders of the operating partnership units (subject to the achievement of specified levels of profitability by our operating partnership or the achievement of certain events). Upon vesting, and after achieving parity with operating partnership units, vested LTIP units may be converted into an equal number of operating partnership units, and thereafter have all the rights of operating partnership units, including redemption rights.

NET DEBT TO ANNUALIZED CURRENT QUARTER ADJUSTED EBITDA: NSA calculates net debt to Adjusted EBITDA as total debt (inclusive of \$9.3 million of fair value of debt adjustments and \$6.2 million of debt issuance costs) less cash and cash equivalents, divided by annualized current quarter Adjusted EBITDA.

NET OPERATING INCOME: NSA defines net operating income, or NOI, as net income (loss), as determined under GAAP, plus general and administrative expenses, depreciation and amortization, interest expense, loss on early extinguishment of debt, equity in earnings (losses) of unconsolidated real estate ventures, acquisition costs, organizational and offering expenses, income tax expense, impairment of long-lived assets, losses on the sale of properties and non-operating expense and by subtracting management fees and other revenue, gains on sale of properties, debt forgiveness, and non-operating income. NOI is not a measure of performance calculated in accordance with GAAP.

NSA believes NOI is useful to investors in evaluating the Company's operating performance because:

- NOI is one of the primary measures used by NSA's management and the Company's PROs to evaluate the economic productivity of the Company's properties, including the Company's ability to lease its properties, increase pricing and occupancy and control the Company's property operating expenses;
- NOI is widely used in the real estate industry and the self storage industry to measure the performance and value of real estate assets without regard to various items included in net income that do not relate to or are not indicative of operating performance, such as depreciation and amortization, which can vary depending upon accounting methods, the book value of assets, and the impact of NSA's capital structure; and
- NSA believes NOI helps the Company's investors to meaningfully compare the results of its operating performance from period to period by removing the impact of the Company's capital structure (primarily interest expense on the Company's outstanding indebtedness) and depreciation of the cost basis of NSA's assets from its operating results.

There are material limitations to using a non-GAAP measure such as NOI, including the difficulty associated with comparing results among more than one company and the inability to analyze certain significant items, including depreciation and interest expense, that directly affect the Company's net income (loss). NSA



compensates for these limitations by considering the economic effect of the excluded expense items independently as well as in connection with the Company's analysis of net income (loss). NOI should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with GAAP, such as total revenues, income from operations and net loss.

NET OPERATING INCOME MARGIN: The ratio of NOI divided by total rental and other property-related revenue.

NON-SAME STORE PORTFOLIO: Non-same store portfolio comprises those properties that do not meet the Same Store portfolio property definition.

OCCUPANCY AT PERIOD END: Represents total occupied rentable square feet divided by total rentable square feet at period end.

OPERATING PARTNERSHIP UNITS: Operating partnership units, or OP Units, are Class A common units of limited partner interest in the Company's operating partnership which are economically equivalent to NSA's common shares. NSA also owns certain of the Company's self storage properties through other consolidated limited partnership subsidiaries of the Company's operating partnership, which the Company refers to as "DownREIT partnerships." The DownREIT partnerships issue certain units of limited partner or limited liability company interest that are intended to be economically equivalent to the Company's OP units, which the Company defines as **DOWNREIT OPERATING PARTNERSHIP UNIT EQUIVALENTS**, or DownREIT OP units.

PROs: Participating regional operators, or "PROs", are NSA's experienced regional self storage operators with local operational focus and expertise. As of December 31, 2017, the Company had eight PROs, SecurCare Self Storage, Northwest Self Storage, Optivest Properties, Guardian Storage Centers, Move It Self Storage, Storage Solutions, Hide-Away and Personal Mini.

RENTABLE SQUARE FEET: Rentable square feet includes all enclosed self storage units but excludes commercial, residential, and covered parking space.

RESTRICTED COMMON SHARES: Restricted common shares are common shares that are subject to restrictions on transferability subject to vesting and such other restrictions. Generally, a participant granted restricted common shares has all of the rights of a shareholder, including, without limitation, the right to vote and the right to receive dividends on the restricted common shares. Holders of restricted common shares are prohibited from selling such shares until they vest.

SAME STORE PORTFOLIO: NSA's same store portfolio is defined as those properties owned and operated since the first day of the earliest year presented, excluding any properties sold, expected to be sold or subject to significant changes such as expansions or casualty events which cause the portfolio's year-over-year operating results to no longer be comparable.

SUBORDINATED PERFORMANCE UNITS: Subordinated performance units, or SP Units, are Class B common units of limited partner interest in the Company's operating partnership. SP units, which are linked to the performance of specific contributed portfolios, are intended to incentivize the Company's PROs to drive operating performance and support the sustainability of the operating cash flow generated by the contributed self storage properties that the PROs continue to manage on NSA's behalf. Because subordinated performance unit holders receive distributions only after portfolio-specific minimum performance thresholds are satisfied, the Company believes SP units play a key role in aligning the interests of the Company's PROs with NSA and the Company's shareholders. The DownREIT partnerships also issue units of limited partner interest that are intended to be economically equivalent to the Company's SP units, which the Company defines as **DOWNREIT SUBORDINATED PERFORMANCE UNIT EQUIVALENTS**, or DownREIT SP units.